

Bernanke's Fed rolls out QE3 squeezing Oz RBA

by Philip Baker via ham - Oz Financial Review *Friday, Sep 14 2012, 12:44pm*

international / prose / post

We have an expression to cover borderline and outright criminal business enterprises -- when a 'venture' is obscenely lucrative, we say, *"it's like having a license to print money!"* Well, the Federal Reserve Bank does have a license to print money and its legitimacy is now in question.



Ben Bernanke, chairman of the central New York Fed

Have you ever wondered where the money comes from when market rogues and other speculators -- that PRODUCE NOTHING -- cash-in big time on currency fluctuations and numerous other speculative 'ventures?' Billions are made in an instant across markets but NOTHING is produced, which creates a massive value void -- similar to the one that destroyed the global economy in 2008; however, a little background is required before we proceed.

Prior to the current situation of a small group of colluding, criminal insiders controlling the global economy, currencies were backed by gold -- but no longer. For a while money was backed by real production and savings -- but no longer, we now live in a CREATED debt and credit based economy. So where is the VALUE? Simply put, there is NONE in the REAL sense -- monetary value is entirely abstract, value today functions via belief and ideological subscription.

So if historical circumstances are favourable and a nation moves quickly it could arrange to make its currency the default world currency; that nation would then economically rule the world by 'default!' A nation in that position would be able to bribe and corrupt whomsoever it chooses and spend massively in any area -- war for example; furthermore, it could always 'print' its way out of debt. The only threat to this criminal financial utopia would come from another form of exchange -- and we all saw what happened when an independent leader (Gaddafi) threatened to return to the gold standard!

We saw how ruling plutocrats panicked when Col. Gaddafi vowed to trade his oil for gold only -- he was promptly assassinated, a puppet regime installed and a Reserve Bank, 'with governor,' was established in his place!

Indeed, the house of cards falls when subscribers withdraw their support from an abstract value system. So financial rogues, plutocrats etc, would do ANYTHING to keep their license to print money.

Now recall how "Quantitative Easing" (QE) was only meant to be a temporary measure to support a failed global economy until it recovered -- it was never intended to be a permanent feature of the 'real' economy but today we are in QE3! The masses and business have learned to accept QE -- printing vast amounts of US dollars (worthless paper money) from thin air -- and the rogues are loving it!

Before posting the following piece from the Australian Financial Review, I would remind the debt-enslaved moronic masses that they continue to labour and toil to add value to a monetary system which rogues play with and manipulate at will. Financial rogues have become accustomed to appropriating the lion's share of wealth and have no other means to fill the value imbalance except by printing more toilet paper money and/or exploiting the real value created by a productive, debt-enslaved workforce.

Now if you are able to add 1+1 realise that you are debt-enslaved by (toilet) paper shackles simply because you SUBSCRIBE; nothing more mysterious than that! AFR story follows:

Bernanke's QE3 squeezes RBA on rates

A decision by the US Federal Reserve to throw an unlimited amount of money at the world's largest economy has sparked a rally in global sharemarkets and pushed the Australian dollar higher, putting pressure on the Reserve Bank of Australia to cut interest rates.

Investors snapped up shares after the Fed said it would keep its fund rate – the US equivalent of official interest rates – at close to zero until the middle of 2015 in addition to injecting \$US40 billion each month into the US economy until employment grew.

Global markets reacted swiftly with Wall Street hitting its highest level since 2007 and the Australian dollar rising more than US1¢ to a peak at \$US1.059. The local sharemarket reached its highest level in more than four months.

But economists warned that the Fed's plan, which followed further stimulus from the European Central Bank last week, could damage the Australian economy by keeping the currency at elevated levels, forcing the RBA to cut interest rates.

Macquarie Group economist Brian Redican said the latest round of quantitative easing was unlikely to boost iron ore prices, which fell from \$US100 a tonne earlier in the week to \$US96 following Fed chairman Ben Bernanke's announcement.

"That crunches mining company cashflow and raises a big question over mining investment," Mr Redican said. "If that happens then that blows a big hole in your growth profile. This is why I don't think the RBA can continue to ignore [the Australian dollar]."

Traders disagreed with this assessment, putting the chances of a cut in the official cash rate to 3.25 per cent next month at 40 per cent, down from 47 per cent previously.

The world's largest central bank will keep buying mortgage-backed securities and other assets, as well as using other policy tools, to make it cheaper for borrowers to invest and consumers to spend.

Dr Bernanke said the Fed wanted to see "ongoing sustained improvement in the labour

market” and was ready to do more if its latest move failed to create enough jobs in the months ahead.

Factoring in its buying of longer-dated Treasury bonds under the current Operation Twist, the Fed will be spend \$US85 billion a month on stimulus for the remainder of 2012.

It has already bought as much as \$US2.8 trillion in Treasury bonds and mortgage-backed securities since the 2008 financial crisis, but more than three years since the recession officially ended, US unemployment remains high at 8.1 per cent.

“This will push the Australian dollar higher making the RBA’s job tougher but it should also push commodity prices higher ” said Commonwealth Bank of Australia chief economist Michael Blythe.

Historically, stocks have initially risen when the Fed has announced these programs only for the rally to run out of steam down the track.

Some economists believe the benefit to the economy will be modest this time, but fund managers are hopeful there will be a recovery in the housing market.

“QE3 is certainly a positive for markets in the short term but what’s more interesting is the US housing market recovery, which looks like it’s happening for real,” said Perpetual head of equities Matt Williams.

“This recovery, if it’s sustained, will be more significant for the US economy and world markets than another round of QE.”

Home building slipped in July after a strong improvement in June, but new permits rose to their highest level in four years.

Housing starts fell 1.1 per cent from June to a seasonally adjusted annual rate of 746,000 but new construction was up 21.5 per cent from a year ago and permits were 29.5 per cent higher.

The rise came as inventories of unsold new homes in the United States hit a 50-year low.

Housing affordability is already at close to record high due to low interest rates.

“The housing market remains a beacon of hope for the US economy with positive reads across a suite of partial indicators,” said Tony Morris, ANZ Banking Group head of interest rate research.

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I hope you 'enjoyed' the read. Now if you are able to add 2+2 you should be able to see through the LIES of 'recovery.' If QE1 and QE2 (we are talking hundreds of trillions) FAILED to put the global economy back on its feet then it is a cot case. Like a junkie that can't function without a fix, the global economy now requires a permanent infusion of currency to keep it running!

But who (always) wins? Not YOU, be assured, it is the criminal plutocrats that have a license to print money; THEY own and run the PRIVATE global Reserve Banking System. Are you now able to see that your financial shackles are created from thin air and held together by 'perception management'/propaganda techniques and that the entire 'debt and credit' based economy is simply a created criminal conspiracy?



<http://tinyurl.com/8s82bt3>

Jungle Drum Prose/Poetry. <http://jungledrum.lingama.net/news/story-114.html>