

Friday Pearls of Folly 28 Sep 2012

Happy Friday

- China is going to have another bad year. Time to short German exporters.
- The CLO trade in the US is done. Apply similar recipe for Europe.
- The trouble with central banks trying to inflate asset prices is that eventually, hedge funds start shorting something real.
- Austerity for fiscal balance is like giving up your right arm to be ambidextrous.
- Governments lie and cheat. So does everyone else but governments do it with impunity, and its part of their standard process.
- Buy the USD. Every central bank is debasing their currencies but the US have the better print quality.
- You can rely on human nature. On that basis, expect the economic crisis to escalate into war.
- The Japanese and Taiwanese have descended into a spitting match in the East China Sea. They do not stand a chance if the Chinese get involved.
- Consensus in government means you can debate all you want but the final decision is mine.

- The world's oldest central bank was a failed bank.
- The world's second oldest bank was a distressed debt hedge fund.
- All the world's central banks are now pawn shops.