The UN Demands All Central Banks Stop Rate Hikes And Switch To Price Controls Instead

Description

Blinkers and You'll Miss It

New week. New month. New quarter. New brains. New trades. New hope. Or "New balls, please" as they say at Wimbledon.

I don't have the physical energy to play tennis with markets on an every-other-day basis, sending a detailed volley back at those who think the Fed is about to pivot because of one bad datapoint. That doesn't mean the UK government can't though – they just did exactly that on tax cuts.

All I can say is re-read what I have been saying all year about this being about more than just data; and I am told every goldbug, cryptonite, bond-bubble boy, equity enthusiast, derivative devil, property shill, and commodity compere is sitting on the side-lines –bleeding out– and is waiting for the Fed to pivot in order to go all in on the next inflationary everything asset bubble.

What does interest me enough to cover today is:

#1. UNCTAD, the UN agency dealing with global trade, demanding *all* central banks stop rate hikes and instead switch to price controls. They argue, "*policymakers appear to be hoping that a short sharp monetary shock – along the lines, if not of the same magnitude, as that pursued… under Paul Volker – will be sufficient to anchor inflationary expectations without triggering recession. Sifting through the economic entrails of a bygone era is unlikely, however, to provide the forward guidance needed for a softer landing given the deep structural and behavioural changes that have taken place in many economies, particularly those related to financialization, market concentration and labour's bargaining power.*"

I am not playing tennis with them either, but note the radicalism. Indeed, their latest report also argues, "*supply-chain disruptions and labour shortages require appropriate industrial policies to increase the supply of key items in the medium term; this must be accompanied by sustained global policy coordination and (liquidity) support to help countries fund and manage these changes*." So, industrial policy. And Fed swap-lines. Expect both ahead.

They also ask why we haven't regulated shadow-banking, and why we allow speculators in global commodity markets who have nothing to do with underlying trade. On the latter they note, "*Market surveillance authorities could be mandated to intervene directly in exchange trading on an occasional basis by buying or selling derivatives contracts with a view to averting price collapses or deflating price bubbles*." I expect nothing but that ahead – and geopolitically driven to boot.

#2. A New York Times op-ed ('A US 'Ships Act' Would Break China's Control of the Seas') repeating last month's VOA 'As China Expands Its Fleets, US Analysts Call for Catch-up Efforts' that as China builds more naval and merchant ships, US maritime experts are calling for a "Ships Act" comparable to the recently enacted "Chips Act", recalling the effort undertaken in WW2 when domestic shipyards launched more than 5,000 vessels. One expert states: *"The Chinese industrial base is a behemoth, and the US shipbuilding industrial base is freakishly undersized as a function of the size of America's economy and its influence in the world."*

This was a key argument in 2021's 'In Deep Ship' on maritime logistics: the US would "go back to the sea" to underpin industry and its Mahan geostrategy. Such US actions would be inflationary before they were deflationary; and taken as incendiary.

#3. An article in the Financial Times ('Investors are learning to love industry again') noting in deglobalising world there is a structural boom in parts of US manufacturing being led by federal efforts to domesticise supply chains via legislation; a shift from just-in-time to just-in-case shorter supply chains; decoupling from China; productivity-enhancing technology; and an overlooked US equivalent of Germany's '*mittlestand*' of mid-sized family-owned companies. Ironically, Germany is about to see a cascading failure of its industrial base due to the cataclysmic failure of its energy policies, and the US having abundant cheap(er) energy is another structural argument for an industrial revival there.

Can you imagine a world where savers get a 4-5% return and banks lend to firms making physical goods, generating decent returns for all? Is this science-fiction possible again? Not if we get a Fed pivot, of course. Then we fire up the everything bubble again instead.

For those who still don't want to see any of the above, I offer a gift far more useful than any intellectual return volley. Indeed, to show that it's not only central banks who provide free things, below please find a large amount of FREE BLANK SPACE on which you can draw your own 'Cut Out 'n' Keep!' intellectual blinkers: just print out the page, draw ones that fit, cut them out, and place them around your head in order to keep out all the annoying news and data that doesn't fit your world view and trading book, allowing you to happily keep punting as if: (i) that Fed pivot is coming; and (ii) said pivot will take us back to good 'ol 2019, not bad 'ol 1971 or 1913.

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Category

1. Economy-Business-Fin/Invest
2. Main
3. NWO-Deep State-Dictatorship-Tyrrany

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