

Thoughts on Coming Apart and the Coming Great Reset



Turning and turning in the widening gyre
The falcon cannot hear the falconer

Kit Webster

[Reviewing the Bidding Thoughts and Theses](#)

- In the early 1990s, I predicted a severe crisis in the US in the early 2000s - see [My government and military](#).
- The crisis would be precipitated by debt, deficits, entitlements and demographics.
- The purpose of this web site is to Contemplate Out Loud about ways in which current events are reinforcing or contradicting my predictions. And to create a continual update of thoughts for the future.
- The Fed, Congress and the Executive Branch have now made that crisis inevitable and of a much higher magnitude than I anticipated.
- The crisis should be played out over the remainder of this decade. There will be a new world with a new financial system and a new culture under construction at the end of the crisis.
- The Fed has three alternative paths: inflation, austerity and default. For now, they have chosen inflation.
- We are deep into a multi-year end game and at the point at which things will generally become worse, faster, although nothing will move in a straight line.
- The Fed will likely continue on its current path until something breaks.

[Market Charts](#)

[The Second Coming](#)

[Can Kicking End Game](#)

[Ukraine](#)

[Accumulated Quotations](#)

More Coming



- When the Fed signals the end of raising interest rates, we will likely enter a new era of currency devaluation and yield curve control.
- Biden is significantly contributing to underinvestment in fossil fuels that will result in a multi-year energy crisis. He is attempting to cross the green energy chasm in two steps. I discuss this critically important issue, perhaps the most important issue we face today, in [The Energy Crisis](#).
- Biden made a major strategic error by confiscating Russian currency reserves.
- The last stimulus payment, and arguably the one before that, were major errors, contributing significantly to inflation, shortages and the increase in asset prices.
- Inflation is peaking - for now - and it will remain at a high level. In the long run, because of debt levels, there is no practical alternative to continued, elevated inflations - which will probably rise and fall in waves. Stagflation is my bet for the foreseeable future.
- There will be deflationary / disinflationary crosscurrents including demographics (retirement of Boomers, declining birth rates), and debt rationalizing and blowing up of debt, worldwide. Temporarily, we will have the interesting phenomenon of too much retail inventory as a result of overordering during supply chain issues and a slowing economy. Inflation is necessary; deflation / disinflation is the wild card.
- The economy is weakening - recession is probable, and there is definite slowing down at a fairly rapid pace. Actually, there is a good possibility that a recession has already begun. However, recessionary pressures may recede for a quarter or so.
- Housing is weakening.
- Ukraine is losing the war. It is not clear what Russia's next moves are. See [Ukraine](#).
- Russia may be winning the financial / energy war. Energy is so fundamentally important, and Russia has so much of it, while the US is burdened by extraordinary levels of debt, that Russia holds the better hand. The West's counter to that better hand is sanctions. Very high stakes poker. See [Ukraine](#).
- Food disruptions over at least the next year, primarily as a result of the Ukraine war, will be significant.
- Given the failure of US / Iran negotiations and rumors that Iran is very close to having an atomic bomb, what is Israel's next move?

June 17, 2022

American politics IS a race to the metaversal bottom between Trumpism, Wall Streetism and Wokeism, with one horrible anti-human idea after another presented with greater and greater narrative sophistication and narrative weaponization. – Ben Hunt

The solutions (to our current problems) were decades ago. There is now no good way out. – Lyn Alden

We could raise interest rates in 15 minutes, if we have to. So there really is no problem with raising rates, tightening monetary policy, slowing the economy, reducing inflation at the appropriate time. – Ben Bernake, 12/6/2010

It's going to be an unpopular opinion here but the market position that the central banks want to see liquidated THE most is the long in energy. Until that breaks due to demand destruction everything else will remain under pressure. -

Raoul Pal

The most effective way to destroy people is to deny and obliterate their own understanding of their history.
- George Orwell

SOME RELIEF IN THE MIDST OF A VERY SERIOUS MESS

Markets

Crude oil

A week or two ago, I noted that we were around a cycle high for crude. This week, the cycle high may have occurred, but remains unconfirmed.

Don't be fooled. This is a bull market.

But, once the cycle high is confirmed, look for general weakness until sometime around the next cycle low in November.

That should take some of the pressure off, for now. And provide some relief for Biden going into the elections.

Cryptos are getting interesting, again

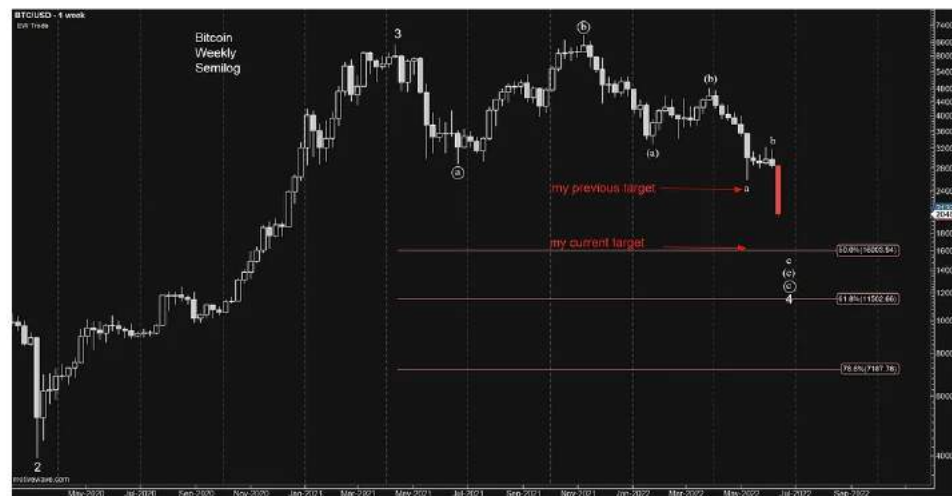
Last year, we discussed the problems with Tether.

This year, Luna and Celsius have crashed, and Tether is becoming unmoored.

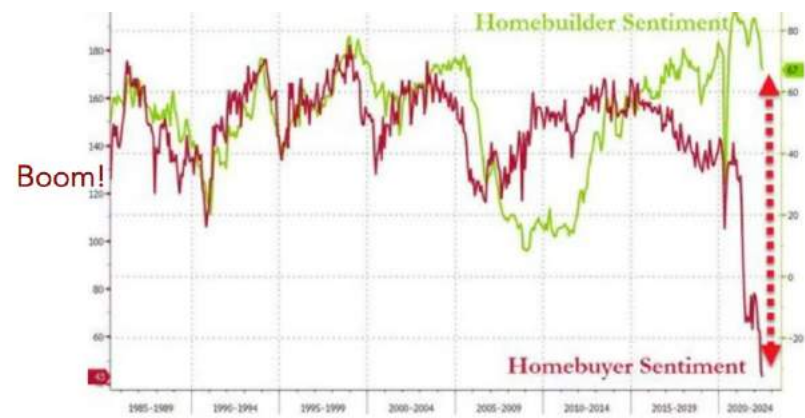
I have been predicting another breakdown in bitcoin (and there will be a great deal of destruction in the crypto and stablecoin spaces, particularly lender platforms). Bitcoin and the stock market have followed each other down. That breakdown is under way, but we are getting to my predicted low range in bitcoin.

We should shortly see a nice rally.

Here's an update of my bitcoin forecast:



Looking Poorly



Source: Bloomberg

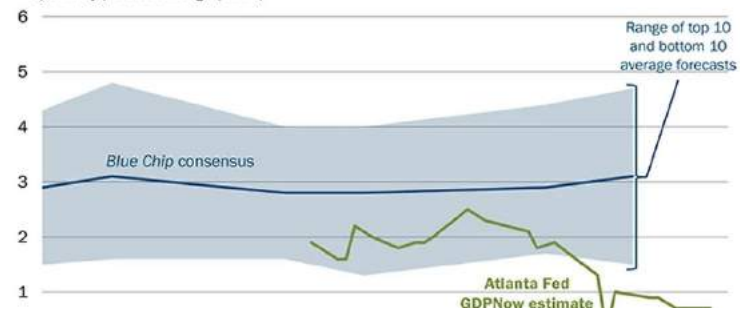
Net share of independent businesses who say conditions will be better in six months; Monthly, January 1986 to May 2022

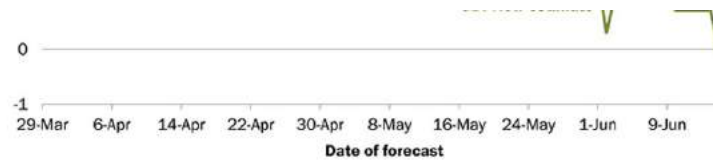


Data: NFIB; Chart: Simran Parwani/Axios

Evolution of Atlanta Fed GDPNow real GDP estimate for 2022: Q2

Quarterly percent change (SAAR)





"Stimulus" Is Poison

The Hill: Pelosi: Climate, social spending package is 'alive'

They just don't get it.

When all you have is a hammer ...

When you find yourself in a hole, stop digging.

This is way past serious and now verging on existential.

Very Nice [Interview](#) with Lyn Alden

IMO, Lynn and Luke Gromen are simply the best in macro.

Good on Biden - Immigration

President Biden and leaders from the Western Hemisphere signed a new agreement on Friday to address mass migration at the Summit of the Americas in Los Angeles. The agreement, formally known as the Los Angeles Declaration on Migration and Protection, centers on stabilizing communities in Latin America, expanding lawful means of immigration, bolstering humane border enforcement across the region and coordinated responses to the displacement of people, CBS reports. The State Department said the US will take 20,000 refugees from the Western Hemisphere over the next two years and commit \$314 million to assist countries hosting refugees and migrants.

Still Coming



Hmmm, from the *New York Times* of All Places – Why Are We Seeing This Now?

"Should Biden Run in 2024? Democratic Whispers of 'No' Start to Rise."

Now, everyone, including *The Atlantic*, is piling on.

Biden is probably toast.

They're Baaaaack

 **Dr Emma Hodcroft**  @firefox66 · 1h

I'm honoured to have been part of the global & African-anchored group working on a new, non-stigmatizing naming scheme for #monkeypox.

We propose renaming 'Congo Basin' to Clade 1, & 'West African' to Clades 2 & 3 - to stop using harmful, geographical-based names.

So much harm ... so little time.

War, Food and Energy

Americans now spending \$730 million more every day on gasoline than a year ago. June alone could cost Americans \$20 billion more to fill their tanks vs last June.

The Minister of Oil and Gas in the Government of National Unity, Mohammed Aoun, said that Libya is currently losing more than 1,100,000 barrels per day (bpd) of oil production due to the closures imposed on major export fields and ports.

Russia said on Tuesday that it would continue to cap the export of nitrogen fertilizers and nitrogen-containing complexes at 8.3 million tons and 5.9 million tons, respectively, until the end of the year. The restrictions will apply primarily to non-member states of the Eurasian Economic Union. The announcement comes as Bloomberg reports that the U.S. is quietly working with the U.N. to push agricultural and shipping firms to buy and carry more Russian fertilizer amid a drop in supplies due to companies' fears of violating sanctions. Though EU and U.S. sanctions do not restrict the purchase of Russian fertilizers, many companies still aren't willing to do business with Moscow. - Geopolitical Futures

Climate Czar John Kerry: "We absolutely don't" need to drill for more oil and gas.

WHITE HOUSE: IT IS THE PATRIOTIC DUTY FOR OIL REFINERS TO REDUCE GASOLINE PRICES.

Exxon in response to Biden's letter regarding increasing refinery output:

In the short term, the U.S. government could enact measures often used in emergencies following hurricanes or other supply disruptions -- such as waivers of Jones Act provisions and some fuel specifications to increase supplies. Longer term, government can promote investment through clear and consistent policy that supports U.S. resource development, such as regular and predictable lease sales, as well as streamlined regulatory approval and support for infrastructure such as pipelines.



Samsung Electronics asked suppliers for components of TVs, home appliances, and smartphones to postpone shipments of semiconductors, electronics parts, and final product packages through next month because of swelling inventories.

Windfall profits tax, rebate cards, tax-free weekends, ending oil exports. Politicians are not trying to solve the problem. Their goal, which I view as the most destructive force in the universe, is to be seen as doing something.

The governor of Australia's state of New South Wales granted its energy minister, Matt Kean, a 30-day emergency powers to control the state's coal supplies amid ongoing power shortages. The move allows Kean to order producers to increase supplies or direct coal deliveries to electricity generators. It also allows the state government to divert coal supplies meant for export to the domestic market. In addition, Australia's Energy Market Operator indefinitely suspended spot markets in all regions because of the shortages.

Boom!





MMT

Anybody talking about it ... anyone?

MMT is like Keynesianism - great theories with fatal assumptions. The fatal assumptions are not about the workings of the economy, but about the workings of humans.

Keynes assumes we will raise taxes in good times to repay the debt generated, according to Keynesian theory, in bad times.

MMT leads to inflation and assumes we will raise taxes to fight that inflation.

Interesting thoughts, but those behaviors are simply not on the list of behaviors available to elected politicians.

Maybe in a different universe ...

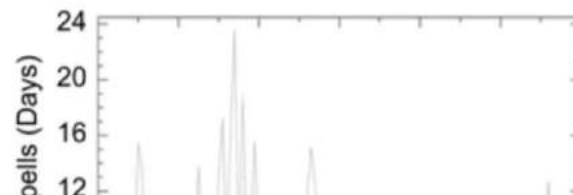
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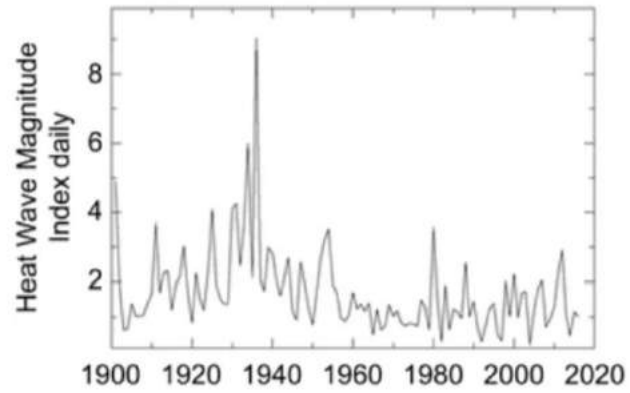
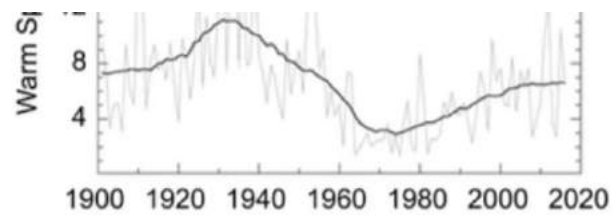
Abortion Data

In 2020, there were 930,160 abortions in the US — compared to 862,320 in 2017, an 8% increase, according to Guttmacher, a research organization that supports abortion rights. (2107 was a low since the Roe v Wade.)

Between 2017 and 2020, there was a 6% decline in births.

From Roger Pielke's *Honest Broker*





World Competitive Rankings

2022	Country	2021	Ranking Change	
1	Denmark	3	+2	↑
2	Switzerland	1	-1	↓
3	Singapore	5	+2	↑
4	Sweden	2	-2	↓
5	Hong Kong SAR	7	+2	↑
6	Netherlands	4	-2	↓
7	Taiwan, China	8	+1	↑
8	Finland	11	+3	↑
9	Norway	6	-3	↓
10	USA	10	-	-

See full table [here](#)

The Gods are Just Screwing With Us, Now

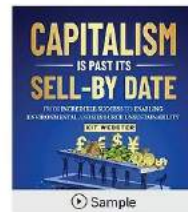
Baby formula maker Abbott began manufacturing baby formula for delivery in a couple of months.

Then, the factory was shut down because of flooding

Great Deep Fake

[World leaders singing *Imagine*](#)

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Capitalism Is Past Its Sell-By Date

From Incredible Success to Enabling Environmental and Resource

Unsustainability

By: Kit Webster

Narrated by: Kit Webster

Length: 9 hrs and 55 mins

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Language: English

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