

October 28, 2022

Methinks the FOMC turning point will not be a convincing fall in current inflation data, but rather signs of severe credit market systemic distress exacerbated by extremely fast pace of bond rate rises. - Harald Malmgren

When people say they want inflation to be fixed, what they mean is they want disinflationary growth to return. But disinflationary growth comes via supply-side improvements and greater productivity. What they'll get this cycle instead, is demand destruction. - Lyn Alden

The evolution from capitalism to creditism: the growth dynamic that fueled capitalism was saving and investment. The growth dynamic that fuels creditism is credit creation & consumption. Savings have become relatively insignificant. The system requires credit creation to survive. - Iz

The basic problem is that with inadequate energy supplies, the total quantity of goods and services provided by the economy must shrink. Thus, on average, people must become poorer. - Gail Tverberg

The Calm Before The Storm

Markets

(Graphs updated)

Still no change in my view; everything remains on track.

However, two questions:

Was that the top in the dollar? I don't think so, but could be.

Is this the top in the bear market rally in the stock market? I don't think so, but it could be.

Beware the Ides of November.

War, Energy and Food

National Grid's scheme pays households up to £20 per day if they don't use energy-intensive appliances, such as electric ovens and stoves, washing machines, tumble dryers, televisions, microwaves, and even video game consoles, between 4 pm and 7 pm or 2 pm until 9 pm over the next five months.



Doomberg @DoombergT · 2h

If you read about an energy crisis in New England this winter, remember that the region is running a copy of the European energy playbook.

Shut down nukes. No pipelines. Big bet on intermittent renewables. Exposed to global LNG prices.

The rest of the US will be just fine.

Global warming isn't all bad ...



Stephen Stapczynski  @SStapczynski · 3h

European natural gas prices fall below €100/MWh for the first time since June



The risk of a winter shortage are receding amid:



Outlook for warm fall weather



Ample stockpiles and strong LNG deliveries



Demand destruction across industries

Heating oil suppliers in the Northeast and New England have begun rationing the key fuel ahead of winter, after stockpiles dropped to a third of their normal levels.

BASF has said it will have to downsize “permanently” in Europe, with high energy costs making the region increasingly uncompetitive.

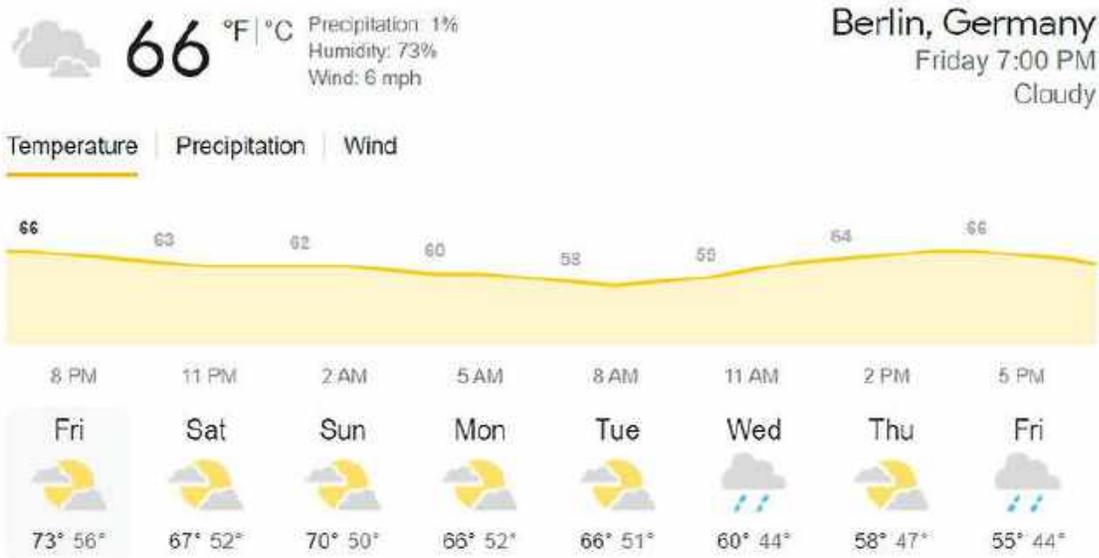
Irony

A wind farm in Germany is being dismantled to expand the Garzweiler lignite mine. One of eight turbines installed at the location in 2001 has already been removed. Nevertheless, the German state of North Rhine-Westphalia said it would phase out coal by 2030, as did RWE, the company that owns the mine. Rishi Sunak will reinstate the England-wide ban on shale gas fracking,

CNN: Did Biden think "they had a deal on oil supplies" with the Saudis?

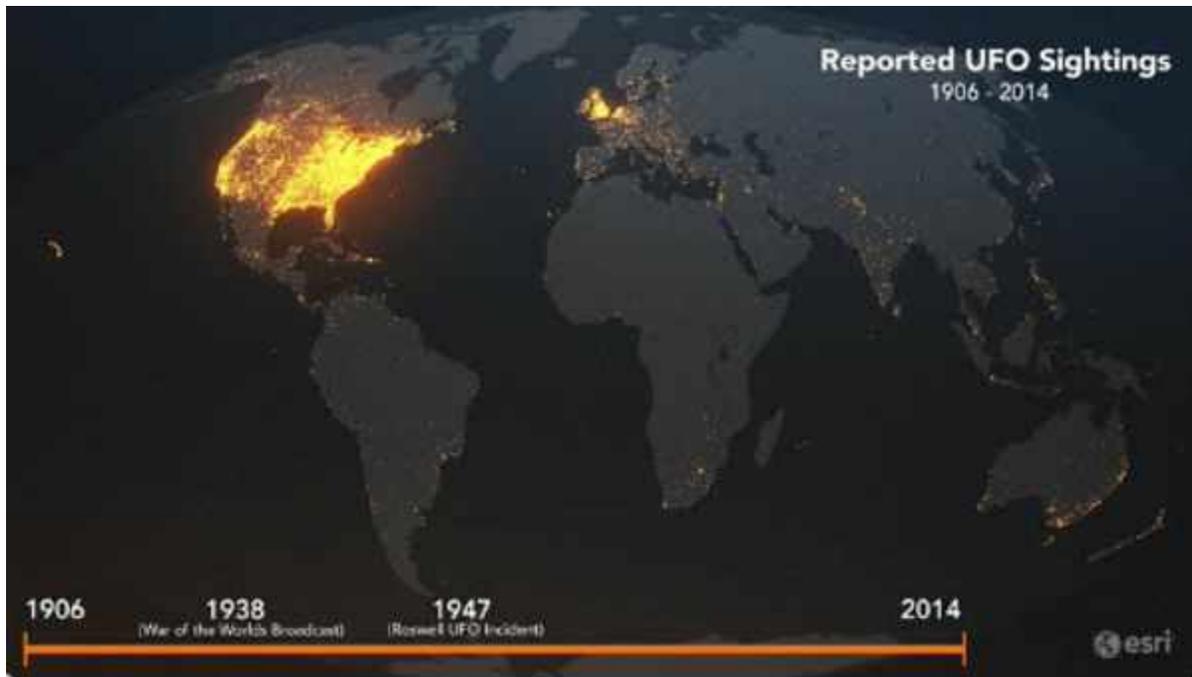
JEAN-PIERRE: “The president’s trip...was not about oil.”

Putin repeated claims about Ukraine’s intention to use a dirty bomb as a provocation but denied that Moscow would detonate a nuclear weapon, saying “there would be no sense whatsoever in doing that.”



New York Renames Monkeypox as MPV

Aliens Are Obsessed With The Eastern US



That's It - Nothing Left To Believe In

Just weeks after the death of Sacheen Littlefeather — the actress and activist who declined Marlon Brando’s 1973 Oscar win for *The Godfather* on his behalf and was blacklisted in Hollywood — her biological sisters have revealed that she fabricated her Native American ancestry.

The two sisters of Littlefeather (born Marie Louise Cruz) told the *San Francisco Chronicle* that, despite Littlefeather’s claims of being White Mountain Apache, their father was actually Mexican with no tribal identity; genealogical records also traced the Cruz family history to Mexico City with no known ties to the tribal nations there.

Damn, They Threw Mashed Potatoes At A Monet - This Must Be Serious

(Actually, the Monet had a glass front. I am still looking for the symbolism of mashed potatoes. However, my consciousness has definitely been raised.)



Ok, Must Root For Astros

Since 1900 every time a baseball team from Philadelphia won the World Series has seen a recession, deflation, a financial crisis, or all three.

Phillies

- 2008 – Great Recession and Global Financial Crisis
- 1980 = inflation peak of 14%, Recession

Athletics

- 1930, see below (see how bad it gets when they go back-to-back!)
- 1929, stock market crash, Deflation, Great Depression
- 1913, Recession
- 1911, Recession, deflation, and financial panic
- 1910, see above (again, a full-blown crisis when they go back-to-back)

