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## **Are You Smarter than a Bond Trader?**

by The Mogambo Guru

*"Pardon me for interrupting today's Stupid Mogambo Rant (SMR) with my laughing...but every time I think of some bozo buying 30-year Treasury debt at a price that is so high that the bond then yields a teensy-weensy 3% or so for 30 freaking years, I have to laugh when I think of such blinding stupidity!"*

I was initially puzzled by the Bloomberg.com headline "Treasury Curve Flattens on Speculation Fed May Go Beyond Cuts", which I took to mean that the short end of the yield curve was moving up as people started demanding higher and higher interest rates when loaning money to the corrupt U.S. government, especially since the interest rate on short-term debt is already measured in piddly little fractions of a measly percent, and even the yields on long-term debt (out to 30 years!) are only marginally higher! Insane! Hahahaha!

Pardon me for interrupting today's Stupid Mogambo Rant (SMR) with my laughing, and for the coughing and hacking that typically follows the laughing, but every time I think of some bozo buying 30-year Treasury debt at a price that is so high that the bond then yields a teensy-weensy 3% or so for 30 freaking years, I have to laugh when I think of such blinding stupidity! Hahahaha!

The astute Junior Mogambo Ranger (JMR) takes note of the sudden change in background music, which is now dark and gloomy, which is a bad sign, unless one was absolutely sure that the Fed would lower a couple of interest rates soon, or commit some other slimy manipulation. This would make the market price of existing bonds, already paying these miniscule rates, go up as yields were driven lower! What a racket!

In fact, the Treasury has provided so many bonds, and the Fed has provided so many dollars to pay for them, that the yield curve for U.S. Treasury debt at the short 3-month end is yielding a laughable 0.01%, and the 30-year bond is yielding (as I peek at the latest rates) just under 3%! Astonishing, but true!

And even with these insanely low interest rates, they have been insanely going down for a long time, making Treasury bonds steadily go up in price and now, according to Merrill Lynch's U.S. Treasury Master Index, U.S. government bonds returned (interest payment plus change in the market price of the bond) a princely 12.4% this year! Zounds!

I am trying to get some of this through the thick heads of my fellow employees, but as usual their eyes glaze over, as you would expect from a country where a popular television show is Are You Smarter Than A 5th Grader? - which in itself is kind of a joke because the show is not about intelligence at all, but about what older people remember about the knowledge being taught to children right now, which is also significant in that the show has NEVER asked the contestants, "Do you think it is a good idea to buy gold, silver and oil when your stupid government is in cahoots with a secretive private bank to issue excess money and credit, thus insuring ruinous inflation in prices that will destroy you, as is doubly proved by 1.) All of history and 2.) Both the classical and the Austrian schools of economics, to the shame of the neo-Keynesian, econometric stupid-heads

that have ruined, and continue to ruin at accelerated rates, the USA and the world?"

And the reason they never ask that question is (if the adults around here are any indication) because the adults will all say, "Duh, umm, no. The government am smart!" and the kids would all disagree, saying, "Yes! Most emphatically, yes it's a good idea to own gold when the money supply is being expanded!" whereupon the moderator would say, "Are you sure?" and the kids would say, "Yes, we are sure! Do any of you adults, personally, have any gold?"

Of course, the adults would all say, "No," whereupon the children would decide that this proves that the adults were too stupid to be put in position of authority, and then it is Lord of the Flies all over again! Gaaahhh! And they did not have a gold standard for their money, either, and look what happened! Gaaahhhh!