

U.S. Recession: Is the End Nigh?

By [The Mogambo Guru](#)

02/04/09 Tampa Bay, Florida Frank Holmes at USFunds.com writes, “When it comes to the global economy, there’s a huge surplus of bad news and there’s a good chance that more is coming” – so much so that “Positive indicators are in short supply” which he qualifies by saying, “but there’s a good chance that more of these are coming, too.”

One of these positives, he says, is that the current recession is now 13 months old, whereas the worst recessions since the Great Depression only lasted 16 months (and there were two of them: 1973-75 and 1981-82).

Well, this is just the kind of technical-analysis thing that drives me crazy, and I was just getting ready to try and grab a little of the limelight and ream this guy out for using such technical-trading crap, when he obviously sees me coming down towards the podium.

So, instead of letting his presentation degenerate into a pointless argument with a loud and obnoxious lunatic like me, he quickly defuses the situation by saying, “Just because every recession since the 1930s ended in 16 months or less doesn’t mean this one has to as well,” which certainly takes the wind out of my sails!

Having failed to get the attention that I so desperately crave for some weird reason, I resorted to making rude farting noises as I went back to my seat, and in doing so I almost missed it when he continued, “historical precedent plus the massive amount of government-minted stimulus equals reason for some optimism that we’re closer to the end of this slowdown than to the beginning.”

Man, he said a mouthful there! Trillions of dollars are appearing everywhere as the loathsome Congress deficit-spends the money and credit that the Federal Reserve creates with every breath!

Apparently seeing me working myself into a screaming hissy-fit, he calmly says, “The Federal Reserve began cutting interest rates in September 2007, and historically interest rate changes impact the economy with roughly a six- to 12-month lag. This increase in money supply is a very positive development for both the economy and market” which he seems to prove by charting the eye-catching similarity of the percentage change in the money supply (lagged 6 months) with the year-over-year percentage change in consumer spending since 1982, and it is certainly impressive to see.

Then he shows a graph of the percentage change in the U.S. money supply and the percentage change in “nominal” GDP, going back to 1960, and that’s pretty impressive, too, particularly since the money supply right now is zooming so far that it is, literally “off-the-charts”!

This is certainly going to look like good news to a lot of people, as Harper’s Index reports that 47% of Americans say they live “paycheck to paycheck”, and 21% of those making over \$100,000 live that way, too!

It is also kind of weird to me that while there are 306 million American men, women and children, a full 47% of them report living paycheck-to-paycheck at the same time as only 47% of the population has a job (the government says that 143 million are employed)! So everybody with a job is living paycheck to paycheck? Hahaha! We are so freaking doomed!

But regardless of how much money the stupid government and the morons at the Federal Reserve create and spend, it will – regardless of all the charts and graphs and historical comparisons – not be good news for people, as such massive, irresponsible inflation in the money supply caused by the massive government deficit-spending will cause catastrophic inflation, which may have something to do with why Scotty is calling up from the Engineering Section, “Captain! The di-lithium crystals canna take the strain!” and out through the window of the bridge you see Spock flying off to safety in one of the Shuttlecraft.

With the gold, in case you were looking to Star Trek for a moral to the story!