US Federal Reserve Quantitative Easing (QE) To Infinity Policy - Volume to Triple, Not Taper – The Creature from Jekyll Island's Printing Presses are Steaming Along at Full Tilt – Non Stop

The US Federal Reserve bond monetization support for government finance support, financial markets, banker welfare, economic props, redemption coverage, and liquidity fire hose functions will continue to expand and definitely not diminish. Only the brain-dead, the system wonks, and the deeply deluded believe the QE volume will taper down. They are paid to think that way in the public forum, their minds compromised, their hearts darkened, their paychecks dependent. As preface in order to properly comprehend the national situation, keep in mind that the US Economy is stuck in a nightmarish quagmire, with growth steadily in decline at between minus 3% and minus 5% annually, when reality is required. The propaganda must be pushed off the road, the price inflation not labeled as growth, and the system perceived for what it is. The US Economy is in grotesque deterioration with absent critical mass of industry, widespread debt defaults, retail liquidations, idle plant and equipment (including malls), and systemic capital destruction from the monetary hyper inflation and the imminent specter of ObamaCare tax. In queer fashion, the modern day US factories have become shopping malls. They suffer from at least a 25% vacancy rate nationally.

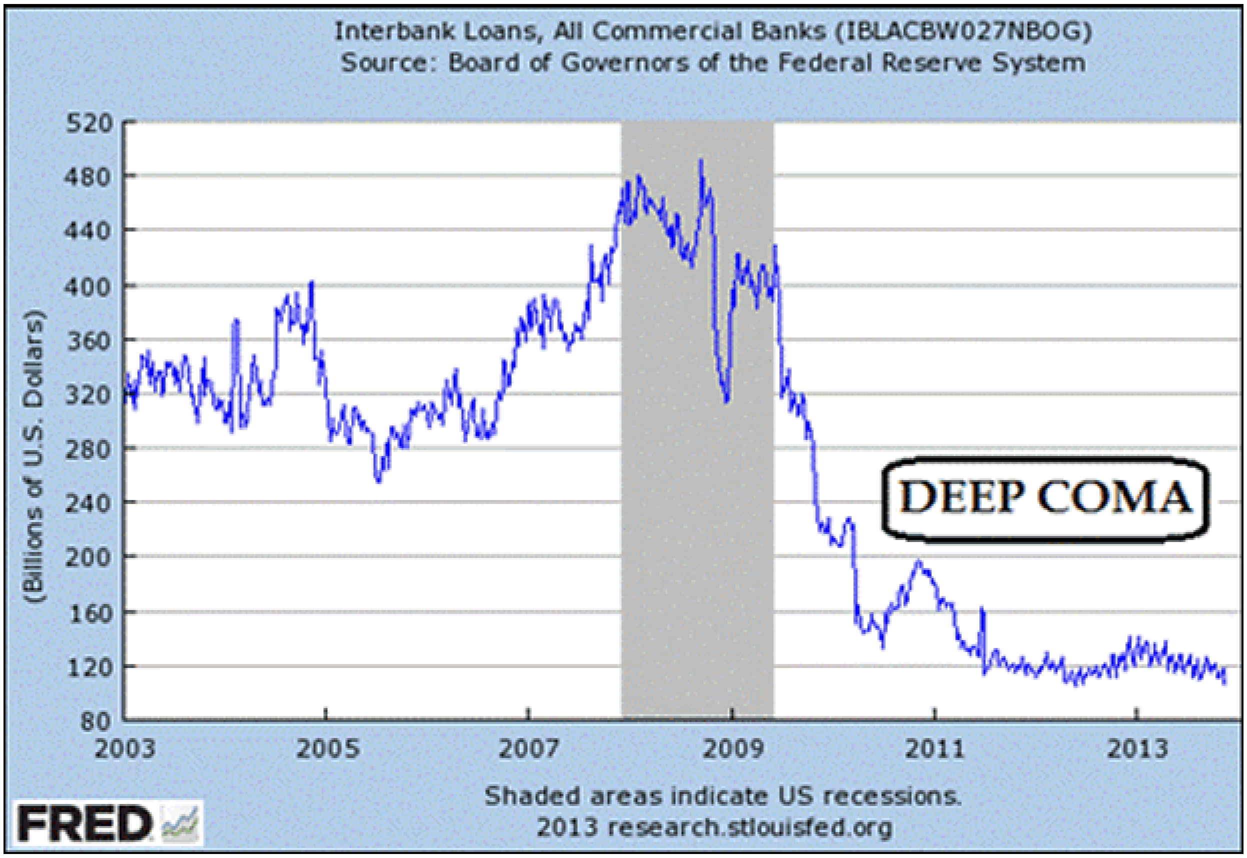
Therefore the USGovt deficits will rise, not fall. All economic forecasts offered from official podiums and stages are loaded with nonsense, deceptions, and propaganda at worst, but wishful thinking, delusion, and hope at best. None contain any accuracy required like in a business setting where competence is rewarded and excellence is expected. In the national offices, loyalty, marketing, and toeing the party line are rewarded, just like in a Central European nation in the 1930 decade. The Jackass prefers to call it Reich Economics laced with Soviet Central Planning. The United States has become an unsavory mix of fascism and marxism, the common threads being systemic decay during the eradication of civil liberties.

The major channels will force the USFed to turn up the volume. The May Taper Talk was definitive in its result. The entire financial markets, credit market, liquidity pipes, and economy depend upon the USFed funding. The system cannot sustain itself through vitality, and surely not through savings. So the USFed relented, they blinked, and when they briefly told the truth, **they admitted the QE volume would continue forever** and a day. Given the political pressures, and some reflection in corner office lavatories, they toy with the concept of tapering again. They realize the hyper monetary inflation has turned into a deadly toxic dependence. It is useful for the mere mortals among the 99% crowd to absorb the realities behind QE and its true nature, better described as QE to Infinity. The sidebar is Zero Percent Forever. The USFed is stuck in the destructive monetary policy, as the Jackass has described since early 2009. The ultra-low rate would not be temporary. The bond purchase plans with printed money would not be temporary. Many are the channels that must be covered by USFed bond monetization. They run parallel to the channels of USTreasury Bonds being returned to sender, listed in July. Regard this article as an update, required to counter the never ending propaganda and deception directed at the public with media scatterguns. It will be illegal someday before long to warn the masses.

PREFACE ON USECONOMY IN DETERIORATION

People must always bear in mind two concepts. When the USGovt, directed by its Wall Street handlers, marshaled the movement of industry to China, **it delivered the nation a death sentence with a timer**. The low cost solution was a legitimate income drain that led to deeper asset bubble dependence. The inevitable outcome of systemic failure motivated the launch of the Hat Trick Letter. The results are obvious to those with open eyes, which means only 10% of the masses. Secondly, the USFed monetary policy of hyper monetary inflation, directed at covering USGovt debt issuance and turnover, has a clear effect to kill capital. The rising cost structure from inflation hedging results in reduced profitability, followed by business shutdown and retirement of equipment. This too is obvious to under 10% of the masses, including the crack corps of clueless economists. Review some features.

The October 2012 pre-election Non-Farm Jobs Report was falsified. Nothing new in following orders from the camp commandants in officialdom. The reduced jobless rate from 8.1% to 7.8% permitted the occupant of the White House to report the success of the economic recovery. With dark humor unintended, the new catch phrase has become the non-recovery recovery. Jack Welch was proved right in doubting the data, accusing in tweets that the Administration had altered the numbers. So the BLS, the Bureau Of Lies & Scatology, manipulated the most important jobs report in Obama's career. At least Obama looked presidential as he reviewed the Hurricane Sandy damage, where no natural hurricane had ever hit in the NorthEast corridor so brutally, and where microwave patterns were detected from its August hatching. (Psst: microwaves are man-made and not natural.) In the most recent quarter, the Q3 Gross Domestic Product has been managed at 2.8% in a travesty of deception. The same tricks are used with hedonic adjustments and calling price inflation as growth. The king is dead, long live the king. The QE to Infinity will be needed in defense and support.



A tell-tale report came from California. The multi-unit properties in California are not being foreclosed, despite being in deep arrears. The banks seem unwilling to take on more REO property on their loaded portfolios. Perhaps private equity firms are only pursuing single family residence properties. The reporter has been in contact with numerous people not making payments and not making decisions, since no pressure. The dire signal is that 20% of all mortgages are delinquent but with no foreclosure activity. Even short sales are prevalent, meaning final sales below the equity level of the seller. Chase has not foreclosed and not responded to a short sale of a delinquent $3 million home in San Diego. The implication is that the bank suffers the loss, the difference. Rumor has it that the USFed is purchasing all the bad debt and will then sell it for deep discounts for other parties willing to take the risk with the courts in the foreclosure process. Think Wall Street cousins in private equity firms like Blackstone. The problem is so deep that foreclosures of condominium units are occurring, for failure to make payment of homeowner association fees. Reports are of HOA non-payment rate of 25% in the sketchy areas. The HOA entities are not dumping the properties. A gaggle of properties that the HOA foreclosed on three years ago are still owned by the HOAssns, many in Riverside and San Bernardino counties. The entire commercial trade has gone underground between the banks, private equity firms, and foreign buyers. A colleague in Los Angeles reports that the same is true with small strip malls, which sport 50 to 90% visible vacancies. The QE to Infinity will be needed in defense and support.

Ten US cities are almost totally out of cash. These include Stockton and San Bernardino California, Central Falls, Rhode Island and Detroit, Michigan. Their bankruptcy will soon be tested. Meredith Whitney was not wrong, just way too early to earn the acclaim. She will be back in the spotlight to take credit for a correct call. The report is that the ten cities have under ten days of cash on hand. The Detroit court ruling is also interesting. A judge ruled the city pensions and bonds can be reduced in value (called haircut) under legal applications. Next comes the outcome, as the percentages are to be decided. Some bold economists like Laurence Kotlikoff of Boston University have openly declared the USGovt finances worse than Detroit's. The wave appears next to strike Chicago. The QE to Infinity will be needed in defense and support.

Recovery is nowhere as 4.6 million mortgages going unpaid in the United States. Either the people cannot pay under duress and pressure to make payment, or they scoff at the banks and dare them to take possession, even to locate the property title. At least a couple million Americans are living in soon-to-be bank owned homes for free. That aint recovery. Furthermore, the American consumers are going for the 7-year car loans, as the banks adopt a stupid lending policy. Within 18 months, the loans will have zero collateral from basic car depreciation. The important point is that the bank holds negative equity loans after 3 years or less, with false accounting on the bank books as well. The break to people is a curse for banks, a stupid desperate policy. That aint recovery. The QE to Infinity will be needed in defense and support.

A handy comatose meter is found in the Chicago Economic Diffusion index. It fell in October. The more representative three-month moving average improved to 0.06 from -0.02, indicating the economy has leveled off in its coma. The employment indicators fell, as the labor participation rate is at its most dismal level ever, working its way under the magic 60% level. No recovery is evident. The QE to Infinity will be needed in defense and support.

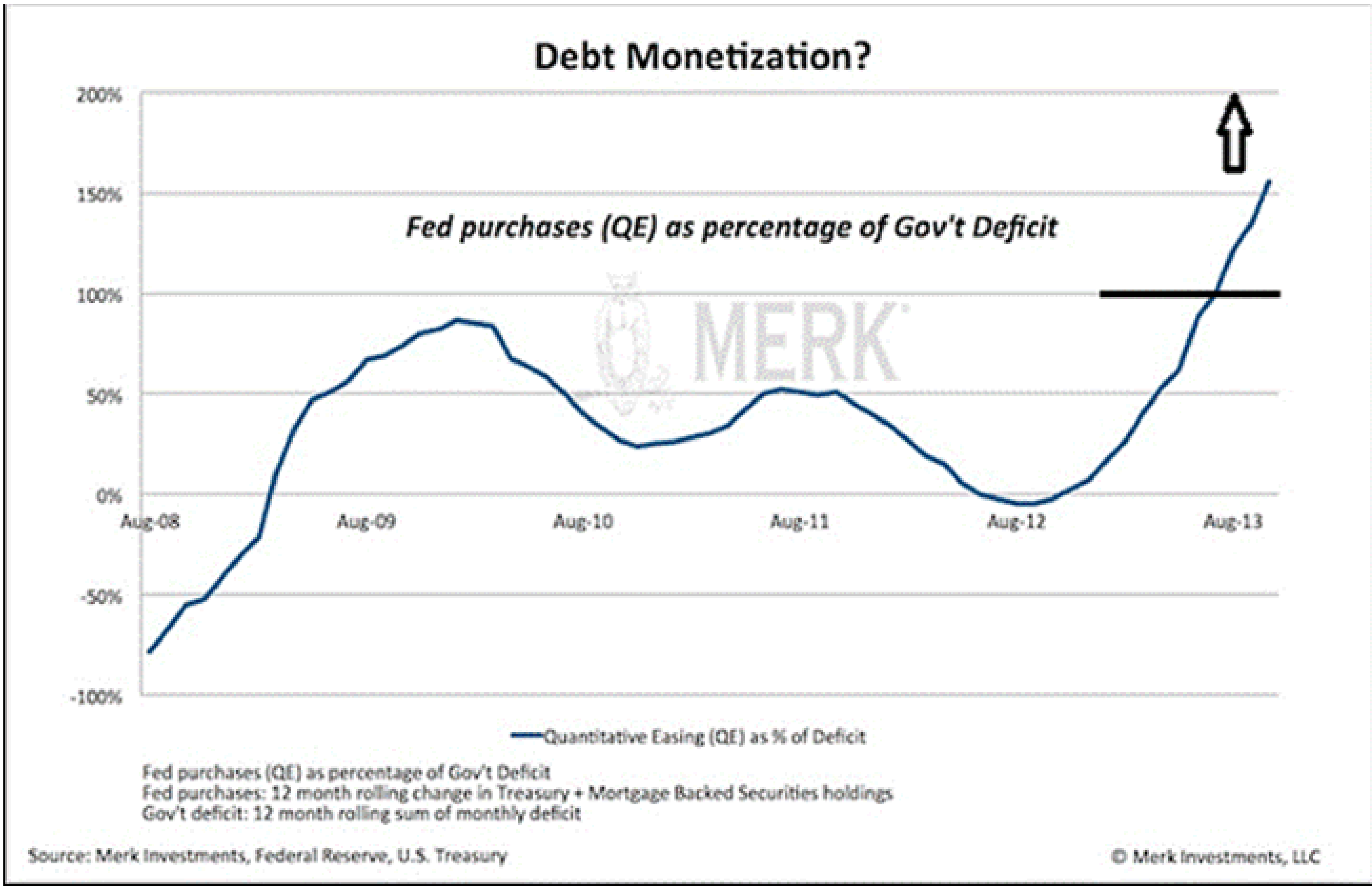
So conclude that with continued USEconomic deterioration, the tax revenues will be way short. The USGovt deficits will rise above $1 trillion per year again easily. The USFed will be forced to cover the deficits, since national savings is nowhere. The debt issuance will continue to from the capital dome, covered by phony money coming off the press running side by side. The Jackass has not even mentioned the wet blanket known as ObamaCare, with its forced membership, higher costs than advertised, deceptions in keeping other health plans, refusals of cancer treatment, refusals of joint replacement, and broken website done by Michele Obama's classmate at Princeton. Remember in a fascist business model system, loyalty and crony win over competence and quality, always.

CHANNELS TO BE FUNDED BY Q.E. TO INFINITY

a) Government Finance Support

Axel Merk has concluded that the USFed is monetizing 50% more than the USGovt deficits. The key elements are USTreasury Bond issuance, refund activity of USTBonds, along with the ample coverage of USAgency Mortgage Bonds and some private label mortgage bonds. The printing press with Weimar nameplate is under heavy pressure. Those refundings (bond turnover at maturity) are a *****, and rarely figure in the rosy analyses put out by the wonks, hacks, and stooges. One should really brace for a reality check. **The USFed has announced repeatedly that it is executing on $85 billion in bond monetizations per month.** The disclosed level represents a staggering volume of $1.02 trillion per year. Amazingly, few economists or bank analysts are troubled by the official steady unrelenting hyper monetary inflation. To be sure, some competent and responsible members of officialdom express their reservations, without much disgust, but with some courage. What would have passed as insanity and reckless policy in the 1990 decade, nowadays is accepted as the norm, the present reality, the exigent necessity, the urgent requirement, the responsible obligation. Focus on the true volume of the USFed bond purchases, the real QE volume when all items are added together. The reality is much worse than admitted reported. This is a banking crime syndicate, which should never be accepted for its word. They are the greatest bond fraud kings in modern history, the greatest thieves probably in world history. They steal the wealth of entire nations, if not from central bank gold bullion then from bonds and home equity, with a kicker in near zero interest loans to themselves.

Some hedge fund managers and bank analysts have come forward to share their privileged information from contacts deep within the USFed system, whether regional bank presidents or economists within the USFed marbled offices on Weimar Street. THE REALITY IS THE USFED IS MONETIZING AT LEAST $200 BILLION PER MONTH, MORE THAN DOUBLE THE OFFICIAL VOLUME STATED AND ADMITTED. The USFed is monetizing much more than basic USTreasurys and USAgency bonds to cover the USGovt deficits, their rollover refunding, and the raft of mortgage bonds. The USFed is monetizing a small mountain of Fannie Mae bonds and collateralized debt obligations with a mortgage core, which went bad, turned worthless. The USFed is monetizing a large mountain of interest rate derivatives that went deeply in the red in the last year, especially this past summer during the self-inflicted Taper Talk disaster. The mortgage debt and its leverage toxic vat amounts to a few $trillion yet to be fully monetized. Furthermore, the interest rate derivatives amount to hundreds of $trillion yet to be fully monetized. This hyper inflation output does not hit Main Street, which would result in price inflation for products and services. Worse, this hyper inflation output wrecks the USDollar and its primary vehicle the USTreasury Bond. It burns the King Dollar throne. The United States is Greece times one hundred.



b) Support for Financial Markets

During the Taper Talk trial balloon, the USTreasury 10-year yield rose to 2.95%, at which time some flash trading was moved from stocks to bonds. They halted the rise, but also put to use the IRS tax revenue tool, tied to Interest Rate derivatives. The Boyz wished to prevent a crease of the 3.0% mark. The damage done was colossal. The Interest Rate Derivative festered with leveraged outsized losses, all kept quiet. The JPMorgan headquarter complex was sold for half price to the Chinese property conglomerate, probably related to the derivative losses and a mandated requirement to manage the gold vaults from Beijing. Call it a hidden indirect margin call, a foreign managed inventory check. The emerging market national bourses took major hits. The Hot Money exited the United States, an early warning signal of the US showing symptoms of Third World.

c) Banker Welfare

The banker welfare, feeding at the trough, knows no end. It came into the open with the TARP Fund bait & switch tactic deployed to garner $700 billion. The funds were largely used to cover big bank bonds and preferred stock, a favorite asset holding by the bankers and their families. It has become a national priority to preserve the college funds for their children, not to mention their lunch accounts and many mistresses (see Jamie Dimon). The inside word has it that the

QE3 includes a hidden chamber, to cover the toxic fraud-ridden mortgage bonds and collateralized debt obligations that clog the housing market itself.

d) Economic Props

To begin with, the housing market remains a key sector within the USEconomy. It requires ultra-low mortgage rates, not to stimulate the real estate market. Instead, it requires ultra-low mortgage rates in order to avoid collapse of the real estate market the rest of the way, and in rapid fashion in sudden manner. The car industry requires ultra-low loan rates in order to remain in intensive care, and not in the morgue. The retail industry requires ultra-low credit card rates in order to sustain itself without collapse also. The entire USEconomy could not function without the absurdly low rates. By the way, such harsh low rates provide the legitimate savers with almost nothing in return yields. They are victims to the steady consistent 7% to 9% price inflation year in and year out.

e) Redemption Coverage

Not only Wall Street and London big bank portfolios of impaired bonds must be redeemed and covered. The amplified and ever growing Indirect Exchange of USTBonds must be redeemed and covered as well. The foreign entities holding USTBonds from Chinese acquisitions, Russian energy deals, Brazilian bankruptcies, and other buyouts across the world have become center stage news. The sellers wish to cash in their currency from the big deals. The Eastern nations led by China are buying hard assets. The USFed and Bank of England cannot refuse the bond holders at the window of redemption, since their native sovereign debt. The USFed might ultimately be forced to print money to pay the bond holders. A couple $trillion could end up coming to the window.

GOLD MARKET EFFECT

The Gold Trade Settlement system is moving closer to reality each month. No amount of pressure and obstruction can prevent its progress, its development, and its evolution. The movement to create a non-USDollar alternative to trade, with serious banking reserves management system consequences, will not be deterred or halted. The Global Currency Reset is an extremely complicated undertaking for the major nations of the world. Most people, and many analysts, believe it involves the currency market and the banking systems. That is true enough. **However, my informed sources indicate that the entire Reset initiative involves around 8 to 10 very complex, very thorny, very disruptive factors.** The fallout from the reset will bring changes to the world order, changes to the balance of geopolitical power, changes to castle lords, changes to Third World residence, and great unclear threats to nuclear proliferation. To regard the main items as currency exchange rates and defaulting banks is painfully naive, but all too prevalent. The reset initiative must be done with respect to careful agreements forged and delicate recalibration of the global balance of power. Both sides possess nuclear weapons and other nefarious devices like electro-magnetic pulse weapons.

The winner will be the Gold Market. The loser will be the United States, the United Kingdom, and Western Europe. These regions will tiptoe into the Third World if lucky, and fall head first into the Third World if not careful. They should have thought more fully about the Chinese Most Favored Nation pact back in 1999. The low cost solution as center piece to globalization effectively destroyed the Western economies, by removing the industrial core. It was far more carefully planned than the great majority of people believe. The ultimate goal in my opinion was to wreck the cradle of capitalism in the United States. The compromise was to create the newly industrialized Chinese superpower, which will fall victim to fascism soon enough. It is the natural course, given human nature and the proclivity toward corruption, inefficiency, power, and greed. The winner will be Gold. It will reign over banks again. It will serve as arbiter over trade again. Its bright yellow lights and strong whips will emanate from the East.

FOOTNOTES

The Iran Talks should be better reported by the alternate press in the West. It was plain and simple a Petro-Dollar Surrender Summit. For the last several years, it has been clear that the primary defense of the USDollar has been military. Many major nations of the world are busy making plans and implementing them toward the creation of systems in bypass, as in Alternative Dollar systems for trade and settlement. The USDollar has turned toxic, widely confirmed by the QE to Infinity adopted policy by the USFed, the Euro Central Bank, and the Bank of England. **The many major nations require assurance of not being attacked by the banks with SWIFT weapons, not being attacked with sanctions that hinder commerce to isolate their nations, not being strangled in economies to suffer from price inflation episodes, since their motive has become crystal clear of survival from the current interminable financial crisis.** The designers and perpetrators of the crisis have no interest in pursuing solutions, only to defend the USDollar and their right to print themselves $trillions in wealth, the old self-dealing card to the extreme. The summit talks over Iran should be taken with a grain of salt on the detailed promulgated news releases, since loaded with propaganda and rubbish. They sound comical. Expect Iran to continue to make oil & gas sales, but to announce a top-line USDollar transaction which will be executed in gold. The trade settlements will continue in gold on a bilateral net basis, but the official lines (of bull) on ledgers will be etched from USD chisels. It is all about saving face for the dying King Dollar, and to protect the Eastern Alliance nations from retaliation, including potentially nuclear devices suddenly discharged in their home camps. Call the Iran Talks also the Petro-Dollar Surrender SALT Summit.