

## Best to Wear a Hat

Written by Bruce Enberg  
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New unemployment claims fell again last week and are starting approach the levels we saw just before the Tea Party Sedition movement knocked a sizable hole in the economy. There were 28,000 Federal civilian employees drawing unemployment benefits last week which was 50,000 fewer than the week before. This adds to the \$24b tab for the pointless government shutdown.

Federal employees will get back pay for their time off, plus the hourly employees will be getting overtime pay to catch up their work. Government contractors will doubtless be demanding compensation for the snafu conditions that occurred during our brief return to the Articles of Confederation when the Federal Government was basically voluntary.

The GDP grew at a 2.8% rate during the 3rd quarter, which is quite respectable for the Neo-Reagan Era. In the old days of the New Deal that level of growth would have been considered slow. However 0.8 points were attributed to inventory build up in anticipation of growth in the 4th quarter, and could cause a major pull back if that growth isn't realized.

The reason for the increased inventory is that major retailers are again extending credit in a big way for the first time since the Bush Crash in 2006, and the credit card companies are issuing high limit cards in anticipation of a big holiday shopping season.

This should have the effect of putting more people to work. The Federal Reserve's QE3

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program of buying up bonds issued by banks as well as Treasuries from the open market is encouraging this creation of new consumer debt. This is inline with the Fed's mandate to keep unemployment down. Actual Federal policies on trade, manufacturing, energy, control of monopolies, and that sort of thing would work so much better, but we can barely keep crazy people in Tricorne hats from crashing civilization. So we're stuck with bankers trying to keep things going.

The stock market run-up has been making a lot of news, but it really isn't linked to the economy in any meaningful way. It's just a way skim money from people's retirement accounts, there will be another 'harvest' of wealth in the next couple of years. The billionaires will likely try to time a 80% drop in the markets to right before the 2016 elections. That is unless the Republicans are so pathetic by then that they can't make that a 'takeover' work, then it be a more subtle crash.

Oil prices have been drifting lower as the supply is simply getting to big for commodity traders to control. If the Dodd-Frank Act had been ever been implemented we would be paying under \$2 for gas. Just as we did when the banks were forced to stop trading commodities during the credit freeze-up in late 2008. Obama has been complaining about the foot dragging from the commissions that have control over writing the regulations. The President actually has very little power to influence Federal commissioners. The idea is to keep people like Nixon from running things, so instead we have people like Dick Cheney running things with the promise seven figure corporate board seats when leaving government. Congress could step in, but then we're back to the crazy people who don't believe in government of any kind.

Twitter @BruceEnberg I didn't cash in on the big Twitter IPO, of course if you can't buy the advance offering with the insiders, all you'll really get is Twitter droppings. Wear a hat, just not a Tricorne hat.