

# What Will Break the Stock Market? Copyright©

Fantasy Free Economics, James Quillian

Posted on [October 10, 2018](#) by [Fantasy Free Economics](#)



*Fantasy Free Economics* As I am writing this, the stock market is getting massive organized support. In saying that I am not revealing a big secret. Still there are multitudes waiting for traditional forces of supply to overtake demand, thinking that is how the bull market will end. That will never happen. One of the pillars of manipulation must break. What does it take to move stocks higher independently of natural market forces? These are the necessary ingredients.

- 1.) Ignorance: The public is not aware of what is going on and is clueless as to what it costs them in terms of real income.
- 2.) Media: Although it is a remote chance, parts of the media, could start reporting the financial news honestly.
- 3.) Central Banks: Central banks are under political directives to keep stock prices moving higher. Political directives don't necessarily come from sovereign nations. Wealthy interests put pressure on central banks independently of any government. With tensions rising around the world, one or more countries could reign in their central banks and use them instead for purposes of economic warfare. This is a remote possibility.
- 4.) Friends of the Fed: Friends of the Fed range from the algos and other firms which get advanced information from the central banks. Central banks must insure these firms of risk free profits in order to make their participation worthwhile. These are the organizations which orchestrate short squeezes, hold volume down and in general manufacture artificial demand for stocks. There is a genuine chance that these firms are having trouble making profits. If their profits cannot be guaranteed, they will cut and run. These firms are the weakest links in the chain.
- 5.) Corporate Buybacks: Corporations must be provided cost free funds in order to buy back their own shares. The latest source is from the Trump corporate tax cuts. This is a very weak link also although it

has been completely reliable. Sources of funds for buybacks may run dry. Profits will not be used for buying back shares. This source of demand could dry up.

Deterioration of the Economy: The economy actually is unraveling but the damage is occurring at the bottom of the food chain and moving higher every day. This is what happens when political power rather than price is used to allocate resources and ration goods and services.

For the market to fall in a meaningful way, one of these factors must change. As long as the world's political structure holds together, when stocks actually do fall, every attempt will be made to pass losses from rich stockholders onto the backs of the public. Chances are real good that central banks will start buying stocks openly for the purpose of as of "saving the world."

The one thing I am sure of is that natural economic forces alone will not cause a meaningful market decline until damage to the economy is beyond repair. Something will have to break and it will.

I have written extensively about stock market manipulation. To read these other articles, type manipulation in the search bar and they will all show up.