

# Eyes On September

Posted on [June 18, 2019](#) by [Fantasy Free Economics](#)

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How could there be so many signs of an impending recession and bear market with stock prices still flirting towards making new highs? That question is hard to answer if it is assumed that mom and pop along with the hedge funds and other normal investors and traders are driving the market up. “How about this bubble?”, you might ask. “Who are these guys, buying stock when the economy is on the verge of falling off a

cliff?” To see it this way, all we have to do is figure we have all the information available and there is nothing going on in the world that we don’t see or understand. Conventional wisdom is a term John Kenneth Galbraith came up with in the fifties. Conventional wisdom ends up being the reasoning mechanism that most are comfortable with. For sound reason it is necessary to look past the obvious answers which sound good but do not apply.

The fact is that the stock market is being managed higher independently of precise occurrences, negative indicators and misguided national economic policies. The term Deep State is used as a name for all who work together on an aggregate level to control the lives and spending habits of the world’s population. To accomplish their goals they need to control the world’s factors of production. The capital markets are in fact a major part of the factors of production. Moving the stock market higher is a big part of taking over all of the world’s factors of production. The Deep State owns and controls a lot of stock. So, what is a stock they own worth? It is what they say it is worth. Do you own any stock? Yes? Well great, then the Deep State determines what your stock is worth also.

Is a shot in the arm needed? In a pinch the President of the United states will make a statement to kick off a rally. Warren Buffet will announce he is buying Amazon or something. Politicians are at odds with one another but they are all on the same page when it comes to stock prices. Many have a stake in this enormous cash cow. They will keep milking it until the cow is dead. They will keep milking when the cow is on life support. When the cow finally dies, bailouts will be the order of the day.

Is more consumer demand needed? Great, just borrow more fiat money, run stock prices up and we will all borrow against our assets. That will increase GDP and everyone will be happy. Remove the theatrics and that is what United States economic policy consist of. Stimulus and the rest of the saving the economy efforts that began during the Great Recession are focused on this system. No this is not good economics but good economics is not what drives economic policy. Economic policy is driven by political power. The politically powerful came up with a way to pay themselves the most possible in the shortest period of time, for as long as it lasts. The driving force behind economic policy really is that simple.

That leaves us with massive ongoing organized support for the stock market. That won't stop unless it is made to stop. That is not likely to happen because conventional wisdom still is that this is a bubble and that mom and pop are irresponsibly driving stock prices up. Regardless of what develops in the economy organized support for stock prices will continue. It will continue even if interest rates rise due to Fed policy. Is anyone surprised at the strength of the stock market in the face of daunting risks? I don't know about you, but I don't. But then I don't believe lies.

It looks like the Deep State is successfully managing the market through the middle of August. These folks are not mullets. The most brilliant talent in the financial arena are part of the effort. The biggest threat they face now, is the natural fall weakness in equity prices. Fall is historically the weakest part of the year. Do not think the possibility of a fall crash is not on their radar. I think about these things and they are a lot smarter than I am. Surely there is a plan for September and it will take massive resources.

There is the chance something in the world will break between now and then and they will lose control. All of this will destroy the economy in time. It has already wrecked the lives of many at the bottom of the food chain.