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## Further Manipulations of Markets – Further Routs Ahead



(Source: David Simonds)

As global economies continued their inexorable contraction into 2016, despite years of Central Bank's interventions, and financial markets seemed to finally reflect the ongoing dismal global economic reality with their recent plunges, the Central Banks once again rushed in to the rescue, pushing and promising ever more irrational support, encouraging ever more irrational behavior that is bound to end badly, regardless of its postponement.

This reminds us of ignorant, incompetent politicians making ever more irresponsible promises before an election, desperate to get elected at any cost regardless of the inadvisability and documented history of failure of such wild promises. Desperation and lack of personal liability from the damage of the subsequent ill-conceived actions, makes central bankers and politicians great bed fellows.

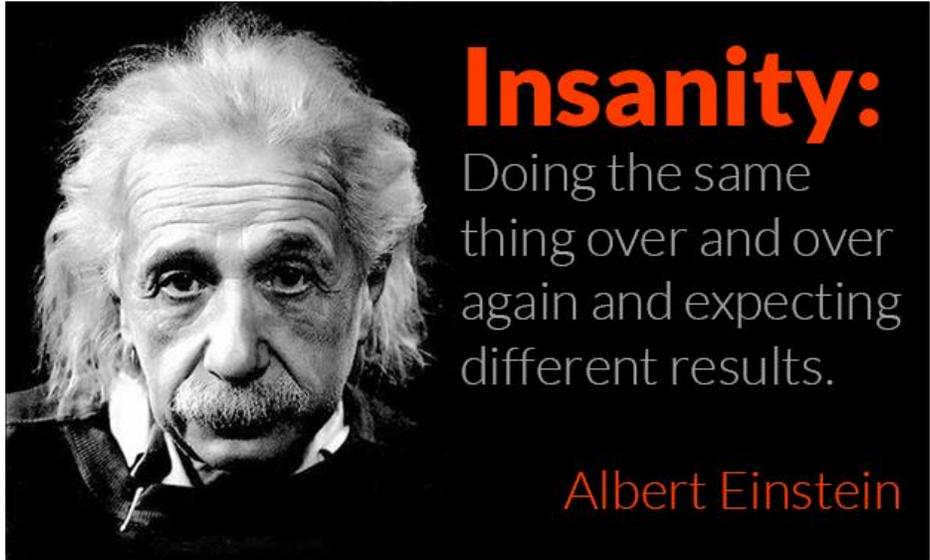
In the 'developed and free market World', over the decades, we have been fond of lecturing the rest of the socialist and communist countries about the superiority of the 'free market' system, where, we let the 'free market forces of supply and demand' decide the price of goods and service, without government interventions. We have incessantly lectured and admonished non-free-market governments and systems on the evils of interventions and manipulations in free market functions. And when finally our 'free market' economic system proves itself inarguably superior in creating prosperity, to 'controlled market systems', upon their failures, we turn around and hypocritically become the leading interventionists and manipulators of markets and economies, leading us and the rest of the newly converted regimes to the inevitable failure of interventionist systems.

Yet having launched upon the path of repeated interventions, and in spite of

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repeated failures, so far, developed World Central Bankers don't seem to know anything else except interventions, giving truth to Einstein's definition of 'insanity'.



(Source: [www.shpeucf.com/are-you-insane/](http://www.shpeucf.com/are-you-insane/))

As the bad economic data and the bad news of plunging financial markets rudely intruded into the annually staged 'love-fest' of the elite and the most powerful global denizens at the 'World Economic Forum 2016' in Davos, Mario Draghi, the Governor of the European Central Bank ("ECB"), was the first to react to the party-popping events with the promise of 'no limit' Quantitative Easing.

Mario Draghi



The incredulous promise of infinite QE had a relatively mild effect on the markets, perhaps, because it came from the previously 'whatever it takes' Mario. Upon reflection it's not a big stretch from 'whatever it takes' to 'no

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limits’.

Next, Janet Yellen, the current Chair of the Federal Reserve held pat on the present, ‘wait and see’, ‘data dependent’, possible future rate hikes but nothing new now strategy, and that further pacified the financial markets.

Janet Yellen



Haruhiko Kuroda



But as the bad economic news kept piling up, the Bank of Japan (“BOJ”) Governor, Haruhiko Kuroda, was the next to act. In true skilled samurai fashion, he feinted to the left (*by denying he was considering taking interest rates into negative territory*) and struck decisively to the right (*took interest rates negative*), catching the World and the big currency players and speculators off guard, and by all accounts inflicting heavy damage on those that were fooled by his feint. He must be an adept on the stratagems of the sword saint, Miyamoto Musashi, and a diligent student of Musashi’s 1645 classic “Go Rin No Sho” (*the Book of Five Rings*). Few feints, and then the unexpected strike, were more effectively executed than by BOJ Governor Haruhiko Kuroda.



(Source: dudye.com)

# Further Manipulations of Markets – Further Routs Ahead

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Page 4

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Mario Draghi's 'no limits', Janet Yellen's 'steady as she goes', and Haruhiko Kuroda's actual 'no limits' strategy, lit the fuse on a rocket and fired the global financial markets into a reversal and blast off at the end of last week.

But we must remember rockets have limited burn time, their intensity is short lived before they burn out and begin to fall back to the ground.

Currently, the Central Banks have limited fuel, and the deflating global economies are the ever present downward pull of gravity; guess what will eventually win.



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