



Key News

- [Bernanke Effort to Accelerate Growth May Be Undermined by Loan Contraction](#)
(Bloomberg)
- [China's Stimulus Delays Efforts to Make Consumers Drive Economy, ADB Says](#)
(Bloomberg)
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Quotable

“The stimulus that we have still got to give the world economy is greater than the stimulus we have already had. What we want to do is safeguard a recovery from a recession we feared would develop into a depression.”

Gordon Brown

FX Trading – “[We Won’t Be] Waiting on the World to Change.”

Some of you may not know this ... but this week is Climate Week. The goal is to spread the word about climate change and the importance of enacting climate change legislation that addresses key problems associated with man-made global warming.

I will not be participating in Climate Week.

More of you may know that this week Pittsburgh, PA plays host to the G-20. The goal is to spread the word about economic status quo and the importance of enacting stimulus policy that addresses the major deficiencies associated with man-made financial crisis.

I’m not buying the G-20 summit.

Ideally, the market process would handle both the above issues on its own. But leaders don’t want to leave it to the free market; the free market is the problem, they’ll tell you.

So in an effort to look out for our best interest, the top-most officials on each matter will see to it that the market does no more damage and that legislation, regulation and policy take over the role of ~~destroying~~ saving the world.

But it doesn’t matter what I think. If what I thought actually mattered, then I’d be independently wealthy. Instead, it is what the market thinks that matters. And right now the market thinks (regarding the G-20 initiatives anyway) that the world has been rescued.

And if Gordon Brown's quotable from above means anything, then the global economy should have no trouble getting back on its feet and global markets should run into few obstacles as the road to prosperity is paved for them.

So it shouldn't come as a surprise when the US dollar can't string together more than two days of corrective rally. Despite what the charting mechanisms may forecast, risk appetite in this market is running on high and the US dollar is hated.

This morning has already been a monster day for currencies. Using the US Dollar Index as the broad indicator, traders have wiped away the last two days of dollar advances and the index is testing last week's low, which happens to be the lowest level for the US dollar index since this time last year.



To demonstrate my point about market sentiment here, the Asian Development Bank has made waves with their recent comments about growth in Asia. Markets love the fact that growth estimates have been revised upwards. They also love the fact that China has imported a whole bunch of crude – the second-highest monthly increase on record in August.

Logically, this could be taken as a sign that China is revving up the engines and is ready to pull out of pit road.

The market, though, found a way to avoid the comments from the ADB regarding China's binge on stimulus and record lending. They particularly noted the decision to push back or ignore necessary rebalancing efforts that would help mitigate the dependence on investment and exports and spark some much needed growth in domestic consumption.

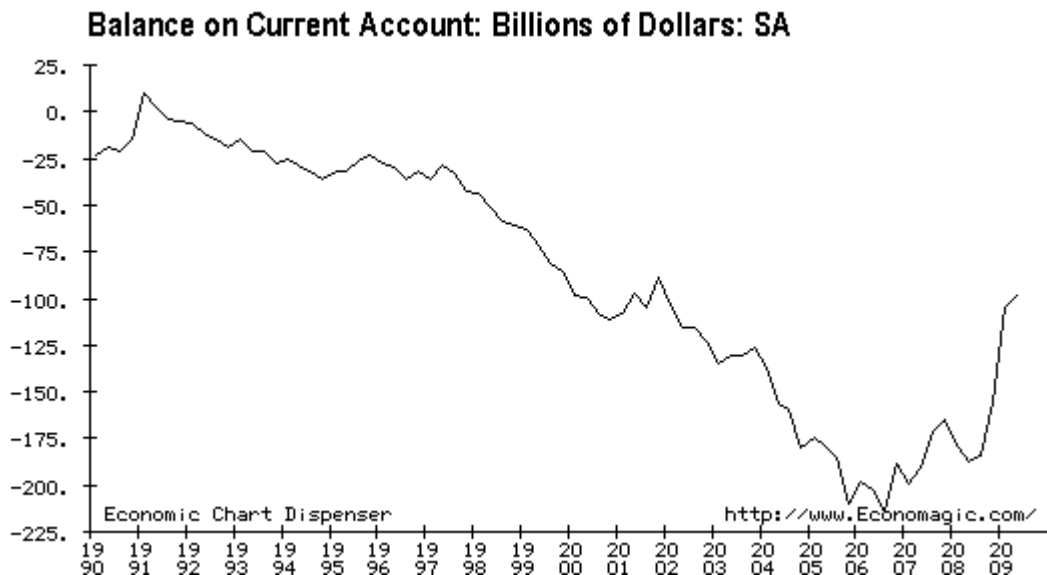
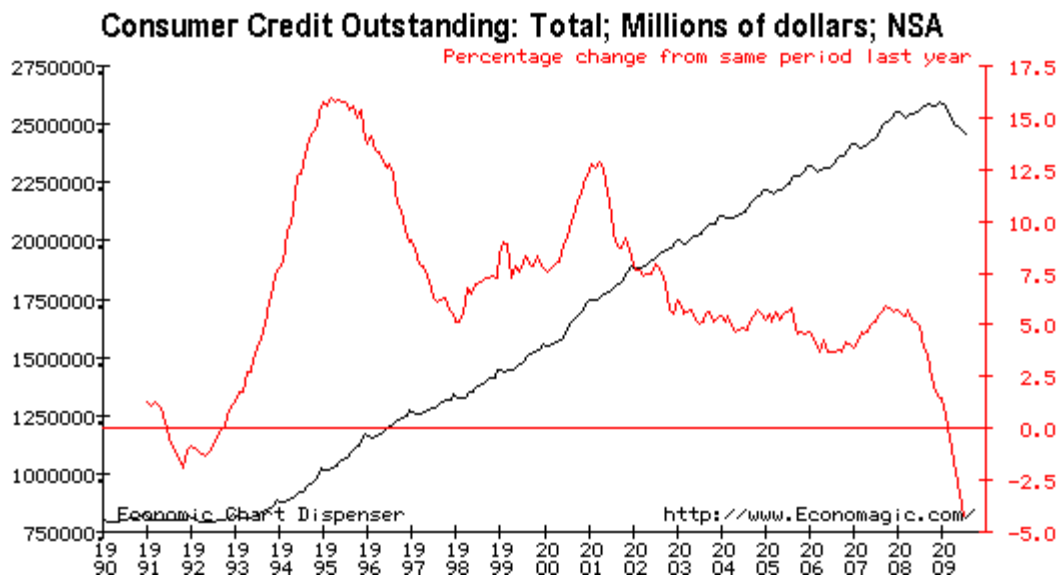
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But why should that matter? Everyone's having a good time now; nobody likes a party-pooper.

Pushing back the imbalances for another day, huh? The ADB seems to think this is what China's doing. I'm not going to argue with them ... as you probably already know.

But what about the G-20? Are they ignoring imbalances, are they pushing back the need for rebalancing? If so, can they succeed in forcing growth on a global economy that's not ready for it?

Call me old school, but the free market has been known to correct imbalances of yesteryear. No? Come to think of it, hasn't the market already taken steps toward correcting such imbalances this time around?



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