

## Goldenballs is in trouble, yet again

Australian PM, Ms Julia Gilard has refused to resign, in spite of intense pressure and, indeed, speculation that she will, given her record low poll ratings - she wants to remain in government for the duration of the current Parliament. Ms Gilard, who ousted former PM Kevin Rudd and then cobbled together a coalition Government following the last inconclusive election, has not been a popular PM. Most of my Aussie friends tell me that they cant see her surviving. In the ultimate irony, Mr Rudd is being touted as the prospective leader of the Labour Party - I'm certain he would relish the revenge element of his reinstatement at Ms Gilard's expense, in particular;

I need to confirm this, but people tell me that the Troika (IMF,ECB,EU) have suspended their Greek inspection visit - what a surprise - as I have kept banging on, the numbers will be dreadful and neither have nor will ever achieve their targets. As I keep saying, its cheaper to pay Turkey to take over Greece;

The NY Times reports that the US government is to sue 12 banks for misrepresentations in respect of the sale of mortgage securities. The banks woes continue, but should not be surprising;

Goldman's is, once again, in the news. The Federal Reserve Board announced an enforcement action against GS for "a pattern of misconduct and negligence". I really am not surprised. GS has been well known for what, some would say, employing "sharp practices". Lord Bankisnotsofine position as CEO looks particularly dodgy and the shares may rise if he resigns. However, the super profits that GS used to make are, quite frankly, a thing of the past - no bank like GS can survive with the full glare of publicity on it, particularly if it employs aggressive trading techniques. The shares continue to decline - currently just over US\$112. GS should revert to what it is - a Hedge Fund and split off its other activities - however, the Hedge Fund 's performance relies on the other activities, which is the real problem for them;

Today is NFP day. I would not be surprised if the market is clearly desperate for a bad number - the argument going that a bad number just reinforces the likelihood of QE3 on 21st Sept, the next FED meeting - indeed, a bad number may well see a higher equity market close, following an initial sell off;

The August Global manufacturing PMI Index fell to 50.1(as compared with the long run average of 51.9), from 50.6 in July, the lowest since June 2009. The Index has declined for the 6th consecutive month and the longest losing period since 2008. Even more worrying is the fact that forward looking components (new orders) are below 50. Total imports of G7 and the BRIC countries grew by only +1.1% in the 2nd Q, as compared with +10.1% in the 1st Q. Total export growth sowed to +1.9%, compared to +7.7% in the 1st Q (Source CS/FT)

Given this data, sell side analysts (particularly in the US) still expect growth and improved corporate earnings - from the same corporates who have record margins at present !!!!!  
Well, there's one born every minute I suppose;

## Summary

The major Australasian markets are much lower today (ex India). The Euro looks weak again, in spite of Asian buying - looks as if it will decline further. Gold, well its marginally higher, though looking as if it will rise further, given the uncertainty in equity markets. Surprisingly, Brent is only marginally lower - still don't understand the Oil market - it always seems to defy logic.

European futures indicate that markets will open some -1.0% to -1.5% lower this morning.

Euro Zone peripheral bond yields are rising - oh well, same old, same old.

I was speaking to a senior German politician last night. He advised me that Germany was not going to be lead by the markets and that they had the situation under control. Well, I hope he's right, but personally, I was thinking of cloud cuckoo land, when he was lecturing me - for over 15 minutes !!!!!. I've got his email address - I will send him a few articles later this year - I don't expect a response and certainly no more lectures next time we meet. It was amusing though and I was, as usual !!!!!, very well behaved.

For those of you in London, I'm currently over here and will be for the month - let's meet up.

Finally, the Guru's Gold tip - African Barrick Gold (ticker ABG) - soared yesterday - currently near £5.70 and well over 15%, since he recommended it recently - did I buy it, well no !!!!!

Have a great day.