

Stock Market Performer

[Welcome to Frank Black's Stock Market Performer: Edition 156](#)
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- Markets all down

Greetings friends

Generally speaking:

The Greek bailout will have to wait or maybe won't even be forthcoming. After the initial Greek government agreement on revised, more severe austerity measures, it all broke down again.

Here's what happened to the Euro on an hourly basis just after the news:
(This morning the Euro is far lower than this and falling!)



March 24th is D-Day for Greece. This is the day they will default if the bailout isn't forthcoming.

Greece is a disaster:

- One quarter of all businesses have gone bust since 2009.
- Half of all small businesses say they can't pay their staff.
- The suicide rate has increased by 40% in 2011.
- Half the population under 25 are unemployed and many more similar stories!

Greek GDP comes in at -7% for the 4th quarter

As you know, I am so sick and tired of this Europe rubbish, but we do need to beware. At this point a Greek default looks inevitable. My thoughts are...serves them right! But the larger problem is brewing. A banking crisis is developing that will knock on to the rest of Europe and the world. I see some like John Paulson are warning of a new crisis worse than Lehman.

Here's the worrying thing. Greek banks are seeing fewer and smaller deposits and more and more withdrawals. It's not quite a run on the banks yet, but it most certainly

looks like this is what is brewing. Because banks are all interlinked in many ways the crisis spreads like wildfire.

William Shakespeare on Europe: "Your means are very slender and your waste is great, you speak an infinite deal of nothing...Thou spleeny beetle-headed blind worm. Thou puking half-faced hedge pig!"

Snippets:

- According to Iran, they have stopped oil exports to six European countries with more to come.
- A new downgrade rampage. Numerous European nations have been downgraded again, with the UK being put on downgrade-watch. More to come.
- Local growth in retail sales increased by 8.7%
- US retail sales come in higher, but below expectation.
- US builder confidence rises for fifth consecutive month (That's important!)
- Chinese promised support for the Euro fades quickly as Greece weighs.

Markets this morning:

Everything is down all around the world. US futures are lower and the JSE is about 1% lower. That's not much of a problem, but if you look down at the graph of the JSE, it adds to the mini-bear trend.

Market lesson:

Commodity prices can give insight into where markets generally are heading. The big leading indicators are copper, oil and platinum. These commodities are all needed in a wide variety of products worldwide. Because of the forward-looking nature of markets, these commodities will show you if we are heading for good economic times or bad.

The oil price is a good barometer, but it is susceptible to political issues as is the case right now.

Gold used to be a good contrarian indicator. When it went up, markets went down. That's not the case anymore. Even the fear factor is playing less of a role in gold these days. When the pressure is really on then I expect gold will resume its historic role. Soft commodity prices are also important leading indicators, but less so than the above.

Market Dangers:

Just looking at the oil price and the news from Iran, we may be at the early stages of conflict. Markets are not too concerned about the continuing mess in Europe, but it's a matter of focus. Markets often quickly focus on an issue that didn't concern them the day before.

Kind regards, have a great day, and sleep well tonight!



