

# The King Report

*M. Ramsey King Securities, Inc.*



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“Independent View of the News”

Fed officials applied verbal intervention on Thursday morning to halt cascading stocks.

St. Louis Fed President James Bullard said US ‘fundamentals remain strong’ but the Fed should consider delaying the termination of QE. **Bullard has no FOMC vote this year. Did anyone note this fact?**

If US economic fundamentals are strong AND interest rates are near record lows, James, then the only motive to delay the end of QE is the Fed still wants to control the stock market.

But James, there are only four POMO's left to perform and they total about \$5.5B. So a taper to the QE taper is not a big deal. Furthermore, if you and your ilk want to delay the QE halt or institute another QE scheme **the next FOMC Meeting is October 29; the last POMO/QE tranche is October 27.**

[http://www.newyorkfed.org/markets/tot\\_operation\\_schedule.html](http://www.newyorkfed.org/markets/tot_operation_schedule.html)

Ergo, James and the easily fooled Mr. Stock Market, **there can be no delay to the QE halt unless a special FOMC meeting is called.** Algos and gullible traders might be fooled for a day or two (see recent manic rally on spun FOMC Minutes) but the environment for the stock market has changed significantly.

James, if the Fed institutes another QE scheme 6 days before the midterm elections, you and your ilk better prepare for a GOP barbecue when they take over the Senate.

Bloomberg News once again published a deceitful headline:

**U.S. Stocks Pare Drop as Bullard Says Fed May Delay Ending QE**

Bullard did not say the Fed ‘may delay’ ending QE; he said the Fed ‘should consider’ delaying the end of QE. Once again, a deceptive headline unleashed algo and trader buying. Where are the editors?

Bloomberg, minutes later, amended the headline on its website to:

**Bullard Says Fed Should Consider Delay in Ending QE**

<http://www.bloomberg.com/news/2014-10-16/bullard-says-fed-should-consider-delay-in-ending-qe.html>

Though one Bubblevision expert said Bullard’s pronouncement was a surprise, Bullard has been on the ‘delay the halt of QE’ bandwagon since at least April.

**Bullard Says Slowing of Inflation Might Prompt Taper Delay** Apr 2, 2014

... *Bullard, who doesn’t vote on policy this year...*

<http://www.bloomberg.com/news/2014-04-02/bullard-says-inflation-slowing-more-might-cause-qe-taper-delay.html>

Bonds tanked on Bullard’s verbal intervention. The Fed can no longer use the ‘to lower long rates’ justification for QE. Now, QE is only about manipulating the stock market higher.

The WSJ’s Pedro da Costa @pdacosta: *Fed officials say they don’t target markets, but nothing gets their attention quite like a global selloff.* ForexLive @ForexLive: *Bernanke said the first thing he looked at in the morning were stock futures*

The Russell 2000, which tumbled well before the October stock market carnage, has been greatly outperforming the DJIA and S&P 500 for the past few days. **There has been a significant rotation into medium and small cap stocks this week because they have been trashed and trading models (Quants) are showing better value in these stocks versus the larger cap stocks.**

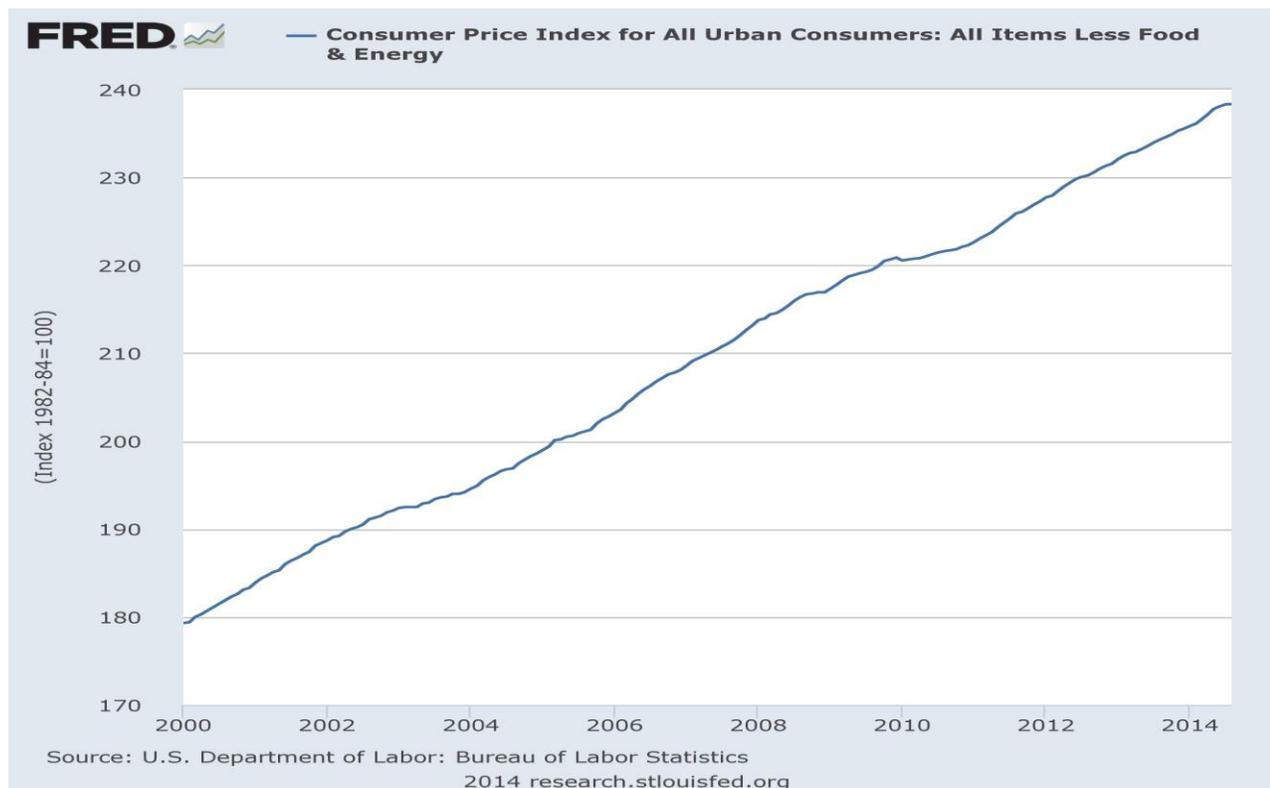
**World economy so damaged it may need permanent QE** [Permanent central planning = Armageddon]  
**Markets are realising that the five-and-a-half year recovery since the financial crisis may already be over, says Ambrose Evans-Pritchard**

Traders are taking bets on capitulation by the Fed as it tries to find new excuses to delay rate rises, this time by talking down the dollar. **"Talk of 'QE4' and renewed bond buying is doing the rounds,"** said Kit Juckes from Societe Generale... <http://www.telegraph.co.uk/finance/economics/11165982/World-economy-so-damaged-it-may-need-permanent-QE.html>

David Stockman: **Now Comes The “Specter Of Deflation”: The Money Printers’ Latest Scam**

The Fed’s public relations firm of Hilsenrath & Blackstone was out this morning with the official line on the market’s tremors of recent days. It seems that \$10 trillion in freshly minted digital money at the world’s major central banks over the last eight years—that is, a tripling of their balance sheets to \$16 trillion—is not enough...

**During the most recent twelve months, the CPI-ex food and energy is up 1.7%, and that compares to 1.8% in the prior year and 1.9% in each of the two years before that. Indeed, since the turn of the century the CPI less food and energy has risen by an average of 1.9% annually. So now that it has tumbled all the way down to 1.7%—a fractional emission of pure statistical noise from the government data machine—we are suddenly drifting into a deflationary crisis?...**



<http://davidstockmanscontracorner.com/now-comes-the-specter-of-deflation-the-money-printers-latest-scam/>

September Industrial Production increased (1%) more than expected (0.4%) due to utilities (3.9%) and mining (1.8%). Manufacturing Production increased 0.5%; 0.3% was expected. Auto production declined 1.4%. <http://www.federalreserve.gov/releases/g17/Current/default.htm>

After the NYSE close on Thursday, primo trading sardine Google reported 6.35; 6.53 expected. Revenues were also light, \$13.17ZB vs. \$13.19B. Google tanked 4% in after-hours trading.

AMD also missed on earnings and sales. The company said it would cut its workforce by 7%. AMD did not say if it would repurchase shares.

### **Corporate-Debt Market Slows to a Crawl** [Stocks always get it last.]

*Corporate-bond investors have struggled this week to find trading partners for some large orders, causing unusual price drops and raising concerns that trading could freeze in future market turmoil. "Buyers just disappeared" early Thursday for many low-grade bonds and even some higher-grade ones...*  
<http://online.wsj.com/articles/stocks-swoon-sends-chill-through-corporate-debt-market-1413502784>

**Today** is option expiration. SPZs are up 9.00 as we write on the deceitful spin that the Fed will continue QE; **BoJ Deputy Gov. Iwata said the BoJ won't exit QQE**; and because there is stock buying on the open for expiry. After an early expiry rally, stocks tend to stage a spirited retreat. The afternoon is a crapshoot. **Heightened volatility, expiration, the looming weekend and the increased propensity for impact headlines makes navigating the stock market an onerous chore.** "Let's be careful out there!"

Expected economic data: Housing Starts 1.008m, Housing Permits 1.03m; UM Confidence 84

Expected impact earnings: HON 1.41, STI .79, BK .61, TXT .52, GE .37, MS .54, KSU 1.26, PH 1.67

The NY Post's John Crudele on AIG legal proceedings: *I bumped into AIG a lot when I was investigating Bill Clinton's financial dealings in Arkansas in the late 1990s... I discovered that **AIG was tight with Clinton when he was governor and that the company was involved in some, let's use the word "creative," deals with the Arkansas Development Finance Authority (ADFA).** I believe I even caused AIG to be fined by Maryland insurance authorities over something it did that it shouldn't have.*

*My point now? I think it's pretty funny that Democrats were running the country when all of this happened to Greenberg and AIG. **Greenberg never would have been treated this way under Clinton.***  
<http://nypost.com/2014/10/13/feds-doomsday-book-written-to-save-the-market/>

### **Biden: 'The Middle Class Is Getting Killed'**

[http://www.weeklystandard.com/blogs/biden-middle-class-getting-killed\\_816366.html](http://www.weeklystandard.com/blogs/biden-middle-class-getting-killed_816366.html)

### **"You can't handle the truth" says an Israeli Intelligence Agent**

*Juval Aviv was the Israeli Agent upon whom the movie 'Munich' was based... He predicted the London subway bombing...gave intelligence...to the Bush Administration about 9/11, a month before it occurred. His report specifically said they would use planes as bombs and target high profile buildings and monuments. Congress has since hired him as a security consultant...*

*Aviv says the next terrorist attack here in America is imminent and will involve suicide bombers and non-suicide bombers in places where large groups of people congregate. (i.e., Disneyland, Las Vegas casinos, big cities and that it will also include shopping malls, subways in rush hour, train stations, etc...*

*The attack will be characterized by simultaneous detonations around the country.. involving at least 5-8 cities, including rural areas...*

*Aviv recently created & executed a security test for our Congress, by placing an empty briefcase in five well-traveled spots in five major cities. The results? Not one person called 911 or sought a policeman to check the unattended briefcase out. In fact, **in Chicago, someone tried to steal the briefcase!**...*

*Aviv says that the U. S. government has in force a plan, that in the event of another terrorist attack, **EVERYONE's** ability to use cell phones, blackberries, etc., will immediately be cut-off, as this is the preferred communication source used by terrorists and is often the way that their bombs are detonated...*

<http://www.your-poc.com/you-cant-handle-the-trust-says-an-israeli-intelligence-agent/>