

Thursday, June 23, 2005

**It's scary....**

I'm watching Larry Kudlow tear apart some senator on CNBC about the hysteria over the Chinese bid for Unocal. I'm agreeing with every word he says. Wow.

Larry is right, if the US are the champions of the free market, then they have to always champion it, not only when its in their interests to so, but when somebody else plays the same rules to their own advantage.

Right now, the US is making three demands on the Chinese:

1. Keep taking US dollars, even though their value is being deliberately watered down by rampant credit and monetary expansion.
2. Revalue the Yuan. In other words: while we ramp up the printing presses and devalue our currency, we want you to keep taking more of it.
3. Take more and more of this US paper, but whatever you do, don't use any of it to buy anything of value to us. Especially energy.

That isn't the type of environment mutually healthy trading relationships are made of. As Warren Buffet opined earlier today, if the US is going to keep consuming more than they're producing to the tune of 2 billion a day, then they have to be prepared to sell off valuable assets. What else are the trading partners going to do with enormous piles of US dollars which are rapidly losing value?

On other fronts my Fedex \$75 Puts expired worthless on friday and today they warned and plunged over \$6 a share. As the old adage goes: "The graveyards of Wall St. are littered with the bones of those who were too early".

Posted by Mark Jeftovic in Venture Capital at 15:22