

# There will be no Tapering

written by Egon von Greyerz | September 18, 2013

How can the Fed taper when the real US economy is in a terrible state. Add to that the massive problems in the Eurozone. And Japan, the world's third largest economy, is a guaranteed basket case.

In the US, the job participation rate is the lowest since the 1970s, real unemployment (calculated on a consistent basis) is 23%, workers' real wages have not gone up for decades, 50 million people on food stamps, government deficit runs at \$ 1 trillion p.a. and government debt including unfunded liabilities is \$220 trillion and growing exponentially. Does this sound like an improving economy? Well not to me. Also, the banking system has the same toxic debt and derivatives as in 2008. The banks are just fortunate that they don't have to value their assets at market. If they did, very few banks would be standing today.

In the G7 countries total debt is exploding and it now takes \$7 of debt to produce \$1 of additional GDP. Talk about the law of (diminishing) negative returns.

Here is the link to my latest King World News interview for more details.

Egon von Greyerz