


WTF IS WRONG With US Economy ?

By Thierry Laurent Pellet

 @GlobalGeopol

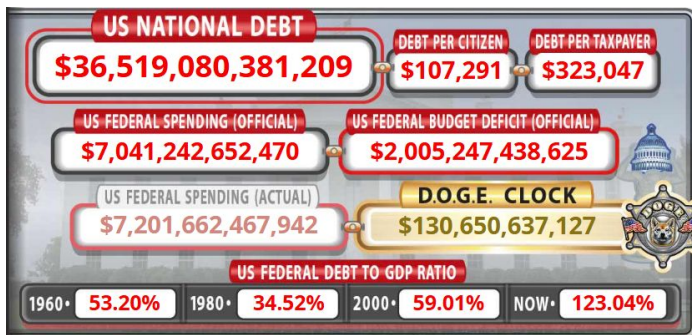
Richard Wolff, Ph.D
Pr Emeritus in Economy



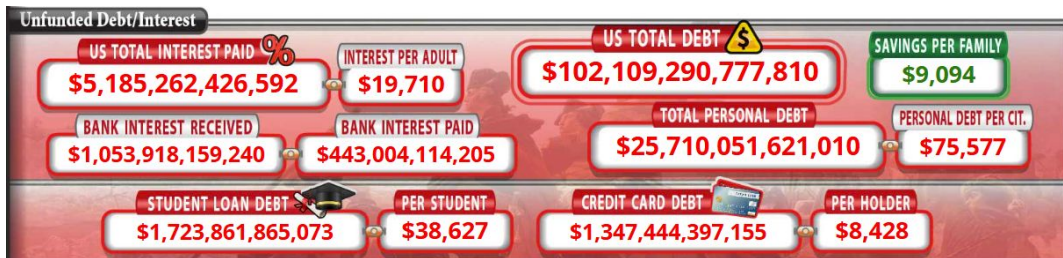
the American empire is over
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WHY TRUMP IS POPPING OUT MACHET?



Taxpayer is Supporting Debt of 3 US Citizens: \$323K
 US Budget Deficit Represents 28.6% of gov spending
 US Debt Has x2 in 25 Years and Represents 4 Times the Annual Budget
 D.O.G.E Has Just Saved 1/56 of the US Budget or 1.8% in One Month



Personal debt out of control... Annual interest on debts impossible to maintain/capita (~\$20K)
 Professions requiring long studies weigh \$47K
 → **That is a down payment for a real estate acquisition !**
 Ratio (Debt/Citizen / Savings): 36
 Banks only redistribute 50% of the interest received



25 years evolution 2000-2025
 Money printing : x 465
 M2 Money : x 4.6
 M1 vs C&CD : x 30 vs x 440
 China Trade deficit : 25%



USA is a financial Hellgate!

US WORKFORCE NOW 161,743,707	OFFICIAL UNEMPLOYED 6,973,933
US WORKFORCE 2000 * 162,879,615	ACTUAL UNEMPLOYED 12,742,965

US BANKRUPTCIES 496,058	LIVING IN POVERTY 37,539,222	US HOMELESS 701,473
US FORECLOSURES 95,686	WITHOUT INSURANCE 27,169,200	US DRUG DEATHS 114,435

11% of US population lives in poverty,, 47% supporting the other 53%

MEDIAN INCOME NOW \$43,422	MEDIAN NEW HOME NOW \$419,788	AVERAGE NEW CAR NOW \$48,129
MEDIAN INCOME 2000 * \$31,670	MEDIAN NEW HOME 2000 \$162,233	AVERAGE NEW CAR 2000 \$22,147

In 25 years, the active population diminished of a million, inflation is skyrocketing when salary increased of only 37%. The house median price increased by 260% making housing ownership extremely difficult, and 220% on new car, default is inevitable

US MILLIONAIRES 23,369,446	TOP 1% WEALTH \$19,614,649
FOOD STAMP RECIPIENTS 42,549,003	BOTTOM 50% WEALTH \$34,326

The top 1% wealthy own \$66 T and the Bottom 50%: \$5.6 T
That is, a top wealthy owns: 570x that of a single bottom
6.7% of the population are multi-millionaires but 12.5% do not have enough to eat

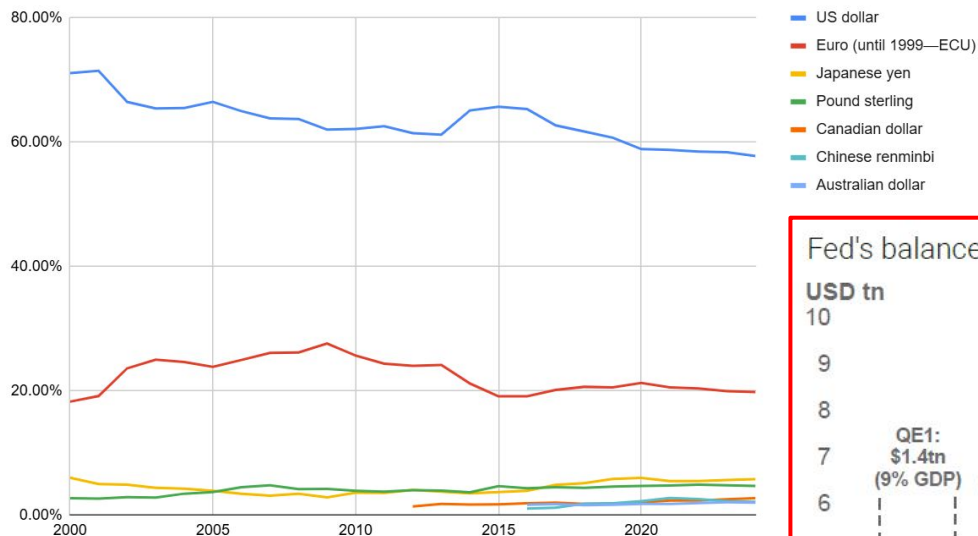
SMALL BUSINESS ASSETS \$15,551,313,452,311	CORPORATE ASSETS \$23,376,790,514,389	HOUSEHOLD ASSETS \$166,910,990,489,320	US TOTAL NATIONAL ASSETS \$205,839,094,460,389	ASSETS PER CITIZEN \$604,684
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SOCIAL SECURITY LIABILITY \$28,216,958,905,339	MEDICARE LIABILITY \$43,343,525,938,111	US UNFUNDED LIABILITIES \$226,934,339,801,406	LIABILITY PER CITIZEN \$666,853
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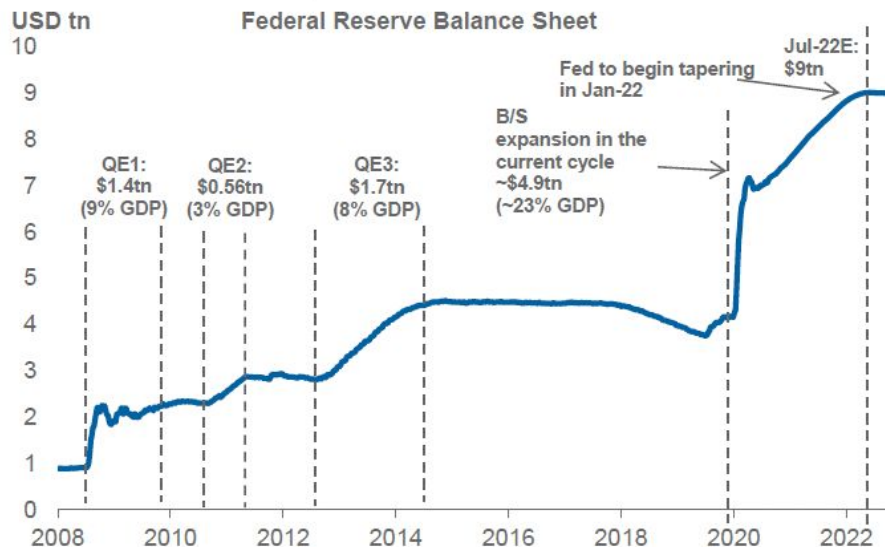


The USA real financial situation (1)

Currencies % evolution within the global market



Fed's balance sheet to peak at US\$9 trillion in 2022



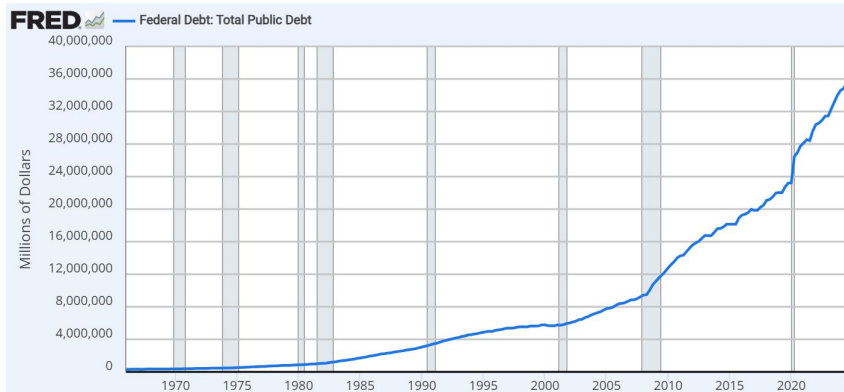
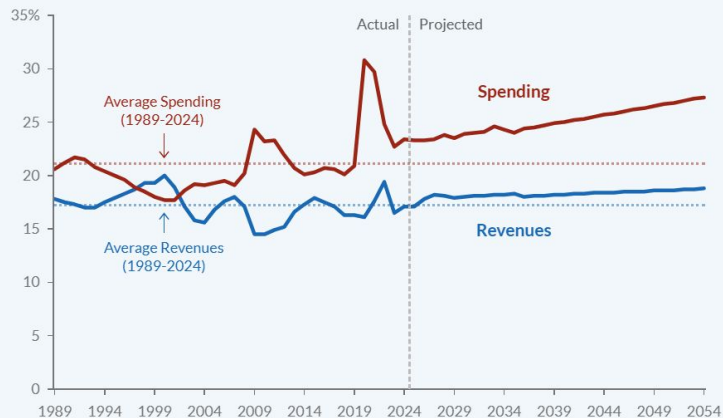
Source: Federal Reserve, BEA, Haver Analytics, Morgan Stanley Research forecasts



The USA real financial situation (1)

The growing debt is caused by a structural mismatch between spending and revenues

Federal Spending and Revenues (% of GDP)



USA Ratio of Total Market Cap over GDP : 198% (As of 2024-09-29)

3M YTD 1Y 3Y 5Y 10Y 20Y All ☒ U.S. recessions ☒ ±σ ☐ SMA ☐ Log Value % YOY

USA Ratio of Total Market Cap over GDP



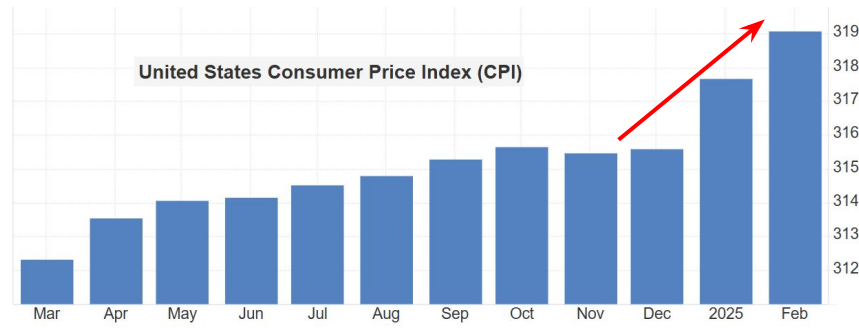
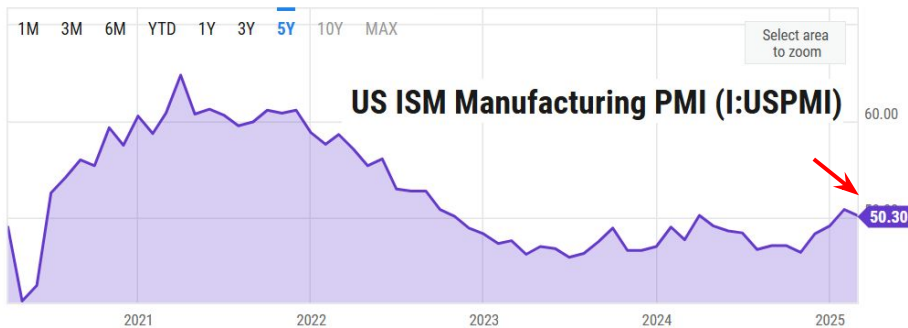
Semiconductor	
Equipment & Materials	30.20
Semiconductors	35.56
Software - Application	45.05
Software - Infrastructure	36.12



SOURCE : MIRABAUD EQUITY RESEARCH



The USA real financial situation (2)



Crude Oil WTI Futures ▼ 61.99 -4.96 (-7.41%)

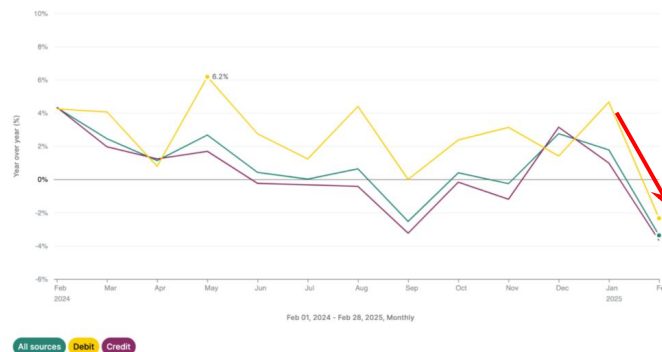
Buy

Sell



US Consumer Spending Growth

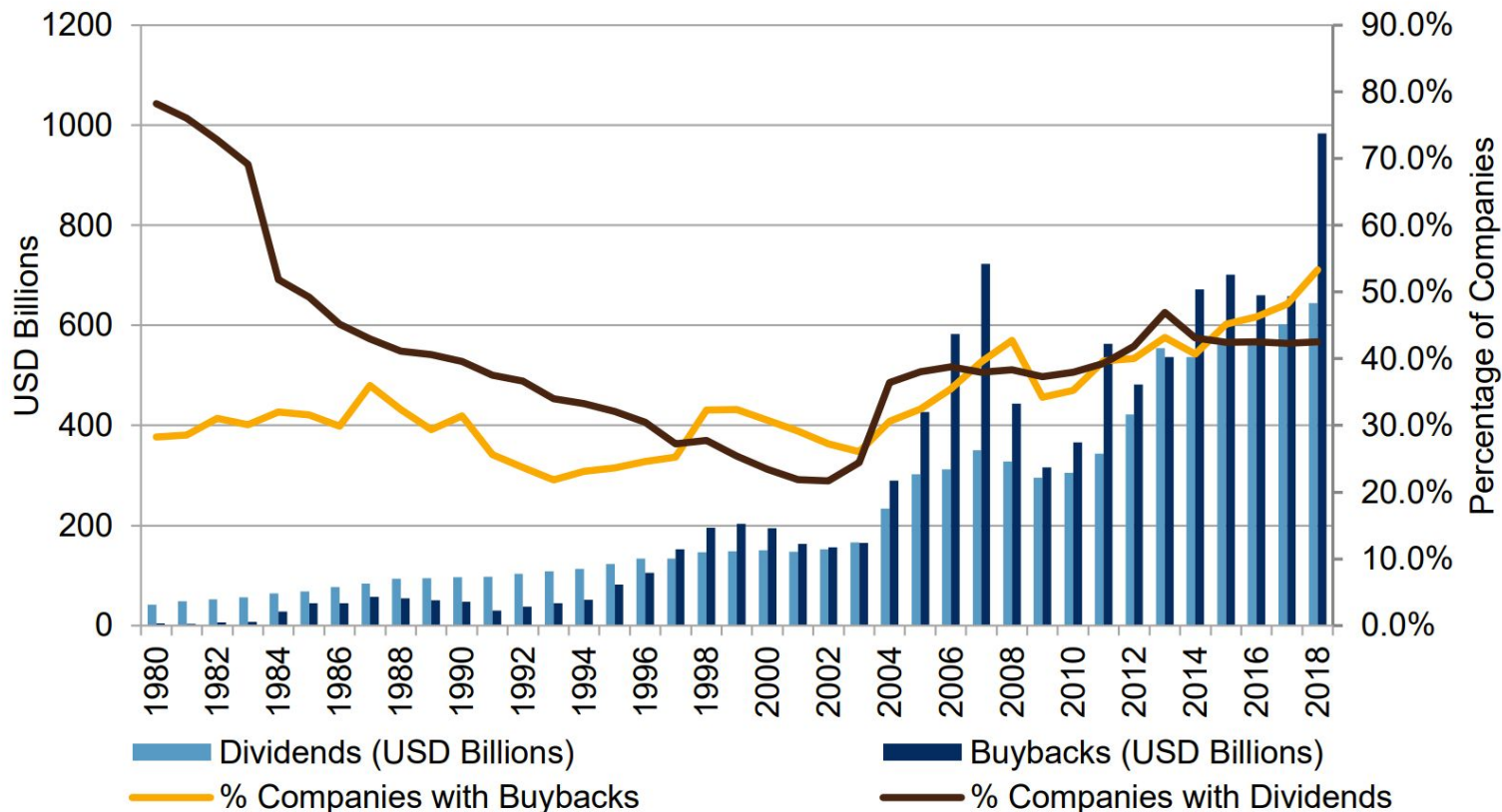
Earnest Analytics Spend Index merchant category codes (MCC)





US Corporates are fueling the debts system

Exhibit 1: Aggregate Dividends and Buybacks Paid by U.S. Firms and the Percentage of Firms with Positive Dividends and Buybacks in the U.S.



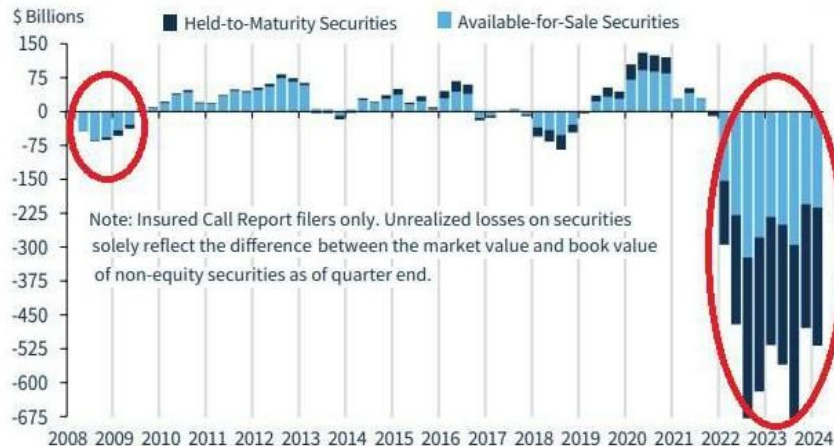


The graphics of TERROR !

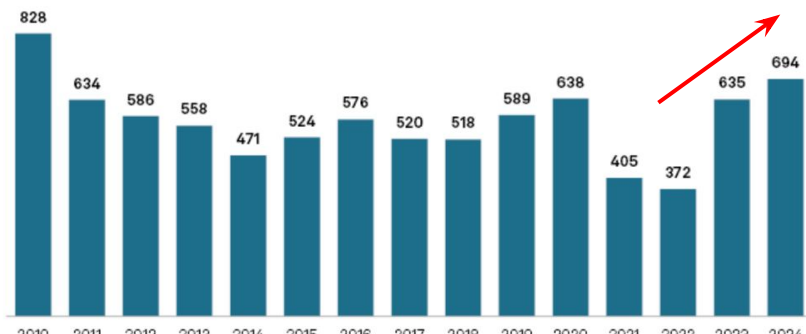
Unrealized Gains (Losses) on Investment Securities

All FDIC-Insured Institutions

Source: FDIC.



US bankruptcy filings by year*



\$1,200

\$1,100

\$1,000

\$900

Total outstanding credit card balances, 1999 to present

In billions; seasonally adjusted



Source: New York Fed Consumer Credit Panel/Equifax

Figure 1: Real Estate Loans: Commercial Real Estate Loans, All Commercial Banks





US Debts Distribution

Trillions of Dollars

- State and Local
- Federal
- Household
- Business

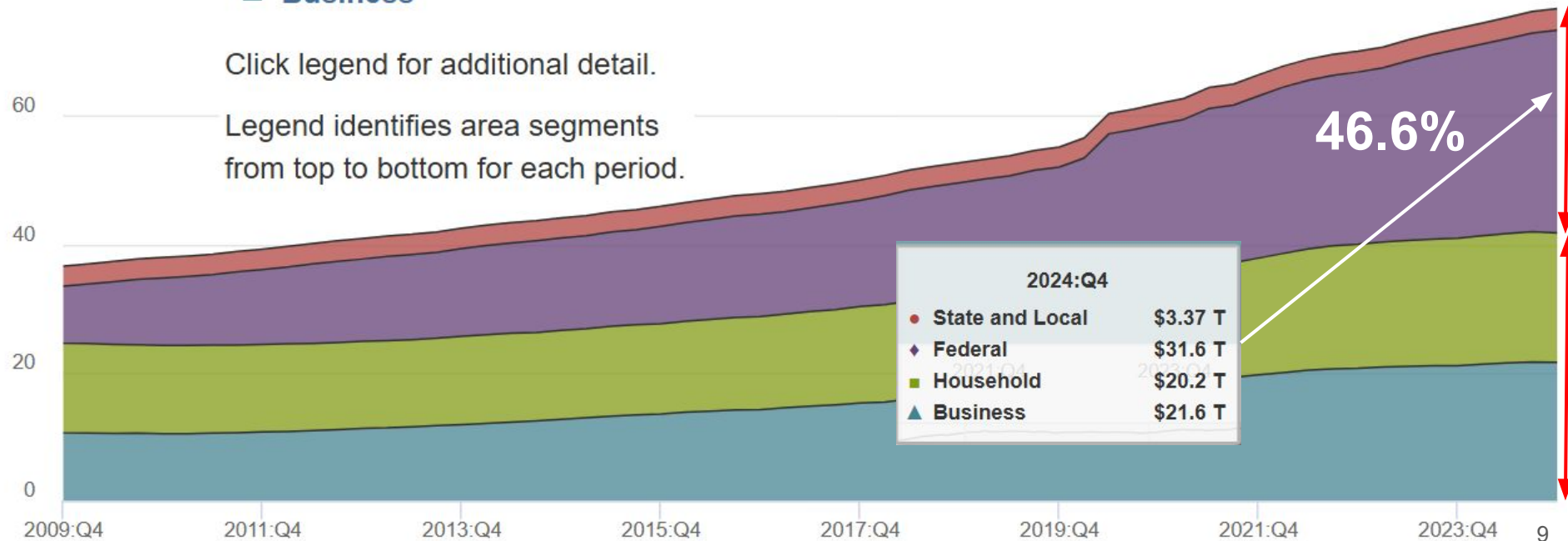
All nonfinancial sectors debt

From 2009:Q4 To 2024:Q4

3 M gov employees cost in debts as much as the full US population & businesses !

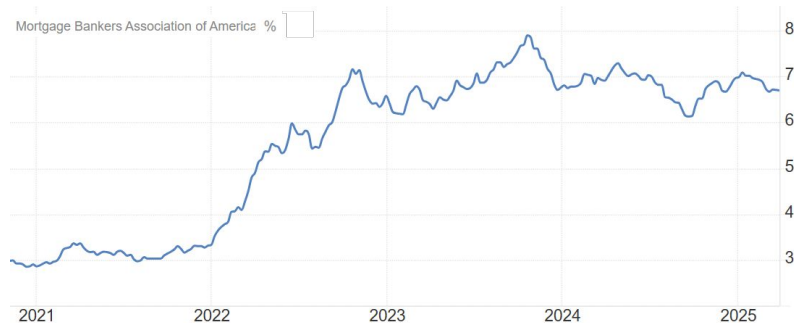
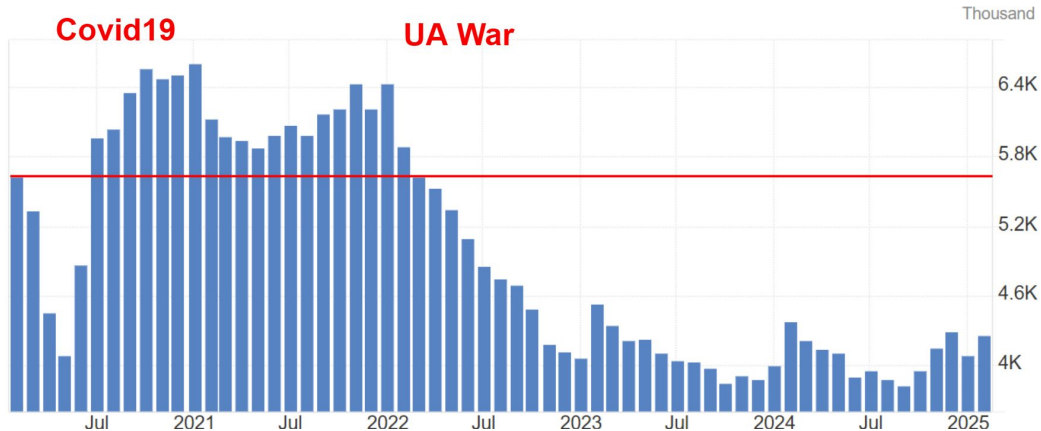
Click legend for additional detail.

Legend identifies area segments from top to bottom for each period.





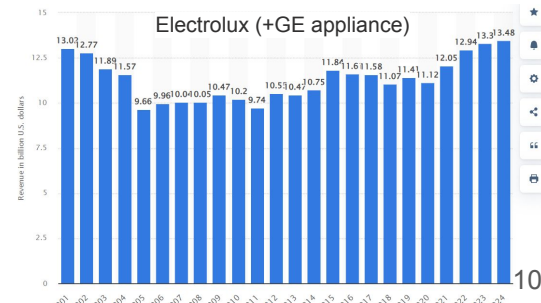
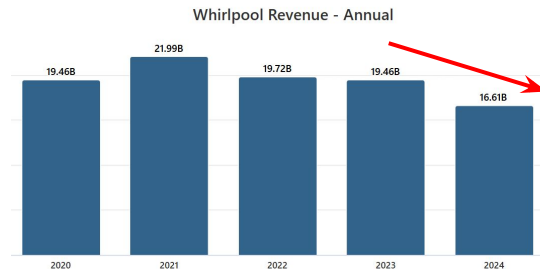
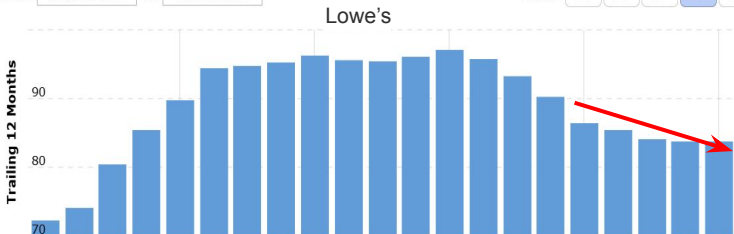
US Real estate market evolution



Feb 25 (Reuters) - **Home Depot forecast a surprise drop in 2025 profit** on Tuesday as the company grapples with a weak housing market and high interest rates that are making U.S. consumers wary of making big expenditures.

From: 02/01/2020 To: 02/01/2025

Zoom: 1Y 2Y 3Y 5Y All



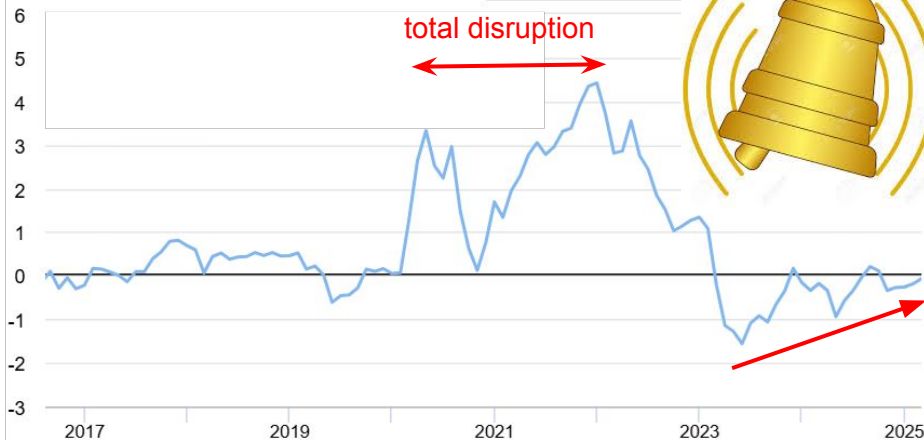


Supply chain market evolution

Global Supply Chain Pressure Index (GSCPI)

Latest Update February 2025

Standard deviations from average value



Stock Falls as Shipping Giant Cuts Its Outlook for the Third Quarter in a Row

FedEx is the latest US company to sound the alarm amid weakening consumer confidence and potential fallout from President Donald Trump's escalating trade war. The parcel company, considered an economic bellwether because of its exposure to a broad swath of the global economy, said its latest outlook assumes the global economic, political and trade environment doesn't worsen any further.

The shares fell as much as 12% as of 9:45 a.m. in New York on Friday, the most since Sept. 20. The stock had declined 12% this year through Thursday's close.

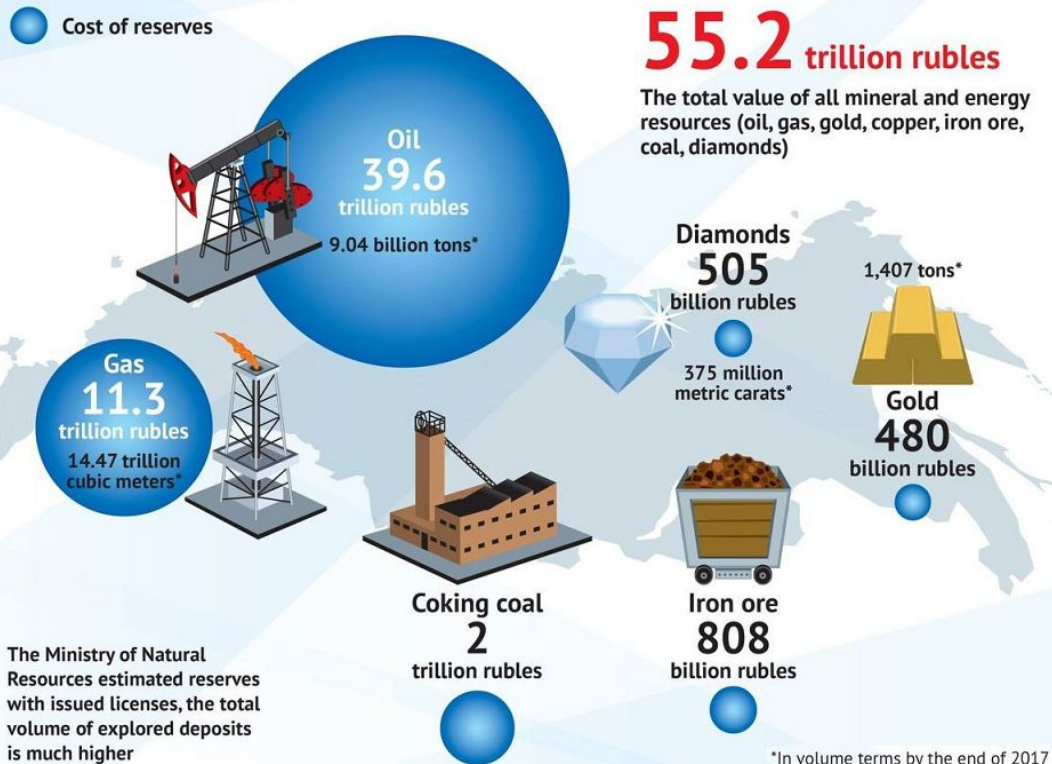


Tariff or not tariff, that is the question !



Trade war ? Who needs who ?

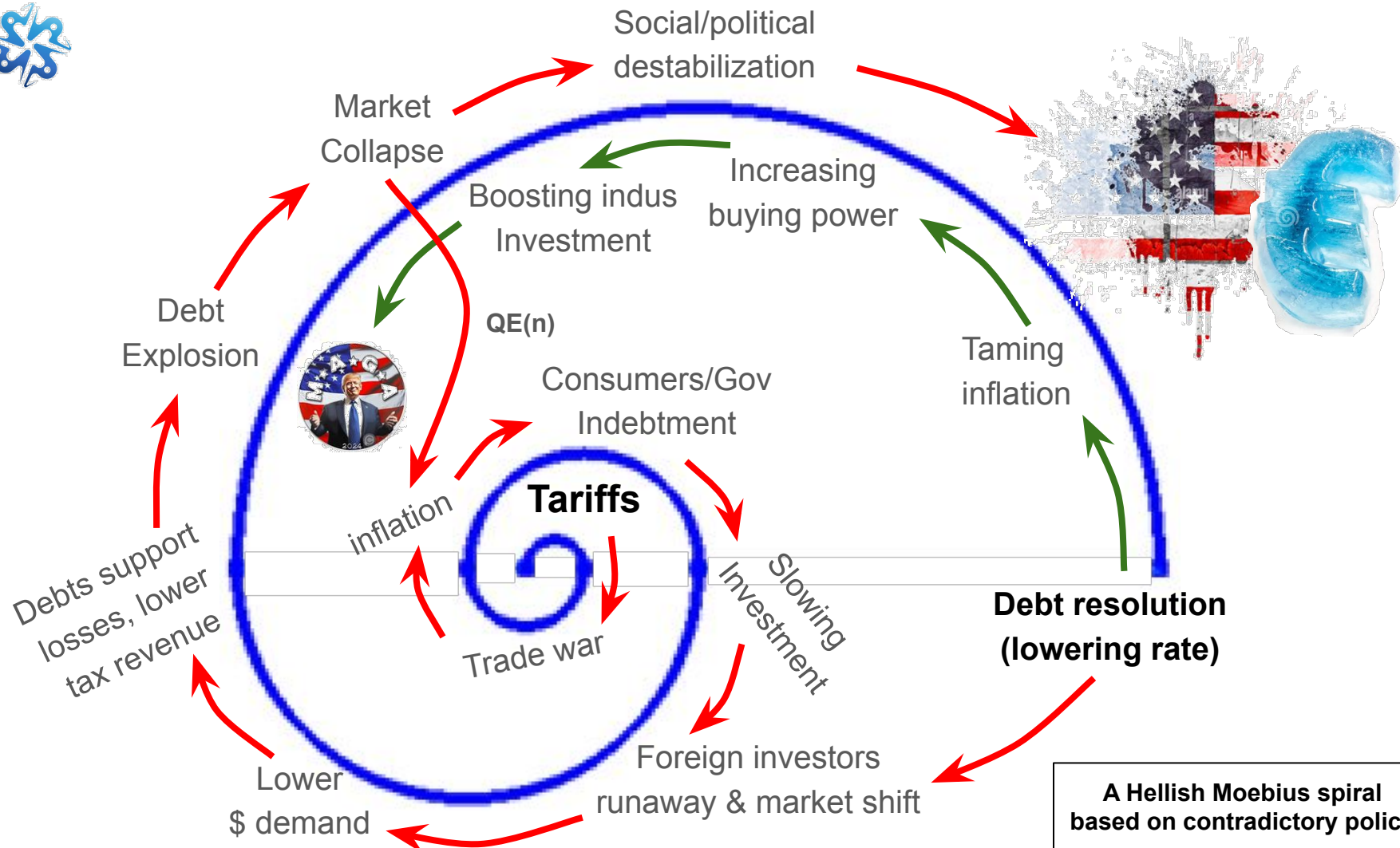
Mineral and Energy Resources of Russia





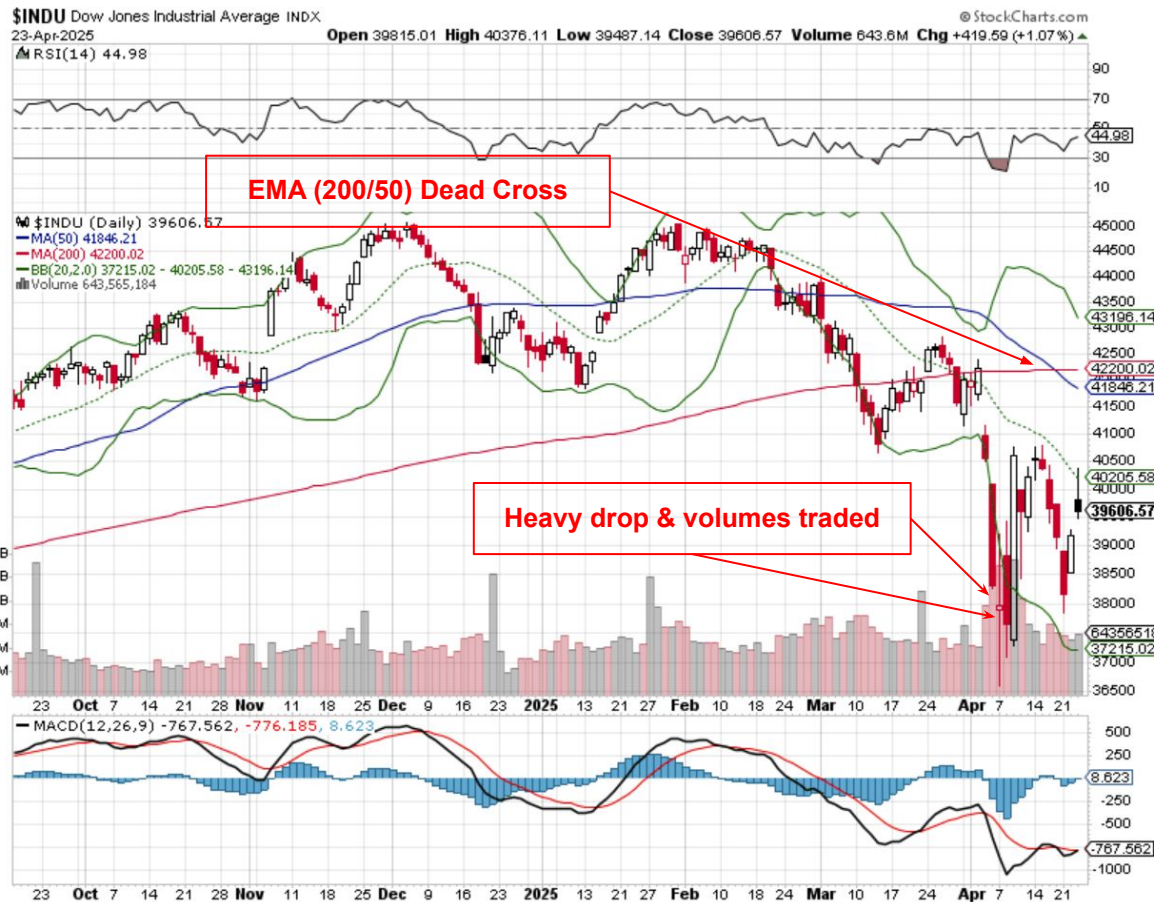
Is USA forcing business home ?

- Companies relocation has a huge side effect: unemployment and political risks, a bad idea nobody will take or at their own risk [NIKE], except if the benefits is high (access to cheap energy [BASF], but generally those companies are using heavy and costly infrastructure).
- **Product unicity or time/cost to reshore**→ Who cares about tariffs ? your monopolistic position on the market is such that customers needs what you produce therefore, they will pay, no choice. Ex China/Russia (**Uranium, Titane, Rare earth...**)
- Your product is cheap and does not require technology, meaning entry point is low and you face competition, you are in trouble, a lot of other countries might propose the same product and therefore you are submitted to US tariffs
- **Your technology require high qualified workforce** with specific skills but at an affordable price (smartphone, hardware electronic), you don't care, the gap to cross due to lack of production or losses in productivity cost too much to the one who wanna impose tariffs (Job training, attractivity of the position...), **APPLE, DELL, TSMC...** Quid of young people in US who do not wanna shift to manufacturing industry
- **Tariffs retaliation can backfire** hard depending on the trade balance or the necessity on the product : example automobile parts made in Canada (-38%) of Mexico (-64%) → Cost to US economy in a high inflation context
- The **relocation trend might takes huge amount of time and money**. Therefore **its a major political risk** for DJT due to midterms coming in 2 years
- Nevertheless tariffs generated a blood bath on Wall Street, this is just the catalyser of a situation that was supposed to happen sooner or later, it is just the beginning that will lead to something a way more ugly !





A stock market bloodbath reaction to tariffs!



A much worse “subprime”
scenario is coming soon...

SEAN CONNERY
THE HUNT FOR RED OCTOBER
ALEC BALDWIN

2008: (~43%)
-6 K points in 17 months

2025 (~20%)
-9 K points in 3 months
-5400 points in 3 days

16

dts
KROGER

PG



Is there an easy crisis exit for USA ?

CONTEXT : The BRICS are setting their own commodities platform, trading vector off SWIFT & currency, They wanna get rid of \$ weaponization. In the next 3 years \$9 Trillions to be rolled out, the debt interests needs to shrink dramatically, when interest rates are TOO high BUT Fed chairman has another agenda : Failing Trump.

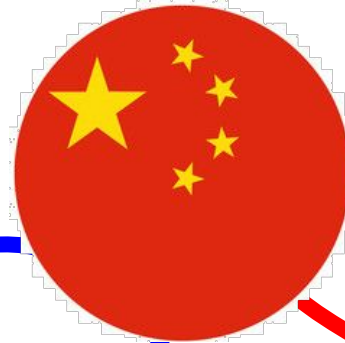
CONSEQUENCES : The US debts is facing a very serious problem: heavy offer, low demand, the US financing system became a ponzi schema !

QUESTION : How to lower interest rate, if nobody wanna buy? Therefore financing re-industrialization of the US? Either making US debts attractive and falling into a debts spiral or lowering the interest debt but lacking of foreign investors interests ?

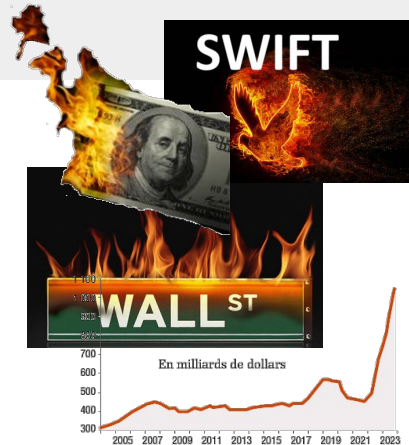
STRATEGY : Was the tariffs policy a maneuver to force investors to quit the stock market to push them to bond market ? Difficult to believe in such debts context (rush to precious metal), quid of young investors who do not understand market logic and are looking for speculation attracted by easy to make money... Volatility will be on the go but straight to the biggest economic crisis ever !

- **SCENARIO A :** DJT manage to force J. Powel lower interest rate, Impossible external financing, FED will have to come back to QE(i) program, to buy US debts massively creating ex nihilo gigantic volume of dollars, diluting its value, inducing massive consumer inflation due to cost of imported goods, gold will skyrocket, like others currencies...
- **SCENARIO B :** DJT doesn't, immediate debts spiral, debts raising will barely cover the service of the debts, unless **MASSIVE** government spending cut will be implemented and which effects would take place on the long term therefore FED QE(i) program unavoidable because foreign investors will lose faith in the US bonds reliability (Japan has already shifted to China bonds), and the SCENARIO A will come into place.

China is clearing \$ debts



x40



Trade commodities



MAGA OR SARN*?



2025, The Perfect Storm

The world after will be very different...

The **A B R I C S**



Global Currency?