The markets all tanked again today on ginned up fears that the Federal Reserve is raising interest rates. But it was gold that fell right through the floor losing well over 5% in one day to $1280 per oz.

Gold has lost a third of its value from the peak when the Gold Bugs were sending me nasty mail about me advising people to ignore Glenn Beck.

This week's new unemployment claims jumped back up again, but they're still not so high as to be a real problem.

The big 'scary' news all the 'experts' are cackling about (between chasing June Bugs they predict the sky is falling), the big news is that China's banks are having problems borrowing overnight from each other with rates for single day borrowing going to as high as 25% (annual rate). China's Central bank is refusing to pump in money, or rather it is just silent, and the 'Chicken Littles are saying this signals the 'end times'. There is of course a more reasonable explanation.

There have been rumors for sometime that there is a lot of shadow banking in China. You know under the table unregulated lending with kick backs and such. This has been overheating the housing market as people are hot to make a quick yuan on rising prices. The Commies are all

capitalists now, don't you know? Like you could ever tell the repressive regimes apart, except theirs works better than ours.

The refusal of the Chinese government to step in and bail out the banks is probably a sort of soft crack down. They're sweating the banks to see who has really been doing this illegal stuff, and if any banks fails you can probably expect who ever is responsible to have his organs sold. Only after everybody has gotten their 'thinking corrected' will Beijing step in and stabilize the banks under tighter controls. Don't you wish we would do that with the bankers here? What does a fat banker's liver go for, would that be like Foie Gras?

It's not likely that this brouhaha will spread to US banks, the Chinese have been shrewd enough to keep Wall Street banks at arms length. So I wouldn't step up your purchases of canned goods right now. But, if you're holding gold though, you might want to see if you can barter for food while you still can.

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