

Media Worth Consuming – April 2019

Finance

[No income, no asset loans](#) are back in America. [Inflated consumer credit scores](#) are understating the risk American lenders are taking. [Increasing credit card charge-offs](#) point to US consumers being over indebted. US retailers have [shut more stores in the first four months of 2019](#) than they did in the whole of 2018. [Global trade growth has gone negative](#), now at its worst level in seven years. The major factors that have been a tailwind for corporate margins are [at risk of reversion](#).

Studies have found that [financial literacy courses make almost no difference](#) to student financial decisions. [Instead of taking out a student loan](#) you can sell a share of your future income. 45 steps in [a lifetime financial plan](#). Lessons in risk taking, from [those in jobs with a lot of it](#). There's a strong parallel between [the nifty fifty and today's passive investing trend](#). Short volatility bets are [higher than before the last two sell-offs](#).

Lenders are letting private equity firms get away with [outrageous fees, distributions and covenant packages](#) with US high yield [debt covenants at their worst ever levels](#). Bain Capital's boss sees private equity [debt leverage and earnings adjustments as very high](#). The ultra-aggressive dividend recapitalisation of Staples [surprised even high yield veterans](#). The trailing default rate for US leveraged loans [has dropped to 1.1%](#). US banks have fought hard to [be allowed to make riskier loans](#). Lenders are telling office owners [no more leases with WeWork as the tenant](#).

[The ECB knew Banco Popular was in deep trouble](#), but allowed it to sell investors €2.5 billion in new equity that was wiped out when it collapsed a year later. [Deutsche Bank is considering setting up a bad bank](#), some are joking it should be called "Deutsche Bank". Germany has [filed charges against Financial Times journalists](#) for reporting on the allegations of impropriety at Wirecard. Irish property prices have soared, [creating a risk of another collapse](#).

Hedge fund DE Shaw is [upping its fees to 3% management and 30% performance](#). An Asian hedge fund is [offering to cover the first 10% of losses](#) in exchange for a higher performance fee. [Investing in the worst performing equity managers](#) could be a legitimate strategy. The explanation for why emerging market shares [don't rise as quickly as emerging market GDP](#). Unlike equities, [generating alpha in bonds is relatively easy and common](#). ETF managers are [exploiting a tax loophole to eliminate capital gains tax obligations](#).

Trump's nomination for the Federal Reserve allegedly has a history [of promoting dubious penny stocks](#). [The Fed was politicised and in need of a shake-up](#) long before Trump came along. The Federal Reserve [needs more critical thinking and less PhD's](#) as it is [repeating the same mistakes on a larger scale](#) that led to the last crisis. Central banks are [full of insolvent thinking](#) and [have broken capitalism](#) by reducing productivity, increasing financial instability and increasing inequality. [Janet Yellen knew she would create a bubble](#), but went ahead with extraordinary monetary policy anyway.

[Jim Grant slams central banks](#) for creating bubbles with ultra-low interest rates. [Gordon Ramsay's TV show](#) demonstrates the stupidity of low interest rates. Plans to [build Western Europe's tallest building in a rural Danish town](#) demonstrate the impact of negative interest rates. 13 charts showing [the insanity of global monetary policy](#). [There's two parts to MMT](#); describing how things are and prescribing what to do.

Chinese retail investors [keep buying wealth management products](#) even after the government has banned implicit guarantees. They are also [gobbling up municipal bonds with little regard for the risks](#). China's companies are [rushing to raise capital via rights issues, convertible bonds and IPOs](#). Djibouti owes China a small fortune for [barely used infrastructure](#). The debt fuelled construction boom in Tianjin has stopped with [80% of its office space vacant](#). China's



bad debt is [a \\$300 billion value trap](#). [A string of defaults in Shandong province](#) raises concerns with cross-company guarantees. Chinese credit growth for March [massively beat estimates](#), pointing to the government having provided more short term stimulus.

[Argentina's spike in its bond yields](#) points to it being at high risk of default. IMF loans are being used to [prop up Argentina's currency](#), merely delaying the inevitable. BBVA has [16% of its risk weighted assets in Turkey](#). [Italy is heading for another crisis](#), with a downgrade to sub-investment grade looking likely. [Greece's 5 year bond has a lower yield than the US equivalent](#). Greece is aiming to repay its IMF loan as soon as possible now that [market rates are lower than the rate the IMF charges them](#).

Politics & Culture

History will see Julian Assange as another dissident [attacked by government for exposing evil](#). The intellectual Dark Web is [far more left wing](#) than many think. The battle isn't left versus right, [it is statism versus individualism](#). Women have done [far better under capitalism than socialism](#). Parental leave is [best left to employees and employers to plan for](#), not the government. With no debt and high starting wages, [doing a trade is looking pretty attractive](#) compared to going to college.

Rather than fixing its homelessness problem, [Seattle's leadership is paying for PR](#) to minimise it. After substantial industry lobbying, Congress is set to [ban the IRS from offering free online tax filing](#). Rhode Island teachers unions are fighting against laws that would [criminalise sex with students](#). Police in Arizona sent a SWAT team to [forcibly remove children from their parents over a fever](#). A Danish woman is set to [have her foster children removed](#) for criticising Islamic violence. The Dallas district attorney won't prosecute low level crimes, [giving crooks a licence to steal and violate probation](#). Should drug addicted minors be subject to [mandatory detox programs](#)?

Unelected bureaucrats in the US and the UK [are undermining the democratic will of the people](#). Trump is bad, but [the elites running the government and media are worse](#). There's a long list of Democrats and law enforcement officials [facing investigation for their roles in the Russia collusion hoax](#). [Obamacare has failed](#) on its three key promises. Trump's washing machine tariffs [have cost \\$817,000 per job created](#). Blackstone's CEO is great at running his business but [terrible with public policy](#).

[China's concentration camps, racism and restrictions on religion](#) have parallels with Nazi Germany. The Chinese government is [interfering with a local government in Australia](#) over a sponsorship arrangement with an Australian newspaper. [Muslim countries praise China](#) for "providing care to its Muslim citizens". Saudi Arabia has [executed several men](#) after they posted anti-government messages on social media. Google is facing widespread complaints of [retaliating against employees](#) that criticise company policies. In North Africa, the Middle East and Asia [there are few countries where Christians aren't persecuted](#). Secular humanism [looks a lot like a religion](#).

Wake Forest University is [excluding white people from meetings about diversity](#). The Mayor of Savannah, Georgia [refused to allow non-black journalists entry](#) to a meeting discussing the upcoming election. The University of Kansas is [offering classes on "angry white male studies"](#). A conservative journalist was [thrown out of a Bernie Sanders rally](#) for no reason. The Melbourne café that [asked men to pay 18% more than women](#) has failed.

Economics & Work

[Europe has greater economic problems](#) than Japan. Iceland's strong economic growth and rapid reduction in its debt to GDP ratio shows [the benefits of austerity and avoiding bailouts](#). The [\\$200 million package of incentives](#) to keep



Graceland in Memphis is another awful example of corporate welfare. As the US government has spent more on universities, the [cost of a degree has massively increased](#) and the quality has declined.

American states with the “fairest” tax systems have [the highest rates of poverty](#). Redistributing wealth [doesn't solve long term wealth inequality](#). [The best way to increase wages](#) is to grow the economy. [Low taxes and stable money](#) are the pathway to prosperity. Howard Mark's latest memo claims to support capitalism but [endorses crony capitalism](#). One obvious benefit of capitalism – [the cost of food has plummeted](#) in the last 100 years. Forget rent controls, [shipping containers](#) could be the affordable housing solution. Economists calculate the costs of drink driving equates to [£22,800 per arrest for it](#).

Miscellaneous

A Chinese taxi alternative has [posted complaints on billboards](#) about Tesla's high level of faults. Tesla has [taken out a restraining order](#) against another high profile critic whilst facing a wave of allegations of [cheating its injured workers out of compensation](#). Tesla really [doesn't want you to buy](#) its \$35,000 base model.

How to turn a \$1,000 painting [into a \\$400 million masterpiece](#). [How to become the world's richest person](#) through cryptocurrencies. If you want to grow your savings, [start by shrinking your house](#). A profile of the Dave Ramsey, [the man who popularised rapid debt clearance](#). [A Florida millionaire has been charged with trying to defraud Kmart](#) on \$300 worth of everyday items. 30 bizarre stories in [the “Florida man” meme](#).

[A new superbug](#) is spreading in hospitals and nursing homes around the world. [Your gut needs more fibre](#), not more yoghurt. British soldiers [use a picture of Jeremy Corbyn](#) for target practice. A Lithuanian man is [the sole passenger on 737 flight](#).

Written by Jonathan Rochford for Narrow Road Capital on April 30, 2019. Comments and criticisms are welcomed and can be sent to info@narrowroadcapital.com

Disclosure

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