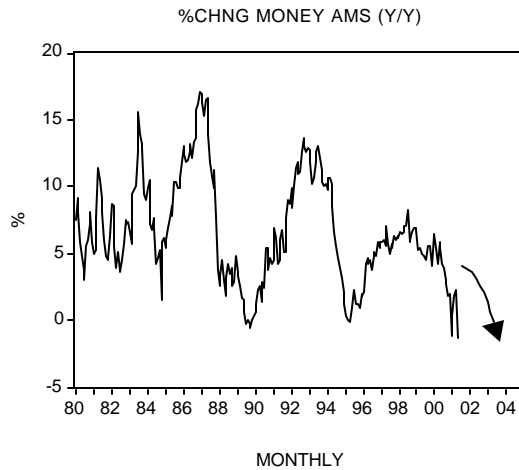
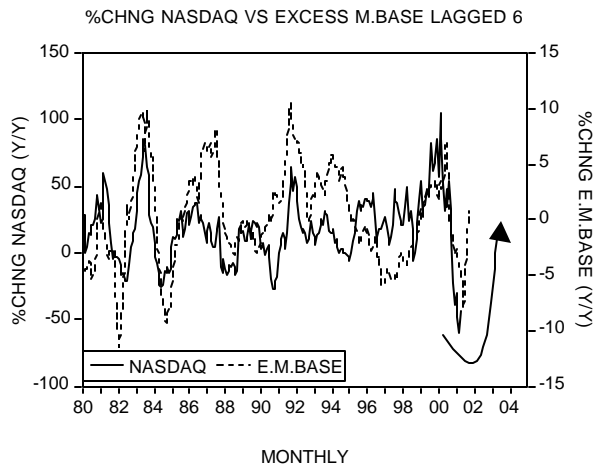


## Sharp fall in US money AMS

Year-on-year in the week ending April 9 money AMS fell by **1.3%** after rising by **2.2%** in March (see chart). It remains to be seen, whether this sharp fall is just an aberration.

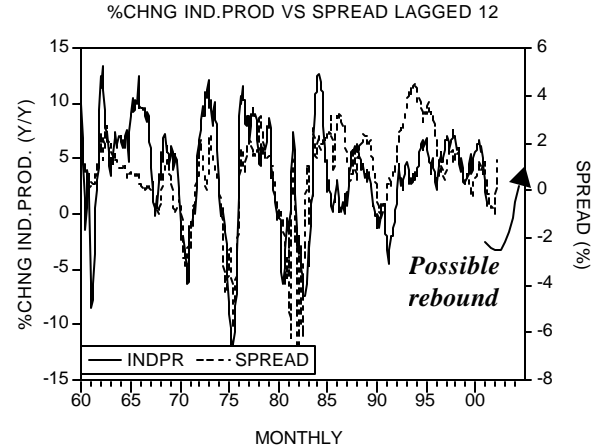


For the time being the FED has been aggressively pushing money. Year-on-year in the week ending April 18 the money base increased by **4.4%** after rising by **3.6%** in March. Consequently the yearly rate of growth in excess money base-jumped to **1%** from negative **0.2%** in March. This rebound bodes well for the Nasdaq Composite share price index (see chart).

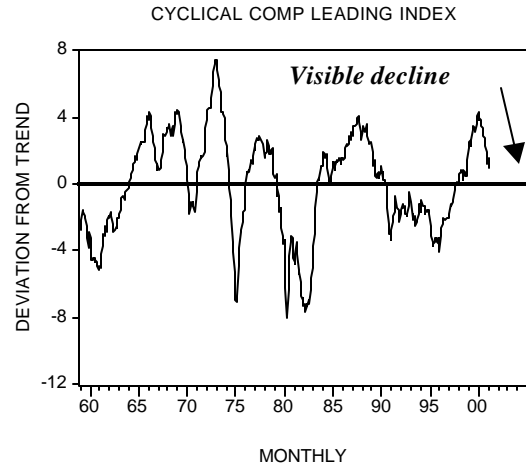


On Wednesday the FED lowered the federal funds rate target by **0.5%** to **4.5%**. In response to this the differential between the yield on the 30 year T-bond and the fed funds rate rose to **1.29%** from **0.13%** in March and **-0.5%** in January. This in turn raises the likelihood of a rebound in the yearly rate of growth of industrial production, all other things being equal (see chart). A major negative,

that could upset FED's policies to revive the economy, is declining personal savings, which stood at negative **1.3%** in February.



In the meantime, the composite index of leading economic indicators fell by **0.3%** in March after a fall of **0.2%** in February. The cyclical component of the index displays weakness (see chart).



## Financial News

- German new car sales fell **7.8%** y/y in March.
- UK retail sales unchanged in March.
- Q1 profits for S&P500 companies fell **7.6%**.

## Thought for today

The only international language seems to be the one in which money talks.

**Anonymous**