



Home Truth

PRINTING CAPITAL GROWTH (Take 2)

Most of the world's leading economies continue to print money like there's no tomorrow today, lead until recently and by some margin by the US.

The US has eased up on its money printing over recent months but new Fed chair Janet Yellen has made it clear that in touching the money printing brake, her foot remains close to the accelerator.

We may never know just how much money the US has printed so far as it has done so in many guises, but we do know the total to be in the many trillions of dollars (and if US debt levels are any guide, it may be much more). Over just his short tenure, Barack Obama has racked up more than \$10Trillion dollars worth of new debt to more than triple what his country now owes (mainly to China).

Whilst most of that newly minted money has found its way into the share market, diminishing returns and failing security there will likely soon have it searching elsewhere for a new home.

A new home will be its new home, in any country that is safe, secular, resource rich, and underpopulated.

Yes, the US is to some degree a bit of all of those, compared to us however, they run such a distant second to us that they are almost out to the horizon.

Australia is roughly the size of the US, and China but has a population 1/20th and 1/70th respectively.

When the money does eventually settle it will also cause inflation, even hyper-inflation. As unlikely a scenario as high inflation may seem today, it is no less improbable than the 0% interest rates we see in the US today would have seemed back in 2005.

I think we all know what happens to property values when inflation hits. If perchance you are that young that you don't, Google it!