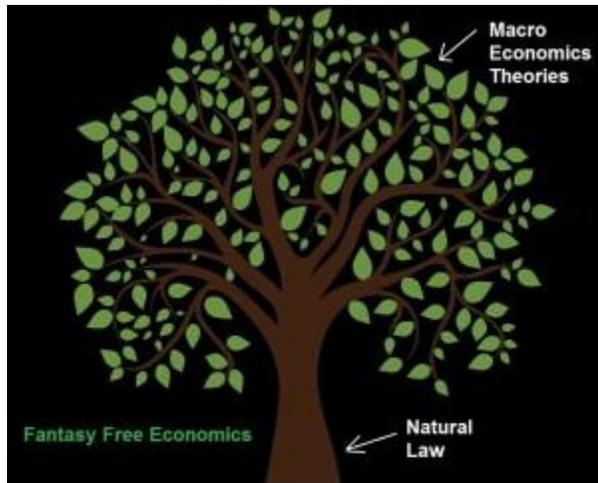


# Stock Market What To Expect From February 27, 2020 Forward

## Fantasy Free Economics, James Quillian

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With all of the talk about the virus, it is tempting to attribute the market drop to that alone. The virus situation is something that would have an effect of financial markets. The root cause, is entirely different.

The magnitude of the decline is rooted in 40+ years of central economic planning. You have heard references to the wealth effect for years. What we are seeing these days is a the beginning of the reversal of the wealth effect. A while back I posted the following article.

[Can The United States Survive A Bear Market?](#)

The United States may well survive as a nation but the economy as it exists today

*Fantasy Free Economics* will not. The stock market will defiantly fall off a cliff. Have no doubt about that. The tech giants would not have experienced their astronomical rise without Q.E. and symbiotic relationships with government. The banking industry is completely dependent upon controlling government for generating profits.

Q.E. and massive deficit spending initiatives are ostensibly for the benefit of the economy. The Federal Reserve can pump mountains of money into the economy now, but they can do just as well by adding grains of sand to the economy. More money is simply more money. When borrowed money has no utility to those with the privilege of receiving it, adding more of it, does them no good.

So, we let the richest 100 use government as a means of running up the value of everything they own and control. What is the final outcome? Either the economy sinks into a depression slowly or something happens that cannot be controlled with self serving legislation or anything else. My expectation has been that reality would impose itself on everyone slowly. It turns out that a virus emerges out of nowhere and the market starts down in a big way.

In an honest and free stock market, prices would respond to the virus, but that alone would not end a bull market. Will a spreading virus cause a depression? No, but the way governments respond to the virus can and that is happening. Without 40+ years of central economic planning behind us it would not.

So, it makes good sense for China and all other countries to shut down production, conduct massive quarantines and take away the freedoms of various populations? There are no freedom movements that I know of anywhere on the globe today. All populations are submitted to one government or another. Expecting governments to eliminate each and every one of life's risk is the new normal for the world. People are comfortable and leaders are happy to impose more and more authority over citizens. Why wouldn't they?

So, here comes a new virus. China must save lives. The U.S. will do the same. How many lives will be saved. My estimate is that deaths from the flu would be about the same either way.

No one asks, how many will starve due to the shutting down of economies to save lives? Economic hardships may cause more deaths than the flu itself. The powerful want more power and the submitted populations want more comfort and security. There is nothing "win win" with this situation.

So, what will the market do? Over, perhaps as few as ten years, stock markets will drop so low, that folks will lose interest and give up on any and all recoveries. The world will fall into the deepest depression in history. Any recovery will likely come out of a saucer shaped chart pattern and rise very slowly if at all to start. The chart below is from the 30s. Expect, something similar not the same.

Bailouts will be demanded by the richest 100. The depression will continue regardless. Central banks will most certainly try to halt the decline by buying stocks, of course. The stocks they buy will be the ones with symbiotic relationships with government.



The giant techs fall into that category. The giant techs will mostly fail. Many will eventually disappear. Why? They have provide no genuine utility to society. Google is still regarded as a search engine but all it really does is serve as a giant phone book and a parasite. The others are no better. They will demand bailouts but there is nothing that can save a corporation that has nothing real to offer. Oddly, I closed any Facebook pages about a week after the virus scare began. No, I didn't see the virus situation coming. Natural law doesn't encompass that. People will figure out that they have been burned and turn cold shoulders to those type of companies.

Small capitalization stocks will drop to almost nothing, flat line and end up on the pink sheets.

The biggest issue we face is that our free market system has been dismantled and replaced by a system of economics by force. Democratic principles are being rejected. Outcomes of elections are no longer respected. There is no path to a recovery. There may not be one. With those ingredients missing a real recovery is not possible.

I can figure these things out because I don't believe lies. I will be writing more on the stock market and the overall economic situation. Virus or no virus, this was all going to happen anyway.

I am still in all cash and a small handful of bear ETFS. I won't short until after a national emergency is announced and not before the first bear market rally. The hardest part about trading a bear market is that of going broke trying short two early, As convincing as the market action is,

organized support has not disappeared. If I don't make a dime on the downside I don't mind. One way or another I plan on having all of my cash on hand when it time to buy. If that time never comes then I will still have cash when hardly another soul does.