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COORDINATED CENTRAL BANK INTERVENTION

It is clear that the Sovereign Debt Crisis in Europe is becoming really serious in order to warrant such a public show of trying to flood the system with money. All our political sources in Germany have confirmed that if it is a choice between the failure of the Euro and inflation, there will be no question that the latter will prevail. Today's actions confirm that information.

Even the Central Bank of Canada will reduce the cost of emergency borrowing of U.S. dollars. The People's Bank of China also announced that it would cut reserve requirements for banks. This is a global effort to reduce the cost of money and inflate the world economy out of crisis that is devaluating money causing even tangible assets to rise (including shares). Again, instead of Europe reforming the ECB to function like the Fed with an elastic money supply, once again they have to drag the entire world into the operation. While some see this as a positive development that was designed to address the inability of the ECB interbank funding pressures to accommodate European banks, still this is by no means solving the Sovereign Debt Crisis that is becoming a global issue. The greatest danger here is still the failure to directly address the Sovereign Debt Crisis. This can easily be seen as a failure of the entire system. Once again, there is no substance and this is a dangerous coordinated multi-nation move that only confirms the deepening crisis faced by the global economy as a whole.