Gizmo's Q and Q

Quantitative v Qualitative

Let's visit the definitions of quantitative and qualitative as they apply to today's world of magic finance. Quantitative means based on quantity (objective), and Qualitative means based on quality (subjective).

Maybe QE-1 and QE-2 should have been named Lusitania and Titanic, respectfully, while a QE-3 would be well-named Armageddon. I don't wear a mind-reading swami hat, but a swami hat isn't needed to look at qualitative factors. For a good view of Quantitative magic we need only to look at last week's media reports noting actions taken by Ben Bernanke at the helm of the U.S. Central Bank and Timothy Geithner's recent oversea trips.

Ben Bernanke, as the Chairman of the U. S. Central Bank, appears to have taken action for the long-term benefit of the United States by not executing another quantitative action. Time will tell whether or not Bernanke's non-quantitative action benefited Main Street or Wall Street. Regardless, the U.S. Central Bank can exercise quantitative actions without Congressional approval, including adding exponential numbers to the Central Bank's balance sheet. So the question: Was Bernanke's action a quantitative action or a qualitative action? Will we someday know the long and short of what Bernanke did?

Whereas qualitative news dominates the Main Street minds of millions, will the quantitative minds that depend on Wall Street keep praying for quantitative action to protect their magical inflated financial kingdoms?

Seriously, we need to ask: Are the demands Timothy Geithner made of Europe's financial leaders based on Wall Street's quantitative needs or for the qualitative benefit of the world's Main Streets?

The New York Times on Sunday, September 25, 2011 published an article titled, *"Europe Stews on Greece, and Markets Sweat Out the Wait."*[1] Noted within the Times article was action contemplated by Europe that would be weeks or months in coming. European uninformative action echoes the "kick the can" mentality that the United States recently put in their stew. The Times article also stated that the Federal Reserve's purchase of $400 billion long term treasuries left the market unimpressed; there was no mention that short term treasuries were being sold to buy long term. Additionally, the article states,

> *"It gets worse before it gets better," said Adam Parker, Morgan Stanley's chief United States equity strategist. "If you're banking on a policy to bail you out, you will be disappointed."*

Qualitative Conclusion

Appears that U.S. Treasury Secretary Timothy Geithner has no fatherly control over Fed Chairman Ben Bernanke's inaction to protect the illicit inflated quantitative value of Wall Street; as such, Geithner's squalling child's attitude of desperation was redirected towards Europe. Why Geithner has chosen such a path may only be known to Geithner and his creator, but in the future, balancing Geithner's personal checkbook intangible value might reveal part of the answer.

[1] http://www.nytimes.com/2011/09/26/business/global/greece-awaits-votes-on-rescue-package-in-euro-crisis.html?hp&gwh=857BF53FE840DE21124A42141724584F