

36 South Views

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In blossom today, then scattered;

Life is so like a delicate flower.

How can one expect the fragrance to last forever?

Admiral Takijirō Ōnishi, father of kamikaze

We watched the financial delicate flower bloom (or boom in this case) in the decade after the GFC; nurtured by the central bank gardener who added copious amounts of fertilizer and manure i.e. zero interest rates, QE etc.

But in the same garden lay dormant the seeds of the inflation nettle, malfeasance dandelions, retail frenzy tulips amongst others and they grew like weeds, threatening to overrun the garden.

The gardener knows that once the weeds are out of control it will be impossible to save the flower, so his best bet is to try and let the WHOLE GARDEN wither, by removing all the nutrients and applying weed killer. Thus he can hopefully nurture seed of the next delicate flower bloom whilst thwarting the weeds.

And here we are today observing this garden.

The flower, although drooping slightly, looks surprisingly resilient. The weeds are also browning on the edges but show no sign of dying.

What is the gardener to do? He has removed the nutrients and applied weed killer which should have killed off everything by now?

Does he wait to see if his initial strategy was right or does add more weed killer (higher interest rates) which will definitely kill off the current plants but maybe the dormant flower seeds of the next generation of delicate flower booms too?

The inflation nettle is the one that most concerns the gardener. It has pods of seed which, if given a chance, will escape the pod and blow to all four corners of the garden and spring up everywhere making it near impossible to control going forward.

Must he wait and "hope" (four lettered word) that the weeds including the inflation nettle will die off taking the seeds with it?

I suspect he will wait, the current flowerbed will eventually die off but not before the inflation nettle seeds have spread far and wide. He will be faced with a future garden beset by inflation nettles which will require much higher doses of weed killer in the future rendering the garden bare of flowers.

The only fragrance will be the stringent smell of 2,4-D compound; the active ingredient in weed killers.

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