## Beware the Ides of March

In the past week we have seen the Banks of Japan and China join the queue for printing ink along with the Fed, the Bank of England, the ECB and the Swiss National Bank; many other minor central backs have either cut rates or are about to. Admittedly the Chinese have not actually cranked up the Hewlett Packards but PBOC Governor Zhou said that "China will continue to invest in EU countries' government bonds, and will continue, via possible channels, including the IMF, the EFSF and the ESM, to be involved in resolving the euro-zone crisis". He added that he hopes Europe can offer "more attractive investment products". I wonder what he has in mind. With the support he can muster Greek 2 year bonds on a 200% yield should do the trick surely...

It is abundantly clear that this concert party of central banks (not the collective noun I would normally use...) will do everything it can to keep the global financial system afloat when the inevitable happens in Greece. The ECB are about to go with LTRO 2 which should provide another €½ trillion to Europe's beleaguered banks. Even the "mighty" HSBC is rumoured to be in the queue; not because they need it, but because it's a ridiculously cheap form of finance that they can make a turn on and/or support their activities in the gold market...

LTRO is the acronym for Long Term Refinancing Operation. The cash they are providing is for a three year term. Since when did three years become "long term"? This must be the finest example of can kicking yet. Put the banking industry on life support whilst we try and contain the Greek fall out and leave off worrying about the consequences for a year or three!

Although we are being fed a stream of positive economic news, mainly from the US (where it is election year don't forget...) there is a notable air of caution around and the main factor in the rise of equities so far this year has been the blizzard of cheap cash. What is intriguing is that in large corporate world, earnings are on the up (the new lean and mean machine) which is adding to their own cash piles, but they can't find anything to spend it on. With the S&P having doubled since 2009 and being not that far short of its all time high that should hardly come as a surprise.

Apple, everyone's favourite (is there a hedge fund out there that isn't long?), succumbed to a bout of Newtonian gravity on Wednesday; again not unexpected given the euphoria post the iPhone 4S launch.

We may yet see higher prices in equities as the printing presses continue to roll, but as the final act of the Greek farce plays out, it would be wise not to ignore the words of the Bard of Avon to “Beware the Ides of March”.

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