

## Are Global Central Banks In Panic Mode?

There's an old adage on Wall Street that cautions investors to "*never fight the Fed*." The point being, the unlimited resources and staying power of the Federal Reserve are so dominant that they will overcome and outlast any other market influence. If you believe in that, then it would seem, with no less than [3 major central banks](#) all taking separate actions on the same day, that it would be extremely unwise to position yourself against that tide of *international* monetary influence either. And yet, at least in the short term, all this intervention has done nothing to raise the spirits of investors.

"I don't think it was coordinated," says Hugh Johnson, the Chief Investment Officer at Hugh Johnson Advisors, of today's multi-bank response. "However, it really indicates something. It indicates there's obviously concern among central bankers throughout the world, justifiable concern, that the global economy is in the process of slowing."

Some, including me, suggest that all this easing, from all these banks, all at once smells - at best - of a well coordinated response to a serious economic threat. At worst, I think it suggests they're in panic mode.

But rest assured, veteran market watchers like Johnson disagree, and are taking solace in the fact that central banks are on the job, commenting that it is "particularly encouraging to see the ECB finally get into the game."

At the same time, historians will note how rare and/or significant it is to have now seen two rounds on rate relief inside of one month from the planners in Beijing. But again, Johnson takes the other side of that trade so to speak, arguing that the Chinese are simply reacting to external pressures from Europe by moving to stimulate internal growth instead.

As for our own central bank, which just authorized a six month extension of Operation Twist two weeks ago, Johnson sees the Fed on hold at least until September before taking any more aggressive steps.

"I think they'll watch, wait and see what the U.S. economy really does in the summer months," he predicts, starting with tomorrow's payroll report, which will either extend a weak trend or break it.