Struthers Resource Stock Update V21#12.2 Markets, The FED, LXX, TSQ now HAT Sept 22 2015

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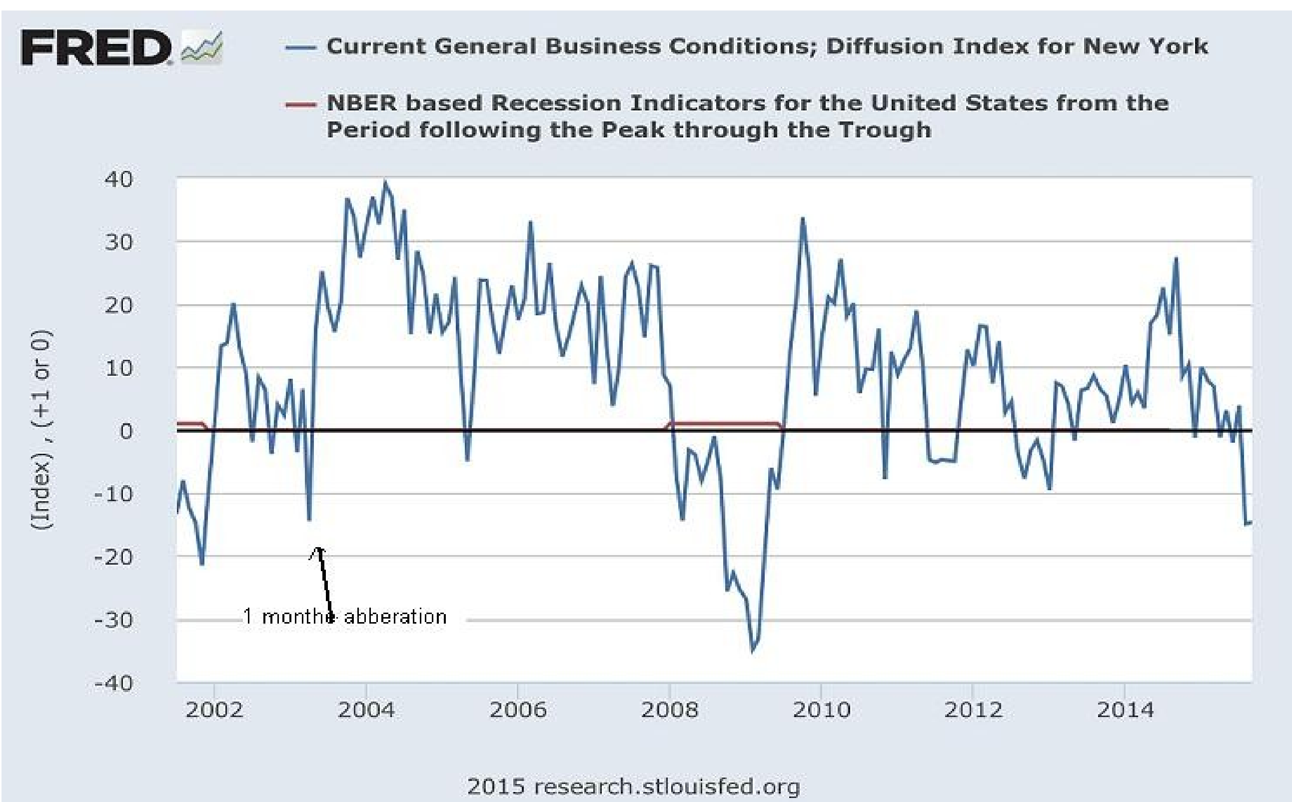
Yet another sign of a U.S. recession

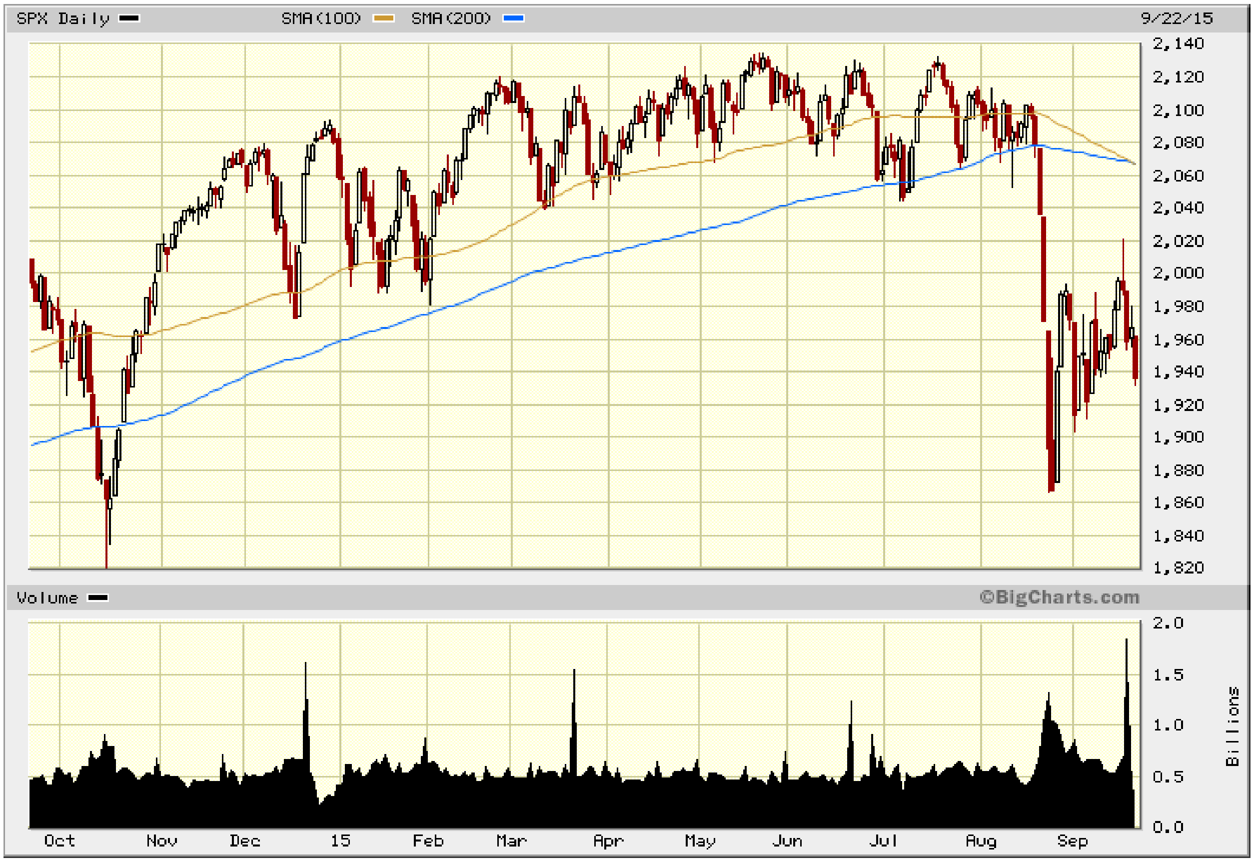
Last week the Empire State manufacturing survey shows business conditions in New York remained weak in September. The general business conditions index in the manufacturing gauge came in at minus 14.7, compared to a minus 14.9 in August. This is now two bad months in a row so no fluke.

Expectations compiled by various news organizations were for a reading around zero to minus 0.5. Readings above zero in such diffusion indexes are seen as a sign of expansion, while those below indicate contraction.

The last time we seen numbers this low were in recessions 2008/09 and in 2000/2001.

In contrast to the phony Jobs Report that creates jobs out of thin air with the birth/death rate model. The Empire survey said, Labor-market conditions worsened, with declines in employment levels and hours worked, according to the report. The index for number of employees fell below zero for the first time in over two years, slipping eight points to minus 6.2. The average workweek index dropped to minus 10.3 from minus 1.8.





The market as show by the S&P 500 above is acting as I expect, trading sideways forming the right shoulder. I expect this could go on for several more months until it is resolved, probably to the downside. What is interesting is the triple witching for this 3rd qtr. showed the highest volume of the past 4 years. When I noted this pattern some time ago, most often the market corrected after triple witching so we could see a test of 1870 low in the short term

I was away at meetings last Thursday, but no surprise of course that the FED still did not raise rates. I was hoping they would just get it over with, but it appears the market may have finally caught on why they have been delaying this rate increase. The economy is just too weak, and coming to this realization stocks sold off heavily after the FED announcement Thursday and Friday.

The FED cited unstable world markets as the reason to hold off.

Yellen has said the Fed could begin returning interest rates to normal levels sometime this year, but on Thursday she expressed fears that China's economic slowdown could ripple across the globe and infect U.S. growth. Economists had been evenly split on the prospect of a rate hike this week.

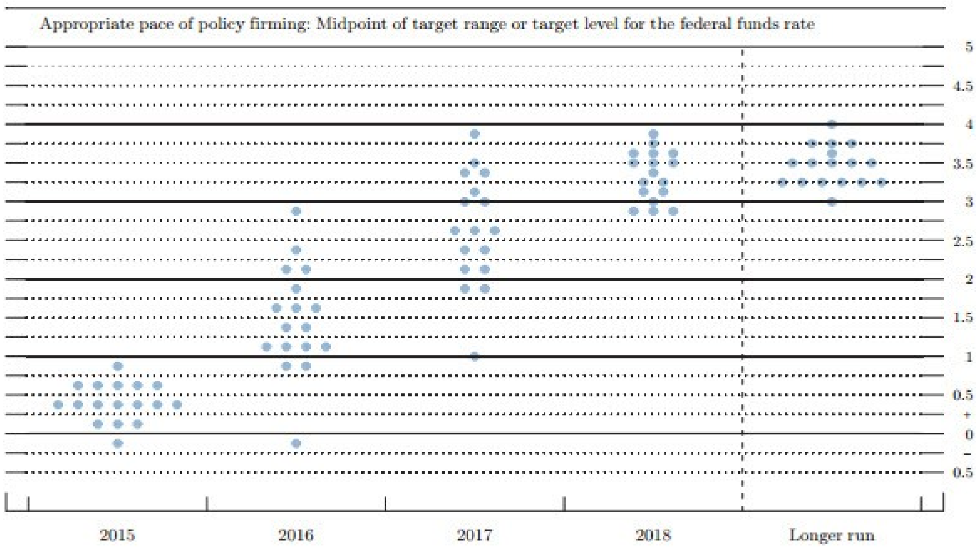
Yellen said "*domestic developments have been strong.*" However, she also noted: "I*n light of the heightened uncertainties abroad, and the slightly softer expected path for inflation, the committee judged it appropriate to wait for more evidence, including some further improvement in the labor market, to bolster its confidence that inflation will rise to 2 percent in the medium term,*" Yellen said.

Perfect – blame any slowdown on China. What the FED is really worried about - should the economy show a sudden slowdown or forbid a recession, they would look real bad if they raised rates just before that happened. Now they have a perfect scape goat, any weakness can be blamed on China that is out of their control.

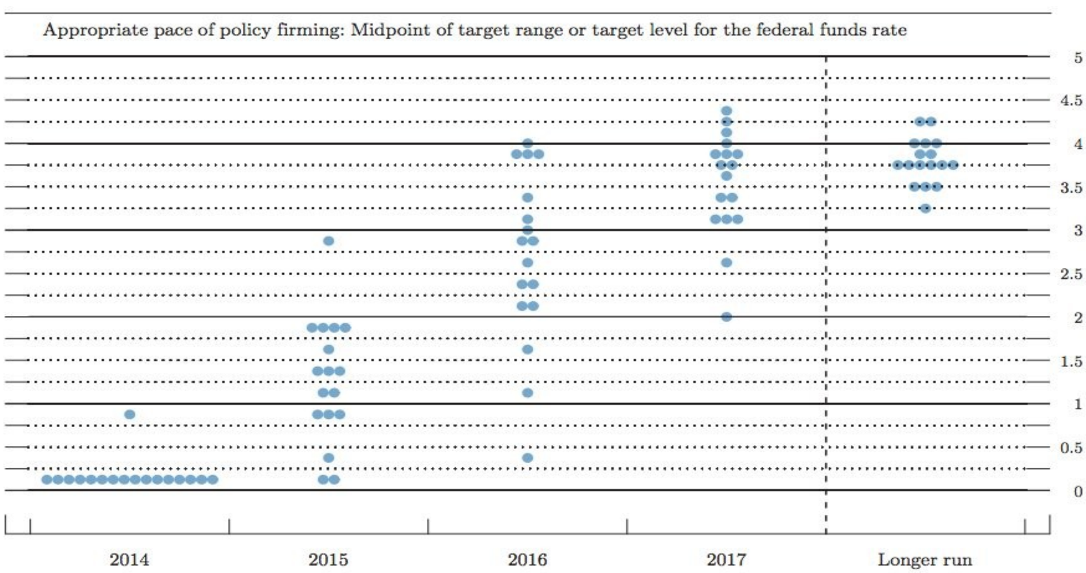
I think the FED will raise rates this year because they backed themselves in a corner. I don't think it will matter much nor will the market care, it is just a ¼ point rise. I think the U.S. economy needs low rates but not at zero, anything under 1% will not make much difference other than perception.

What concerns market watchers is the FED talking about a normalization of rates that would be around 3% to 4% and that is a huge increase from 0%. **However, it will never happen, at least by the FED, only when the market forces rates higher, likely in a coming debt crisis.**

This meeting the FED released it's Dot Graph, that shows where all 17 FED members expect rates to be going. Keep in mind only 12 of the 17 vote at the committee meetings.



Previous page you can see that most members are expecting around ¼ to ½ point yet in 2015, so one rate increase maybe two. **Interesting one member expects negative rates this year and 2016 and is probably the closest to reality.** I can say this with more confidence when you look at the graph from 1 year ago in Sept. 2014.



At this time a year ago they were projecting rates of 1 to 2% for 2015 and here we are still near zero.

So no doubt all economic numbers will be scrutinized between now and the October meeting and the silly game goes on

What is the Federal Reserve?

I thought it might be a good idea to visit this since there is so much focus on the FED

The FED was created for the banks by the banks and originated in 1910 as the result of a series of Financial Panics, especially the one of 1907.

In 1910, five men only known by their first names met secretly so as to not spread rumors in New York and London. Also there would be no chance of their draft legislation getting through Congress if it was known it was derived this way. They met on Jekyll Island off the coast of Georgia at a resort owned by powerful banker J. P. Morgan and some friends, know as the Jekyll Island Club.

They were five of the most powerful financiers at the time, Frank Vanderlip, President of National City Bank, Henry P. Davison senior partner of J.P. Morgan , Charles D. Norton, Presiden First National Bank, Benjamin Strong VP of Bankers Trust which was a Bankers Bank., and Paul Warburg who was German born from a German Banking family. In the U.S he was with Wells Fargo and became one of the first FED Governors in 1914, many regarded him as the chief driving force behind the establishment of America's central bank. The meeting was hosted by Nelson Aldrich one of the most powerful Senators of the day. **For 9 days and nights they debated to draft up legislation that would later be known as the Federal Reserve Act.**

The draft legislation was of course altered here and there to get through the political process to be approved into law as the Federal Reserve Act. In 1913, the vote over the Federal Reserve Act in a Senate committee came down to a single tie-breaking vote, that of James A. Reed, a senator from Missouri Not so mysteriously, Missouri became the only state with two Federal Reserve banks, in St. Louis and Kansas City.

Politics was always alive and well

The Federal Reserve System's structure is composed of the presidential appointed Board of Governors or Federal Reserve Board (FRB), partially presidential appointed Federal Open Market Committee (FOMC), twelve regional Federal Reserve Banks located in major cities throughout the nation.

The FOMC sets monetary policy and consists of all seven members of the Board of Governors and the twelve regional bank presidents, though only five bank presidents vote at any given time: the president of the New York Fed and four others who rotate through one-year terms.

The U.S. Congress established three key objectives for monetary policy in the Federal Reserve Act: Maximum employment, stable prices, and moderate long-term interest rates.

Like all bureaucracies they grow and expand over the years, and as of 2009 objectives also include supervising and regulating banks, maintaining the stability of the financial system and providing financial services to depository institutions, the U.S. government, and foreign official institutions. Of course we remember the bail outs of that time.

Interesting Main Street always opposed the FED and the Federal Reserve Act faced opposition, particularly in the agricultural South, where lawmakers believed a central bank would primarily benefit the mercantile North, with its large commercial centers of Boston, New York and Philadelphia.

Agricultural interests which were the driving economic force at that time, before the Industrial revolution and those interests were fearful that any new central bank would simply be a tool of Wall Street.

Boy did they have it right or what.

I find it kind of fitting the FED got started on Jekyll Island. Many of you will be familiar with the famed Dr Jekyll and Mr. Hyde writings, a split personality of Good and Evil. Jekyll was good and Hyde evil.

The FED started on Jekyll Island with good intent but has perhaps turned into **Hyde the Bankster.**

*********************** Updates *****************************

Some more very good news with

Lexaria Corp CSE:LXX OTC:LXRP Recent Price C$0.23
Entry Price $0.16 Opinion - buy on weakness

Last week they announced a very significant new Board member, Ted McKechnie a senior entrepreneurial executive with extensive board and senior management experience in the consumer goods industry, with a proven record of achieving corporate financial and growth objectives. He is the former president and chief operating officer of Maple Leaf Foods, which in 2014 had revenue of over $3.1-billion.

Mr. McKechnie has held executive positions with Kraft, Frito Lay, General Foods, PepsiCo and Philip Morris Companies. Additionally, Mr. McKechnie has held senior positions in the following businesses:

•Canada's Technology For Food -- chairman and chief executive officer;
•The Davies Group of companies -- president and CEO;
•Ethnic Food Group International Inc. -- president and CEO;
•Humpty Dumpty Foods -- president, chief operating officer and owner;
•Maple Leaf Foods Inc. -- president and COO;
•Menu At Home.Com -- president and CEO.

He is an energetic leader experienced in building teams in marketing, sales and supply chain management. He is the recipient of the Philip Morris Chairman's Award for "recognition of extraordinary contributions having a significant and lasting impact on the corporation."

Lexaria must show great promise for somebody like this to come on baord and I am sure be a big help in getting Lexaria products out to market.

There is a good interview with CEO Chris Bunka here that discusses their technology and how it can go beyond cannabinoids.

http://tumblr.futurecannabisproject.org/post/129571362974/chris-bunka-lexaria-vipova-cannabis-entrepreneurship

They announced a US$2.5 million financing at US$0.18 per share and this is why I have a buy on weakness for now as I doubt the stock will move too much until the financing is near closing. With the high volatility in markets there may be a chance of some temporary weakness in the stock to take advantage of.

http://www.lexariaenergy.com

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