

US Corporate Profits surge, as [our] Economy slows

by Alexander Osipovich via fleet - AFP Tuesday, Aug 2 2011, 9:51am

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A bitter but necessary pill

Yes, Jethro, there really are 2 economies -- one booming economy for Bankers and Corporatists and the other stagnating economy for the shit-eating public! Today's 'Economy' now emulates the Legal/Judicial system; the rich and powerful rarely face justice while teenage pot smokers and citizens on misdemeanour charges could end up with 20 year jail sentences!

Just as the level of one's wealth determines legal outcomes -- research the stats for yourself -- large corporations are prospering while the masses continue to suffer the hardships and constraints created for them by exactly those prospering Corporations and Banks. Are we all able to add 2+2 and get Plutocracy and slavery?

If any of you shit-eating, cowardly morons think I am lamenting the fact you have been right royally screwed after your generous TARP bailout, you would be labouring under a gross misapprehension -- YOU deserve EVERYTHING ungrateful Banks and Corporations dish out, BECAUSE YOU COULD have INTERVENED when fraudulent and unethical BANKSTERS plunged the world into a global economic recession/crisis -- however, you allowed yourselves to be screwed over by bailing the criminals out!

Instead of demanding justice and holding the plutocrats to account for their unethical and fraudulent actions, you ALLOWED puppet politicians to hand over Y-O-U-R hard-earned tax money and funds to rescue the criminal Banking elites, WHAT!

Would you now blame self-serving Corporatists and Banksters for giving it to you up the rear after TARP? You will all learn to eat shit (and like it) soon enough. So what ya gonna do now, you demented dunces? I have a suggestion, do what you've all become expert at -- BENDING OVER!

I hope you all choke on the following accurate story from AFP, you miserable cringing, cowards -- home of the '*brave*;' give me a break! You people have no idea what else is in store for you:

Major US companies are packing away record profits even as the economy falters, unemployment remains high and the debt-ceiling crisis has shaken confidence in the country, analysts said.

In July, corporate giants such as 3M, Caterpillar (NYSE: CAT - news) , Goodyear, Microsoft (NasdaqGS: MSFT - news) and Apple (NasdaqGS: AAPL - news) reported blockbuster results in the second quarter of 2011, though the stock market still slumped amid fears of an economic slowdown and a possible government default.

Of the companies in the S&P 500 (SNP: ^GSPC - news) list of large-cap firms which have reported their quarterly earnings to date, 72 percent have beaten analysts' forecasts, according to Standard & Poor's analyst Howard Silverblatt.

Moreover, if the current trend keeps up, the S&P 500 companies are poised to have their most profitable quarter ever, he said.

"Earnings are basically the only thing holding up the market at this point," Silverblatt said. "They're amazing numbers."

The prosperity of large corporations may seem surprising at a time when many indicators show profound weakness in the world's largest economy.

The US unemployment rate stands at 9.2 percent, and the government last week said growth in the second quarter was a feeble 1.3 percent, far below economists' expectations.

But analysts say US corporations are doing well in part because they slashed costs during the recession, laying off workers and reining in spending on plants and equipment, which boosted profit margins.

"They got lean and mean," said Marc Pado, US market strategist for Cantor Fitzgerald.

"Corporate America is very strong. They were preparing for a downward turn. Everybody was talking about a double-dip recession and they were bracing for that. They were holding on to cash, not hiring new workers and voiding themselves of inventory."

The total cash held by US non-financial corporations surged to \$1.2 trillion at the end of 2010, up 11.2 percent from a year earlier, Moody's Investors Service said in a report last week.

One reason that companies are holding so much cash -- and not spending it on investments or hiring new workers -- is that they are worried about the shaky economic situation in the United States and Europe (Chicago Options: ^REURTRUSD - news) .

"Management teams remember the rapid shutdown of the financial markets in 2008 and prefer to hold large cash balances even though the money is earning a low return," Moody's said.

Another notable result from the latest round of earnings reports is that many US companies are showing their best results in fast-growing markets such as Asia and Latin America rather than at home.

General Electric (NYSE: GE-PA - news) , Caterpillar and Dow Chemical (Xetra: 850917 - news) were among the US corporate stalwarts which reported strong emerging market sales that helped offset slow growth in the United States in the second quarter.

"Dow (NYSE: DPD - news) 's broad geographic reach and leadership in many attractive, high-growth end-markets firmly position us to benefit from the megatrends that are defining our future," Dow Chemical chief executive Andrew Liveris said last week as the company announced a 73.4 percent rise in quarterly profits.

With the weakness of the dollar, which makes American exports cheaper for consumers around the world, that trend is only likely to accelerate in the future, analysts say.

"The big growth is happening outside the US, not inside the US, and you've seen a lot of companies increase their export sales as a percentage of the total," said Cantor's Pado.

Many companies have also offered upbeat forecasts for the second half of the year, a development which has been overlooked by some investors as they focus on the political battle in Washington and the risks of a default.

"Earnings continue to be above expectations. We see a pop up in expectations for the rest of the year. That's the positive story," said Owen Fitzpatrick, head of US equities at Deutsche Bank Private Wealth Management.

However, that has been "obviously overwhelmed by the continuing debate in the US over the debt ceiling," he said.

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