

Green shoots everywhere! Bankruptcies hit high, govt can't account for \$700 billion, and the next \$1 trillion bailout

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To listen to Teleprompter Jesus or the market pump merchants on CNBC there are green shoots everywhere in the economy. So here's a quick recap of news from the past few days:

1) The American Bankruptcy Institute [announced](#) on Monday that filings for July hit a new high since Congress passed new bankruptcy laws in 2005:

The July 2009 consumer filing total represented a 34.3 percent increase nationwide from the same period a year ago, and an 8.7 percent increase over the June 2009 consumer filing total of 116,365.

This comes as Business Week [reports](#) that banks have devised all kinds of new financial products directed at debt-ridden customers.

Hope!

2) The Wall Street Journal published an [editorial](#) on Monday raising concerns about potentially dangerous practices at FHA and Ginnie Mae, exposing taxpayers to at least another \$1 trillion bailout. The money quote:

On June 18, HUD's Inspector General issued a scathing report on the FHA's lax insurance practices. It found that the FHA's default rate has grown to 7%, which is about double the level considered safe and sound for lenders, and that 13% of these loans are delinquent by more than 30 days. The FHA's reserve fund was found to have fallen in half, to 3% from 6.4% in 2007—meaning it now has a 33 to 1 leverage ratio, which is into Bear Stearns territory. The IG says the FHA may need a “Congressional appropriation intervention to make up the shortfall.”

Believe!

3) McClatchy [reported](#) on Sunday that oversight of the \$700 billion financial sector bailout is grossly inadequate, such that multiple layers of regulators have no idea where most of the money has gone.

Transparency!

4) The Hill [reported](#) over the weekend that the federal budget deficit ballooned by \$181 billion *in July alone*. Spending increased by \$530 billion in July over the previous year.

The non-partisan Congressional Budget Office said Thursday the federal government's budget deficit reached \$1.3 trillion through the first ten months of fiscal 2009, on track to reach a record high of \$1.8 trillion for the 12-month period.

This is why Turbotax Tim Geithner is [telling](#) Congress they must raise the federal debt ceiling above the current \$12.1 trillion within the next two months.

Change!