



Guest Expert: Karl Denninger
Market-Ticker.org

Date Aired: September 21, 2025

Produced by:

Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544

Phone: (866) 921-3613

Email: info@planners.com

Website: www.RetirementLifestyleAdvocates.com

Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen.

Joining me once again on today's program is returning guest, Mr. Karl Denninger. You can check out Karl's work at Market-Ticker.org. I do frequently. I'd encourage you to do the same.

And Karl, welcome back to the program.

Karl Denninger:

Thank you very much for having me.

Dennis Tubbergen:

So Karl, let's just jump in and talk about the US economy. Trump says it's the hottest economy going. The numbers don't seem to maybe back that up. What say you?

Karl Denninger:

The most recent employment data on a non-adjusted monthly basis said we lost about a half a million jobs. Now that is, of course, not what was announced. Big shock, right? But that's the data.

And the bigger problem is that since December of '23, so this is, of course, before the election, the 12-month run rate for job growth X working-age population growth has been on a negative slope and is now sitting at about negative 3 million.

That indicator does bounce around some, but when it is on a consistent negative slope for more than 12 months, it has historically only happened twice, and both of them, well, at least in the last 35 or 40 years that I've been tracking it anyway, and both of those times were in front of extremely serious economic dislocations, specifically 2000 and 2008. It has never given a false signal in all of the time that I've been tracking it.

Now the problem is it doesn't give you a timing signal because it can be that way for 15 months. It can be that way for two years, but it has never reversed and gone back into a reasonably stable sort of condition without there being some kind of a dislocation.

So that warning, that red flag has been up now for about eight months, and it continues today, and it's not getting any better. So there's that.

The other thing that's kind of interesting about the internals is that if you look at the... Usually what you see before people start getting fired in size is that hours get cut because employers will take hours first from people before they'll lay them off. Just like when things are expanding, it's the other way around. Employers will add time before they add people because it's easier, faster and cheaper.

So the interesting thing is that I'm not seeing much in the way of a delta in hours worked, either in overtime or in the general hours worked. This month was unchanged, for all intents and purposes, across both services and goods. It was a little bit down in goods, a little, but not enough to really matter. And, of course, services is 70% of the economy, but good side was only down one tick so it wasn't enough to actually hit the overall number.

And that also was reflected in the hourly paychecks, the actual hourly, weekly paychecks, there was no notable decline in weekly paychecks. So if you had hours getting cut in certain areas of the economy, you might see the wage per hour go up, but the weekly paycheck goes down because people are getting fewer hours, and that's not happening.

So the internals all match up. It doesn't look like there's anybody twisting any knobs. But what it says is that in general, there just isn't a whole lot here, right? I mean, I guess that's the best way to put it is there's no there, there, but I certainly don't see an economy that is weakening from a labor market point of view.

Dennis Tubbergen:

So Karl, when you look at where the stock market is, we've got the S&P 500 making new all-time highs. The Dow also confirmed by making new all-time highs. Given what you just said about the economy, do you have a forecast for the stock market?

Karl Denninger:

Yeah, I think we got a lot of trouble coming. What you basically have is a leverage-driven market that is trading at valuation levels and at margin debt levels that have never been seen before. And that ought to be, if this is the start of some new boom cycle, if you will, that should be coupled with extremely strong and improving labor and other credit indications. And we're not seeing that.

So that means we should see the coverage ratios, wages versus debt levels and things like this should be improving, okay? So your amount of money you make versus the amount that you have outstanding in consumer loans and such, that ratio should be getting better.

It's not, it's getting worse. And you don't see expansion in the labor market. You don't see contraction, but you don't see expansion. What you see is expansion in multiples. And it's not just in price earnings, it's in sales.

The concentration risk, when you see things like Nvidia come out and issue a quarterly report and something like 40% of their sales are to two customers, I can't get my arms around how anybody thinks that's the kind of thing that you consider a good investment. I think that's crazy. What happens if one of those guys, all of a sudden, says, "Oh, by the way, all those AI chips buying, we're not making any money on them. We're going to stop buying them?"

Dennis Tubbergen:

Right. So Karl, the Fed appears to be poised to reduce interest rates, which I think given debt levels and deficit levels is entirely predictable.

What do you think happens ultimately with Fed policy? And do you see us due to all the debt and deficits, do you see us going back to a time where QE is the only option?

Karl Denninger:

No, because I don't think it works anymore.

If you look at the market, historically speaking, the market always leads the Fed, and the market is currently saying that there's going to be 25 basis points come off at the next meeting, okay? I mean, that's what the IRX is telling you.

The thing that I don't understand is that over the last week in particular of time and, of course, there's a delay between recording this and when people hear it, so this could change, but over the last week there's been a lot of flattening in the curve, which certainly implies that people believe the economy is getting weaker and, therefore, the Fed is going to come in and do something.

The problem with this is you cannot solve a fundamental affordability problem by cheapening the cost of credit. That doesn't work.

And furthermore, the places where it is most evident are in housing, to be specific. I mean, that's the first place where if it's taking 25 basis points off rates, or even 50 basis points off rates is not going to change that. You have the median home price in areas such as mine pushing \$400,000 and your median income is 70 grand. I don't care how far you lower rates, that's not going to make the house affordable, okay? You'd have to double people's incomes, and that's clearly not going to happen.

So I think the Fed's in a tough spot here. I do believe that they'll, like I said, I'm just looking at the IRX. I'm not saying what they should do. My opinion is that the only way you're going to get the Congress to stop spending like drunken sailors is for rates to go up.

The problem for the Fed is if they cut the short end of the curve and the market discerns that there is going to be no fiscal rectitude of any kind from either side of the aisle, then there is a very real possibility that the long end reacts by going higher. And if that occurs, then the Fed's lost control of the game.

And that kind of thing has happened before. It can happen again. And if it does, it's going to be pretty ugly.

Dennis Tubbergen:

Well, Karl, you mentioned housing, and I think I saw this past week that the Case-Shiller Housing Index, both the top 10 metro areas and the overall index, down four months in a row. Seems like that's a trend, not an aberration. Is the top end in real estate here, in your view?

Karl Denninger:

I think the top is passed, certainly around here it has, but in this local area, there's really two markets. There's the short-term rental market, and then there's the market for people that actually want to live in the place. And if you were trying to catch the top and sell, you're at least six months late on both of those.

And on the short-term rental market, you're probably 12 months late. And on the short-term rental market, I'm already starting to see the foreclosures show up. So the cash flow problems are starting to show up in people that have bought those with leverage in the last few years.

Now, there's an awful lot of people that during the crazy 1031 the out of places like California into places like where I live, because we were open and

they were closed, and they essentially, it's a regulatory arbitrage play. Those folks, if they didn't have any leverage on in the first place, and those were cash transactions, okay, their net present value goes down, but they're not going to end up in foreclosure because there's nothing to foreclose, there's no loan.

But the people that came in here and thought they were going to become multimillionaires, buying rental cabins at rental rates and fill occupancy rates that were absolutely unsustainable, hoo, boy are they in trouble.

And the same kind of thing has happened with the way that prices got run up, if you came here from New York or somewhere like that and you did a cash exchange, you sold your house in New York and you bought one down here and it was a cash transaction, if you bought it for five and it's now three and a half, four, you might swear, but you got the five and you shouldn't have gotten it in New York, either. When you make lateral moves in the market like that, you really don't gain or lose anything when there's a bubble going on because you paid too much and you got too much.

But the person who is trying to come into the market late in the game, especially younger people, there's a lot of pain coming. And that's where I think the biggest problem's going to come from is in the younger cohort that has entered the housing market in the last five years.

Dennis Tubbergen:

Well, my guest today is Mr. Karl Denninger. His website is Market-Ticker.org. The website again, Market-Ticker.org. I'd encourage you to check it out, and I'll continue my conversation with Karl when RLA Radio returns. Stay with us.

11:40, not enough. Time for another question, so we'll talk a little healthcare now.

Karl Denninger:

Alrighty, sounds good.

Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen.

I'm chatting today with returning guest, Mr. Karl Denninger. If you're not familiar with Karl's work at Market-Ticker.org, I'd encourage you to check it

out. Karl is a prolific commentator. I follow his work, encourage you to do the same. Again, the website, Market-Ticker.org.

So Karl, in the past we have talked a bit about some of the inherent problems with the healthcare system. And maybe for context, we should talk a little bit about some of the issues with pharmaceuticals and what's charged overseas, what's charged in the US. And maybe just for a springboard, we could maybe revisit briefly what we've talked about in the past, and we'll talk about the fireworks that happened recently here when RFK was in front of Congress.

Karl Denninger:

Yeah. Well, the basic situation that you have here is that there's a body of law called 15 United States Code Chapter 1, which is the antitrust statutes. And that series of laws, Sherman, Clayton, Robinson, Patman are the three primary components, and there's a bunch of little ones, those all date back to the early 1900s, and they came out of Standard Oil fiasco and stuff like that.

So they essentially state that a discriminatory and monopolistic price-fixing scheme is illegal. It's illegal, that's what Sherman says.

Clayton says it's illegal if you try it and fail. And that's because there were several people who were prosecuted under the original statute who said, "Well, we tried to do it, but didn't work." That was their excuse for why they shouldn't be locked up and fined. And so Congress said, "Oh, by the way, trying it is illegal now, too." So yeah, you don't actually have to succeed. It's kind of like the, "Well, I tried to rob the bank, but I didn't actually get any money." And they said, "No, no, no, no, no."

So then you have Robinson-Patman that says that when it comes to goods, which, of course, drugs are goods, so are medical components, syringes, IV bags, whatever, when it comes to goods, anything that's transacted in interstate commerce, if you discriminate in price between buyers of like kind and quantity, that's against the law.

So you can give somebody a discount because they ordered a thousand of something instead of five. What you can't do is charge one guy that buys five one price and another guy that buys five a different price when they both are paying on the same terms. Okay, it's just illegal.

This, by the way, is one of the reasons that you have price stickers on the shelf in Walmart, and the price is displayed for gallons of gasoline at the

pump and things like this. So these laws have been around for a hundred years.

The health companies and the health insurance companies in particular challenged these, and these two cases that went to the Supreme Court in the late 1970s and early '80s when they were decided, one was called Royal Drug, the other one was Maricopa County. They lost both times. The Supreme Court came back and said, "Nope, sorry. You do not have an exemption because you have an insurance interest or you're a consortium of physicians or whatever have you. Uh, uh, uh. Nope. The law is very clear. The text is clear. You lose, you're liable under these statutes."

Well, nobody's gone to jail since then, and neither Republican or Democrat administrations have, or justice departments have done a thing about it.

So we live in a world today where you pay five times as much on average, and sometimes 10 or 20 times as much as you do in other first world countries when you're in the United States, and how much you pay for something depends on who you bought your so-called insurance from.

Now, you'd never put up with that at a gas station if there was no price posted on the pump, and you didn't know how much you paid for your gas until after you told them. You pumped it first so now you got to pay because you got it. And then, "Oh, by the way, who's your car insurance company?" Okay?

Nobody would stand for that, but that's what we do, and that's the world we live in today, and so that's part of the corruption that goes on.

But what happened with RFK in this hearing was really stunning because when you have this kind of a situation, it creeps into every aspect of the business. It's not just in one place. It's everywhere. Because you have to build this entire bureaucracy and layers of billing systems and things like this in order to figure out who you're going to screw out of how much, okay? I mean, because everybody's different, right?

The easiest price is, of course, well, it's \$1.20 a pill, or it's \$20 or whatever it is. Well, if you've got to have all this other stuff now, everything gets complicated, instead of very simple.

And the senators were basically grilling RFK because he has made some statements that he is not convinced that the COVID shots were either safe or that they actually did anything. And he's got receipts that appear to show

that, in fact, he's not lying. He's not making it up. This is what the data actually says. So they were after that.

They were also after the fact that there was a measles outbreak in Texas earlier this year, which by the way, probably came from some of the undocumented people that are in this country because, gee, that wouldn't be right next to the Mexican border, would it? I don't think so, but maybe it was. Of course, they never did trace patient zero, how it got into the US, so we don't know.

But there was that, and they were very upset with him about the way he dealt with that. And one of the points he made was, okay, so first off, he starts listing off names of senators who are attacking him and saying, "Oh, by the way, you took \$2 million worth of campaign contributions from the pharmaceutical industry. You took \$800,000, you took 700," he's going down the list. Gee, why are you so interested in protecting their revenue streams if they're selling drugs that don't work? That's a shock, right?

And then he went even further, and this had my hair on fire because one of the senators came after him and said, "Well, you have made a statement that the CDC is the most corrupt organization in the government." And he said, "Well, no, that's not quite what I said." He says, "Well, you said something." He says, "Well, actually, what I said was that it's the most corrupt organization under Health and Human Services," which, of course, is the department that he's in charge of.

And he says, "By the way, I stand by that. And yeah, I made that statement and meant it." And he says, "Well, what are you talking about?" And he says, "Well, I'll give you one example. In 2002, there was a study that the CDC commissioned where they had Black males, Black children, boys, half of whom got the measles vaccine on the recommended CDC schedule. The other half got the vaccine, but they took it later. So they didn't do it on the published schedule. They deferred it because of whatever reason. All their parents just said, 'No, not now.' But then they came back and they got it later."

"So we're talking about two groups of kids, both of whom had the same shots, just not at the same time. One got them very much earlier than the other, and there was a huge statistically significant signal between cognitive damage in the group that took it on the schedule. The CDC got that information and they deliberately destroyed the dataset."

Now, this was 20 years ago. I didn't know this had happened.

Dennis Tubbergen:

So here we have now a government agency that is really supposed to be advocating for the health of Americans doing exactly the opposite.

Karl Denninger:

Yeah, and the thing is that one of the arguments that I have heard a lot of, and I've written an awful lot and spilled a lot of digital ink in all formats related to the COVID response and those shots and some of the other things that the CDC recommended and that they didn't recommend, and you're not a horse and things like this, and one of the arguments that's been repeatedly raised by people on the other side of the debate is that, "Well, that was an emergency. We didn't really know what the blank was going on because it was a brand new virus, and we didn't have a lot of knowledge. And so you can always look at things in hindsight and say, 'Well, that was stupid, but yeah, okay, we know that now. We didn't know it then.'" All right?

That's a nice excuse. It doesn't work when you had a study 20 years ago and a shot that's been around for 40 years at that point, and it showed that following your recommendations in terms of timing was harmful. And rather than change the recommendations and say, "Hey, you know, we kind of screwed this up, okay, I mean the shot's still maybe a good thing. However, not when we said you should get it originally, wait six months," instead of doing that, they destroyed the dataset, and it never came out in the public.

Dennis Tubbergen:

So Karl, how do you see policy changing at the federal level as it relates to big pharma, as it relates to healthcare?

Karl Denninger:

You know, I honestly don't know. Part of the challenge here with all of this is that I don't know whether this will end up actually moving the needle. You know, RFK is one man and he's there during the rest of Trump's term. He most certainly will not be the CDC director when Trump leaves office. I think that's a foregone conclusion.

Can you actually get institutional level reforms? Can you get the exemptions, for example, that are currently there for companies pulled back and removed? Can any of that sort of thing happen?

Now, one thing that has occurred, and I have a suspicion that disinformation got to the Surgeon General in Florida, and that's why it happened. But I mean, it's just a coincidence of timing, rather than something that was actually said, is that Florida is now looking to remove all vaccine mandates within the state. So they're going to kill all of the actual requirements. And that doesn't mean you won't be able to get them. It means that they won't be required by law, for example, to go to school.

That is precisely what under this particular set of circumstances ought to happen. Because if you can't believe that the information that is in the government's hands is being used to set good policy, what other option other than letting people make their own decisions and redo the research and then make a choice and get whatever consequence is, good or bad? Other than having it on them, what is the other choice you have?

Dennis Tubbergen:

Well, the clock says, Karl, we're going to have to leave it there. My guest today has been Mr. Karl Denninger. Check out his work at Market-Ticker.org. The website again, Market-Ticker.org.

Karl, thanks for joining us today. Always enjoy your perspective and love to have you back down the road.

Karl Denninger:

Anytime. Thank you.

Dennis Tubbergen:

We will return after these words.