

## People have lost faith in markets

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In February it looked as if financial markets were going to crash. They didn't. This is the FTSE 100 index for the first quarter of this year:

It now looks as if it could be said that the panic is over. I beg to differ. Indices do not tell the whole story.

First that is because they can be manipulated. Share buy backs are, for example, a deliberate exercise in share price inflation.

Second that is because volumes matter. And [we now know that these have crashed for investment bankers](#).

Third, we also now know that there is [a flight to cash](#) amongst private investors.

The FT index represents the rump of a market from which people are fleeing, making it all the easier for prices to be played. The underlying economic crisis remains. And I am as worried as I was.