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It Is A Eurodollar World

There Are No Strong Dollars

(Eurodollar University)



Overseas Turmoil



*Moreover, the staff still judged that the risks to the forecast for real GDP growth were tilted to the downside, with a corresponding skew to the upside for the unemployment rate. Important factors in that assessment were that international trade tensions and **foreign economic developments seemed more likely to move in directions that could have significant negative effects on the U.S. economy** than to resolve more favorably than assumed.*

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Minutes of the Federal Open Market Committee October 29–30, 2019

A joint meeting of the Federal Open Market Committee and the Board of Governors was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, October 29, 2019, at 9:00 a.m. and continued on Wednesday, October 30, 2019, at 9:00 a.m.¹

PRESENT:

Jerome H. Powell, Chair
John C. Williams, Vice Chair
Michelle W. Bowman
Lael Brainard
James Bullard
Richard H. Clarida
Charles L. Evans
Esther L. George
Randal K. Quarles
Eric Rosengren

Patrick Harker, Robert S. Kaplan, Neel Kashkari,
Loretta J. Mester, and Michael Strine, Alternate
Members of the Federal Open Market Committee

Thomas I. Barkin, Raphael W. Bostic, and Mary C.
Daly, Presidents of the Federal Reserve Banks of
Richmond, Atlanta, and San Francisco, respectively

James A. Clouse, Secretary
Matthew M. Laucke, Deputy Secretary
David W. Skidmore, Assistant Secretary
Michelle A. Smith, Assistant Secretary
Mark E. Van Der Wede, General Counsel

Ann E. Misback, Secretary, Office of the Secretary,
Board of Governors

Eric Belsky,² Director, Division of Consumer and
Community Affairs, Board of Governors; Matthew
J. Eichner,³ Director, Division of Reserve Bank
Operations and Payment Systems, Board of
Governors; Andreas Leinert, Director, Division of
Financial Stability, Board of Governors

Jennifer J. Burns, Deputy Director, Division of
Supervision and Regulation, Board of Governors;
Daniel M. Covitz, Deputy Director, Division of
Research and Statistics, Board of Governors;
Michael T. Kiley, Deputy Director, Division of
Financial Stability, Board of Governors; Trevor A.
Reeve, Deputy Director, Division of Monetary
Affairs, Board of Governors

Jon Faust, Senior Special Adviser to the Chair, Office
of Board Members, Board of Governors

Joshua Gallin, Special Adviser to the Chair, Office of
Board Members, Board of Governors

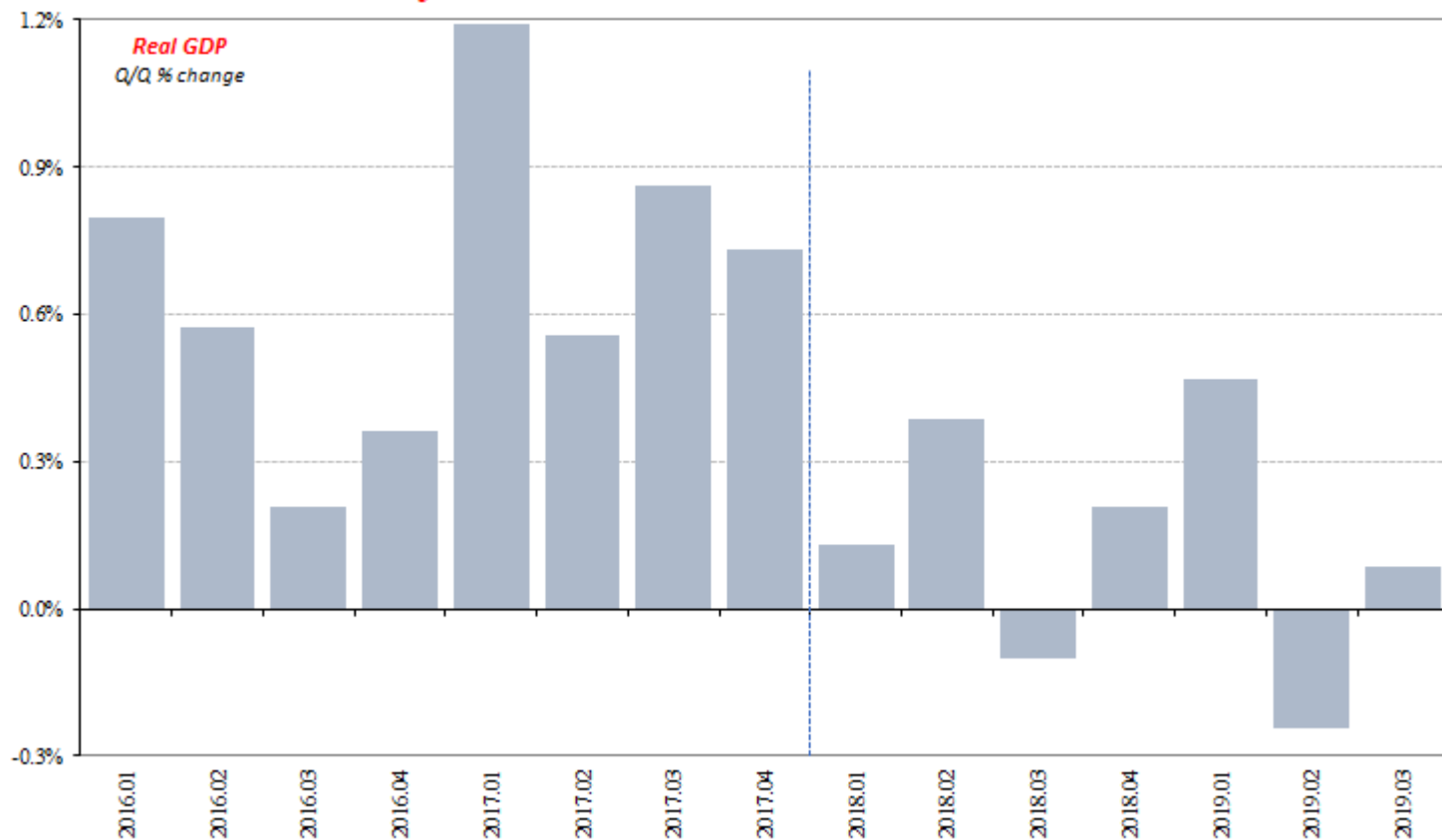
Brian M. Doyle, Wendy E. Dunn, Joseph W. Gruber,
Ellen E. Meade, and Ivan Vidangos, Special
Advisers to the Board, Office of Board Members,
Board of Governors

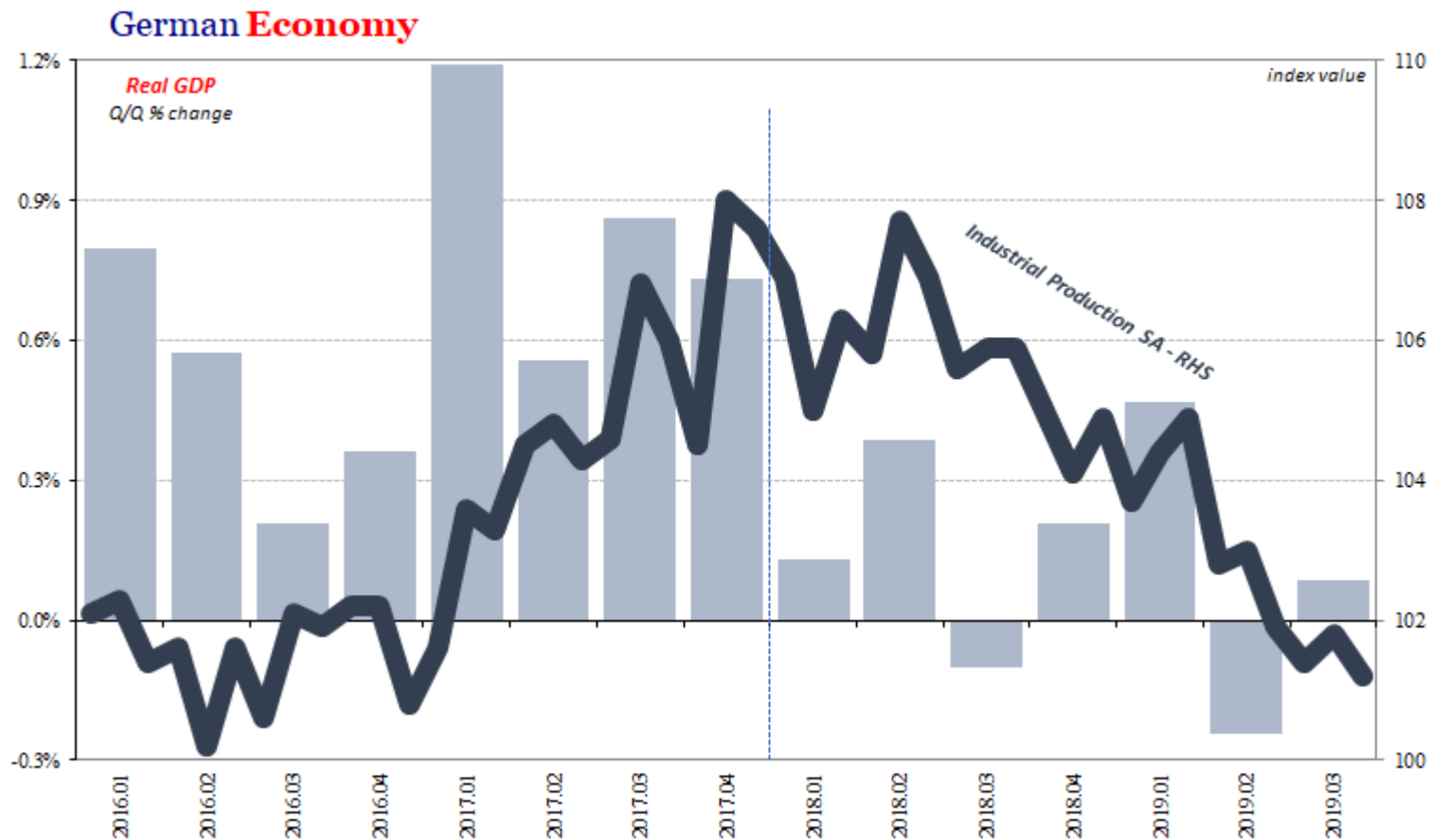
Linda Robertson, Assistant to the Board, Office of
Board Members, Board of Governors

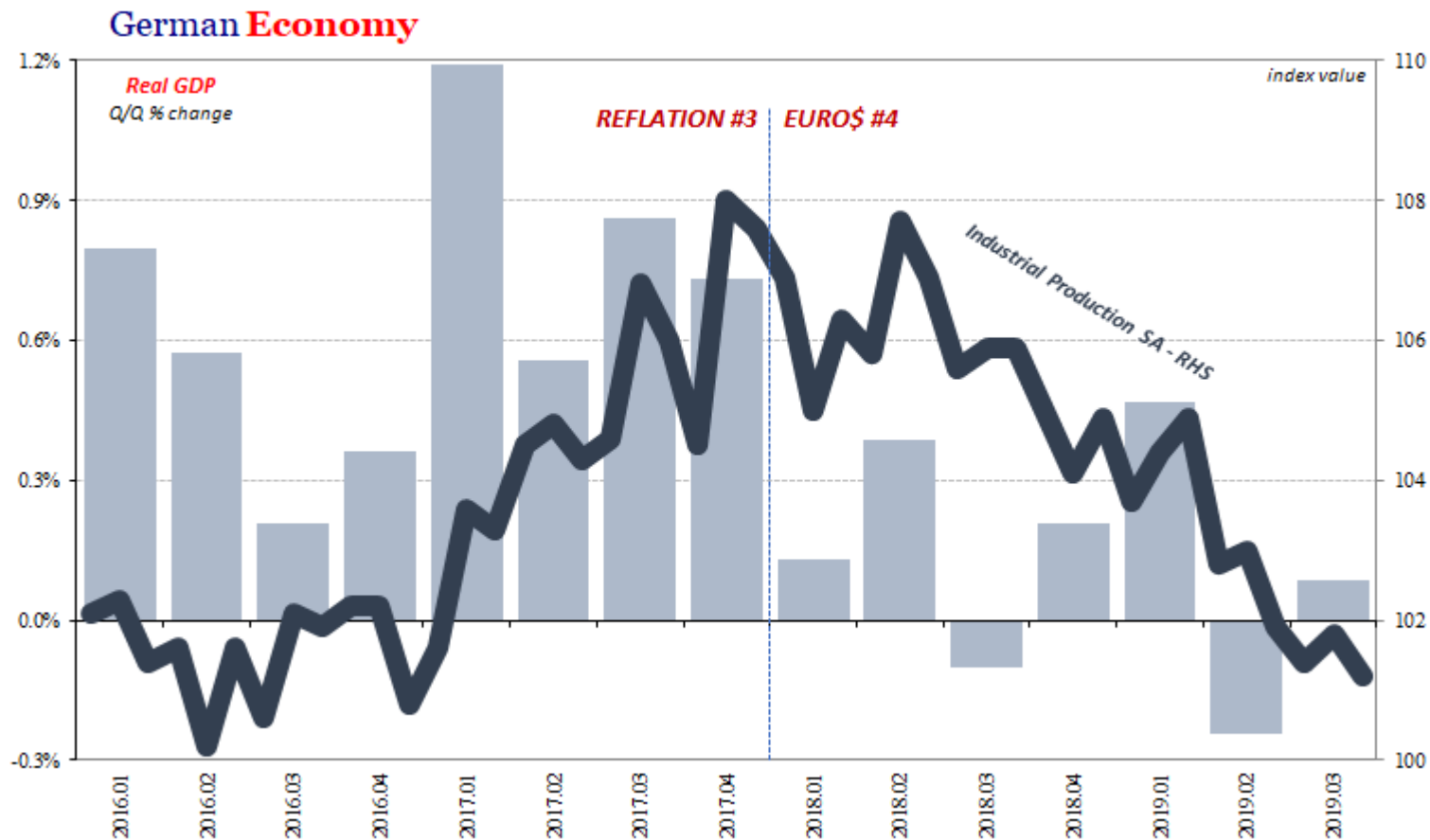
FOMC Meeting Minutes Committee Policy Meeting October 29/30, 2019

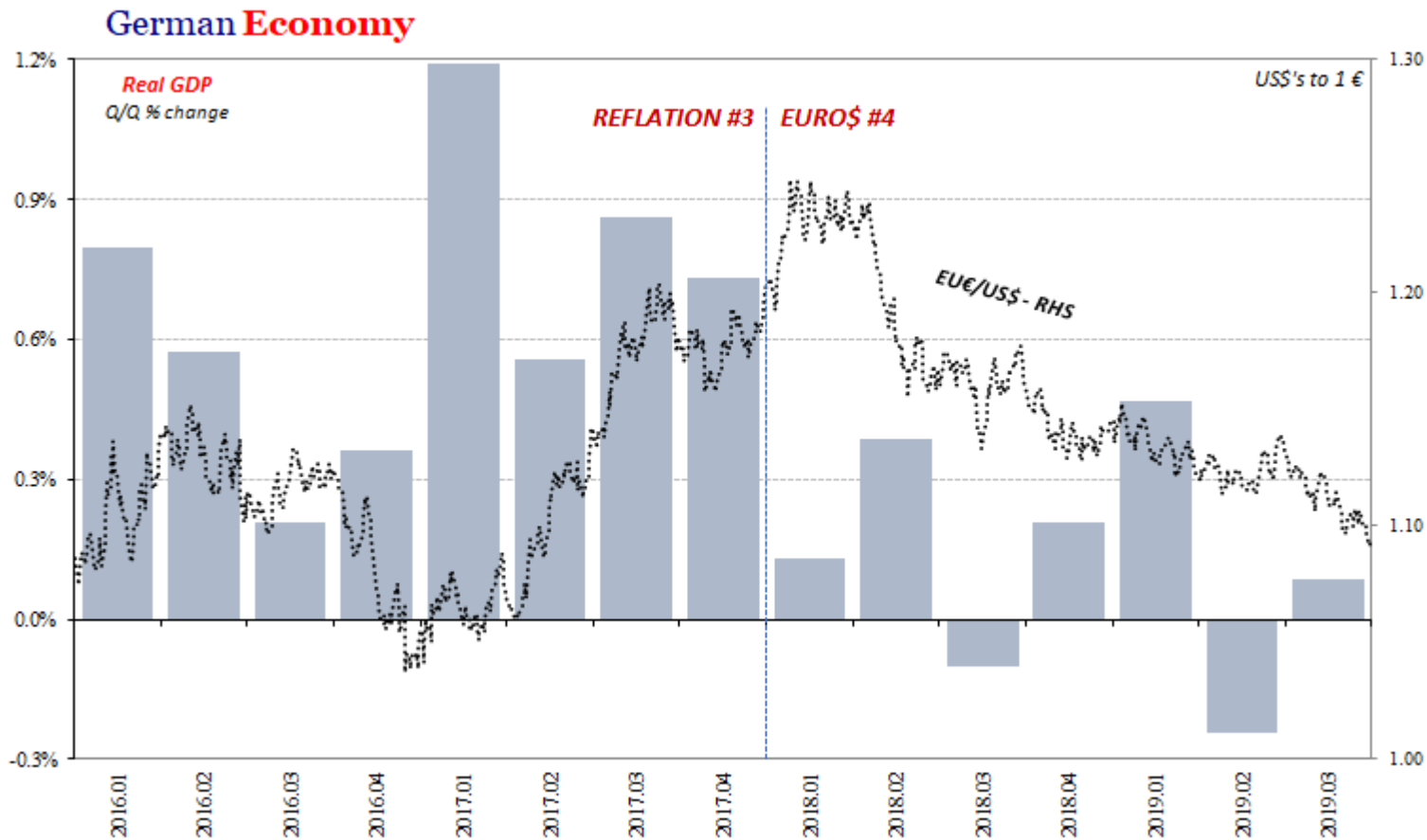


German Economy









Overseas Turmoil

“ *The focus on the US dollar as **the currency underpinning global banking** lends support to studies that have emphasized the US dollar as a **bellwether for global financial conditions**.*



Capital Flows and the Risk-Taking Channel of Monetary Policy

Bruno, Valentina and H Shin (2013); Griswold Center for Economic Policy Studies Working Papers, No. 237b.

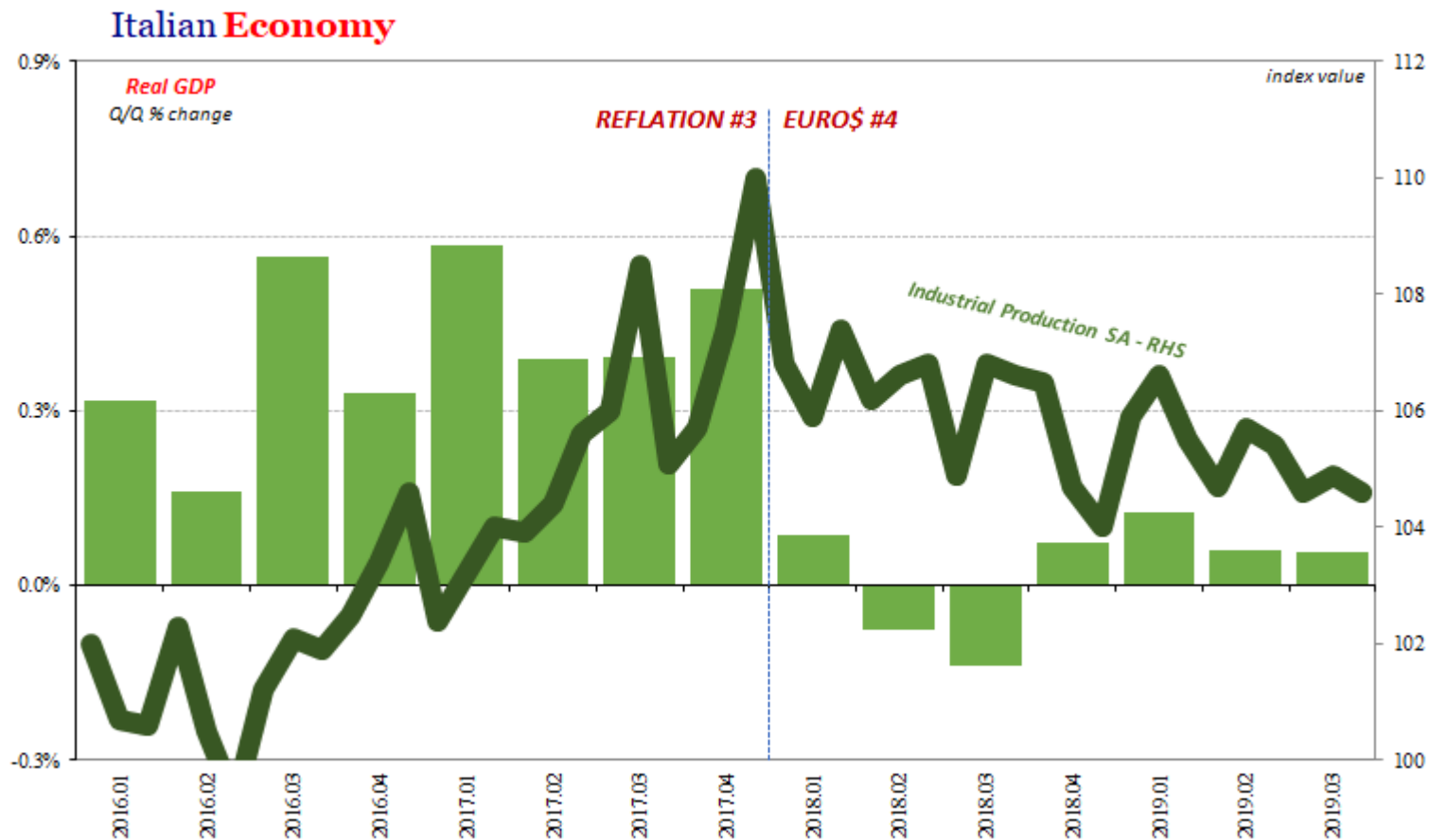
Overseas Turmoil

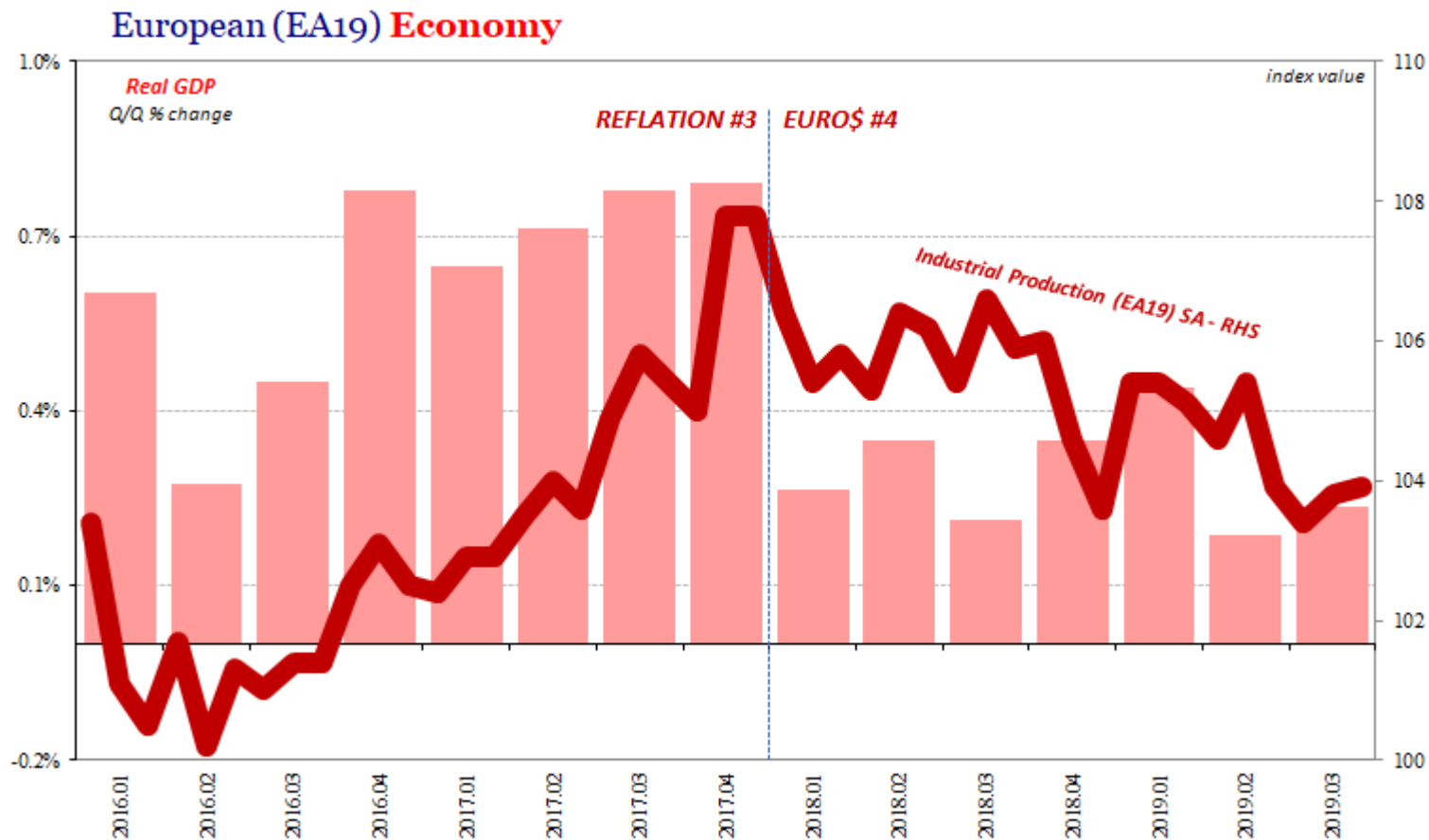
“ *The mechanism I have identified to explain the patterns in economic, financial, and market data is in some ways as simple as the processes they relate to are complex: an offshore dollar matrix that wasn't sufficiently supported by the creation of bank reserves in the aftermath of an abrupt systemic dislocation which left it susceptible moving forward to sustained periods of uncertain operation and worse. Financial market indicators described above provide real-time gauges of the realized or perceived risks of global financial intermediaries. In those periods, **rising liquidity fears explain the implications of lower bond yields, and therefore the basis for not just a strong worldwide demand for safe assets but also the more general economic consequences associated with them.***

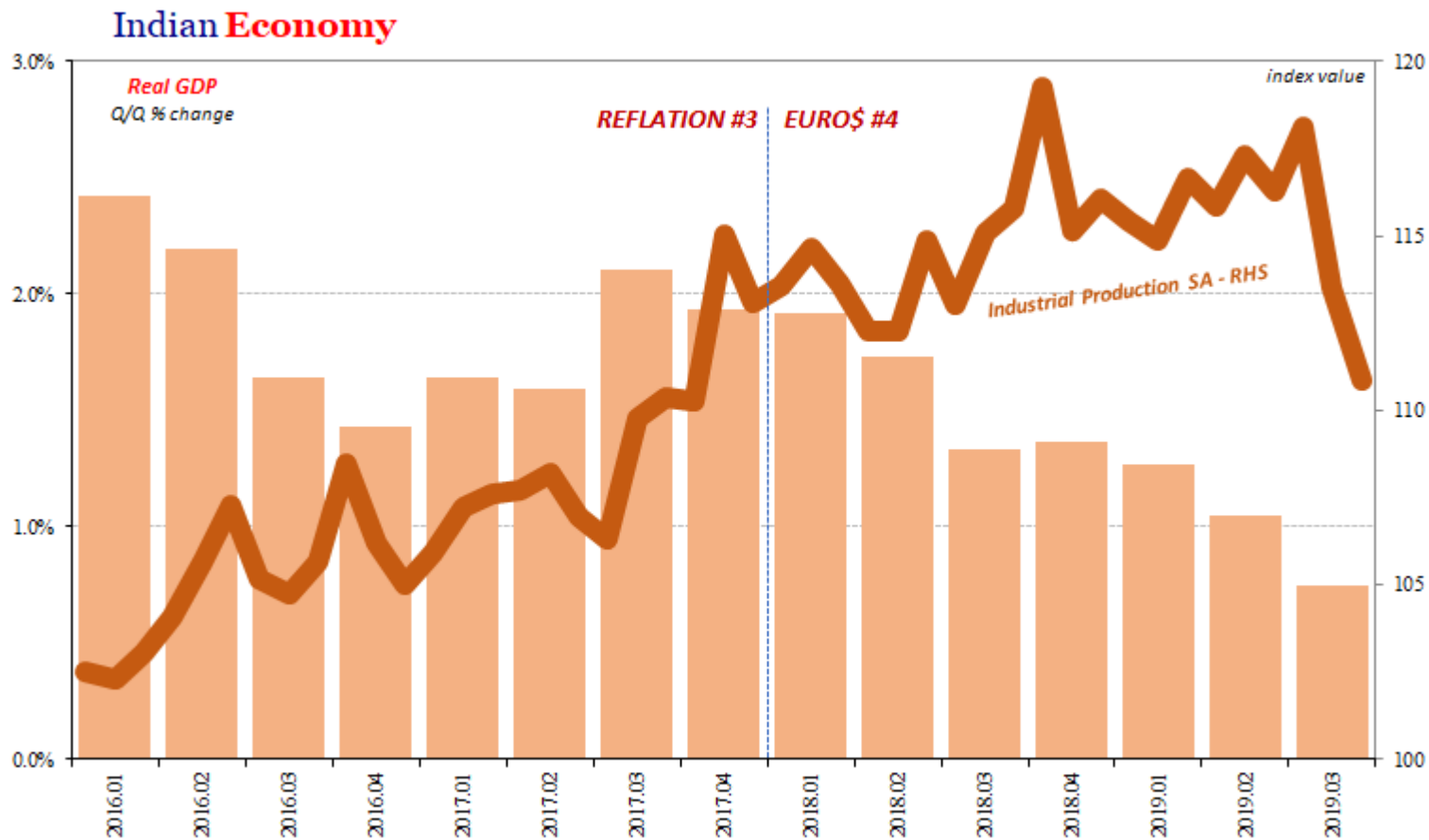


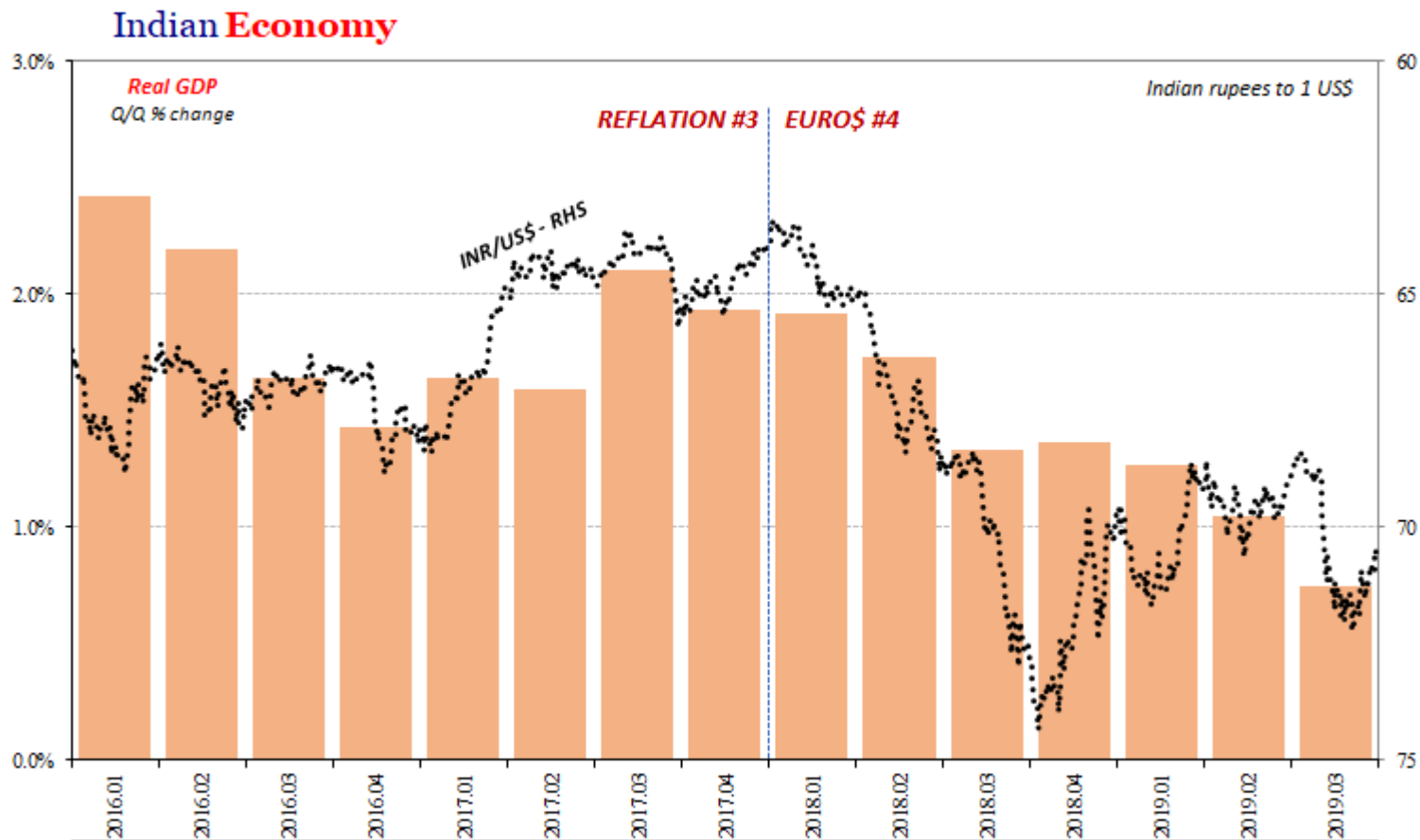
Financial Market Indicators of Global Liquidity Risks

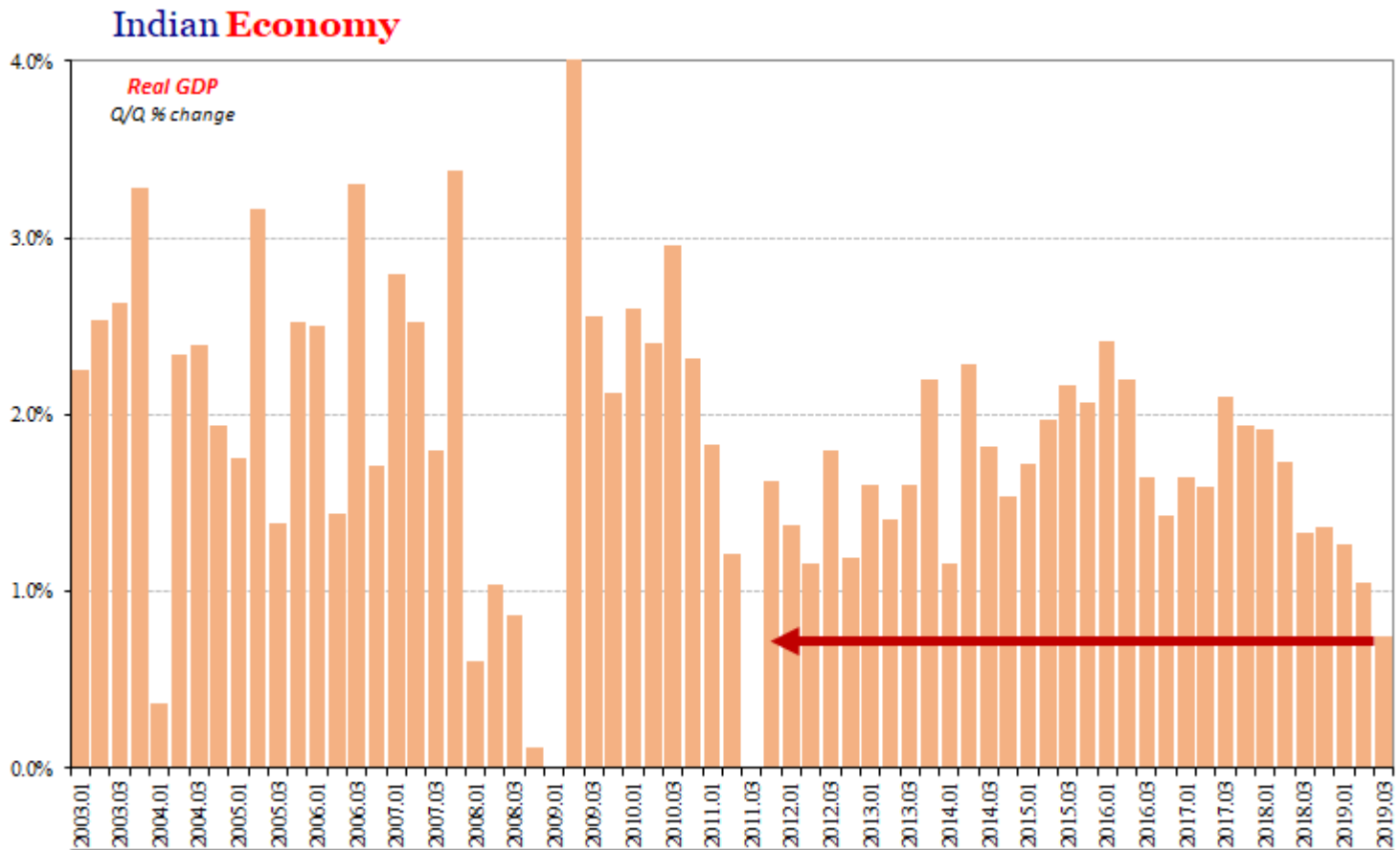
Jeff Snider (2019)

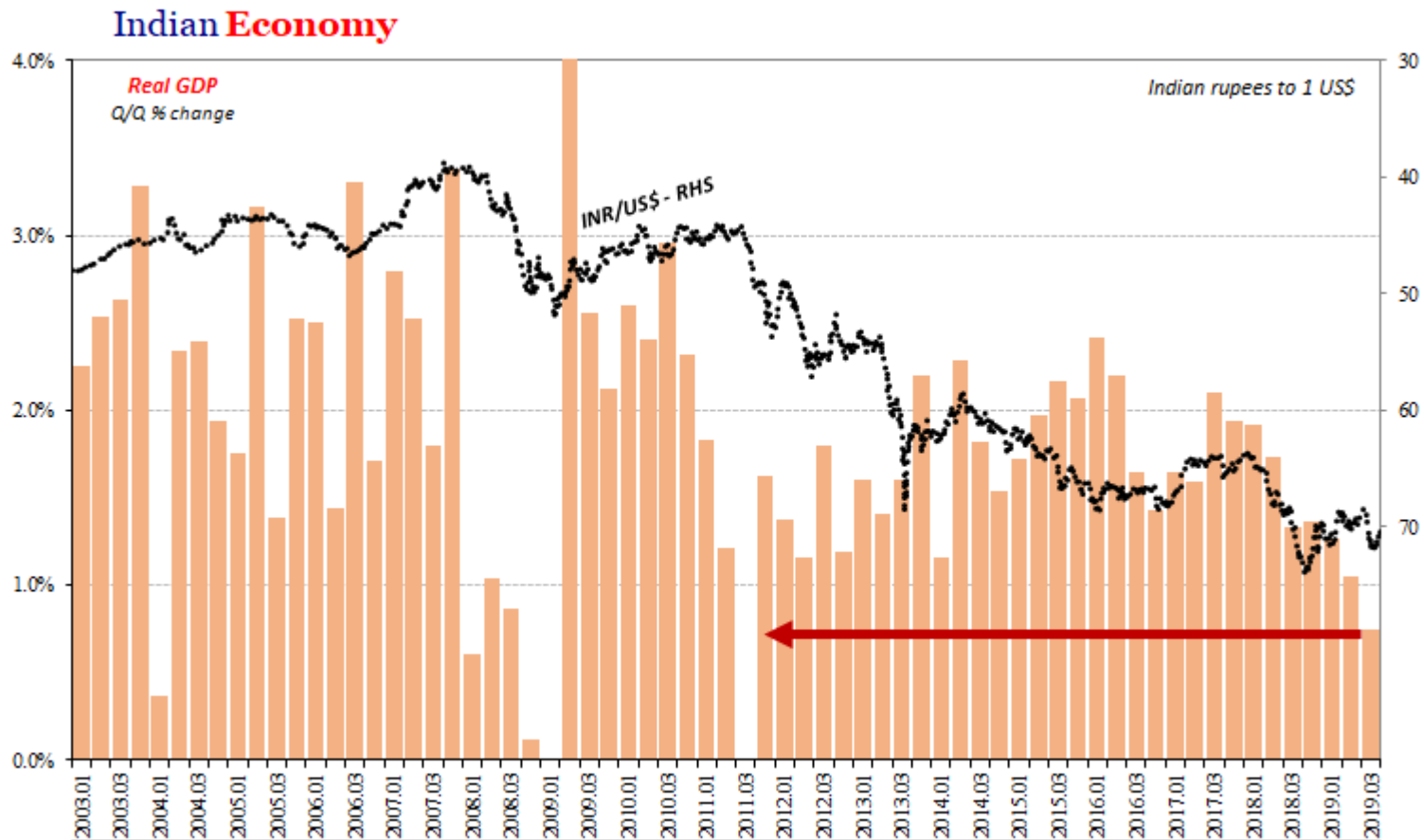


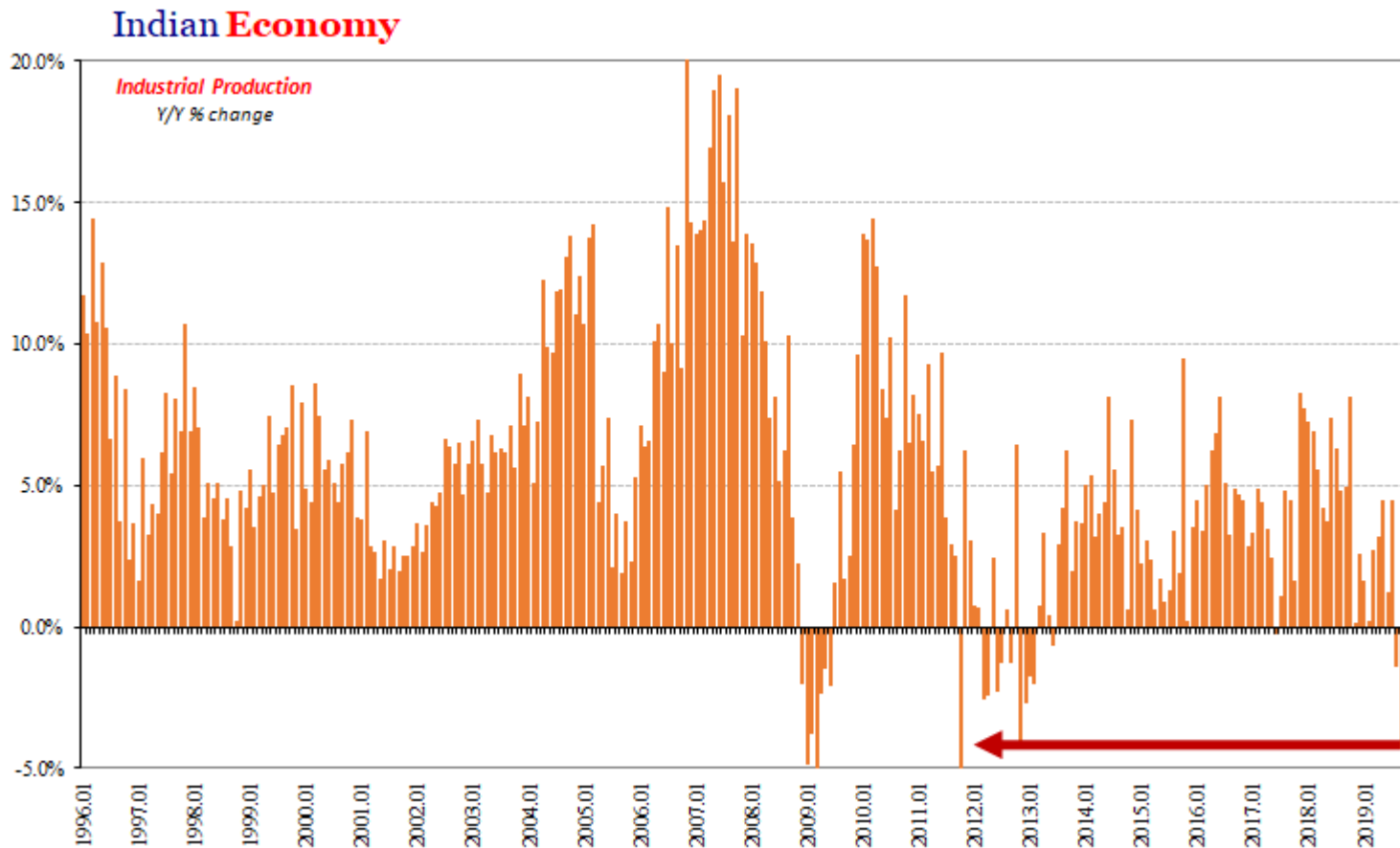






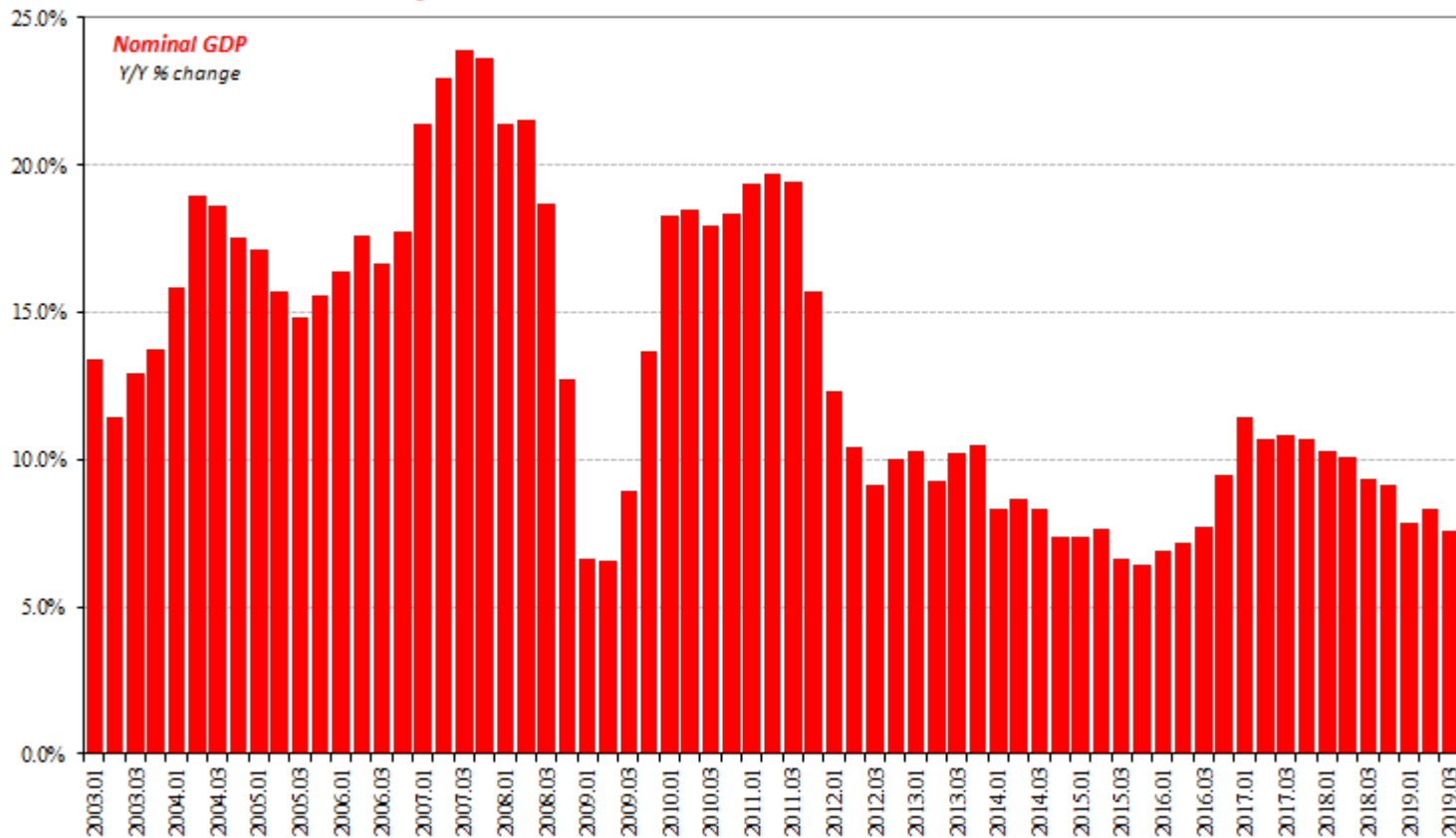






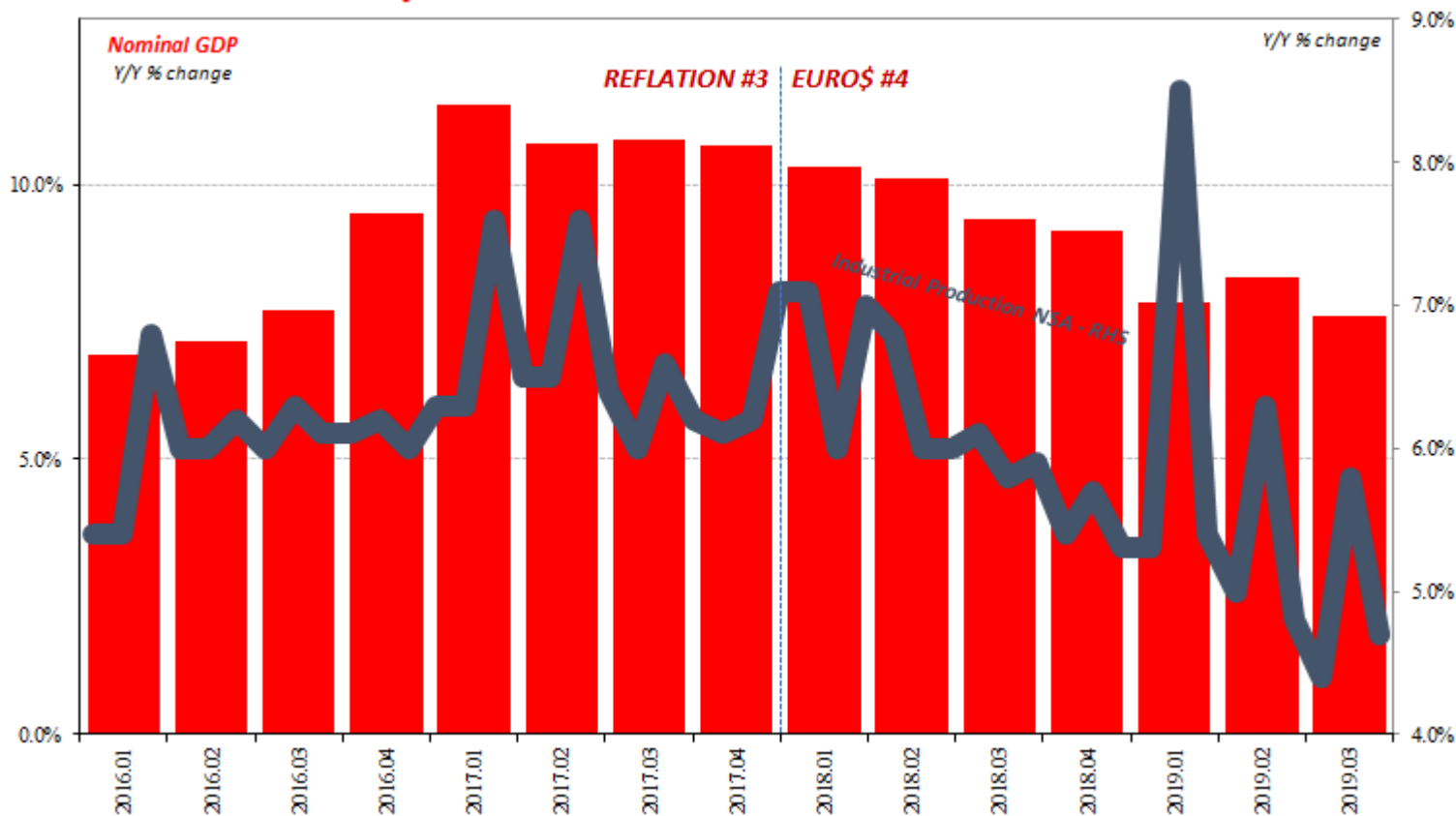


Chinese Economy





Chinese Economy





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There Are No Strong Dollars

(Eurodollar University)



CONCLUDED

