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The Flood Myth

Every Religion Has One, Incl. The Fed's

(Eurodollar University)

Bloomberg

Deals

Paul Tudor Jones Buys Bitcoin as a Hedge Against Inflation

By Erik Schatzker
May 7, 2020, 12:55 PM EDT *Updated on May 7, 2020, 3:46 PM EDT*

- Becomes one of first big-name investors to embrace crypto
- Macro investor sees Bitcoin as hedge against inflation

The New York Times

The Coronavirus Outbreak › | LIVE Latest Updates | Maps and Cases | States Reopening | Answers to Your Questions | Newsletter

TheUpshot

The Fed's Message: The Money-Printing Presses Are Fired Up and Ready to Go

Its actions Monday show it will do anything necessary to address a glaring shortage of dollars across the economy.

By Neil Irwin

March 23, 2020

371

Sections | The Washington Post *Democracy Dies in Darkness* | Get 1 year for $29 | Gift Subscriptio

Economy

The Federal Reserve has pumped $2.3 trillion into the U.S. economy. It's just getting started.

Wall Street is hungry for answers about how much more money the central bank is planning to deploy

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The 0 Canada Project | CORONAVIRUS INFORMATION
The Zero Canada Project provides resources to help you make the most of staying home.
Visit the hub

A global wave of money-printing awakens fears of inflation

IAN MCGUGAN ›
PUBLISHED APRIL 20, 2020

TRENDING

60 MINUTES Overtime ORIGINAL · CANDIDS · REWIND

FULL TRANSCRIPT: FED CHAIR JEROME POWELL'S 60 MINUTES INTERVIEW ON ECONOMIC RECOVERY FROM THE CORONAVIRUS PANDEMIC

Jerome Powell lays out his thoughts on getting the economy back to its pre-coronavirus numbers. The transcript from the Federal Reserve chairman's interview with Scott Pelley.

> *PELLEY: But I'm curious about that moment for you personally. When you were sitting in your office, through that door over there, and you were watching your Bloomberg Terminal and the world was coming apart, what did you say to Jay Powell?*
>
> *POWELL: Well, what'd I say to me? You know it didn't happen. It wasn't a light switch being flipped.* ***So we saw it coming. And we had been thinking about what we would do****. [emphasis added]*

LIE #1

> *PELLEY: Fair to say you simply flooded the system with money?*
>
> *POWELL: Yes. We did. That's another way to think about it. We did.*
>
> *PELLEY: Where does it come from? Do you just print it?*

LIE #2

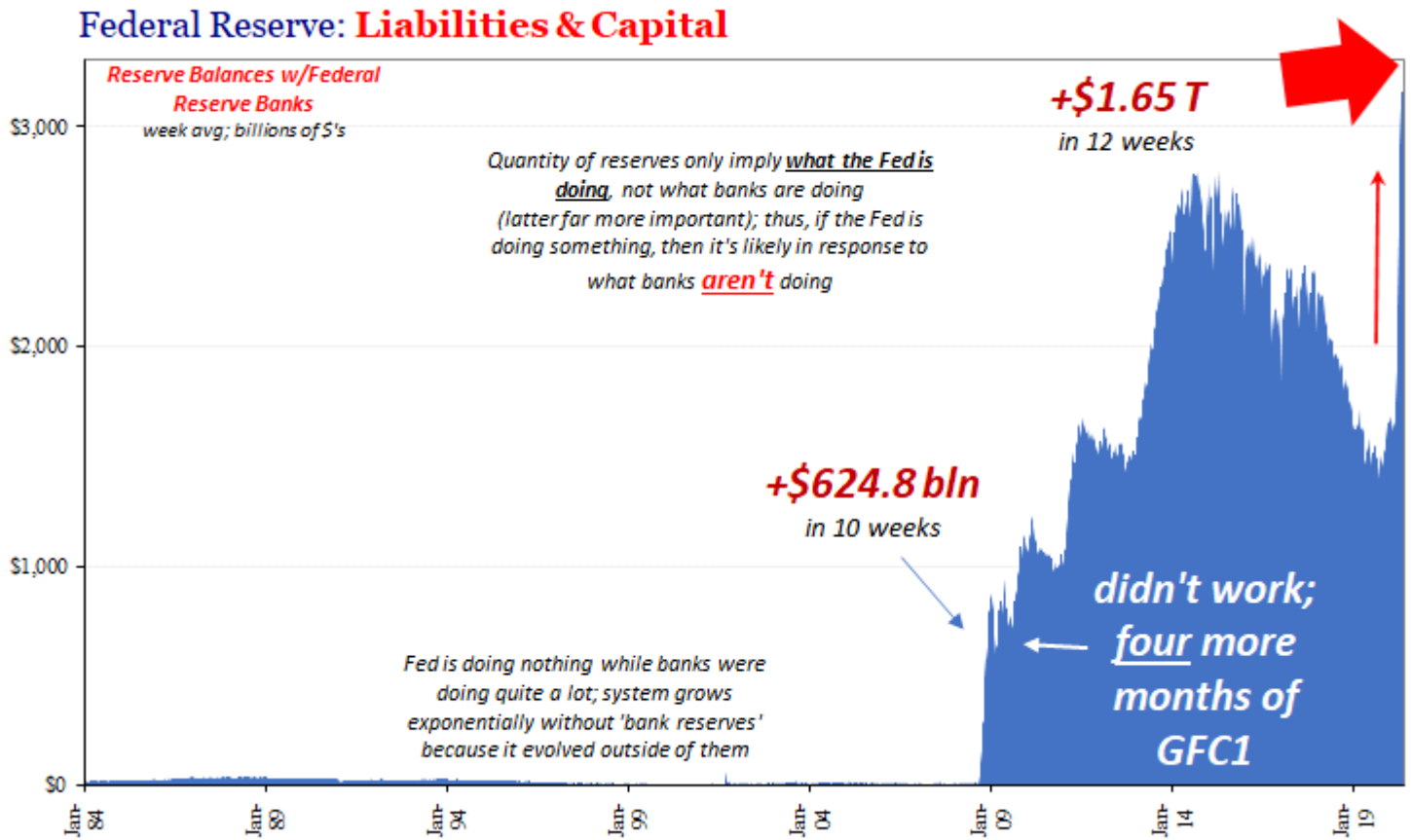
> *POWELL: We print it digitally. So as a central bank, we have the ability to create money digitally. And we do that by buying Treasury Bills or bonds for other government guaranteed securities. And that actually increases the money supply.* ***We also print actual currency and we distribute that through the Federal Reserve banks****. [emphasis added]*

> *PELLEY: Has the Fed done all it can do?*

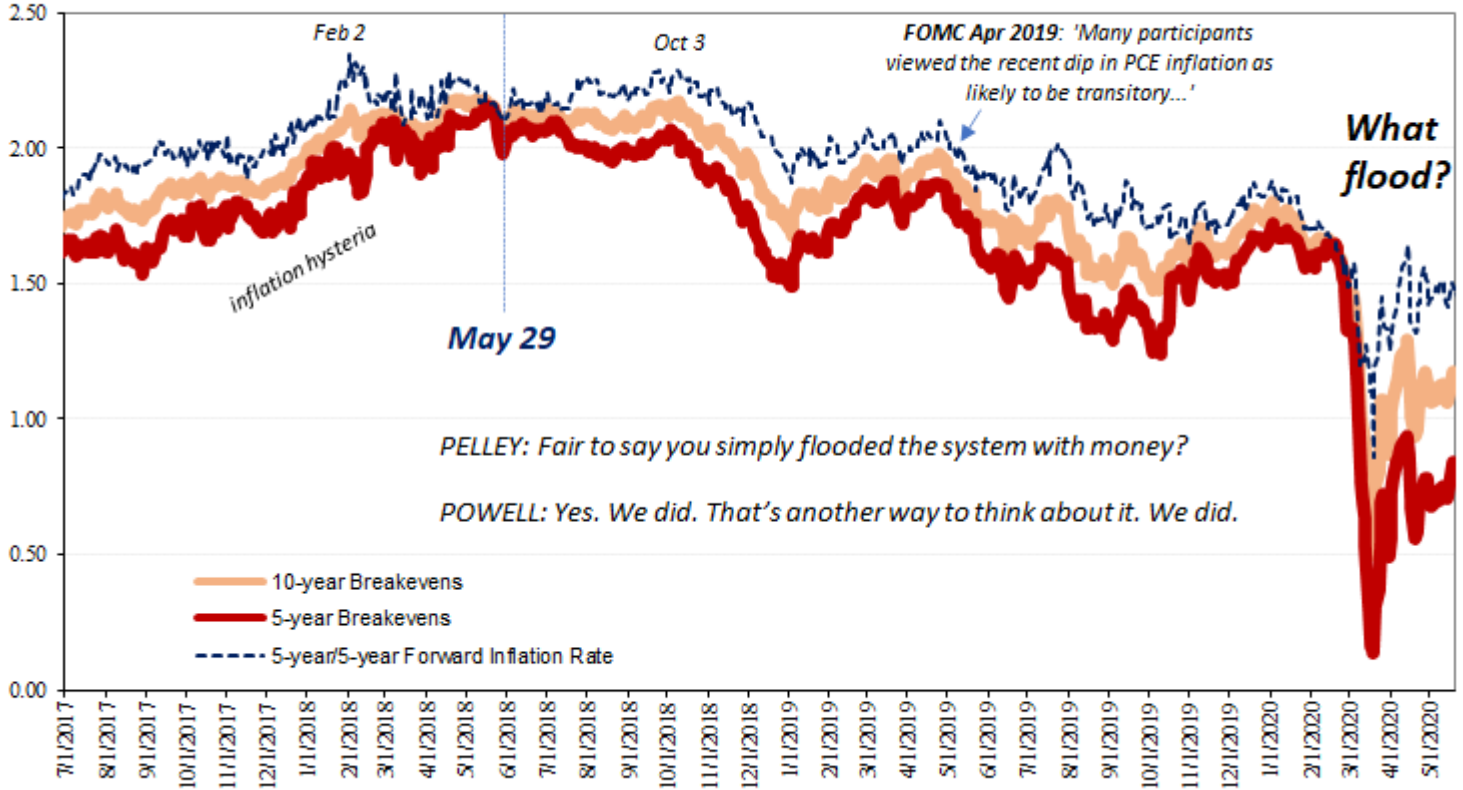
LIE #3

> *POWELL: Well, there's a lot more we can do. We've done what we can as we go. But I will say that we're not out of ammunition by a long shot. No, there's really no limit to what we can do with these lending programs that we have. So there's a lot more we can do to support the economy, and we're committed to doing everything we can as long as we need to.*

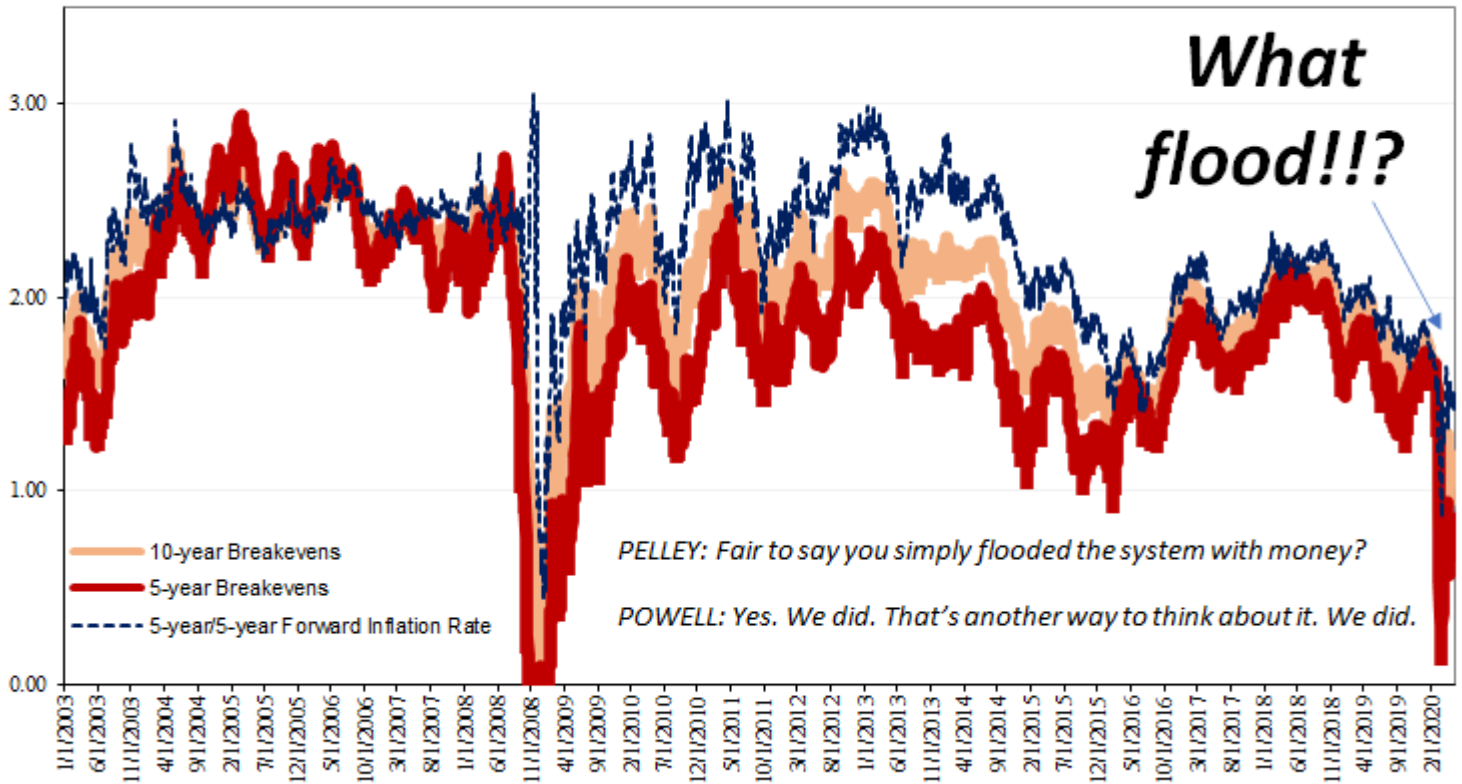
> *we have the ability to create money digitally.*

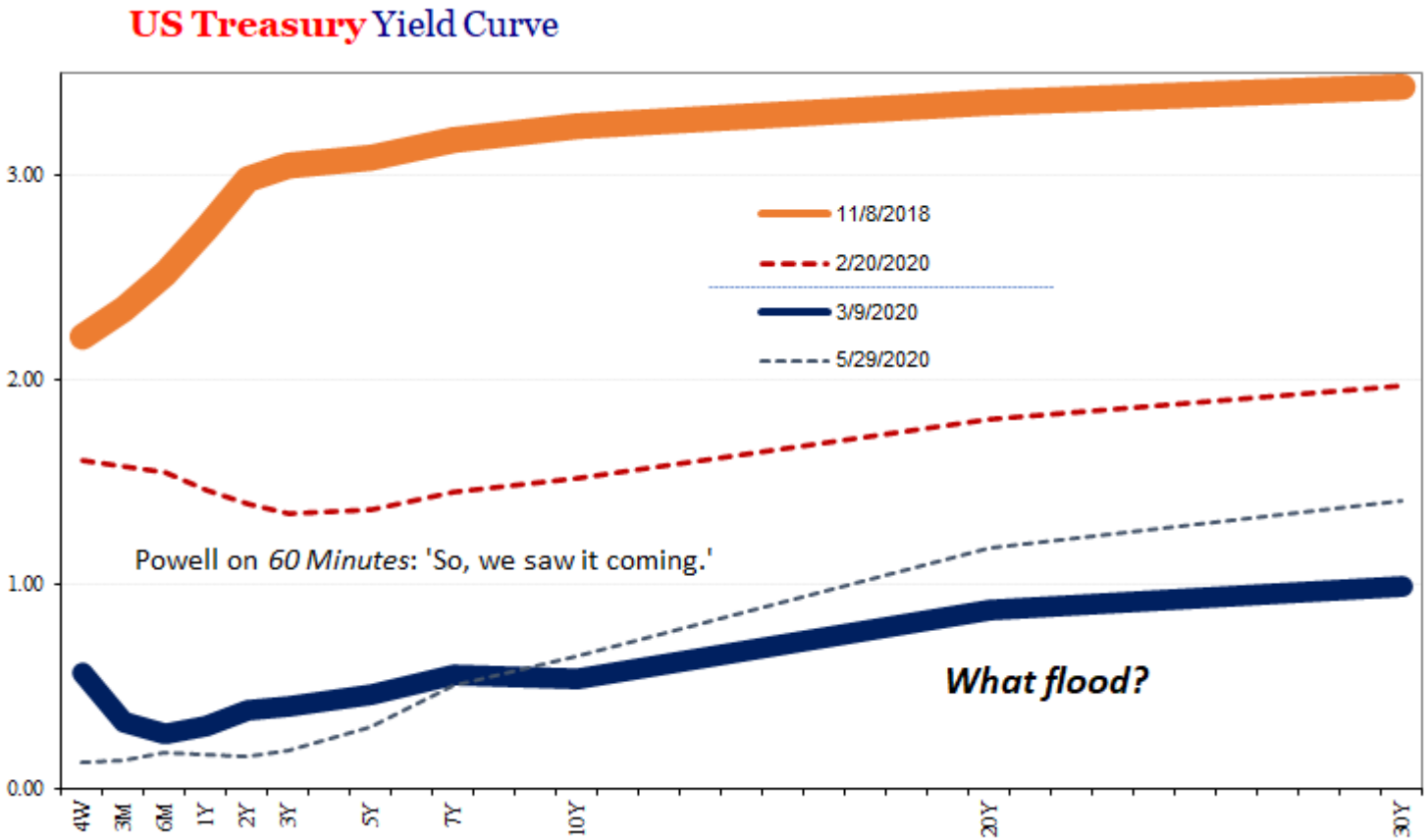

Federal Reserve: Liabilities & Capital
Reserve Balances w/Federal Reserve Banks
week avg; billions of $'s
$3,000
$2,000
$1,000
$0
Quantity of reserves only imply what the Fed is doing, not what banks are doing (latter far more important); thus, if the Fed is doing something, then it's likely in response to what banks aren't doing
+$1.65 T
in 12 weeks
+$624.8 bln
in 10 weeks
didn't work; four more months of GFC1
Fed is doing nothing while banks were doing quite a lot; system grows exponentially without 'bank reserves' because it evolved outside of them
Jan-84
Jan-89
Jan-94
Jan-99
Jan-04
Jan-09
Jan-14
Jan-19

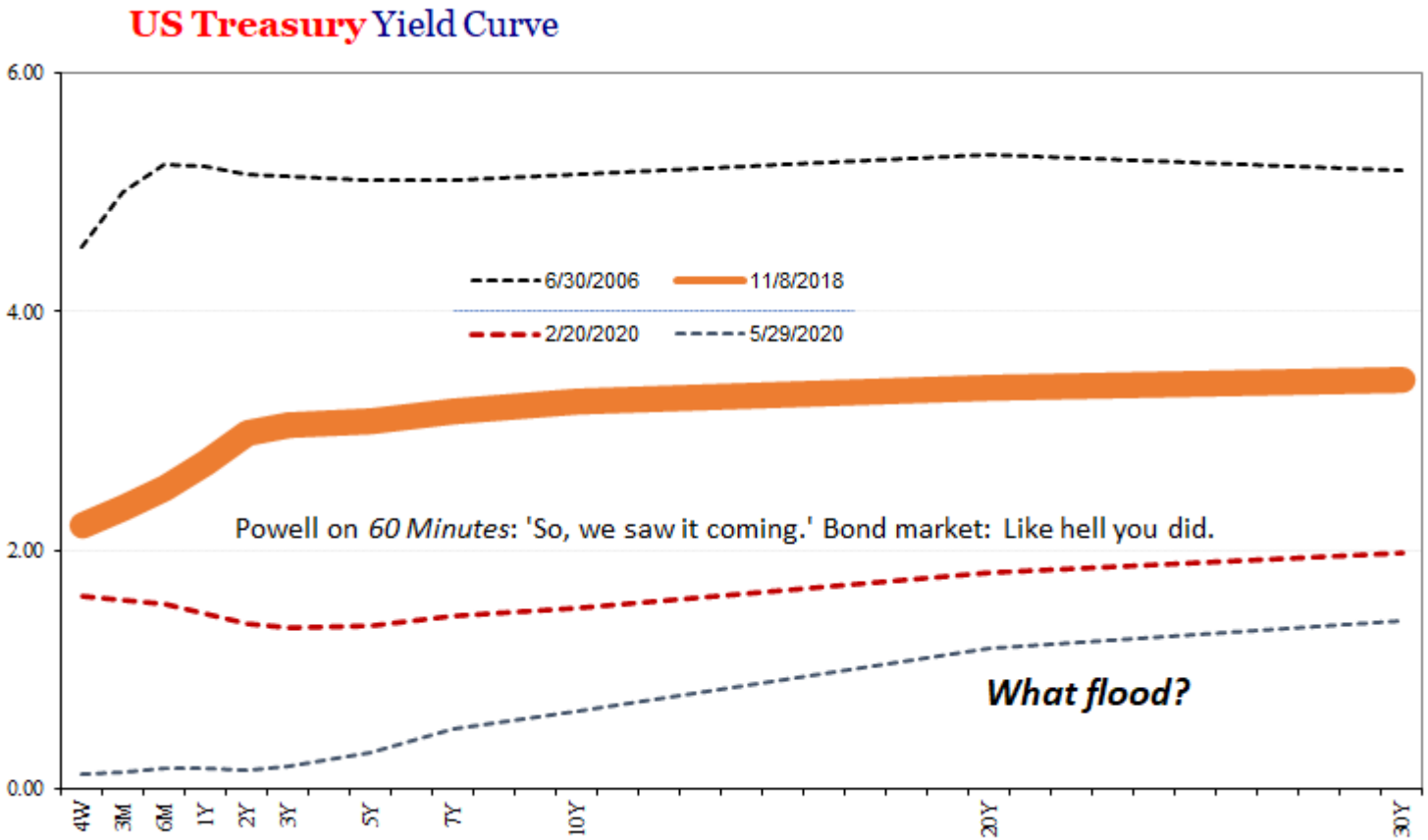
TIPS Yields & Breaks



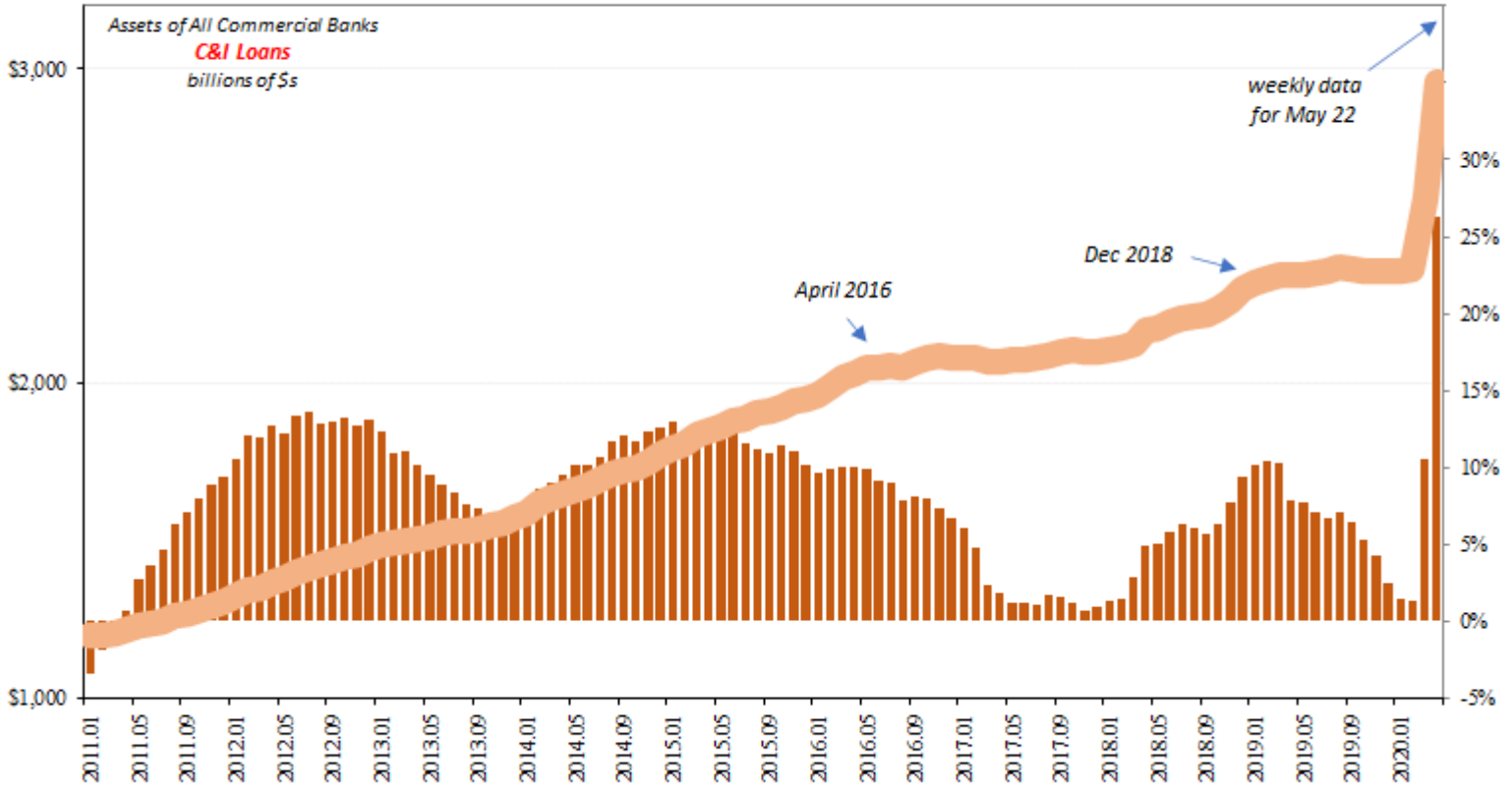
TIPS Yields & Breaks



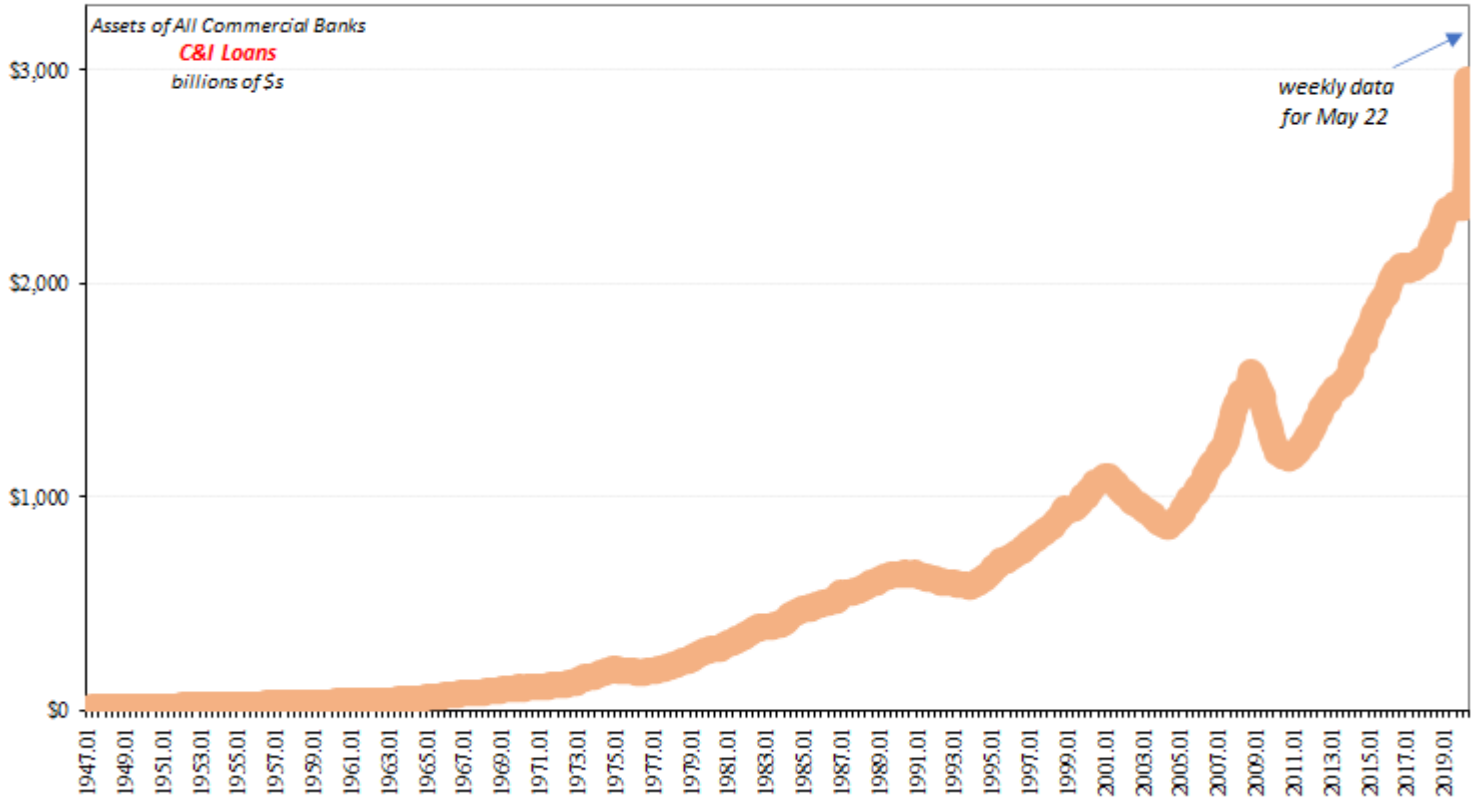

US Treasury Yield Curve
3.00
2.00
1.00
0.00
11/8/2018
2/20/2020
3/9/2020
5/29/2020
Powell on 60 Minutes: 'So, we saw it coming.'
What flood?
4W
3M
6M
1Y
2Y
3Y
5Y
7Y
10Y
20Y
30Y


US Treasury Yield Curve
6.00
4.00
2.00
0.00
6/30/2006
11/8/2018
2/20/2020
5/29/2020
Powell on 60 Minutes: 'So, we saw it coming.' Bond market: Like hell you did.
What flood?
4W
3M
6M
1Y
2Y
3Y
5Y
7Y
10Y
20Y
30Y

Federal Reserve H.8



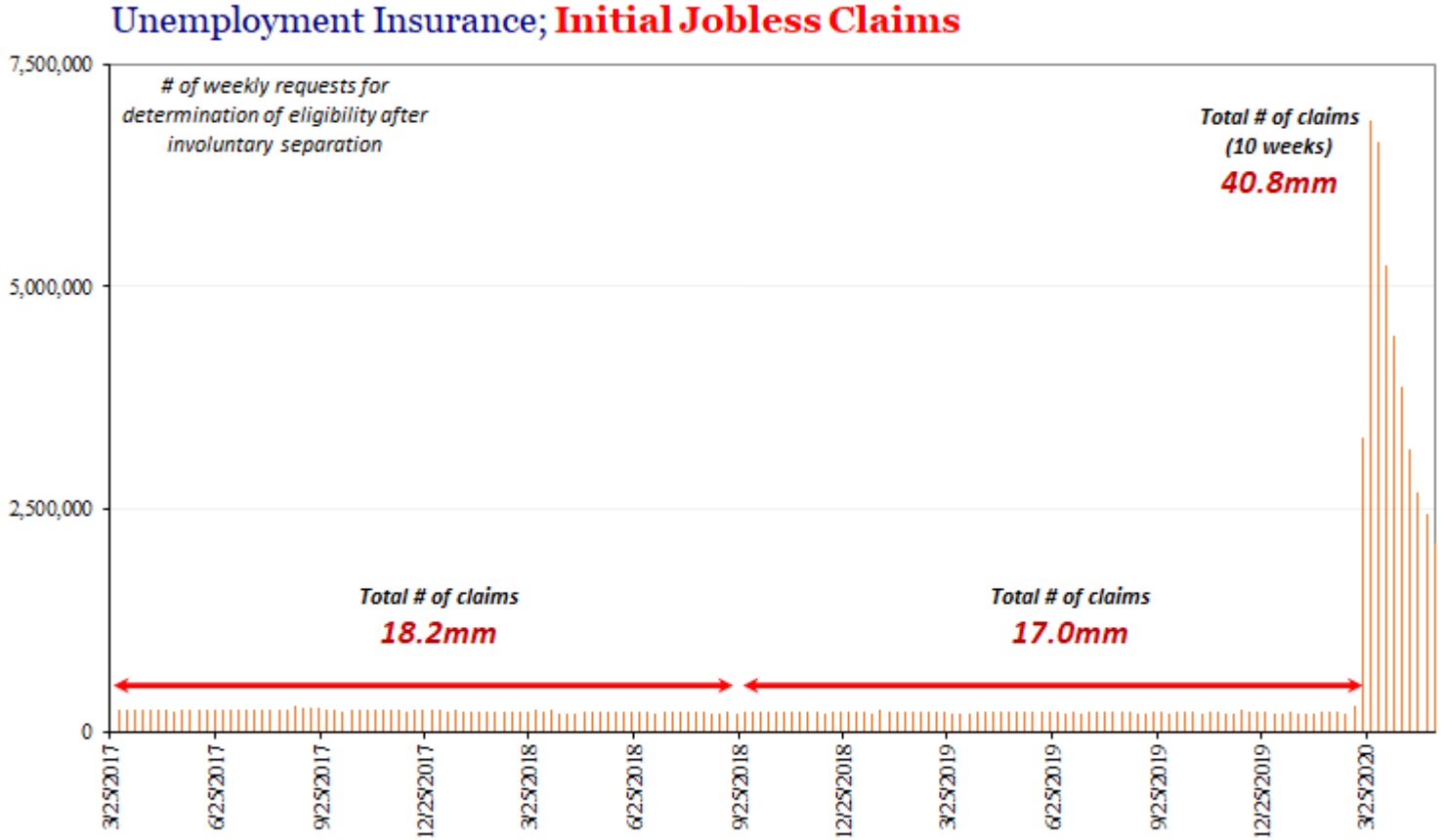
Federal Reserve H.8



Not Money Printing

> Companies have already drawn down more than $50 billion of their revolvers to prepare themselves for the crisis (**this already dramatically exceeds what happened in the global financial crisis**). Many others have requested additional credit, which we have been offering judiciously – more than $25 billion of new credit extensions were approved in the month of March alone. [emphasis added]

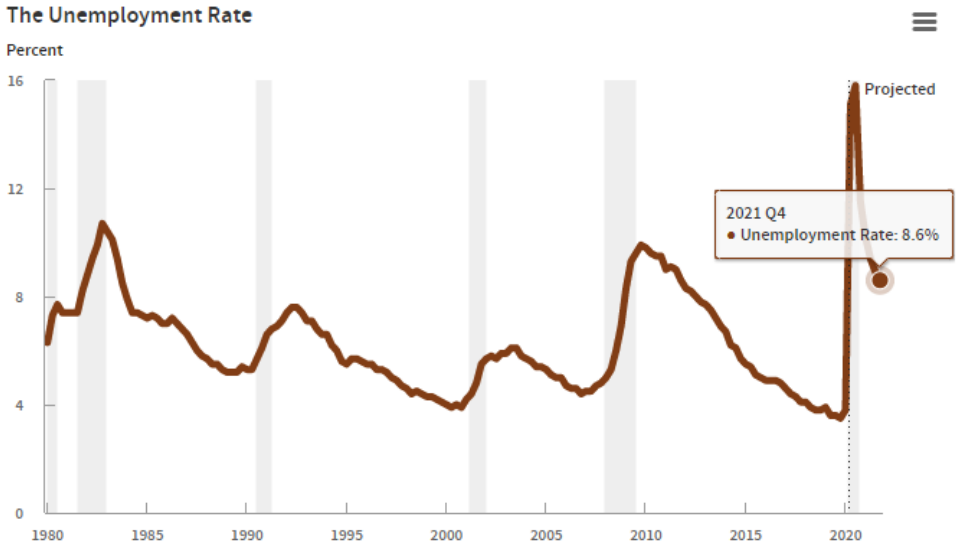
Jamie Dimon
Chairman & CEO Letter to JP Morgan Shareholders
April 6, 2020


Unemployment Insurance; Initial Jobless Claims
7,500,000
5,000,000
2,500,000
0
# of weekly requests for determination of eligibility after involuntary separation
Total # of claims (10 weeks)
40.8mm
Total # of claims
18.2mm
Total # of claims
17.0mm
3/25/2017
6/25/2017
9/25/2017
12/25/2017
3/25/2018
6/25/2018
9/25/2018
12/25/2018
3/25/2019
6/25/2019
9/25/2019
12/25/2019
3/25/2020

Not Money Printing

> POWELL. But I would just say this. In the long run, and even in the medium run, you wouldn't want to bet against the American economy. This economy will recover. And that means people will go back to work. Unemployment will get back down. We'll get through this. It may take a while. **It may take a period of time. It could stretch through the end of next year.** We really don't know. We hope that it will be shorter than that, but no one really knows. [emphasis added]

Federal Reserve Chairman Jay Powell
Transcript from 60 Minutes interview
May 17, 2020



Interim Economic Projections for 2020 and 2021

> By **the end of 2021**, real GDP is projected to still be **1.6 percent lower**, the unemployment rate 5.1 percentage points higher, and the **employment-to-population ratio 4.8 percentage points lower** compared with their values in the fourth quarter of 2019.

CONGRESS OF THE UNITED STATES
CONGRESSIONAL BUDGET OFFICE

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Interim Economic Projections for 2020 and 2021

HOW THE FINANCIAL MEDIA & FINANCIAL SERVICES INDUSTRY VIEW JAY POWELL & THE FED

Image courtesy of DavidParkins.com

JAY POWELL & THE FED IN REALITY, AS RECOGNIZED IN THE BOND MARKET AND IN CORPORATE BOARDROOMS
(and now the labor market, too, all over again)

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The Flood Myth

Every Religion Has One, Incl. The Fed's

(Eurodollar University)

CONCLUDED