Towards a “Bursting Financial Bubble”? “Federal Reserve largely Responsible for Destroying the Economy”

Bank for international Settlements (BIS) Slams US Federal Reserve Policy

By Washington's Blog
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> According to the BIS’ latest Quarterly Review financial markets are starting to behave in some of the ways they behaved before the crash. In particular, investors seem to be chasing riskier and riskier assets, despite the fact that the economic prospects are hardly all that great.
>
> Here is the key passage from the BIS report: “Some asset prices started to appear highly valued in historical terms relative to indicators of their riskiness. For example, global high-yield corporate bond spreads fell to levels comparable to those of late 2007, but with the default rate on these bonds running at around 3%, whereas it was closer to 1% in late 2007. (Sky News

Bond yields and economic growth forecasts

> “The same was true of investment grade corporate bond spreads, but with respective default rates of a little over 1% and around 0.5%. Indeed, numerous bond investors said that they felt less well compensated for risk than in the past, but that they had little alternative with rates on many bank deposits close to zero and the supply of other low-risk investments in decline.”
>
> Bond yields usually move in line with the wider economy’s growth prospects, but clearly these two lines have started to diverge in recent months. There is something going on.

Sky argues:

> At least part of the likely explanation – and this is my interpretation rather than the BIS’ – is that the flood of money being set loose by central banks, including the Bank of England and the Federal Reserve, through quantitative easing is pumping asset prices higher.

This is true. Before the 2008 crash, BIS warned of an imminent crash, explaining that central bank policy was blowing unsustainable bubbles which would soon burst.

And BIS recently explained that it is necessary to write down the debt to the amount that can be paid – and to undertake structural reforms to prevent the Bubble Economy from recurring.

The Federal Reserve is largely responsible for destroying the economy. Indeed, many current and former high-level Fed officials and other top economic officials have slammed the Fed as well … and the Fed is thoroughly corrupt.

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