# “It’s Just Not Right” – One Trader’s Rage Spills Over At “Incompetent, Untrustworthy, Unaccountable” Fed

## Description

Less than a month ago, no lesser member of the cognoscenti than **Mohamed El-Erian unleashed his latest tirade at The Federal Reserve’s “challenged credibility”**, warning that:

> *“The Fed’s latest moves are consistent with a central bank that is continuously scrambling to catch up with realities on the ground. It is the kind of thing that one typically finds in developing countries with weak institutions, not in the issuer of the world’s reserve currency and the custodian of the world’s most sophisticated financial markets – where many other countries and companies entrust their savings…*
>
> *The comparison is even more troubling when one considers what the recent market turmoil implies.”*

As he explained even more recently, most economists, investors and traders have by now largely internalized that **the global economy and financial markets are navigating three regime changes**:

1. Predictable injections of central bank liquidity and floored interest rates have been replaced by a generalized global tightening of monetary policy.
2. Economic growth is slowing significantly as the three most systemically important regions of the global economy lose momentum at the same time.
3. The nature of globalization is shifting from the presumption of ever closer economic and financial integration to greater fragmentation in part because of persistent geopolitical tensions.

**Both by themselves and collectively, these three changes involve increased economic and financial volatility.**

In terms of the distribution of possible economic and financial outcomes, the baseline is becoming less attractive and more uncertain, and the possibility of highly negative scenarios become greater.

But, as El-Erian notes, market developments in the last few weeks, including the eye-popping price moves in FX and bond markets, went beyond investors and traders having to deal with these three inconvenient paradigm shifts.

The **additional factor making markets particularly unsettling is the accelerated loss of trust in policy making**.


**Markets, which for years appreciated the US Federal Reserve and the UK government as volatility suppressors, have shifted into viewing them as significant sources of unsettling instability.**

In the case of the latter, Truss' embarrassing resignation (as the shortest tenured PM in British history) at the behest of the market (and a globalist coup to settle said 'markets') may have temporarily reduced that volatility amplifier.

However, the former – The Fed – continues to leave a path of destruction (one way or the other) in its wake of what trader Sven Henrich calls ***"a constant source of misinformation, bad forecasts, unbelievable narratives that never come true."***


That was not all that ‘NorthmanTrader’ said in one of the most succinct summaries of all that is wrong with this unelected body of technocrats that truly ru(i)n the world…

> **The current Fed is incompetent, untrustworthy, ethically suspect and unaccountable for its continued mistakes.**
>
> It needs radical reform and a thorough change in leadership.
>
> There, I said it.
>
> Insisting on buying trillions of dollars in assets, including MBS into a supply constrained housing market during a time of record fiscal stimulus causing a historic asset bubble while purposefully targeting to run inflation above their target was **a colossal boneheaded mistake.**

**Then they engaged in a campaign of misinformation** insisting with hundreds ofspeeches & interviews that inflation was going to be **transitory which was completely wrong.**

Then all year since last year they put out positive GDP growth forecasts in the 4% range which they had to continually revise down again **revealing their incompetence in assessing how the real economy works**.

Completely off base.

In the meantime **one after the other they kept getting caught in ethics violations** trading with insider information enriching themselves with no consequences and no transparency.

Some retired, others now claim they didn't know.

Just in June Powell said he expected 75bp rate hikes to not be common and now he's done 3 in a row going on 4 again showing **nothing said can be believed or is credible in face of reality.**

And now that there original 4% GDP growth forecast has turned admittedly to 0% they continue to insist on positive GDP growth for 2023 when major banks and business CEOs are all expecting a recession next year.

**How is this credible, believable, realistic or trustworthy?**

In 2018 right to the end of the year they made everyone believe they would continue raising rates in 2019. Instead they cut them 3 times with unemployment at 3.5% and inflation at their target of 2%.

**How can they be trusted with their "guidance"?**

They can't. That's my point.

**They are a constant source of misinformation, bad forecasts, unbelievable narratives that never come true & due to their ever greater influence on markets & incessant speeches an ever greater risk factor to the economy; massive wealth inequality, asset distortions & instability.**

And yet nobody is held to account, nobody gets fired and the middle class and most vulnerable get to pay the consequences for all these mistakes.

**It's just not right.**

Rant over.

Now consider what Sven just said alongside the words of a former regional Fed President.

Richard Fisher, former Dallas Federal Reserve president, has not been shy to speak his mind since he left office:

> *"**The Fed has created this dependency and there's an entire generation of money-managers** who weren't around in '74, '87, the end of the '90s, and even 2007-2009.. and **have only seen a one-way street… of course they're nervous.**"*
>
> *"The question is – **do you want to feed that hunger?** Keep applying that opioid of cheap and abundant money?"*
>
> *"… **we must wean the market off its dependency on a Fed put**."*

And with stocks soaring this week (after Friday's pre-blackout narrative shift to The Fed's next regime of 'pause, not pivot') it seems we never really learned our lesson (or weren't forced to).

by Tyler Durden

**Category**

1. Economy-Business-Fin/Invest
2. Main
3. NWO-Deep State-Dictatorship-Tyrrany
4. Survival-Prepping-Security

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