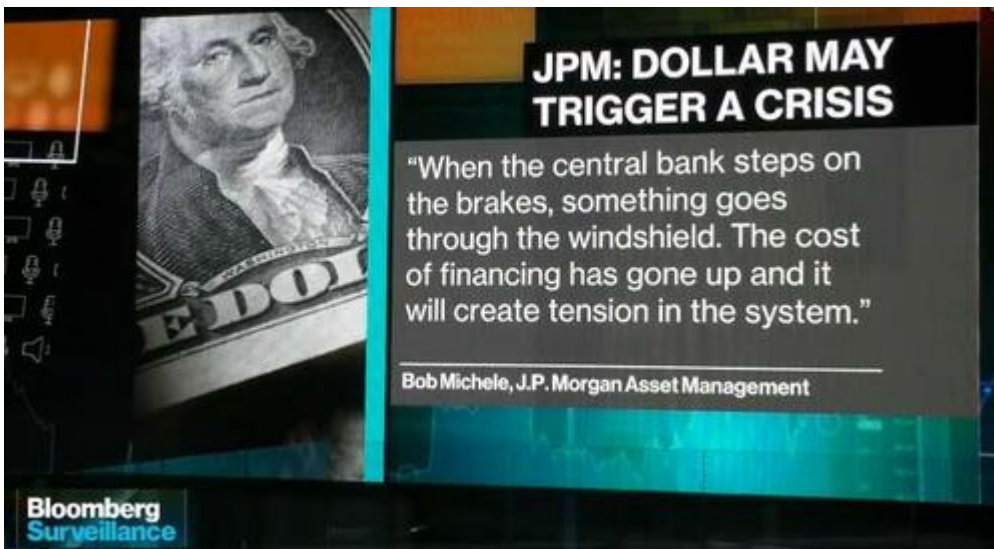




## The “Economy Is Starting To Go Through The Windshield” – El-Erian Blames The Fed For “Totally Avoidable” Crisis

### Description

***“The economy is starting to go through the windshield, the financial system is starting to go through the windshield,”*** warned Mohamed El-Erian during an interview with Bloomberg TV this morning, following remarks from JPM Asset Manager CIO Bob Michel’s comments:



The chief economic adviser at Allianz SE has been a frequent critic of The Fed in recent years for refusing to see the non-transitory nature of inflation and worse still, refusing to start tightening policy sooner – even after they admitted it was not so transitory after all.

*Central banks made the mistake of holding on too long to the notion that inflation would be transitory, El-Erian said.*

*And “**when they retired that word from their vocabulary, they didn’t act. They didn’t act in any meaningful way.**”*

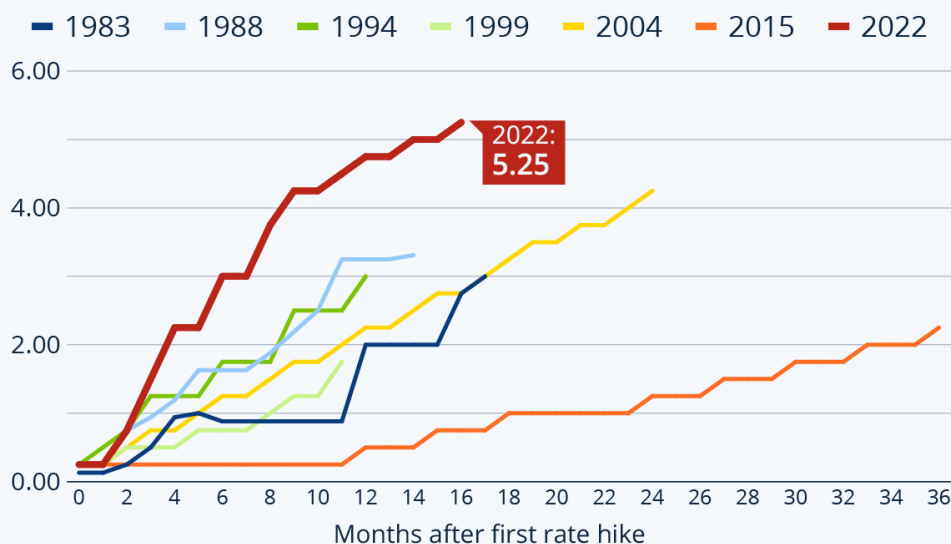


The rapid pace of interest-rate hikes in response to inflation “**is not stepping on the brakes, this is slamming the brakes,**” El-Erian exclaimed.

*“**This is the most front-loaded interest-rate cycle that we have seen in a very long time, and it didn’t need to be this.**”*

# The Most Aggressive Tightening Cycle in Decades

Changes in the federal funds target rate in past tightening cycles (in percentage points)



Source: U.S. Federal Reserve



statista

You will find more infographics at [Statista](https://www.statista.com)

While admitting the US economy is on **“a bumpy journey to a better destination,”** the president of Queens’ College, Cambridge, told CBS News that:

**“Not only does [The Fed] have to overcome inflation, but it has to restore its credibility,”** adding that:

**“So yes, I fear we risk a very high probability of a damaging recession that was totally avoidable.”**

by Tyler Durden

## Category

1. Economy-Business-Fin/Invest
2. Main

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