No Fed bets from the IMS

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It is becoming harder and harder to ignore the fact that central banking policy isn't exactly working out for the real economy. More wealth has been funneled toward an increasingly small and concentrated pool of unproductive paper wealth.

But low and behold, it looks like the political-monetary landscape is being groomed in preparation for the next leg of this ongoing train wreck. Now the Bank for International Settlement (BIS), the central bank bank of central banks, is throwing the Fed under the bus.

This is from the central bank of central banks:

Here's an excerpt The BIS Quarterly Review for March 2015:

https://www.bis.org/publ/qtrpdf/r_qt1503.htm

As discussed in detail elsewhere, there is a case that policy should first and foremost constrain the build-up of financial booms – especially in the form of strong joint credit and property price increases – as these are the main cause of the subsequent bust.

They are telling us this now?

And once the financial bust occurs, after the financial system is stabilized, the priority should be to address the nexus of debt and poor asset quality head-on, rather than relying on overly aggressive and prolonged macroeconomic accommodation through traditional policies.

That certainly sounds a bit critical.

This would pave the way for a sustainable recovery.

I thought recovery was behind us. Or is this a premonition?

The idea would have to be macroeconomic policies that are more symmetrical across financial booms and busts so as to avoid a persistent bias that could, over time, entrench instability and chronic economic weakness as well as exhaust the policy room for manoeuver.

Asymmetry and persistent bias

What they mean by asymmetry and persistent bias is the massive concentration of wealth (the bias) tied to an impossibly small pool of real assets, from real estate to commodities, to productive enterprise and precious metals - the asymmetry is inherent in these Ponzis.

Here is one very interesting footprint beginning to form as the smoke clears and the Fed reverses its position.

Via ZeroHedge:

21 countries that have cut interest rates in just the first 2 months of 2015:

For those asking, here is the full, updated list of 20 central banks easing so far in 2015 courtesy of Reuters:

1. Jan. 1 UZBEKISTAN

Uzbekistan's central bank cuts its refinancing rate to 9 percent from 10 percent.

2. Jan. 7/Feb. 4 ROMANIA

Romania's central bank cuts its key interest rate by a total of 50 basis points, taking it to a new record low of 2.25 percent. Most analysts polled by Reuters had expected the latest cut.

3. Jan. 15 SWITZERLAND

The Swiss National Bank stuns markets by scrapping the franc's three-year-old exchange rate cap to the euro, leading to an unprecedented surge in the currency. This de facto tightening, however, is in part offset by a cut in the interest rate on certain sight deposit account balances by 0.5 percentage points to -0.75 percent.

4. Jan. 15 INDIA

The Reserve Bank of India surprises markets with a 25 basis point cut in rates to 7.75 percent and signals it could lower them further, amid signs of cooling inflation and growth struggling to recover from its weakest levels since the 1980s.

5. Jan. 15 EGYPT

Egypt's central bank makes a surprise 50 basis point cut in its main interest rates, reducing the overnight deposit and lending rates to 8.75 and 9.75 percent, respectively.

6. Jan. 16 PERU

Peru's central bank surprises the market with a cut in its benchmark interest rate to 3.25 percent from 3.5 percent after the country posts its worst monthly economic expansion since 2009.

7. Jan. 20 TURKEY

Turkey's central bank lowers its main interest rate, but draws heavy criticism from government ministers who say the 50 basis point cut, five months before a parliamentary election, is not enough to support growth.

8. Jan. 21 CANADA

The Bank of Canada shocks markets by cutting interest rates to 0.75 percent from 1 percent, where it had been since September 2010, ending the longest period of unchanged rates in Canada since 1950.

9. Jan. 22 EUROPEAN CENTRAL BANK

The ECB launches a government bond-buying programme which will pump over a trillion euros into a sagging economy starting in March and running through to September next year, and perhaps beyond.

10. Jan. 24 PAKISTAN

Pakistan's central bank cuts its key discount rate to 8.5 percent from 9.5 percent, citing lower inflationary pressure due to falling global oil prices. Central Bank Governor Ashraf Wathra says the new rate will be in place for two months, until the next central bank meeting to discuss further policy.

11. Jan. 28 SINGAPORE

The Monetary Authority of Singapore unexpectedly eases policy, saying in an unscheduled policy statement that it will reduce the slope of its policy band for the Singapore dollar because the inflation outlook has "shifted significantly" since its last review in October 2014.

12. Jan. 28 ALBANIA

Albania's central bank cuts its benchmark interest rate to a record low 2 percent. This follows three rate cuts last year, the most recent in November.

13. Jan. 30 RUSSIA

Russia's central bank unexpectedly cuts its one-week minimum auction repo rate by two percentage points to 15 percent, a little over a month after raising it by 6.5 points to 17 percent, as fears of recession mount following the fall in global oil prices and Western sanctions over the Ukraine crisis.

14. Feb. 3 AUSTRALIA

The Reserve Bank of Australia cuts its cash rate to an all-time low of 2.25 percent, seeking to spur a sluggish economy while keeping downward pressure on the local dollar.

15. Feb. 4 CHINA

China's central bank makes a system-wide cut to bank reserve requirements - its first in more than two years - to unleash a flood of liquidity to fight off economic slowdown and looming deflation.

16. Jan. 19/22/29/Feb. 5 DENMARK

The Danish central bank cuts interest rates a remarkable four times in less than three weeks, and intervenes regularly in the currency market to keep the crown within the narrow range of its peg to the euro.

17. Feb. 13 SWEDEN

Sweden's central bank cut its key repo rate to -0.1 percent from zero where it had been since October, and said it would buy 10 billion Swedish crowns worth of bonds.

18. February 17 INDONESIA

Indonesia's central bank unexpectedly cut its main interest rate for the first time in three years

19. February 18 BOTSWANA

The Bank of Botswana reduced its benchmark interest rate for the first time in more than a year to help support the economy as inflation pressures ease. The rate was cut by 1 percentage point to 6.5 percent, the first adjustment since Oct. 2013, the central bank said in an e-mailed statement on Wednesday.

20. February 23 ISRAEL

The Bank of Israel reduced its interest rate by 0.15 percentage points, to 0.10 percent in order to stimulate a return of the inflation rate to within the price stability target of 1–3 percent a year over the next twelve months, and to support growth while maintaining financial stability.

21. February 28, CHINA

The People's Bank of China cut its interest rate by 25 bps, when it lowered its one-year lending rate to 5.35% from 5.6% and its one-year deposit rate to 2.5% from 2.75%. It also said it would raise the maximum interest rate on bank deposits to 130% of the benchmark rate from 120%.

This is the impact of a telegraphed policy shift. One great collective paper debasement. These are the wars we should all be watching.