

Bubble 3.0, Chapter 4; The Bubble That Keeps on Punishing



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Do you ever wonder how we got into this mess? By that I mean the situation where the Fed has printed itself into the tightest of corners, caught between an inflation problem, largely of its own making, and an inability to raise interest rates high enough to fight torrid CPI increases that have turned out to be anything but transitory. (This includes the much hotter inflation number reported yesterday that has pushed the 10-year T-note yield over 2%.) To add to its quandary, the Fed also needs to shrink its grotesquely obese balance sheet stuffed with government debt it bought via its Magical Money Machine (i.e., fake money it has fabricated).

Here we are more than 13 years past the housing crisis and we're still dealing with its aftermath, including three successive rounds of official — and, in the third case, unofficial — Large Scale Asset Purchases, more popularly known as Quantitative Easings. Today's *Bubble 3.0* chapter reflects upon how this happened... and how the wages of the late, not-so-great housing bubble continue to haunt us.

Bubble 3.0

This is Bubble 3.0, the Fed's latest Twilight Zone:
As vast as space and as timeless as infinity.
Consequently, could financial markets be headed
into the third black hole of the last 25 years?

By David Hay · Launched 6 days ago

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