

Quantitative easing and financial instability:

From shadow banking system to the
dealer of the last resort

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Abstract

- La crisis del 2008 obligó a muchos bancos centrales aplicar nuevas e innovativas formas de políticas monetaria. Ello no sólo generó el periodo con las tasas de interés más bajas de la historia, sino una de las mayores distorsiones del sistema financiero mismo, que podría conllevar a una crisis de similar nivel al del 2008.
- Para poder entender el Alivio Cuantitativo (QE), es necesario comprender a los nuevos actores del sistema financiero: el shadow banking system (fondos mutuos, fondos de cobertura, bancos de inversión, aseguradoras, entidades de brokerage, etc) y la misma evolución del *central banking* y cómo llegó asumir su nuevo rol: el dealer de último recurso.

Shadow Banking System

¿Cómo nace la expresión?



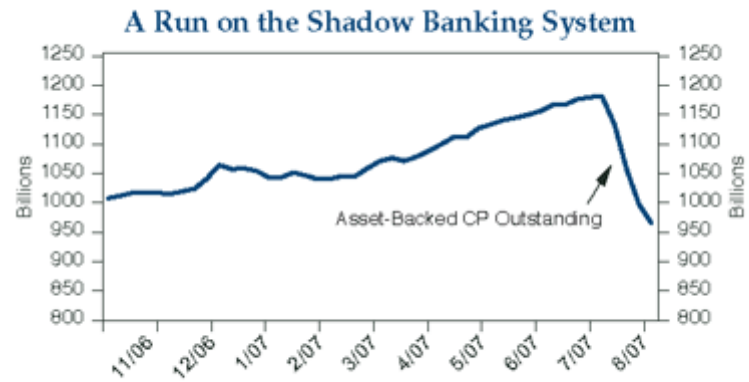
Paul McCulley (2007)

¿Cómo nace la expresión?

Teton Reflections

There is a mighty gulf between the Fed's cup and the shadow banking system's parched liquidity lips.

BY PAUL A MCCULLEY | SEPTEMBER, 2007



Source: Federal Reserve

Chart 1

Definición

- "Shadow banking, as usually defined, comprises a diverse set of institutions and markets that, collectively, carry out traditional banking functions--but do so outside, or in ways only loosely linked to, the traditional system of regulated depository institutions. Examples of important components of the shadow banking system include securitization vehicles, asset-backed commercial paper (ABCP) conduits, money market mutual funds, markets for repurchase agreements (repos), investment banks, and mortgage companies.

Bernanke (2012)

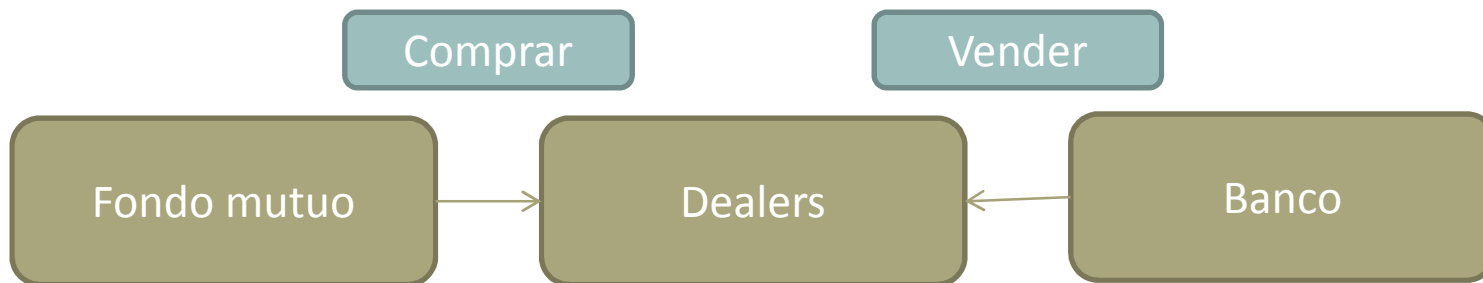
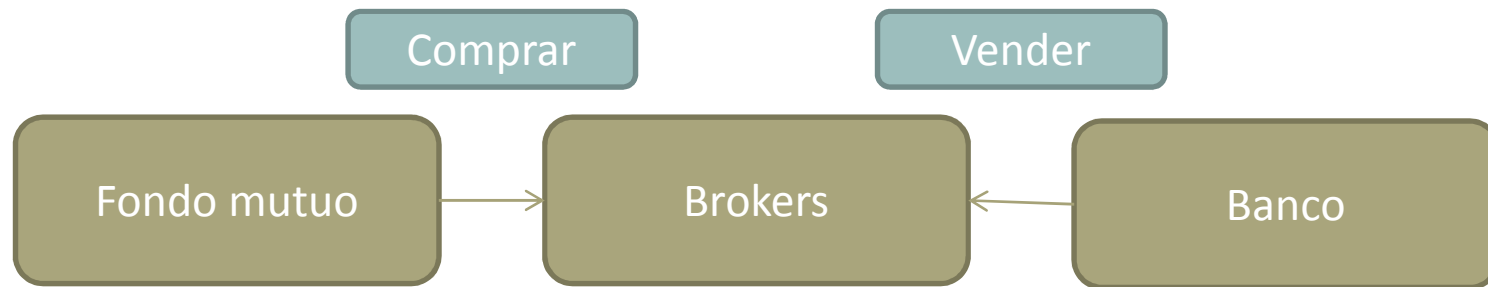
Some Reflections on the Crisis and the Policy Response

Banco vs Fondo mutuo

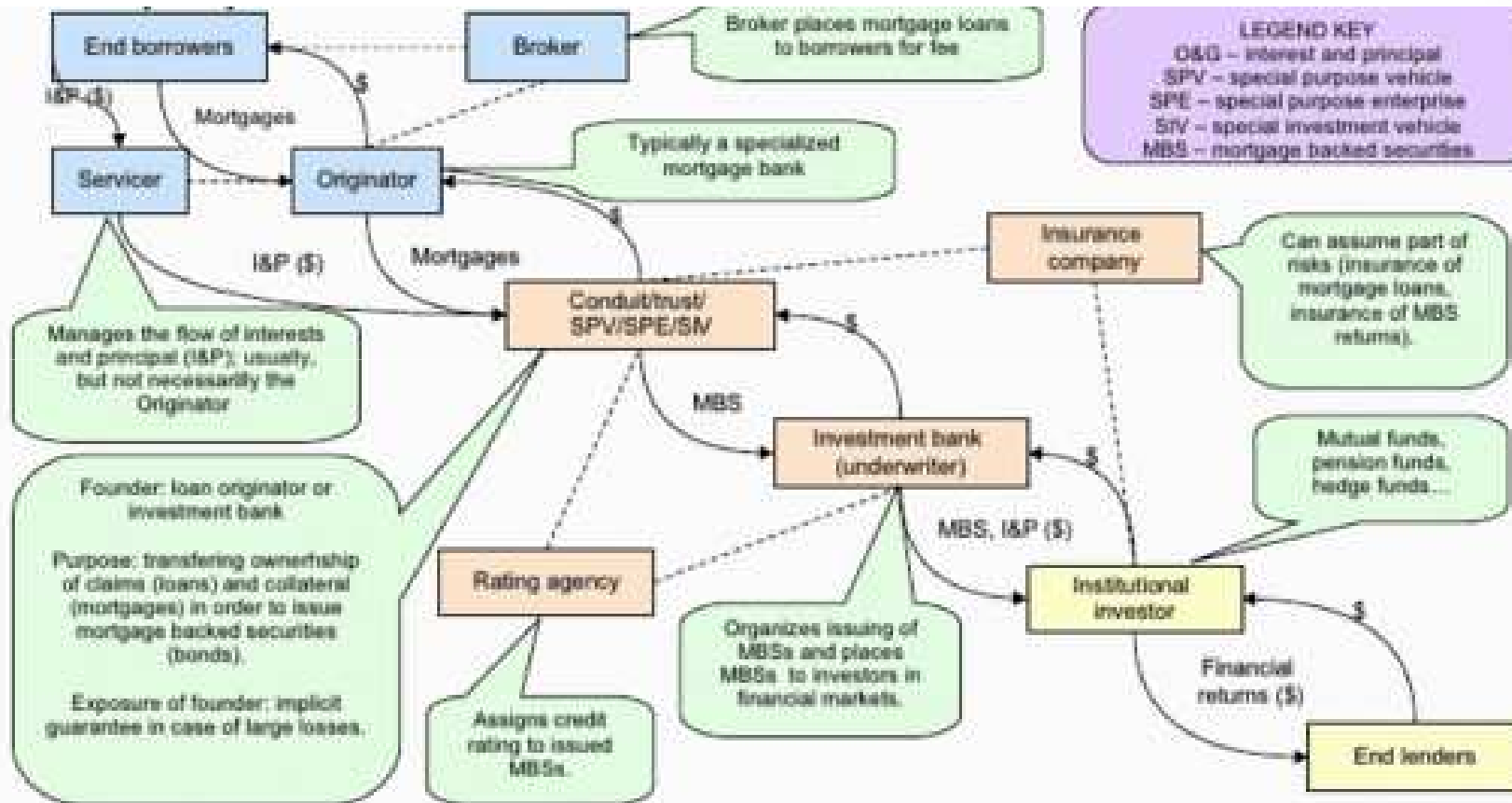
Activos	Pasivos
Banking Book	Depósitos
Trading Book	Otras fuentes de fondeo

Activos	Pasivos
Depósitos, CDs	Cuotas de los inversionistas
Bonos, etc..	

Brokers- Dealers



Special Purpose vehicles



Central banking

Nacimiento del central banking

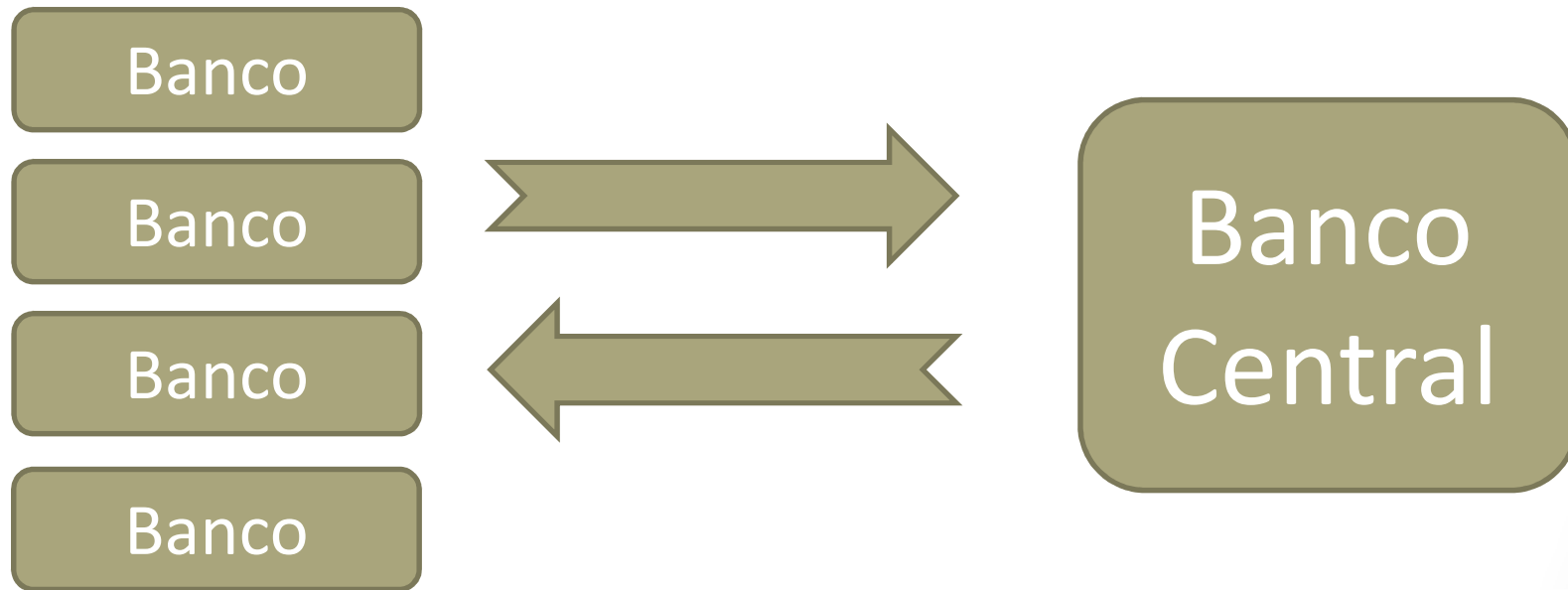
Nace con Bagehot (debatible). La regla de Bagehot es:

- Presta libremente a los bancos.
- A una alta tasa de interés.
- Respaldado con un buen colateral.

“Lend without limit, to solvent firms, against good collateral, at ‘high rates’”

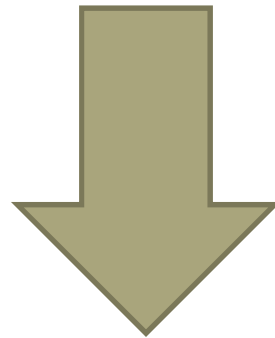
Nacimiento del central banking

Crisis de
liquidez



El prestador de
último recurso

Central banking



Disciplina

Elasticidad

Money Market Mutual Fund: Durante la crisis del 2008

Los SPV comienzan a perder valor considerablemente. Los demás instrumentos se vuelven menos líquidos.

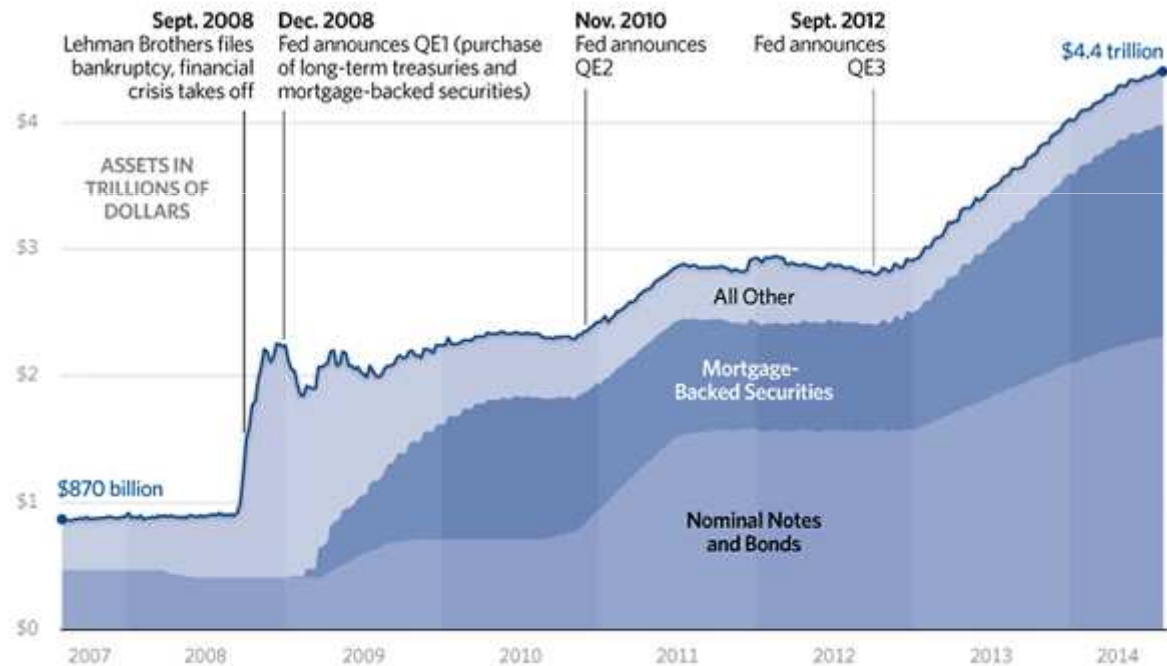
Activos	Pasivos
Depósitos	Cuotas de los inversionistas
CDs	
Bonos	
SPV	

Importantes rescates de parte de los inversionistas

La FED compra SPV (entre otros instrumentos) de los money market funds, con el fin de no crear más pánico financiero.

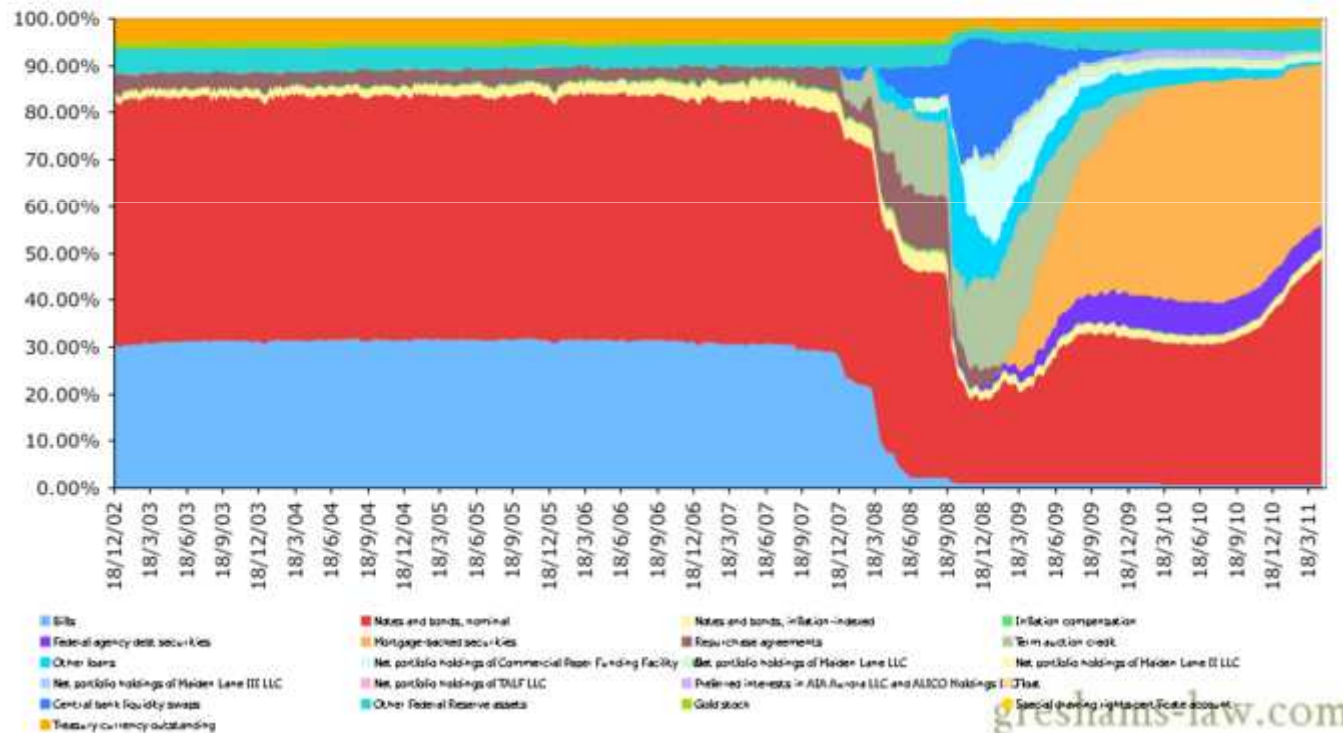
Evolución del Balance general de la FED

Federal Reserve Assets: Key Dates



Evolución del Balance general de la FED

Federal Reserve Balance Sheet (Proportions)



Entendiendo la gran distorsión

Primera distorsión: El mercado de acciones

$$M \times V = P \times Y$$

- Donde,
- M: Dinero.
- V: Velocidad.
- P: Precio.
- Y: Producción.

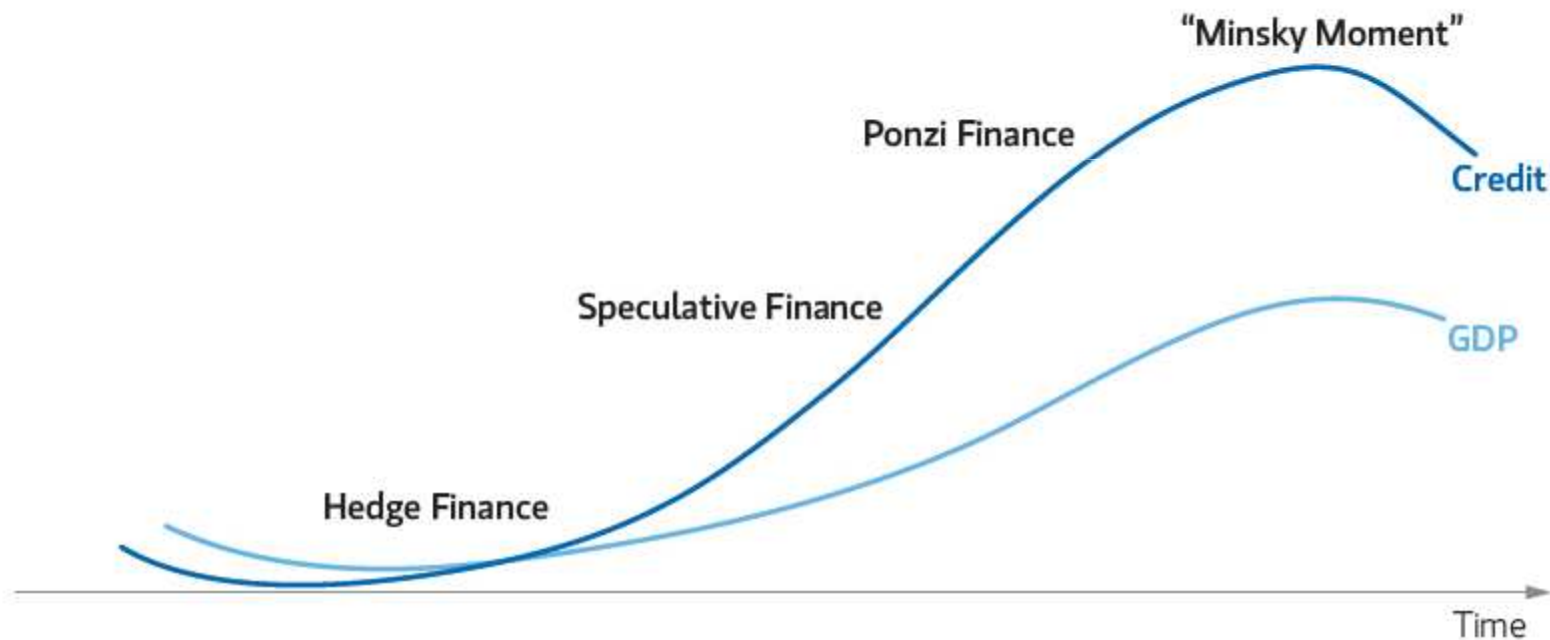
S&P 500



Segunda distorsión: Ciclo de deuda

Display 1: **China's Minsky Moment Approaching**

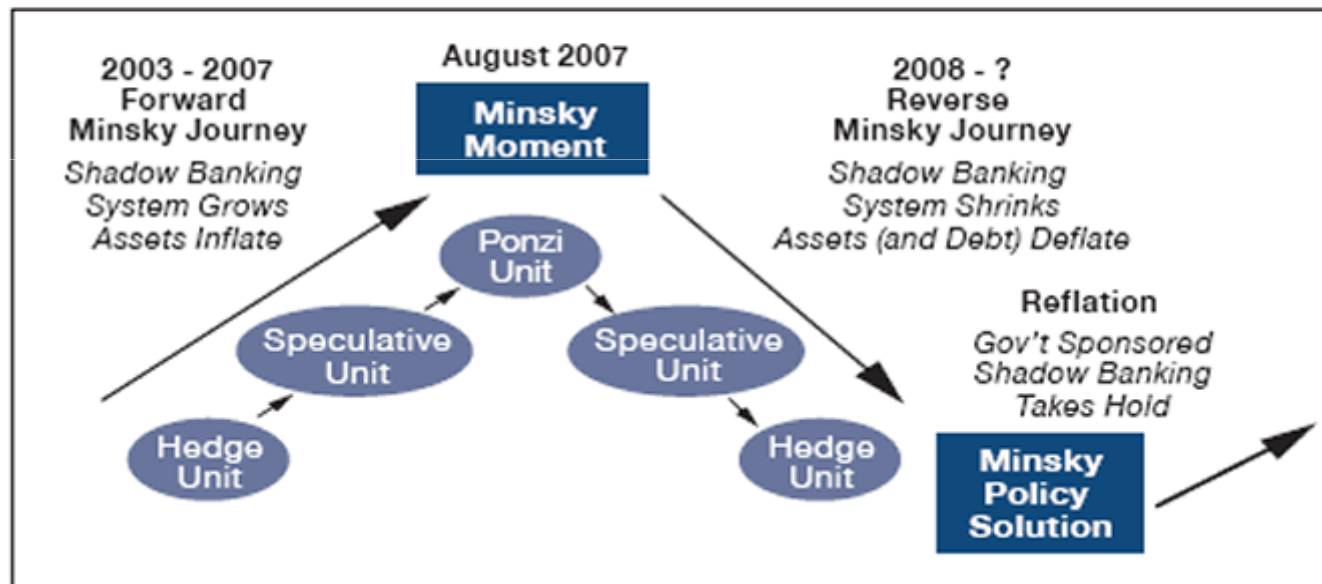
Stylized "Minsky Cycle"¹



Source: MSIM Global Multi-Asset Team analysis.

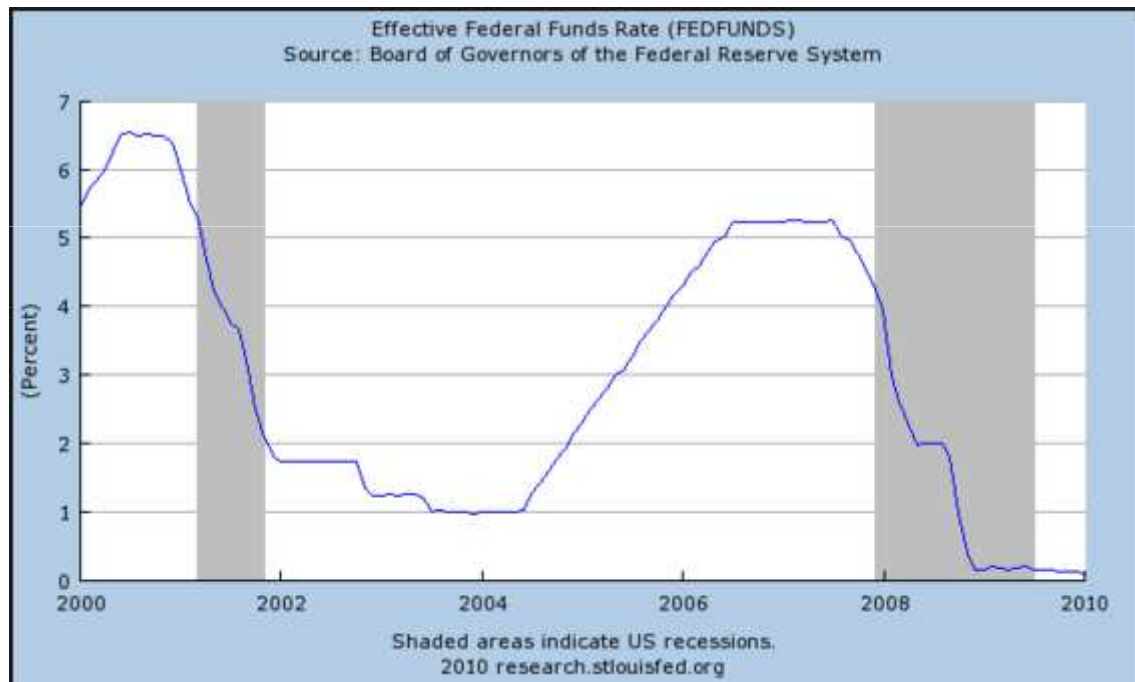
Segunda distorsión: Ciclo de deuda

Journeying with Minsky

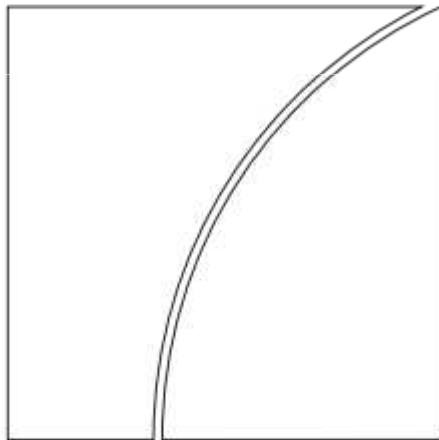


Source: PIMCO

Tasas de interés



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Basel, 28 June 2015

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Markets | Sun Jun 28, 2015 6:44am EDT

Low rates fuelling global financial, debt, growth instability: BIS

LONDON | BY JAMIE MCGEEVER



Global interest rates are too low and pose a rapidly growing risk to financial stability and economic growth, the Bank for International Settlements said on Sunday.

TRENDING ON REUTERS

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Central Banks

Low rates hold back global growth, BIS warns

Strategy has entrenched reliance on debt and caused misallocation of capital, says bank

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Global Financial Stability Report

Vulnerabilities, Legacies, and Policy Challenges

Risks Rotating to Emerging Markets

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IMF global stability report makes for a sobering read, saying sustainable recovery has failed to materialise and cheap money has led to bubbles and debt

GRACIAS