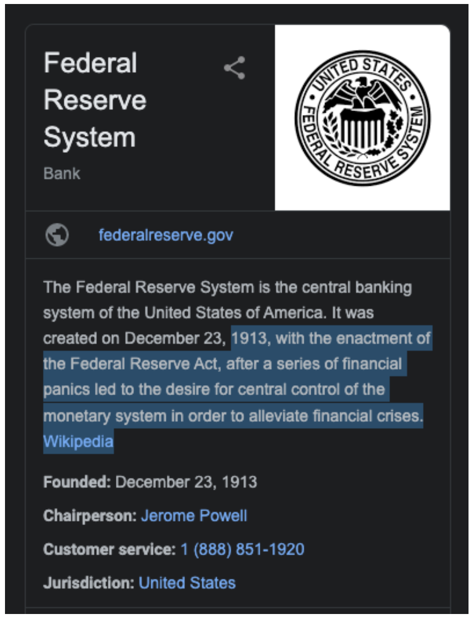
THE FED PUMP IS NOT WORKING ANYMORE

U/DILKMUD0002

The FED pump is not working anymore... Quantitative easing has reached the "Break Even" point. A Year to date analysis confirms the DD, again... March 13, 2022

Possible DD

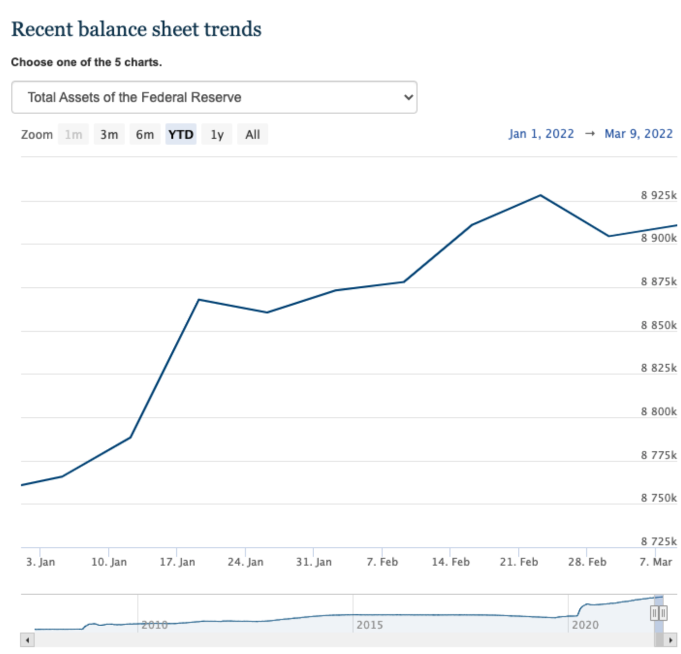
Suspension over - if i had one last comment its this post.. Stay strong APES



Read ^

A year to date of analysis of FED spending and Markets confirms we are in the end game. The markets are unsustainable even with the FED spending.

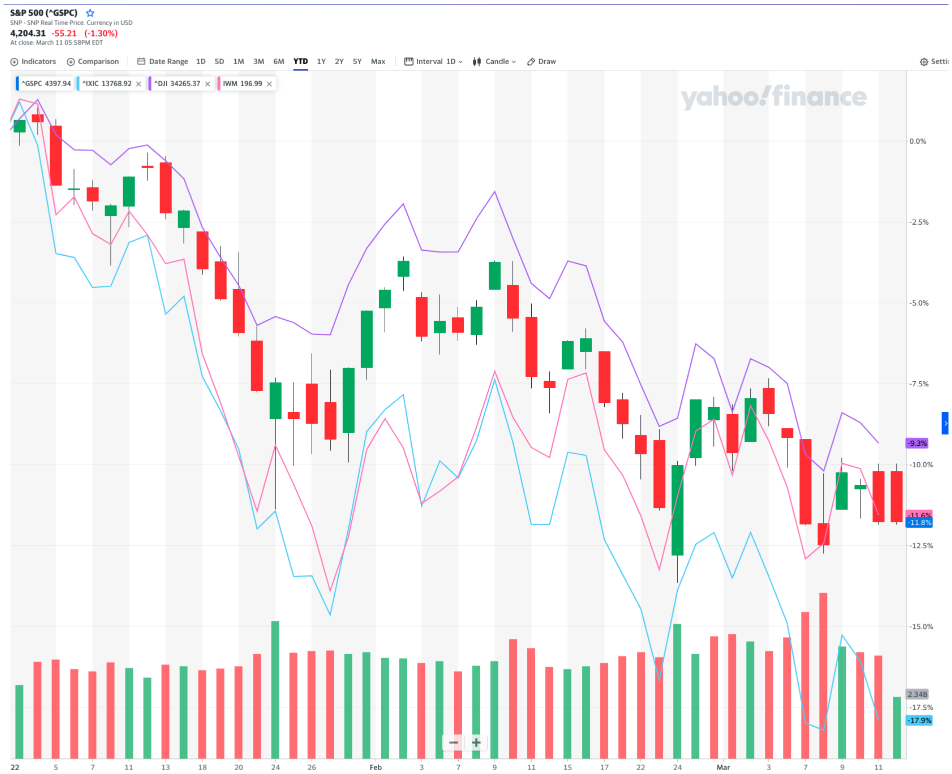
FED BALANCE SHEET YTD



https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm

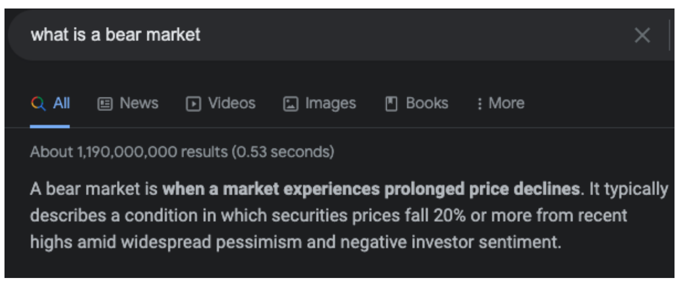
Year to date the FED balance sheet is up around $150bn. Over this time, markets have gone the other way.

US STOCKS YTD (S&P 500, DJIA, Tech and Smalls)



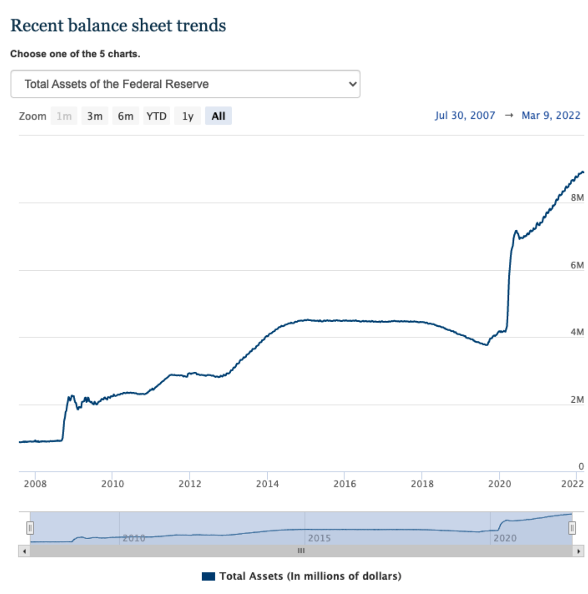
U.S Stocks down 9.3% to 17.9%.

Technically we are not in a bear market yet...



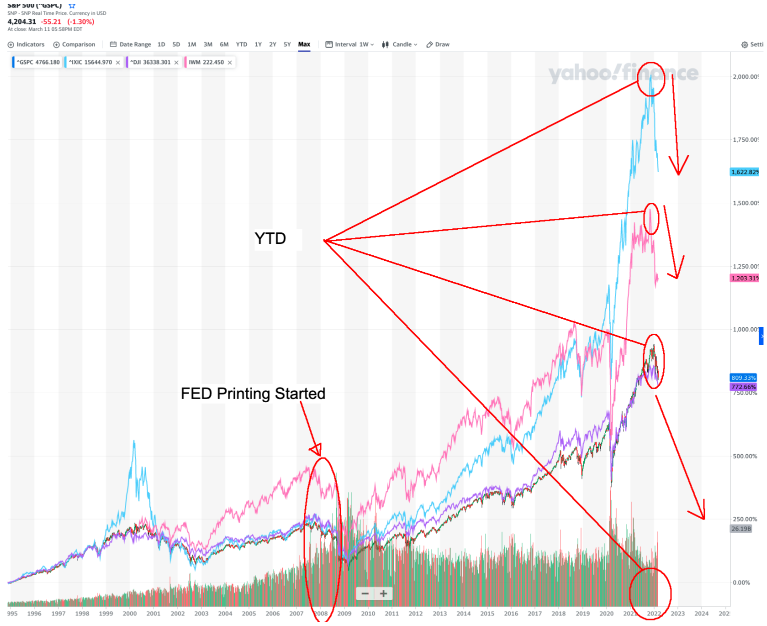
But we are almost there...

FED Balance Sheet since it all begun... *Circa 2008



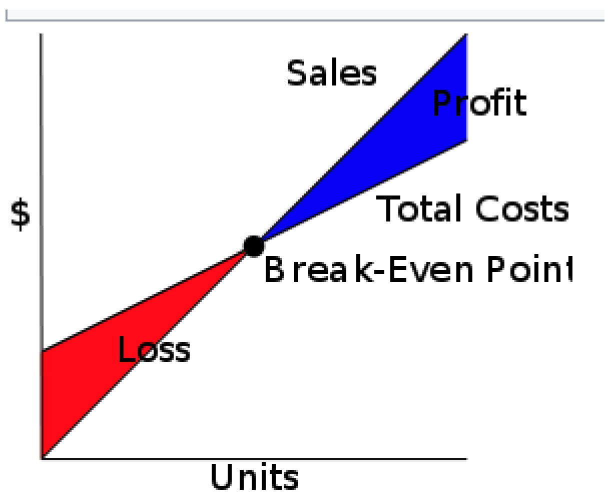
https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm

US Markets since 2008...



We hit the break even point...

https://en.wikipedia.org/wiki/Break-even_(economics)



We are the point where the FED literally can't pump this market up anymore... I mean they would need crazy stimulus to the tune of trillions...

The law of diminishing returns aint a "law" for no reason...

the law of diminishing returns

phrase of diminish

a principle stating that profits or benefits gained from something will represent a proportionally smaller gain as more money or energy is invested in it.

"studies have shown investments in direct-to-consumer promotion suffer significantly from the law of diminishing returns"

Markets have gotten to the point where the new money the FED pumps in for liquidity isn't working, which is alarming since their only tool is to print more...

Pretty bad huh.. but it gets much worse...

The FED balance sheet is composed of BONDS... mostly treasuries and agencies...

A YTD look on Treasuries...

"TLT" 20 year plus treasury ETF

iShares 20+ Year Treasury Bond ETF (TLT)
NasdaqGM - NasdaqGM Real Time Price. Currency in USD

Add to watchlist | Visitors trend 2W ↑ 10W ↑ 9M ↑

134.91 +0.45 (+0.33%) **135.24** +0.33 (+0.24%)
At close: March 11 05:00PM EDT | After hours: Mar 11, 08:58PM EDT

Summary | Chart | Conversations | Historical Data | Profile | Options | Holdings | **Performance** | Risk

Performance Overview

-5.05%	2.76%	7.28%
YTD Daily Total Return	1-Year Daily Total Return	3-Year Daily Total Return

Trailing Returns (%) Vs. Benchmarks

Monthly Total Returns	TLT	Category
YTD	-7.87%	14.54%
1-Month	4.42%	-1.35%
3-Month	7.02%	-0.44%
1-Year	-10.68%	12.77%
3-Year	8.01%	11.14%
5-Year	3.02%	5.23%
10-Year	7.03%	7.03%
Last Bull Market	0.00%	0.00%
Last Bear Market	0.00%	0.00%

The 20 year bond is down almost 8% YTD.

VGIT - Intermediary Treasury Bonds

Vanguard Intermediate-Term Treasury Index Fund ETF Shares (VGIT)
NasdaqGM - NasdaqGM Real Time Price. Currency in USD

Add to watchlist

64.35 -0.05 (-0.08%) **64.35** 0.00 (0.00%)
At close: March 11 05:00PM EDT After hours: Mar 11, 05:17PM EDT

Summary Chart Conversations Historical Data Profile Options Holdings **Performance** Risk

Performance Overview

-1.55% YTD Daily Total Return

-1.89% 1-Year Daily Total Return

3.08% 3-Year Daily Total Return

Trailing Returns (%) Vs. Benchmarks

Monthly Total Returns	VGIT	Category
YTD	-0.99%	3.90%
1-Month	-0.30%	0.16%
3-Month	1.05%	-0.08%
1-Year	-1.25%	3.13%
3-Year	5.01%	2.87%
5-Year	2.47%	1.95%
10-Year	2.38%	0.00%
Last Bull Market	0.00%	0.00%
Last Bear Market	0.00%	0.00%

Down 1% YTD.

The longer bonds are selling off more than the intermediary and shorter as you'd expect...

So how many 20 year bonds does the FED have on their balance sheet?

FEDERAL RESERVE statistical release

H.4.1

Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks

March 10, 2022

1. Factors Affecting Reserve Balances of Depository Institutions

Millions of dollars

Reserve Bank credit, related items, and reserve balances of depository institutions at Federal Reserve Banks	Averages of daily figures: Week ended Mar 9, 2022	Change from week ended Mar 2, 2022	Change from week ended Mar 10, 2021	Wednesday Mar 9, 2022
Reserve Bank credit	8,870,119	+ 3,683	+1,339,194	8,872,934
Securities held outright[1]	8,444,997	+ 2,740	+1,429,618	8,447,093
U.S. Treasury securities	5,751,291	+ 6,510	+ 871,660	5,753,385
Bills[2]	326,044	0	0	326,044
Notes and bonds, nominal[2]	4,960,714	+ 4,290	+ 778,291	4,962,484
Notes and bonds, inflation-indexed[2]	388,233	+ 1,396	+ 61,467	388,233
Inflation compensation[3]	76,300	+ 824	+ 31,902	76,624
Federal agency debt securities[2]	2,347	0	0	2,347
Mortgage-backed securities[4]	2,691,358	- 3,772	+ 557,956	2,691,361
Unamortized premiums on securities held outright[5]	347,696	- 681	- 1,981	347,626
Unamortized discounts on securities held outright[5]	-20,412	- 19	- 12,823	-20,452
Repurchase agreements[6]	0	0	- 500	1
Foreign official	0	0	- 500	1
Others	0	0	0	0
Loans	27,670	- 228	- 28,755	27,648
Primary credit	2,061	+ 496	+ 610	2,306
Secondary credit	0	0	0	0
Seasonal credit	0	0	0	0
Primary Dealer Credit Facility	0	0	- 251	0
Money Market Mutual Fund Liquidity Facility	0	0	- 665	0
Paycheck Protection Program Liquidity Facility	25,609	- 723	- 28,448	25,342
Other credit extensions	0	0	0	0
Net portfolio holdings of Commercial Paper Funding Facility II LLC[7]	0	0	- 8,556	0
Net portfolio holdings of Corporate Credit Facilities LLC[7]	0	0	- 26,075	0
Net portfolio holdings of MS Facilities LLC (Main Street Lending Program)[7]	28,998	+ 8	- 1,971	29,005
Net portfolio holdings of Municipal Liquidity Facility LLC[7]	6,907	- 193	- 4,638	6,650
Net portfolio holdings of TALF II LLC[7]	2,526	- 9	- 3,121	2,526
Float	-145	+ 416	- 42	-248
Central bank liquidity swaps[8]	293	+ 68	- 2,883	293
Other Federal Reserve assets[9]	31,590	+ 1,583	+ 923	32,795
Foreign currency denominated assets[10]	19,895	- 276	- 1,610	19,985
Gold stock	11,041	0	0	11,041
Special drawing rights certificate account	5,200	0	0	5,200
Treasury currency outstanding[11]	50,953	+ 14	+ 442	50,953
Total factors supplying reserve funds	8,957,209	+ 3,422	+1,338,027	8,960,114

Note: Components may not sum to totals because of rounding. Footnotes appear at the end of the table.

From March 10th... It shows the FED has almost $5.75 Trillion in Treasuries... and more than $1.2 Trillion in the 20 year bond...

YIKES... SIDE NOTE...

H.4.1

1. Factors Affecting Reserve Balances of Depository Institutions (continued)

Millions of dollars

Reserve Bank credit, related items, and reserve balances of depository institutions at Federal Reserve Banks	Averages of daily figures: Week ended Mar 9, 2022	Change from week ended Mar 2, 2022	Change from week ended Mar 10, 2021	Wednesday Mar 9, 2022
Currency in circulation[11]	2,253,986	+ 11,449	+ 149,804	2,259,013
Reverse repurchase agreements[12]	1,753,350	- 89,911	+1,557,156	1,786,246
Foreign official and international accounts	251,635	- 818	+ 56,187	243,742
Others	1,501,715	- 89,093	+1,500,969	1,542,504
Treasury cash holdings	36	+ 3	- 60	69
Deposits with F.R. Banks, other than reserve balances	919,767	- 35,167	- 708,425	891,336
Term deposits held by depository institutions	0	0	0	0
U.S. Treasury, General Account	652,039	- 30,864	- 708,025	609,369
Foreign official	7,505	- 2,464	- 15,897	7,606
Other[13]	260,223	- 1,839	+ 15,496	274,362
Treasury contributions to credit facilities[14]	21,258	0	- 30,520	21,258
Other liabilities and capital[15]	49,153	+ 2,106	+ 2,424	48,542
Total factors, other than reserve balances, absorbing reserve funds	4,997,550	- 111,521	+ 970,379	5,006,464
Reserve balances with Federal Reserve Banks	3,959,659	+ 114,943	+ 367,649	3,953,650

Note: Components may not sum to totals because of rounding.

The FED has $2.25 Trillion in circulation and $1.75 in RRP and $250BN in overseas accounts???

So inflation is much higher if that RRP money was actually in circulation.

The information above does not paint a good position for anyone to be in. The FED is still spending, and the markets are dropping... its one of the worst starts to a year ever...

BUT it gets so much better...

Theory: FED's portfolios is decaying at a rate faster than the money they are pumping in to it.

Let me explain... I showed you above that the FED Balance sheet has increased YTD... But are their Treasuries not getting wrecked? You bet they are...

With almost $6 Trillion in Securities, the FED owns more than 1 trilllion in 20 year bonds. Well the 20 year bond is down almost 8% YTD. So although it appears the FED balance sheet has increased only $150bn... thats after you factor in the losses.

The FED is spending a lot more than it appears, because the bonds they own are selling off.

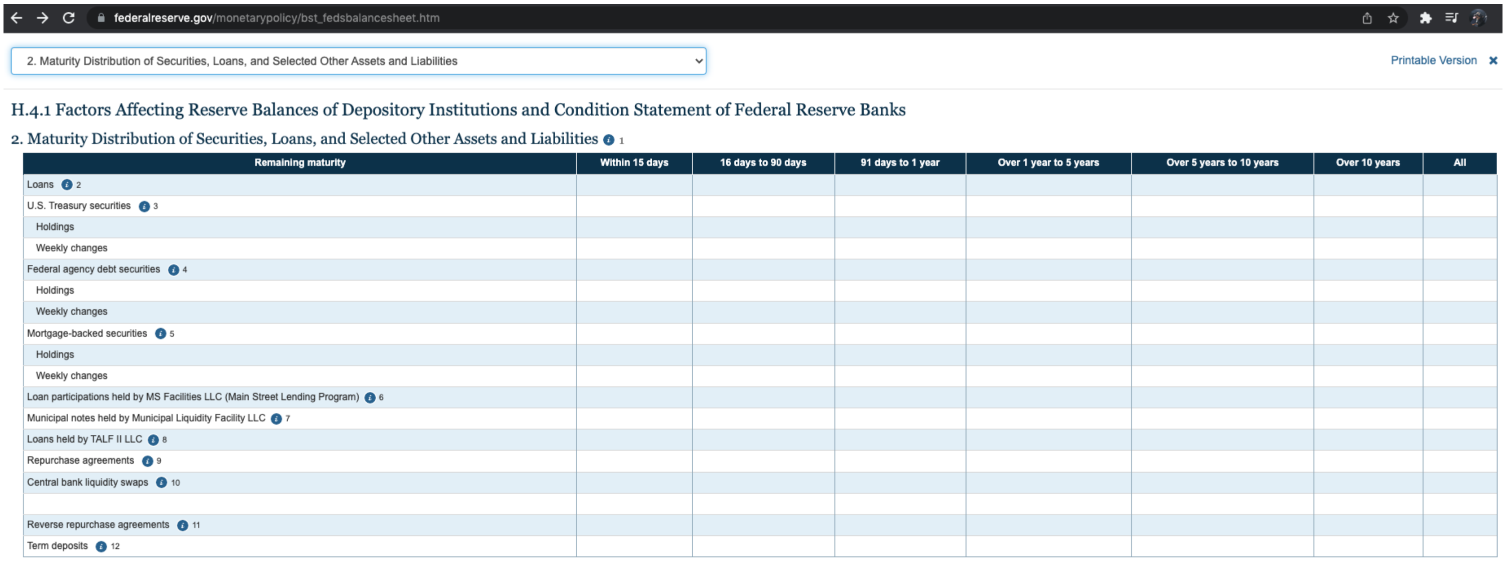
Even tho the FED balance sheet is up $150bn YTD... I expect losses of more than $100bn on their 20 year bond exposure... and the selling has just started...

The 20 year bond looks similar to stonks, more volatile but you can see the trend change earlier in 2021... the market was worried about Treasuries before Stonks...

Other bullets to remember -

1. When the FED does start offloading their balance sheet? Who is going to buy this? They have $9 Trillion... and yields are sub 2% in a high inflation and possible hyper inflation scenarios.
2. The FED balance sheet is getting rocked by interest rate risk and rising rates. If you look at their balance sheet its hard to see this (it just looks up) - securities going down in value/FED new money coming in -

Transparency is dying on their website... want some data...


federalreserve.gov/monetarypolicy/bst_fedsbalancesheet.htm

2. Maturity Distribution of Securities, Loans, and Selected Other Assets and Liabilities

Printable Version

H.4.1 Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks

2. Maturity Distribution of Securities, Loans, and Selected Other Assets and Liabilities [1]

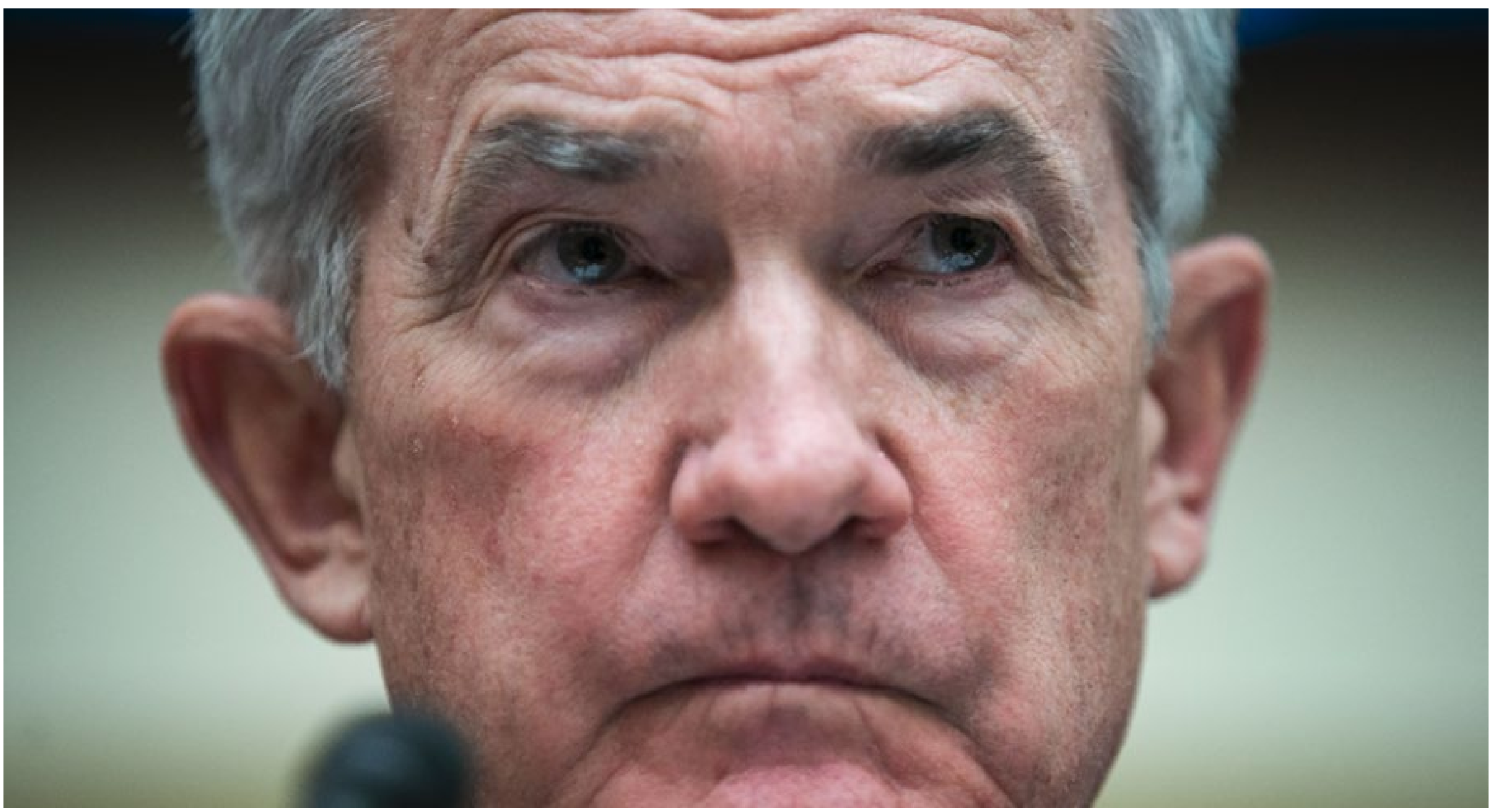
Remaining maturity	Within 15 days	16 days to 90 days	91 days to 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	All
Loans [2]							
U.S. Treasury securities [3]							
Holdings							
Weekly changes							
Federal agency debt securities [4]							
Holdings							
Weekly changes							
Mortgage-backed securities [5]							
Holdings							
Weekly changes							
Loan participations held by MS Facilities LLC (Main Street Lending Program) [6]							
Municipal notes held by Municipal Liquidity Facility LLC [7]							
Loans held by TALF II LLC [8]							
Repurchase agreements [9]							
Central bank liquidity swaps [10]							
Reverse repurchase agreements [11]							
Term deposits [12]							

Why is it blank?

source: https://www.federalreserve.gov/monetarypolicy/bst_fedsbalancesheet.htm

TLDR: A YTD analysis of the FED spending and Balance Sheet confirms the DD.

The FED holds more Treasuries and Agencies than anyone. Those markets are starting to fall. This will effect the FED balance sheet. When the FED starts to sell these assets... their balance sheet could destroy itself.



oh shit...

The house of cards is falling... this crash is going to be epic...

EDIT - **DID I just confirm my DD?**

and with about $23 trillion in all Treasuries out there... the FED owns about 25% of the float...

US Treasury Securities Statistics

SIFMA Research tracks U.S. Treasury market issuance (gross and net), trading, outstanding and yield data, as well as information on holders of UST. All data is broken out by tenor and is downloadable by monthly, quarterly and annual statistics including trend analysis.

YTD statistics include:

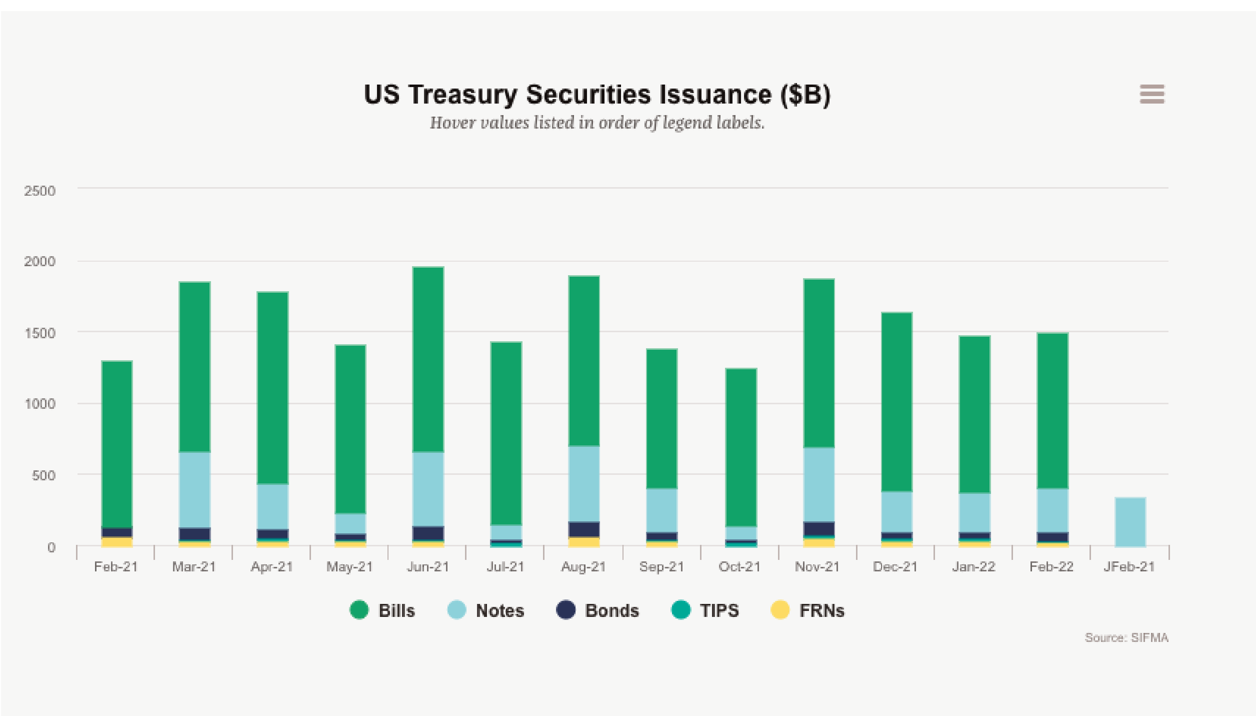
- Issuance (as of February) $3.0 trillion, -2.9% Y/Y
- Trading (as of February) $689.2 billion, +3.4% Y/Y
- Outstanding (as of February) $23.2 trillion, +9.6 Y/Y

https://www.sifma.org/resources/research/us-treasury-securities-statistics/

They about to learn about **liquidity...**

The FED DID PRINT $3 TRILLION THIS YEAR - FOUND AFTER - CONFIRMS MY DD -

SO THE FED LOST ABOUT $2.85 TRILLION TO INTEREST RATE RISK IN 2022?



1500 x 2 is about $3 trillion... OMG...

https://www.sifma.org/resources/research/us-treasury-securities-statistics/

one more time - the FED printed $3 Trillion this year (2022) - market is down, their bonds are down, their portfolio is only up $150bn... wtf is going on???

They printed $3 trillion and lost $2.85 trillion... in two months... THE FED Balance Sheet eating itself much??? I need a wrinkle to look at that - I dont think the loss is actually that bad, some of the money they print does go to other things -

BONDS > FIXED INCOME

Part of GUIDE TO FIXED INCOME

Interest Rate Risk

By JAMES CHEN Updated December 31, 2021

Reviewed by JULIUS MANSA

Fact checked by DIANE COSTAGLIOLA

What Is Interest Rate Risk?

Interest rate risk is the potential for investment losses that result from a change in interest rates. If interest rates rise, for instance, the value of a bond or other fixed-income investment will decline. The change in a bond's price given a change in interest rates is known as its duration.

Interest rate risk can be reduced by holding bonds of different durations, and investors may also allay interest rate risk by hedging fixed-income investments with interest rate swaps, options, or other interest rate derivatives.

The FED balance sheet is catpiss wrapped in dog shit... or something - its just Financial analysis - dont hate me -