The Global Financial Ecosystem 2000-2020:
Evolution, Disruption, Calibration

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Evolution, Disruption, Calibration

- **Evolution:**
  - The year 2000 – a Biblical year in finance…
  - The financial economy reflections of real economy imbalances
  - Structural asset-liability mismatches and the search for…
    - equity-like returns with bond like volatility
  - Institutional cash pools and the search for…
    - safe, short-term assets (money)
  - The rise of matched-book repo (dealers as Mehrling’s “money dealers”)
  - Repo = working capital for asset managers
  - Trade finance, war finance, housing finance, securities finance
    - (goods) (freedom) (American dream) (excess returns)
    - (real bills) (Treasuries) (mortgages) (repos)

- **Disruption:**
  - Collateral: “you are what you eat…”
Matched-Book Money Dealing

Source: A Macro View of Shadow Banking (Pozsar, 2014)
Four Simple Goals That Make the World Go ‘Round…

Source: A Macro View of Shadow Banking (Pozsar, 2014)
Calibration

Source: A Macro View of Shadow Banking (Pozsar, 2014)
Carrots Too, Not Only Sticks

Source: A Macro View of Shadow Banking (Pozsar, 2014)
Fixing the Money Market, Exacerbating Duration Needs

Source: A Macro View of Shadow Banking (Pozsar, 2014)
Disclosure Appendix

Analyst Certification
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