

## A conspiracy of central bankers – January 18<sup>th</sup> 2015

It is way past time that we had a collective noun for central bankers? So how about a “conspiracy”? Don't believe me then read on...

Hey Mario it's the Milky Bar Kid here and I need a bit of help. You see I have been selling chocolate for euros and seem to have accumulated rather a lot of them.

Well Kid I am rather busy right now with the Greek hummus trade warming up a bit and there's also going to be a bit of trouble with the frankfurters in Germany. The Greeks can't pay and the Germans won't pay.

Then of course the whole European economy, which the unelected chocolatiers in Brussels tell us is doing fine, is heading for a deflationary bust. Your defence of the CHF/EUR peg hasn't helped me either and this week I'm supposed to get off my butt and actually practise what I preach by announcing a humongous tranche of QE that will make everything right. And you think you have got problems Kid!

Well Mario I guess one too many cuckoos have flown your nest then! The gnomes over here are getting rather restless about the size of my balance sheet and the quality of the chocolate and there doesn't seem any point in both of us trying to run mission impossible so I am going to pull the plug on the peg and let's see if that helps at all.

Kid I thought it was the Brits that did the complete fruit and nut case thing when it came to monetary policy? You know green shoots and ramping rates three times in a day. Now you know I've been wanting to massage our beloved euro down, but do you have any idea what will happen if you do this? It will start behaving like the drachma or dare I say it the lira and you'll just end up with more Russian laundry into the bargain. The rouble is rubble, the swissie's been rolled and the euro will be toast - French toast quite likely.

Mario you worry too much, leave that to your mama. You tell me all your banks have reserves coming out of their ears so a little currency vol won't play much havoc with their nice cosy VaR numbers and when you have told Fritz at the Bundesbank that you are going to let the Greeks go hang, which should of course bury that nasty undemocratic socialist Tsipras's chances in the election next Sunday, then you can take all this crappy euro paper off me and I can start buying something useful like ...oh I don't know...gold...

Kid that sounds like a plan. Ciao good buddy. Super Mario signing off until Thursday when all the milky bars will be on me.

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