

Myrmikan Research Note

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Chairman Yellen

Today the Senate Banking Committee approved Janet Yellen's nomination for the Chairmanship of the Federal Reserve to be sent to the full Senate for a vote.

The American Principles Project has released a series of videos opposing Yellen's confirmation:

<http://www.youtube.com/watch?v=oV-z4ejTIZQ>

<http://www.youtube.com/watch?v=jvFmJ2ryd28>

http://www.youtube.com/watch?v=_GMOH1CCKHY

<http://www.youtube.com/watch?v=424A01WQCcw>

It may be impossible to defeat Yellen's confirmation, but such events are the best time to publicize opposition to current policies. The American Principles Project has an online petition and other materials opposing Yellen's nomination:

<http://www.noonyellen.com/>

Gold plunged yesterday upon release of the FOMC minutes (gold also plunged dramatically in illiquid trading well before the release, suggesting official intervention or that someone had an advanced copy of the minutes).

The Bloomberg headline read: "Fed QE Taper Likely in Coming Months on Data, Minutes Say."

But, what *did* those minutes say?

"Many members stressed the data-dependent nature of the current asset purchase program, and some pointed out that, if economic conditions warranted, the Committee could decide to slow the pace of purchases at one of its next few meetings. A couple of members also commented that it would be important to continue laying the groundwork for such a reduction in pace through public statements and speeches, while emphasizing that the overall stance of monetary policy would remain highly accommodative as needed to meet the Committee's objectives."

So, conditions will warrant or not warrant: either way, the Fed will continue to threaten the taper. If conditions don't warrant, the most likely outcome, there will be no slowing of purchases. If conditions do warrant, then the Committee could decide to slow purchases—or it could decide not to slow purchases. Who's to say?

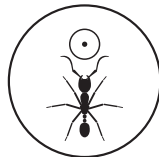
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Janet Yellen, that's who. It's a good bet that she'll decide that conditions don't warrant. Or, even if she concedes they do warrant, she could channel Bartleby, the Scrivener: "I prefer not to taper."

The full title of Melville's tale is: Bartleby, the Scrivener: A Story of Wall-street:

"Of a Sunday, Wall-street is deserted as Petra; and every night of every day it is an emptiness. This building too, which of week-days hums with industry and life, at nightfall echoes with sheer vacancy, and all through Sunday is forlorn. And here Bartleby makes his home; sole spectator of a solitude which he has seen all populous—a sort of innocent and transformed Marius brooding among the ruins of Carthage!"

Wall-street loves QE, but the true addict rarely survives his drug. By the time Janet Yellen finishes her term as head of the Federal Reserve, Wall Street's days will look like Bartleby's nights.



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