

“Cluster Of Central Banks” Have Secretly Invested \$29 Trillion In The Market

By [Zero Hedge](#)

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Theme: [Global Economy](#)

Another conspiracy “theory” becomes conspiracy “fact” as [The FT reports](#) “a cluster of central banking investors has become major players on world equity markets.” The report, to be published this week by the [Official Monetary and Financial Institutions Forum \(OMFIF\)](#), confirms \$29.1tn in market investments, held by 400 public sector institutions in 162 countries, which “could potentially contribute to overheated asset prices.”

China’s State Administration of Foreign Exchange has become “the world’s largest public sector holder of equities”, according to officials, and we suspect the Fed is close behind (courtesy of more levered positions at Citadel), as the world’s banks try to diversify themselves and “counters the monopoly power of the dollar.” *Which leaves us wondering where are the central bank 13Fs?*

While most have assumed that this is likely, the recent exuberance in stocks has largely been laid at the foot of another irrational un-economic actor – the corporate buyback machine. However, [as The FT reports](#), what we have speculated as fact for many years now (given the [death cross of irrationality](#), plunging volumes, lack of engagement, and of course dwindling credibility of central planners)... is now fact...

Central banks around the world, including China’s, have shifted decisively into investing in equities as low interest rates have hit their revenues, according to a global study of 400 public sector institutions.

“A cluster of central banking investors has become major players on world equity markets,” says a report to be published this week by the Official Monetary and Financial Institutions Forum (Omfif), a central bank research and advisory group. The trend “could potentially contribute to overheated asset prices”, it warns.

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The report, seen by the Financial Times, identifies \$29.1tn in market investments, including gold, held by 400 public sector institutions in 162 countries.

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China’s State Administration of Foreign Exchange has become “the world’s largest public sector holder of equities”, as the report argues is “partly strategic” because it “counters the monopoly power of the dollar” and reflects Beijing’s global financial ambitions.

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In Europe, the Swiss and Danish central banks are among those investing in equities. The Swiss National Bank has an equity quota of about 15 per cent. Omfif quotes Thomas Jordan, SNB's chairman, as saying: "We are now invested in large, mid- and small-cap stocks in developed markets worldwide." The Danish central bank's equity portfolio was worth about \$500m at the end of last year.

[Read more here](#)

So there it is... conspiracy fact - Central Banks around the world are buying stocks in increasing size.

To summarize, the global equity market is now one massive Ponzi scheme in which the dumb money are central banks themselves, the same banks who inject the liquidity to begin with.

That would explain this.



That said, *good luck with "exiting" the unconventional monetary policy.* You'll need it.

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