

# Financial Instability, Retreat of the Bond Market, Is a Global “Bond Rout” Brewing?

Audio

By [Dr. Jack Rasmus](#)

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[Jack Rasmus](#) 30 June 2017

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*Bond markets in Europe and US are in rapid retreat this past week, in the wake of central bank announcements of coming rate hikes and balance sheet sell-offs. Will it spread to bubbles in stock markets in the US and elsewhere? Listen to the Alternative Visions radio show of June 30, 2017 for the discussion.*

Dr. Rasmus reviews key decisions by central banks this past week that are making investors nervous about stock and bond market bubbles that have been created since 2008. Heads of central banks in Europe—the ECB and Bank of England—this week signaled they too may raise interest rates and sell off their QE balance sheets—following the US Fed’s announcements of last week. Is the free money provided by central banks to private bankers and investors now coming to an end?

QE free money alone has amounted to \$15 trillion since 2009—feeding the financial bubbles in stocks, bonds, currencies and derivatives. Pulling this ‘life support’ of free money from the banks—i.e. off the free money oxygen ventilator—has investors now nervous, Rasmus explains.

An emerging ‘bond rout’ may be the tip of the financial iceberg. At the same time, the US Fed this past week also announced its annual phony bank stress tests and it will allow banks to reduce their capital safety cushions by accelerating bank dividend and stock buyback payouts to shareholders. US banks are projected to increase payouts to 100% of this year’s profits. (Chase to 110% and \$27 billion). Bank stock prices surged driving US stocks higher into bubble territory. Will the bond rout spread? Will the stock bubble end? Central banks now perform a new function of ‘permanent subsidization of private banks’ in the 21<sup>st</sup> century, Rasmus explains.

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