

Macro Roundup Article

Headline: [The Federal Reserve Is Deflating Financial Bubbles, Without a Crash](#)

Article Link: <https://www.bloomberg.com/news/articles/2022-12-08/us-federal-reserve-s-inflation-fight-spurs-crypto-tech-housing-market-drops?srnd=premium&sref=U3dOGIDF>

Author(s)	Rich Miller
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Tweet: While the Nasdaq is down 30% from its high last year, the decline hasn't yet stressed the financial system. @bloomberg

Summary: The monetary tightening campaign is having a major impact in deflating asset bubbles that swelled during the pandemic. This is occurring without upending the financial system. And the losses, while large, are a fraction of the scale seen in the bursting of the tech bubble at the start of the century. The Nasdaq Composite Index is down a little over 30% from its high reached last year, but that compares with an almost 80% crash two decades ago. "It's astonishing," said Harvard University professor Jeremy Stein "If you told any one of us a year ago, 'we're going to have a bunch of 75 basis-point hikes,' you'd have said, 'Are you nuts? You're going to blow up the financial system.'"

Primary Topic: Business Cycle

Topics: Business Cycle, Financial Markets, GDP, Monetary Policy, News article, Quote, Sell-by Date

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