

Macro Roundup Article

Headline: [Hidden to Market](#)

Article Link: <https://fedguy.com/hidden-to-market/>

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Tweet: [@Fedguy12](#) argues "there is little risk of a crisis in the banking sector" noting "SVB was particularly poorly run" but QT is set to pull over \$1T of liquidity out of the banking system, challenging bank liquidity over the next two years.

Summary: The level of liquidity in the banking system is exceptionally high but is set to steadily decline from higher rates and QT. Higher interest rates reduce the market value of bank assets, which reduces the amount of cash that a bank can raise. A secular upward swing in interest rates can potentially impose huge losses on both the securities and loan portfolios of banks. At the same time, QT is set to steadily withdraw over a trillion in liquidity out of the banking system over the next two years. This is not a problem today, but it may be in the coming years.

Primary Topic: Business Cycle

Topics: Banking, Business Cycle, Financial Markets, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/fedguy12-argues-there-is-little-risk-of-a-crisis-in-the-banking-sector-noting-svb-was-particularly-poorly-run-but-qt-is-set-to-pull-over-1t-of-liquidity-out-of-the-bank?view=detail>

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