

# The Global Financial Ecosystem 2000-2020:

Evolution, Disruption, Calibration

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DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS.

# Evolution, Disruption, Calibration

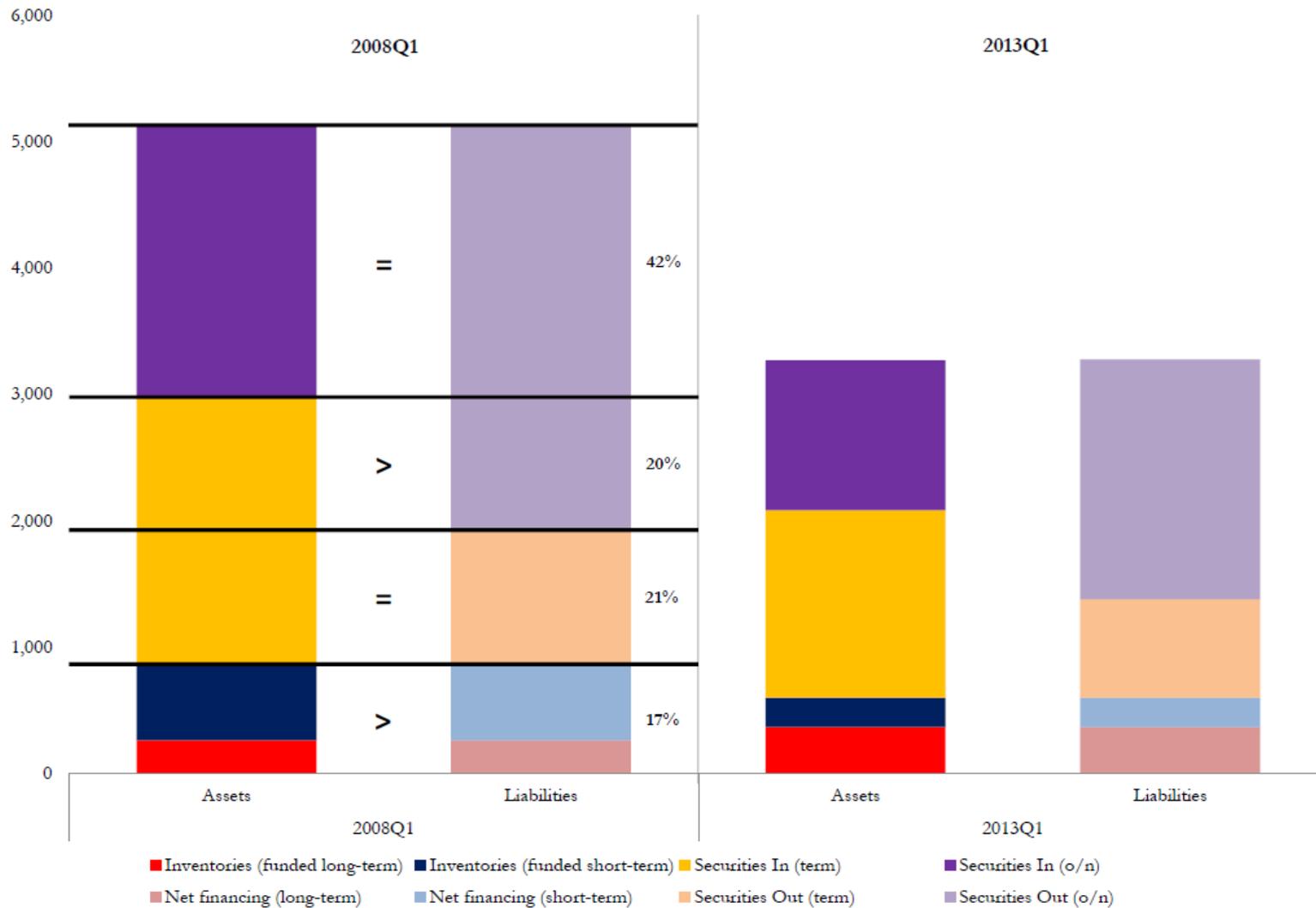
## ■ Evolution:

- The year 2000 – a Biblical year in finance...
- The financial economy reflections of real economy imbalances
- Structural asset-liability mismatches and the search for...
  - equity-like returns with bond like volatility
- Institutional cash pools and the search for...
  - safe, short-term assets (money)
- The rise of matched-book repo (dealers as Mehrling's "money dealers")
- Repo = working capital for asset managers
- Trade finance, war finance, housing finance, securities finance  
(goods) (freedom) (American dream) (excess returns)  
(real bills) (Treasuries) (mortgages) (repos)

## ■ Disruption:

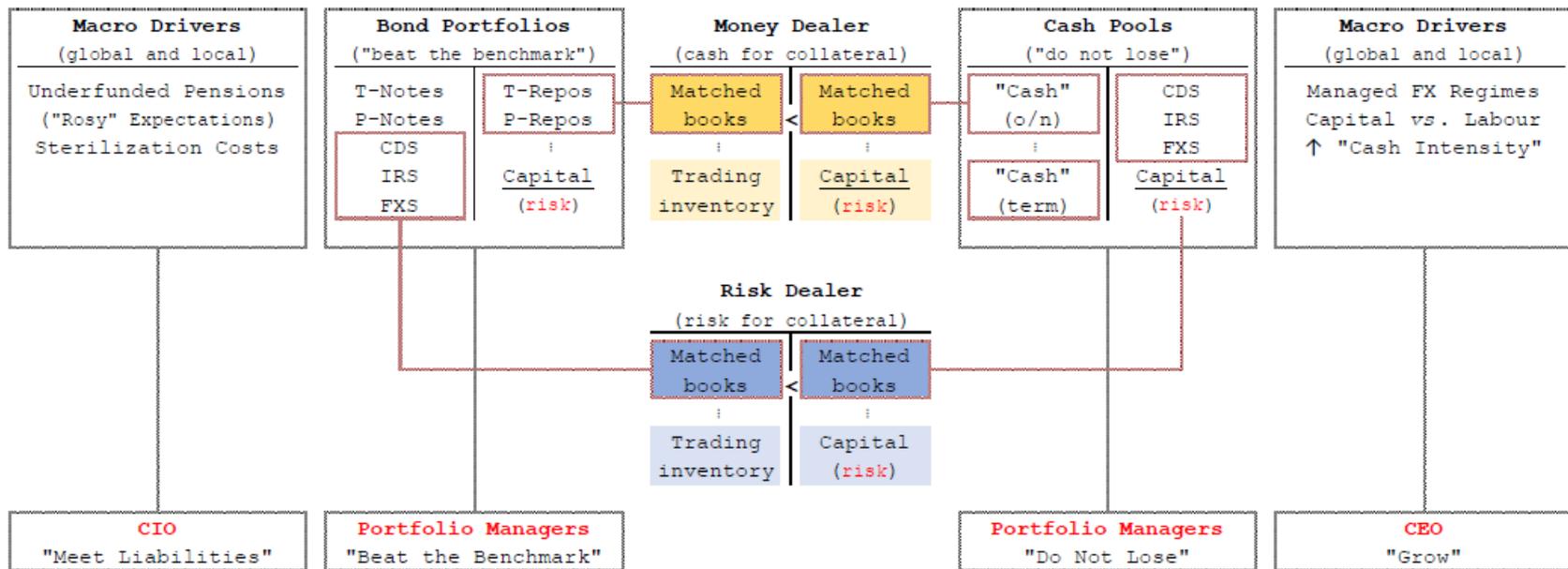
- Collateral: "you are what you eat..."

# Matched-Book Money Dealing



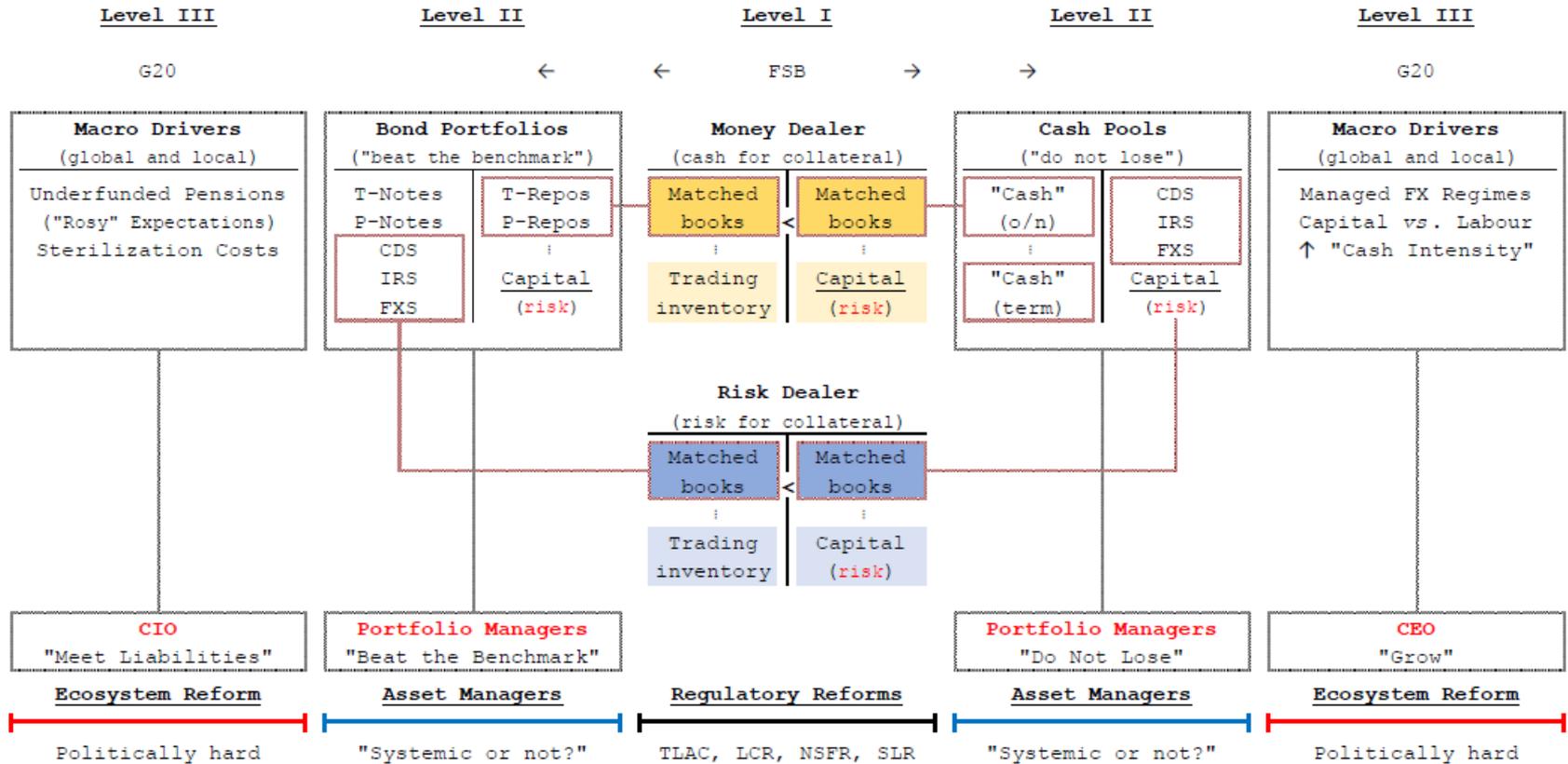
Source: A Macro View of Shadow Banking (Pozsar, 2014)

# Four Simple Goals That Make the World Go 'Round...



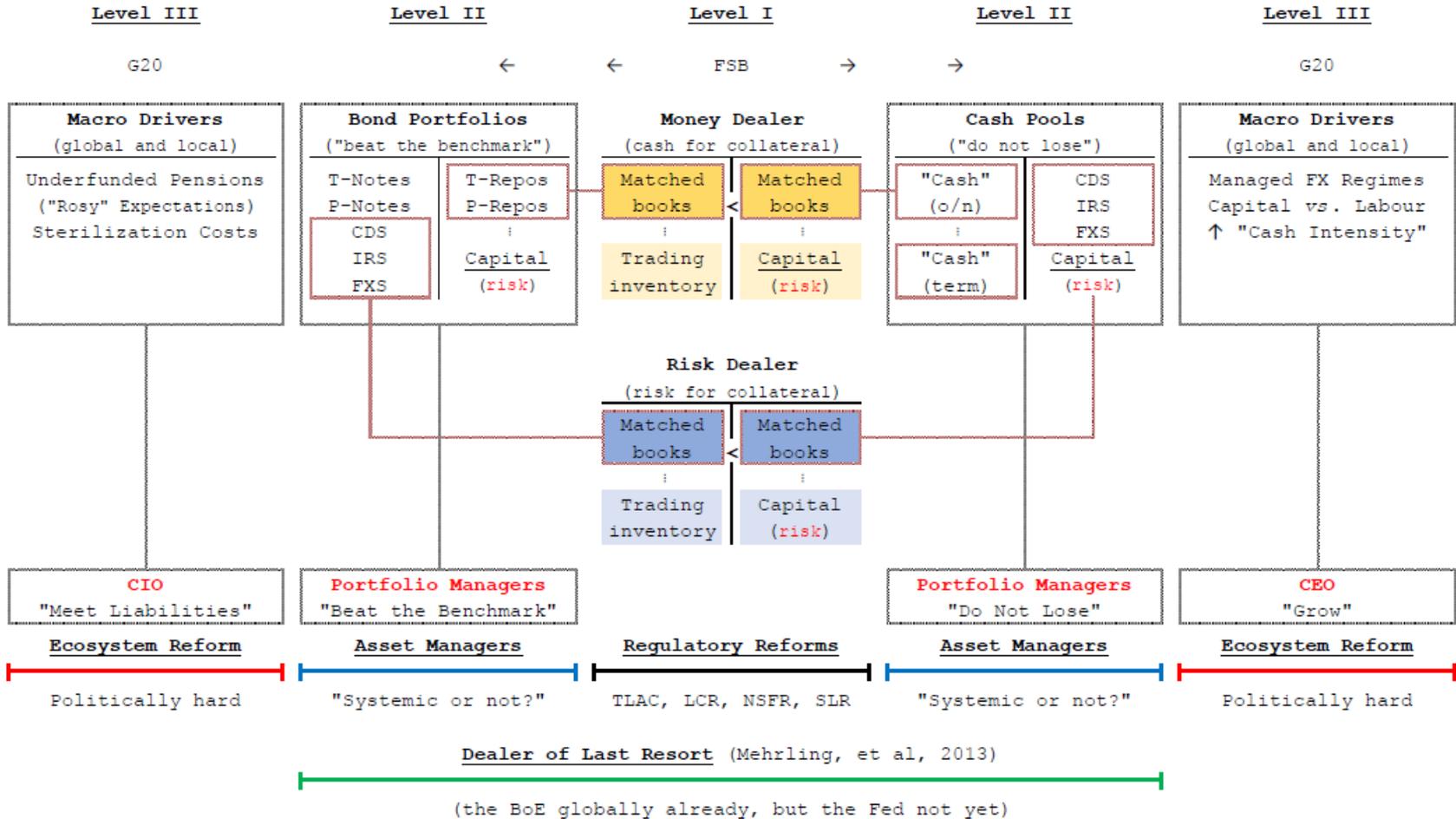
Source: A Macro View of Shadow Banking (Pozsar, 2014)

# Calibration



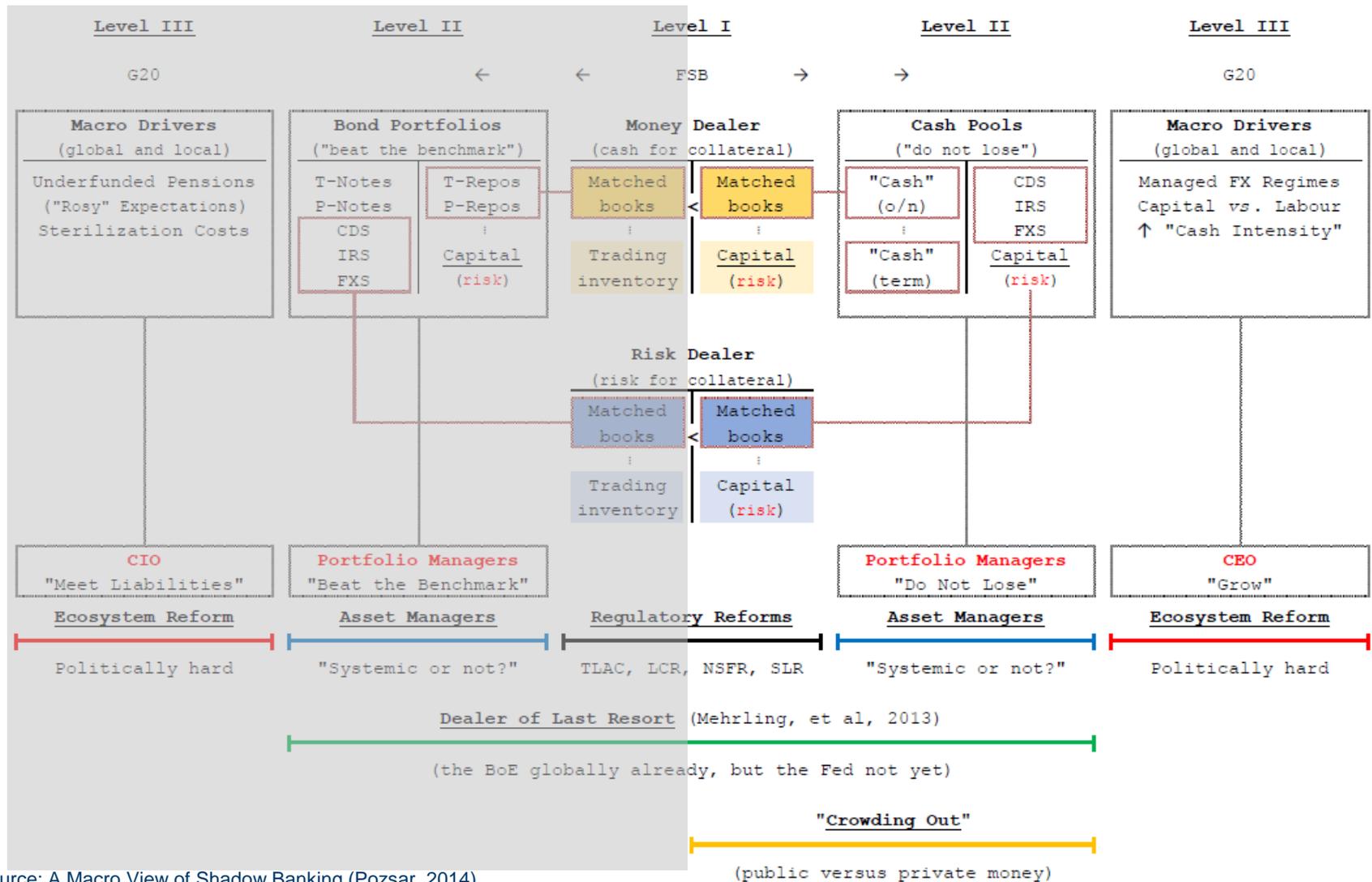
Source: A Macro View of Shadow Banking (Pozsar, 2014)

# Carrots Too, Not Only Sticks



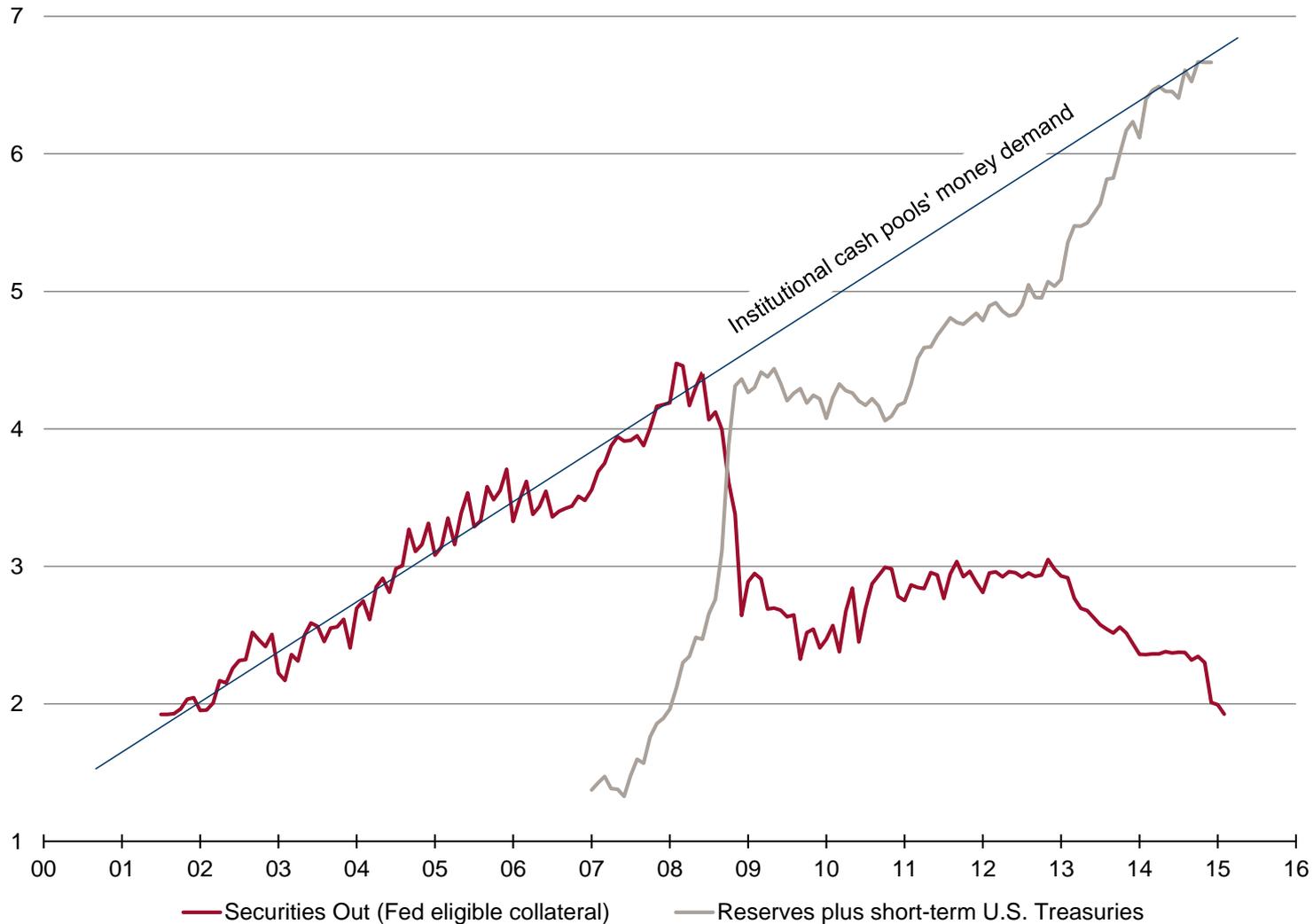
Source: A Macro View of Shadow Banking (Pozsar, 2014)

# Fixing the Money Market, Exacerbating Duration Needs



Source: A Macro View of Shadow Banking (Pozsar, 2014)

# From Private Money to Public Money



Source: Federal Reserve, U.S. Treasury, Credit Suisse

# Disclosure Appendix

## Analyst Certification

I, Zoltan Pozsar, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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