



### The narrative is changing

Central banks have held the aura of omnipotence for some time now. Alan Greenspan was the first to have a “put” named after him, but the current incumbent is not so sure that she wants that title. She does not appear to be “sure” about many things within her remit, unlike her European counterpart who will do whatever it takes. However, both he and the governor of the Bank of Japan must be wondering, privately, just what the hell is going on. The more they push on their “piece of string” the less inclined are markets to take the bait. One of my favourite commentators, [The Slog](#), sums up the recent spate of central bank pontifications and their true meaning for markets with his exquisite lack of deference.

- **Last week, it was Mario Draghi’s turn to boldly go where only idiots like Abe go, and he grasped the opportunity with both hands. It delivered about 25 minutes of effervescence to the European markets, after which the default position returned to enervation. You might say that the ECB boss had promised not just to pay the crowd to watch Christians being eaten in the Coliseum, but also totally wild and unpredictable lions to do the deed. Instead, a little bloke with a bald head shuffled into the arena and shouted, “Wait, wait – you’re making a terrible mistake, already”. At which point, a fat ginger Tom wobbled in and licked his hand.**
- **It was the same old circus and the bread was stale, but come last Wednesday I doubt if anyone really expected anything different from Osborne or Yellen. The British Chancellor is like Presley’s Colonel Parker: a Barnham figure peddling half-truths while he switches the pea from one walnut shell to another. Janet Yellen offers not so much bread and circuses as Fed speak and courtesies...a weather-girl manqué forecasting that one day soon the rain will stop, and all those Arks really aren’t necessary at all.**
- **But above all, these people are just waiters overpromising on the cuisine in a crummy restaurant: the restaurant has a quality problem, and their strategy is to increase the size of the menus. As the café is in a poor neighbourhood, they’re offering to take credit cards that none of the locals qualify for. Nothing works, and it’s obvious to everyone that it never will; everyone, that is, except them.**

The mainstream media, notably the Racing Pink and the WSJ, are still plugging the line that central bank infallibility is on a par with that of the Vatican’s main resident. Until that view wavers the market’s belief system remains intact. We have seen some impressive rallies across a diverse range of markets as complacency about the central bank put overrides the fear factor. Just in time, we suspect, for the retail investor who cashed in his chips last year and has missed the rally, to climb back on the bandwagon of hope. Good luck!

### [Clive Hale –The View from the Bridge – March 20<sup>th</sup> 2016](#)

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