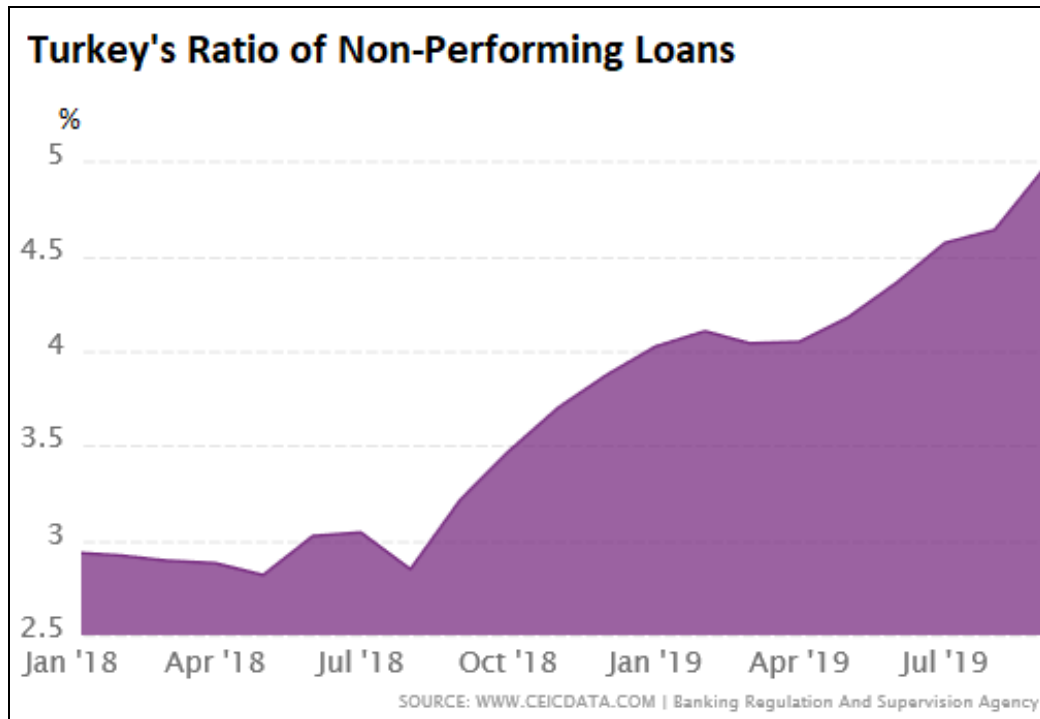


BOB HOYE

NOVEMBER 19, 2019

Non-Performing Loans: Turkey



Source: Wolfe Street

- As a great bubble completes, the transition to contraction has been punctuated by the discovery of liquidity problems in “lesser exchanges”.
- This started in Argentina and Turkey, early in 2019. Truly lesser exchanges.
- In reviewing the turn towards a post-bubble contraction, we noted that it could hit New York in the fall.
- With central banks in India and China facing the sudden loss of liquidity a few months later, we changed the problem designation to “outlying” exchanges. These are big markets and “lesser” no longer applies.
- The dramatic injection of Fed liquidity into the NY money market indicates the size of the problem.
- The next phase of the contraction could be the discovery of large leveraged accounts getting the big margin call.