The Yen Carry Trade

Extracted From Hal Turner Radio Show

The interest rate on loans from Japan has been ZERO percent for years. Soooooooo, People and businesses borrowed money in Japan at zero percent Interest. They then converted the loan money from Japanese Yen to US Dollars, and used those dollars to buy stocks, bonds, make loans to Emerging markets and so forth.

After whatever fee they paid to convert the Yen to Dollars, all the Interest or dividends they received by having those stocks, bonds, and the loans they made to others, <u>went directly into their pocket as profit.</u>

Now, there is actual Interest to be paid on those Japanese loans. The loans aren't free anymore.

So now the people who bought all those stocks, bonds, or made loans to others have to get rid of what they bought or else they must start paying Interest n the Japan loans they took. That Interest is such that it will wipe out any profit they might be making, and end-up COSTING THEM more than they make every month. So they have to get rid of the loans fast, so they don't lose their shirts paying the new Interest.

That means they have to dump stocks, bonds, and whatever else they bought with the zero interest Japan loans.

All those stocks and bonds <u>will start dropping in value</u> as more and more people sell them to pay off their Japan loans. As the value drops, the people who took the loans are losing more and more every day, which will cause more and more of them to sell, which will cause more and more to lose money, so THEY have to sell as well. **Think massive downward spiral.**

This Japan "Carry trade" where they took zero interest loans from Japan, amounts to TRILLIONS of dollars in US Markets - with at least five hundred Billion being in US Stocks.

ALL OF THAT has to be sold-off to pay off the Japan loans.