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Alex Fusté
@AlexfusteAlex
alex.fuste@andbank.com

US financial deregulation? As things stand now…

Admittedly, Donald Trump showed on the campaign trail he had no love for Janet Yellen. Yesterday, the Federal Reserve chair has returned the sentiment – on Valentine's Day, no less:

1. In her first Senate testimony since the president took office, Yellen defended post-crisis rules and said banks are robust and lending strongly.
2. Gary Cohn, a Trump adviser and former No. 2 at Goldman Sachs, said recently that the administration would cut back 2010's Dodd-Frank Act and other measures because they imposed burdens that were making it hard for banks to lend. Yellen slapped him down yesterday when she evidenced that both commercial and industrial lending raised strongly (up more than 75 percent to $2.1 trillion since the Dod d Frank regulation was put in place in 2010), and also noted that only 2 percent of small businesses reported that finance was their top problem (according the National Federation of Independent Business survey). The Fed chair also rebutted Cohn's claim that regulatory overload was making American banks uncompetitive. On the contrary, she said, a stronger capital base "confers a competitive advantage" that has enabled the U.S. industry to boost profit and valuations and win market share from European rivals.
3. Although Yellen's hearing also allowed the Republican senators to lay down some markers (Republicans stressed a desire for easier rules for smaller banks), Yellen offered a robust defense of the regulatory framework adopted since the financial crisis, saying U.S. banks were strongly capitalized, gaining market share from European rivals and lending more money than ever.

It seems to me that rolling back regulation may need to wait for the next chair.

Kind regards,

Alex Fusté
Chief EconomistAndbank