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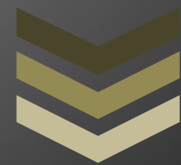

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A GREAT FINANCIAL CRISIS IS IMMINENT, SAYS EXPERTS

Will there be a financial collapse in the United States before the end of 2015? An increasing number of respected financial experts are now warning that US is right on the verge of another great economic crisis.

Of course that doesn't mean that it will certainly happen; experts have been wrong before and it might just happen that they are even this time. But without a doubt, red flags are popping up all over the place. The following are 8 financial experts that are warning that a great financial crisis is impending.

1. Douglas R. Casey is an American investment advisor and writer. He is the founder and chairman of Casey Research.

   During one recent interview, Doug Casey stated that "With these stupid governments printing trillions and trillions of new currency units, *it's building up to a catastrophe of historic proportions.*"

   "I wouldn't keep significant capital in banks," he told Reason magazine Editor-in-Chief Matt Welch. "Most of the banks in the world are bankrupt."

2. Bill Fleckenstein is president of Fleckenstein Capital, a money management firm based in Seattle.

   Bill Fleckenstein who correctly predicted the financial crisis in 2007, says he is one step closer to opening up a short-focused fund for the first time since 2009. In the meantime, Fleckenstein says that "the *entire market could be heading for calamity* in the coming months."

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3. Richard Russell is a writer on finance. A native New Yorker Russell educated at Rutgers and received his BA at NYU. He published a book named The Dow Theory Today in 1958.

   Richard Russell says "I expect a brief period of higher prices which will draw in the amateurish retail public. This brief breather will be followed by an historic bear market that will tear apart the current economic system."

4. Larry Edelson, one of the foremost experts on gold and precious metals, is the editor of Real Wealth Report and Supercycle Trader. Larry has called the ups and downs in the gold market time and again.

   Larry Edelson states confidently that "On October 7, 2015, the first economic supercycle since 1929 will trigger a global financial crisis of epic proportions. It will bring Europe, Japan and the United States to their knees, sending nearly one billion human beings on a roller-coaster ride through hell for the next five years. A ride like no generation has ever seen. *I am 100% confident it will hit within the next few months.*"

5. John Hussman is a stock market analyst and mutual fund owner. He is known for his criticism of the US Treasury and the Federal Reserve and for predicting the 2008-2009 US Recession.

   John Hussman is warning that market conditions such as are observed right now have only happened at a few key moments throughout US history

   "In any event, this is no time to be on autopilot. Look at the data, and you'll realize that our present concerns are not hyperbole or exaggeration. We simply have not observed the market conditions we observe today except in a handful of instances in market history, and they have typically ended quite badly.

   In my view, this is one of the most important moments in a generation to examine all of your risk exposures, the extent to which you believe historical evidence is informative, your tolerance for loss, your comfort or discomfort with missing out on potential rallies even in a wickedly overvalued market, and your true investment horizon."

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6. Marc Faber is a Swiss investor based in Thailand. Faber is publisher of the Gloom Boom & Doom Report newsletter and is the director of Marc Faber Ltd which acts as an investment advisor and fund manager.

   During a recent appearance on CNBC, Marc Faber suggested that U.S. stocks could soon plummet by up to 40 percent. To Faber's mind, America is in dire straits.

   The U.S. stock market could "easily" drop 20 percent to 40 percent, closely followed contrarian Marc Faber said Wednesday—citing a host of factors including the growing list of companies trading below their 200-day moving average.

   In recent days, "there were [also] more declining than advancing stocks, and the list of 12-month new lows was very high on Friday," the publisher of The Gloom, Boom & Doom Report told CNBC's "Squawk Box."

   In fact, Faber goes so far as to forecast: "*We could very well be in a recession in the U.S. within six months.*"
   This isn't the first time that Faber has issued a strikingly pessimistic take on the economy.

   In the interview on Oct. 1, 2009, Faber also elaborated on comments he made to Indian CNBC-TV18, in which he said that "We're very overbought, and the economic new is not particularly good. ... I think the big move, the gravy's out," when it comes to both American and Indian stocks.

7. Henry Blodget is an American businessman, investor, journalist, and author. He is a former equity research analyst who was senior Internet analyst for CIBC Oppenheimer and the head of the global Internet research team at Merrill Lynch during the dot-com bubble.

   Henry Blodget of Business Insider has suggested that "As regular readers know, for the past ~21 months I have been worrying out loud about US stock prices. Specifically, I have suggested that a decline of 30% to 50% would not be a surprise.

   I haven't predicted a crash. But I have said clearly that I think stocks will deliver returns that are way below average for the next seven to 10 years. And I certainly won't be surprised to see stocks crash. So don't say no one warned you!"

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8. Egon von Greyerz (EvG) – Founder and Managing Partner of Matterhorn Asset Management AG (MAM) and GoldSwitzerland based in Zurich, Switzerland.
   EvG forecasted the current present problems in the world economy well over 10 years ago. In 2002 when gold was $300 per ounce, MAM recommended to its investors to put 50% of their investment assets into physical gold stored outside the banking system.

   Egon von Greyerz is even more bearish. He recently told King World News that we are heading for "the most historic wealth destruction ever"

   "Eric, there are now more problem areas in the world, rather than stable situations. No major nation in the West can repay its debts. The same is true for Japan and most of the emerging markets. Europe is a failed experiment for socialism and deficit spending. China is a massive bubble, in terms of its stock markets, property markets and shadow banking system. Japan is also a basket case and the U.S. is the most indebted country in the world and has lived above its means for over 50 years.

   So we will see twin $200 trillion debt and $1.5 quadrillion derivatives implosions. That will lead to the most historic wealth destruction ever in global stock, with bond and property markets declining at least *75 – 95 percent*. World trade will also contract dramatically and *we will see massive hardship across the globe.*

Apart from foreign experts our own Governor of the Reserve Bank of India is of a similar opinion.

Back in 2005, Raghuram Rajan, then economic counselor at the International Monetary Fund, stood up in front of the annual meeting of prominent economists and bankers at Jackson Hole, Wyo., and gave a presentation that his listeners could never have expected. The U.S. investor community was reveling in the high growth and stable financial conditions then prevalent around the world, but Rajan had examined global financial markets and come to a very different opinion.
He argued that increasingly complex markets, which spewed out complicated instruments like credit-default swaps and mortgage-backed securities in ever greater quantities, had made the global financial system a riskier place, not less so as many believed. Such comments were considered near blasphemy at the time, and Rajan's audience didn't take him very seriously.

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Three years later in 2008, however, his views proved prophetic. Rajan had generally predicted the sources of the worst financial collapse since the Great Depression of the 1930s.

9. Dr. Raghuram Govind Rajan is the current and the 23rd Governor of the Reserve Bank of India, having taken charge of India's central banking institution on 4th September 2013. He was chief economic adviser to India's Ministry of Finance during the period 10th August 2012 to 4th September 2013 and chief economist at the International Monetary Fund from 2003 to 2007.

   Dr. Rajan is worried again, this time, he's fretting about the impact of the superloose monetary policies pursued by the U.S. Federal Reserve and other central banks to combat the financial crisis and resulting recession. Long-term low interest rates and unorthodox programs to stimulate economies — like quantitative easing, or QE — could be laying the groundwork for more turmoil in financial markets, he argues.

   "My sense is that monetary policy can only do so much and beyond a certain point if you try to use monetary policy it does more damage than good," Rajan tells TIME in his Mumbai office. "A number of years over which we, as central bankers, have convinced markets that we continuously come to their rescue and that we will keep rates really low for long — that we do all kinds of ways of infusing liquidity into the markets — has created markets that tend to push asset prices probably significantly beyond fundamentals, in some cases, and make markets much more vulnerable to adverse news. My worry is that, with inflation not being strong, this can continue for some time until things are so stretched that any signs of inflation, and a rise in interest rates, could precipitate a fairly strong market reaction. Certainly that volatility hurts across the world."

   Dr. Rajan, 51, would not pinpoint specifically where the most dangerous spots in global finance may be, but he did say that he believed assets of all sorts have become inflated. "I don't know what the right level of the market is," he says. "But I do know that, when I look at my portfolio and try to figure out where to invest, I can't think of what I think is fairly valued."

Whether the predictive interpretations of the elaborate economy and its rather intricate factors would come true to the last word or it turns moderately correct, remains to be seen.

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FX: The store that closes when it's busiest

The foreign exchange markets are famously the most liquid in the world, with $5 trillion or more being traded each day. But, increasingly, when that liquidity is most needed it has a tendency to vanish, with markets freezing and leaving investors unable to trade.
Changes in regulation and market structure have led to concerns that the market's shock-absorbing capacity is in decline. That is a worrying dynamic for a market that corporations and investors around the world depend on to manage their exposure to foreign currencies.

Phil Weisberg, global head of foreign exchange at Thomson Reuters, which operates one of the top foreign exchange trading venues, said: "A combination of regulatory and risk management challenges makes it much more expensive for banks to provide liquidity, which reduces the capacity of the industry to absorb shocks and means prices will move more sharply than they used to."

In the past, shocks to the FX market were absorbed to some extent by so-called "non-correlated flow"; a diverse, liquid ecosystem of buyers and sellers that steadied the market at times of stress, making price action less explosive. But such diverse flow is in shorter supply today than in the past.

To see that dynamic in action, rewind to January 15 this year, when the Swiss National Bank abandoned its attempt to hold down its currency.

The Swiss franc gained nearly 28% against the euro in a day, one of the biggest moves of a major currency in a generation. Citigroup and Deutsche Bank both lost more than $150 million on the day, the Wall Street Journal reported, while major retail foreign exchange platform FXCM needed a $300 million lifeline to prevent its collapse.

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Gil Mandelzis, chief executive of EBS BrokerTec at interdealer broker Icap, said the markets' sharp move showed trading had become thinner at times of stress. "The reality is that over the past 15 years we have seen the continuous departure of non-correlated flow from the public lit markets in both FX and fixed income, which has made the markets weaker and less liquid."

The reduced liquidity is also apparent in the longer-term, tectonic moves in the market. An example is the appreciation of the US dollar, which began in earnest in mid-2014 and has been one of the clearest currency moves of the past year. EUR/USD, the most widely traded currency pair, fell from $1.37 to $1.21 in the second half of last year, and the trend has continued in 2015, with a euro now worth around $1.10.

David Puth, chief executive of CLS, which provides risk mitigation in FX settlement, said: "The long-term trend in the US dollar has been generally a very orderly move that did not cause problems in the market. But the fact that it moved so steadily without any real resistance is very unusual and shows that there is less two-way activity in the market today."

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