Experts Fear A Stealth Crash Has Already Begun: “Risk Is Flashing Red”

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It is more clear than ever that the Federal Reserve’s quantitative easing program will eventually bring destruction to the planet.

The world doubled down on risk after the 2008 crisis with nearly unlimited liquidity, and now debt is threatening to drown the global financial market. Cheap credit is about to saddle down those who got themselves overextended. Many private borrowers and states alike face default, bankruptcy and/or a failure to pay their obligations. Mathematically, the problem is just waiting to explode.

It is just a matter of when the music stops. But has it already?

Some are suggesting that things are already so bad that a crash has already set in, but without the headlines and fanfare.

This stealth crash is evidenced by conditions so bad they precipitate a chain reaction of further financial destruction. According to the London Guardian things are simply too far gone: “the debt levels are too high, productivity growth too weak and financial risks too threatening.”

Via the London Guardian:

> **A predicted global meltdown passed without event. But there are enough warning signs to suggest we are sleepwalking into another disaster**

> The 1st of October came and went without financial armageddon. Veteran forecaster Martin Armstrong, who accurately predicted the 1987 crash, used the same model to suggest that 1 October would be a major turning point for global markets. Some investors even put bets on it. But the passing of the predicted global crash is only good news to a point. Many indicators in global finance are pointing downwards – and **some even think the crash has begun**. Let's assemble the evidence.
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> First, the unsustainable debt. Since 2007, the pile of debt in the world has grown by $57tn (£37tn). That's a compound annual growth rate of 5.3%, significantly beating GDP. Debts have doubled in the so-called emerging markets, while rising by just over a third in the developed world.[…] **What we've done with credit since the global crisis of 2008 is expand it faster than the economy – which can only be done rationally if we think the future is going to be much richer than the present.**This summer, the Bank for International Settlements (BIS) pointed out that certain major economies were seeing a sharp rise in debt-to-GDP ratios, which were well outside historic norms. **In China, the rest of Asia and Brazil, private-sector borrowing has risen so quickly that BIS's dashboard of risk is flashing red.** In two thirds of all cases, red warnings such as this are followed by a major banking crisis within three years.**The underlying cause of this debt glut is the $12tn of free or cheap money created by central banks since 2009**, combined with near-zero interest rates. **When the real price of money is close to zero, people borrow and worry about the consequences later.**Oil collapsed first, in mid 2014, falling from $110 a barrel to $49 now, despite a slight rebound in the interim.
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> **In short, as the BIS economists put it, this is "a world in which debt levels are too high, productivity growth too weak and financial risks too threatening".** It's impossible to extrapolate from all this the date the crash will happen, or the form it will take.

No one knows when an official "crash" is going to take place, or if they would recognize it if it were already here, but wealth is being transferred at an incredible rate that is driving people into poverty, dependence and desperation.

What is clear is that the financial system that has been put in place is apparently not even capable of holding things together for a decade before they fall apart again.

The same Federal Reserve that was supposedly put in place to end volatile booms and busts is today directly creating them. Monetary policy is perhaps the driving force of today's misfortune. The situation is reaching a dangerous quickening point, if it has not already arrived. As the article noted,

> ***"When the real price of money is close to zero, people borrow and worry about the consequences later."***

But the consequences are piling up. The entire economy rests on the actions of the Fed, which is engaged in massive market manipulation – albeit legal under the powers assumed by this private agency. Admittedly, the Fed is inflating the stock market, all while destroying the jobs, business, savings, investments and opportunities of regular people.

If Yellen raises rates, the debt crunch begins, and there may be nothing that can hold back the bloods-in-the-streets level of crisis that will occur when people across the world can no longer pay, and can't borrow any more. There may be higher rates within a year.

Meanwhile, the Fed continues to float enormous volumes of money to feed the looming disaster. It is worsening, and many are already over the edge. As financial experts put it months ago, the market today is "uniquely crash prone."

Things have been set-up to fail, and giving the Federal Reserve more power than ever to control the markets has only assured the next phase of the collapse will be even worse.

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