

John Williams'  
**Shadow Government Statistics**  
*Analysis Behind and Beyond Government Economic Reporting*

**SPECIAL COMMENTARY NUMBER 973 - ALERT**

**Mounting Risk of Intense Financial Turmoil**

**October 14, 2018**

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**As Some Acorns Begin to Fall, Beware the Dollar**

**Risks of Major Financial Market Upheaval Are High in the  
Next Six Months, But Watch Out for the Near-Term**

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## MOUNTING RISK OF INTENSE FINANCIAL MARKET TURMOIL

### **Risks of Intense Dollar and Financial-Market Turmoil Are Magnified by Deteriorating Economic, Fiscal and Political Conditions and Are Exacerbated by Mounting Systemic- and Consumer-**

**Liquidity Stresses.** In the context of recent intensified, negative Stock Market volatility, the happy hype on the ongoing stock market boom has begun to pull back a bit. Discussed here are risks of extraordinary financial-market disruptions and turmoil—selloffs—mounting rapidly in the near-term, in the next six months or even in the next couple of weeks. Further background and detail will follow in tomorrow's *Opening Comments* on Consumer Liquidity in *Commentary No. 974*, and will be expanded upon in pending *Special Editions* of the *Consumer-Liquidity* and *Hyperinflation Watches*.

I view this brief missive to be of enough importance to put out as a separate piece.

With the backdrop of the *Squirrely Season* and likely tipping point for the markets discussed in [Commentary No. 970](#), likely rapid deterioration in near-term headline economic activity and rapidly mounting risks of near-term political turmoil and/or perceptions of same are combining to widen the risk of major downside movements in the U.S. dollar and U.S. equity markets, all coming together at the same point in time.

A sudden sell-off in the U.S. dollar, likely would be coincident with, if not the proximal trigger for the intensifying flight from liquid dollar-denominated assets such as stocks and bonds.

Consider as basic background [Hyperinflation Watch – No. 3](#) and [Consumer Liquidity Watch – No. 4](#). Both *Watches* will be updated shortly in *Special Editions*, but the basic concepts discussed there already are in play, or as otherwise discussed here.

What continues to unfold is the still-unresolved 2007/2008 banking-system collapse, where the Federal Reserve has done its best to bailout, obfuscate, forestall or mask a systemic problem that has had neither an easy nor a rapid solution. Despite trillions of dollars used to prop the banks in the last decade, neither the U.S. banking system nor the U.S. economy has been able to return to anything close to normal functioning, post-2007. As the FOMC moves to reverse course by raising interest rates and tightening domestic liquidity, it also is killing whatever nascent economic recovery was beginning to surface.

Accordingly, the U.S. dollar and financial markets remain at extreme risk of intense, panicked declines that could happen at any time. The financial system and the markets eventually should become self-healing, but not without likely significant cost to or alteration of existing circumstances.

Holdings of physical gold and silver remain the ultimate hedges—stores of wealth—for preserving the purchasing power of one's U.S. dollar assets, during times of high U.S. inflation and currency debasement and/or political- and financial-system upheaval. Such circumstances increasingly are likely in the next six months, but, again, they could begin to break at any time.

Please call (707) 763-5786, or contact me by e-mail at [johnwilliams@shadowstats.com](mailto:johnwilliams@shadowstats.com), if you would like to discuss current circumstances, or otherwise.

*Best wishes – John Williams*