

The Second Wave of the Financial Tsunami

By [Matthias Chang](#)

Theme: [Global Economy](#)

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I wrote on 23rd November 2009:

"The wave is gathering force and is most likely to hit the global economy between the first and second quarter of 2010. Count on it... The US economy will be spiraling out of control in the coming months and will reach a critical point by the end of the 1st quarter 2010 and implode by the 2nd quarter."

Last Thursday, the Dow closed down 348 points, or 3.2%, to 10,520, after tumbling nearly 1,000 points mid-afternoon. Then on Friday, 7th May 2010, Dow fell another 140 points in wild trading day. The decline wiped out US market gains for the year. The Dow closed down to 10,380!

How much money did you guys lose in just two days? Lambs for the slaughter!

Edmund Conway, the Economics Editor of the Telegraph, UK revealed that the American economist, David Hale had met with Mervyn King and that the latter confided that, *"whoever wins this election will be out of power for a whole generation because of how tough the fiscal austerity will have to be."*

Edmund Conway went on to paint this ghastly future for his country:

"...no-one yet comprehends just how tough the next five years will be. For obvious reasons: we have not experienced anything like it in our lifetimes. We have been insulated from the full pain of the financial/economic crisis so far by unprecedented low interest rates and by the bank bail-outs. At some point, the anaesthetic will wear off and we will face a period of austerity that may well make the ruling party so unpopular that it effectively becomes unelectable for decades. There will be strikes; there will be stagnation; there will probably be a double dip of some variety. But this time the pain will be unmistakably imposed by the politicians."

His penetrating analysis is corroborated by the former conservative party minister, Michael Portillo when commenting on the recent British elections which resulted in a Hung Parliament. He said that the *"financial crisis ravaging Britain would take 20 years to resolve, but the next five years would be critical!"*

The situation in the United States is far worse, notwithstanding the multi-trillions pumped into the ailing economy which has been in intensive care since 2008. What is happening to Europe can be likened to the after-shock of a massive earthquake. But the epicenter remains in the United States. But, what most economists refused to admit and/or confront is the inevitable second major earth-quake that will surely come as a result of the present Fed /

Bernanke's policies. I have referred to this in my previous article as the *2nd Financial Tsunami*.

The Anglo-American global financial system is in its death throes. Have no illusions.

For further details, consult [Matthias Chang's November 2009 article](#)

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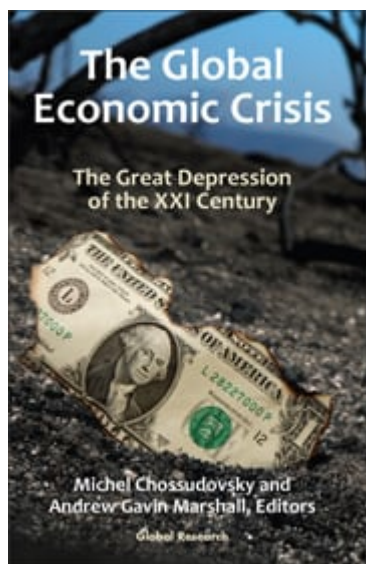
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