

Hello CFG clients . . . Brian here. As you all know, we at Cascade Financial Group strive hard to gather information well beyond the mainstream media (MSM) sources in an effort to keep you informed. Sometimes, the challenge is to narrow down all the newsworthy information into one article/email, especially after a long holiday weekend wherein significant newsworthy events are often buried down and away from MSM headlines.

For this weeks email, an unknown author at theeconomiccollapseblog.com posted 23 links of articles and statements from financial authorities around the globe pointing to a possible depression in 2011. Each link is summarized for quick reading, however feel free to click each **blue link** to get the full article . . . and draw your own conclusion.

The Depression Of 2011?

23 Economic Warning Signs From Financial Authorities All Over The Globe

Could the world economy be headed for a depression in 2011? As inconceivable as that may seem to a lot of people, the truth is that top economists and governmental authorities all over the globe say that the economic warning signs are there and that we need to start paying attention to them. The two primary ingredients for a depression are debt and fear, and the reality is that we have both of them in abundance in the financial world today.

In response to the global financial meltdown of 2007 and 2008, governments around the world spent unprecedented amounts of money and got into a ton of debt. All of that spending did help bail out the global banking system, but now that an increasing number of governments around the world are in need of bailouts themselves, what is going to happen? We have already seen the fear that is generated when one small little nation like Greece even hints at defaulting. When it becomes apparent that quite a few governments around the globe cannot handle their debt burdens, what kind of shockwave is that going to send through financial markets?

The truth is that we are facing the greatest sovereign debt crisis in modern history. There is no way out of this financial mess that does not include a significant amount of economic pain. When you add mountains of debt to paralyzing fear to strict austerity measures, what do you get? What you get is deflationary pressure and financial markets that seize up.

Some of the top financial authorities in the world are warning us that unless something substantial is done, that is exactly what we are going to be seeing as 2010 turns into 2011.

Of course some governments around the world could try to put these economic problems off for a while by printing and borrowing even more money, but we all know by now that only makes the long-term problems even worse.

For now, however, it seems as though most governments are opting for the austerity measures that the IMF seems determined to cram down the throats of

everyone. So what will austerity measures mean for the global economy? Think "stimulus" in reverse.

Yes, things are going to get messy.

It looks like there is going to be a great deal of economic fear and a great deal of economic pain in 2011 and the years beyond that.

So are we headed for "the depression of 2011"? Well, let's hear what some of the top financial experts in the world have to say....

#1) Economist Nouriel Roubini:

"We are still in the middle of this crisis and there is more trouble ahead of us, even if there is a recovery. During the great depression the economy contracted between 1929 and 1933, there was the beginning of a recovery, but then a second recession from 1937 to 1939. If you don't address the issues, you risk having a double-dip recession and one which is at least as severe as the first one."

#2) Bank of England Governor Mervyn King:

"Dealing with a banking crisis was difficult enough, but at least there were public-sector balance sheets on to which the problems could be moved. Once you move into sovereign debt, there is no answer; there's no backstop."

#3) German Chancellor Angela Merkel:

"The current crisis facing the euro is the biggest test Europe has faced for decades, even since the Treaty of Rome was signed in 1957."

#4) Paul Donovan, the Senior Economist at UBS:

"Now people are questioning if the euro will even exist in three years."

#5) Michael Pento, Chief Economist at Delta Global Advisors:

"The crisis in Greece is going to spread to Spain and it's going to be very difficult to deal with. They are bailing out debt with more debt and it isn't sustainable. It's a wonderful scenario for gold."

#6) LEAP/E2020:

"LEAP/E2020 believes that the global systemic crisis will experience a new tipping point from Spring 2010. Indeed, at that time, the public finances of the major Western countries are going to become unmanageable, as it will simultaneously become clear that new support measures for the economy are needed because of the failure of the various stimuli in 2009, and that the size of budget deficits preclude any significant new expenditures."

#7) Telegraph Columnist Edmund Conway:

"Whatever yardstick you care to choose – share-price moves, the rates at which banks lend to each other, measures of volatility – we are now in a similar position to 2008."

#8) Peter Morici, an Economics Professor at the University of Maryland:

"The next financial tsunami is emerging and will ripple to America."

#9) Bob Chapman of the International Forecaster:

"The green shoots of recovery have now turned into poison ivy. The abyss has again been filled with more debt and more fiat currency. In the process the Fed and now the ECB have lost all credibility."

#10) Telegraph Columnist Ambrose Evans-Pritchard:

"The M3 money supply in the United States is contracting at an accelerating rate that now matches the average decline seen from 1929 to 1933, despite near zero interest rates and the biggest fiscal blitz in history."

#11) Professor Tim Congdon from International Monetary Research:

"The plunge in M3 has no precedent since the Great Depression. The dominant reason for this is that regulators across the world are pressing banks to raise capital asset ratios and to shrink their risk assets. This is why the US is not recovering properly."

#12) Reuters Columnist Iliana Jonas:

"The default rate for commercial mortgages held by banks in the first quarter hit its highest level since at least 1992 and is expected to surpass that by year-end and peak in 2011, according to a study by Real Capital Analytics."

#13) Paul Krugman, a Nobel Prize-winning Economist:

"It's not hard to see Japan-style deflation emerging if the economy stays weak."

#14) Stan Humphries, Chief Economist for Zillow.com:

"Anyone expecting a robust rebound in the housing market ... will be sorely disappointed."

#15) Fox News:

"As the national debt clock ticked past the ignominious \$13 trillion mark overnight, Congress pressed to pass a host of supplemental spending bills."

#16) Bloomberg:

"The U.S. government's Aaa bond rating will come under pressure in the future unless additional measures are taken to reduce projected record budget deficits, according to Moody's Investors Service Inc."

#17) Peter Schiff:

"When creditors ultimately decide to curtail loans to America, U.S. interest rates will finally spike, and we will be confronted with even more difficult choices than those now facing Greece. Given the short maturity of our national debt, a jump in short-term rates would either result in default or massive austerity. If we choose neither, and opt to print money instead, the run-a-way inflation that will ensue will produce an even greater austerity than the one our leaders lacked the courage to impose. Those who believe rates will never rise as long as the Fed remains accommodative, or that inflation will not flare up as long as unemployment remains high, are just as foolish as those who assured us that the mortgage market was sound because national real estate prices could never fall."

#18) The National League of Cities:

"City budget shortfalls will become more severe over the next two years as tax collections catch up with economic conditions. These will inevitably result in new rounds of layoffs, service cuts, and canceled projects and contracts."

#19) Dan Domenech, Executive Director of the American Association of School Administrators:

"Faced with continued budgetary constraints, school leaders across the nation are forced to consider an unprecedented level of layoffs that would negatively impact economic recovery and deal a devastating blow to public education."

#20) Mike Whitney:

"Without another boost of stimulus, the economy will lapse back into recession sometime by the end of 2010."

#21) Kevin Giddis, Managing Director of Fixed Income at Morgan Keegan:

"There is big money making big bets that at a minimum we we'll have a recession if not a depression that could last for years."

#22) John P. Hussman, Ph.D.:

"In my estimation, there is still close to an 80% probability (Bayes' Rule) that a second market plunge and economic downturn will unfold during the coming year. This is not certainty, but the evidence that we've observed in the equity market, labor market, and credit markets to-date is simply much more consistent with the recent advance being a component of a more drawn-out and painful deleveraging cycle."

#23) Richard Russell, the Famous Author of the Dow Theory Letters:

"Do your friends a favor. Tell them to "batten down the hatches" because there's a HARD RAIN coming. Tell them to get out of debt and sell anything they can sell (and don't need) in order to get liquid. Tell them that Richard Russell says that by the end of this year they won't recognize the country. They'll retort, "How the dickens does Russell know -- who told him?" Tell them the stock market told him."

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