

# \$2.5 Quadrillion Disaster Waiting to Happen – Egon von Greyerz

written by Egon von Greyerz | November 2, 2022

In this interview with Greg Hunter's USAWatchdog Egon von Greyerz explains, "Credit has increased dramatically through derivatives. All instruments being issued now by banks, pension funds, stock funds, it's all synthetic. There is no real underlying payments in anything almost. Therefore, my estimate for derivatives would be at least \$2 quadrillion, and I think that is probably conservative. Then, we have debt on top of that of \$300 trillion, and we also have a couple hundred trillion dollars of unfunded liabilities. So, we are talking about \$2.5 quadrillion, and that's with a global GDP of \$80 trillion. So, there is a disaster waiting to happen, and especially because all this created money has created no value whatsoever. . . . I always knew this would collapse, and it's taken longer than I expected, but I think we are at the end of a major era. . . . These derivatives, at some point in the coming few years, will actually turn into debt. Central banks will have to cover all the outstanding liabilities of the commercial banks as we are seeing now with Credit Suisse, Bank of England and etc. This is going to happen across the board. Whether it's called derivatives or called debt, as far as I am concerned, it's the same thing. It will have the same effect on the world financial system, which will be disastrous, of course."

EvG says the derivative markets were simply a way for financial institutions to carry debt and not show it on their balance sheets. In the end, everything will balance out. EvG goes on to say, "Nobody can repay the debt, and they can't even pay interest. . . . So, therefore, when the debt implodes, so will the assets that were financed by this debt. So, both sides of the balance sheet have to come down. Whether it comes down by 50%, 75% or 90%, I don't know. . . . All I think about is risk, and the financial system will not survive in its present form. Central banks only use one kind of medicine, and that is more printed money. Now, you are getting negative returns on printed money. So, that is not going to save anything. Sadly we are looking at a situation when this system will start to implode . . . . The rich are still rich, but the poor are really poor. . . . Overall in the UK, Germany and most European countries, people don't have enough money to live. This is a human disaster already. With food costs going up 25% and energy going up the same and gasoline, interest rates and rents, people don't have enough money, and that is happening now. It's a human disaster of mega proportions. It's so sad, and governments will have no chance of doing anything about it."

In closing, EvG says, "This is why it is getting closer for implosion because the whole system can't take this. . . . The risk is increasing exponentially. So, I think people should be prepared . . . . Most asset markets have lost money, and it is going to get worse."

There is much more in the 43-minute interview.