

Birth Pangs of the Coming Great Depression

January 30, 2015 | [Michael Snyder](#)

The signs of the times are everywhere – all you have to do is open up your eyes and look at them. When a pregnant woman first goes into labor, the birth pangs are usually fairly moderate and are not that close together. But as the time for delivery approaches, they become much more frequent and much more intense. Economically, what we are experiencing right now are birth pangs of the coming Great Depression.

As we get closer to the crisis that is looming on the horizon, they will become even more powerful. This week, we learned that the Baltic Dry Index has fallen to the lowest level that we have seen in 29 years. The Baltic Dry Index also crashed during the financial collapse of 2008, but right now it is already lower than it was at any point during the last financial crisis. In addition, “Dr. Copper” and other industrial commodities continue to plunge. This almost always happens before we enter an economic downturn.

Meanwhile, as I mentioned the other day, orders for durable goods are declining. This is also a traditional indicator that a recession is approaching. The warning signs are there – we just have to be open to what they are telling us.

And of course there are so many more parallels between past economic downturns and what is happening right now.

For example, volatility has returned to the markets in a big way. On Tuesday the Dow was down about 300 points, on Wednesday it was down another couple hundred points, and then on Thursday it was up a couple hundred points. This is precisely how markets behave just before they crash. When markets are calm, they tend to go up. When markets get really choppy and start behaving erratically, that tells us that a big move down is usually coming.

At the same time, almost every major global currency is imploding. For much more on this, see the amazing charts in this article.

In particular, I am greatly concerned about the collapse of the euro. The Swiss would not have decoupled their currency from the euro if it was healthy. And political events in Greece are certainly not going to help things either. Economic conditions across Europe just continue to get worse, and the future of the eurozone itself is very much in doubt at this point. And if the eurozone does break up, a European economic depression is almost virtually assured – at least in the short term.

And I haven't even mentioned the oil crash yet. There is only one other time in all of history when the price of oil collapsed by more than 60 dollars, and that was just prior to the horrific financial crisis of 2008.

Since the last financial crisis, the oil industry has been a huge source for job growth in this country. The following is an excerpt from a recent CNN article...

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