

This Wasn't Supposed to Happen

We have definitely deviated from the script. According to virtually all of the “experts,” the stock market was not supposed to keep plummeting in November. This was supposed to be the month when the market calmed down and things returned to normal.

But instead, November is starting to look a whole lot like October, and many investors are really starting to freak out. U.S. stocks declined for a third day in a row on Monday, and all post-election gains have now been completely wiped out. The Dow Jones Industrial Average lost another 602 points, and all of these large daily losses are really starting to add up. It may still be a bit too early to call this a “major financial crisis,” but if stock prices keep plunging like this, it won't be too long before all hell starts breaking loose on Wall Street.

Goldman Sachs, GE and California utility stocks were some of the biggest losers on Monday, but it was Apple that made the biggest news:

Investors grew concerned after Wells Fargo analysts identified Apple as the unnamed customer that optical communications company Lumentum Holdings said was significantly reducing orders. The news sent Apple's stock down 5 percent for the day. Lumentum shares plunged almost 33 percent.

Shares in other major tech stocks fell. Advanced Micro Devices gave up percent, while Nvidia fell percent. Micron Technology lost percent. Banks and consumer-focused companies, and media and communications stocks also took heavy losses.

All along, tech stocks had been leading the bull market on the way up, but now things have completely shifted.

In recent weeks tech stocks have been absolutely cratering, and several of the biggest names are now officially in bear market territory. The following summary comes from Wolf Richter:

- Facebook [FB] dropped 2.4 percent today, to \$ and is down 35 percent from its peak in July.
- Amazon [AMZN] dropped 4.4 percent to \$1, a share and is down nearly 20 percent, from the peak on September 5, when shares nearly kissed for the briefest moment \$1 trillion.
- Alphabet [GOOG] dropped 2.6 percent. At \$1,, shares are down 18 percent from the peak in July.
- NVIDIA [NVDA] plunged 7.8 percent today to \$ and is down 34.5 percent over the past six weeks and down 11 percent from a year ago.
- Netflix [NFLX] dropped 3.1 percent today to \$ and has plunged 30 percent from its high in early July.
- Microsoft [MSFT] fell 2.4 percent today to \$ and is down 7.5 percent from its peak at the beginning of October.

The environment on Wall Street is radically different than it was even six months ago. Today, there are concerns about what a divided Congress will mean for the next two years. Certainly there will be no more tax cuts, and many investors are bummed about that. There are also concerns that the trade war between the United States and China will continue to escalate. In addition, interest rates continue to rise, housing numbers continue to get worse and we continue to get more evidence that the global economy is really starting to slow down.

And one thing that is really spooking investors right now is the surging U.S. dollar:

Stocks investors are spooked about a lot of things, and the

strong dollar biting into earnings growth is now one of them.

The dollar index, which measures the greenback versus a basket of other currencies, jumped 0.7 percent on Monday to , a 17-month high. As the dollar rose, the Dow Jones Industrial Average lost 602 points to 25,387, and the S&P 500 was down nearly 2 percent to 2,726.

You may be tempted to think that a strong dollar would be a good thing, but in this financial climate, it is definitely not. As I have discussed previously, many emerging market countries binged on debt during the boom years, and much of that debt was denominated in U.S. dollars. Now that the dollar is surging, that is making it much, much more difficult to service and pay back those loans.

Meanwhile, the price of oil continues to fall precipitously. At this point, oil has now fallen for 11 days in a row:

Crude has now lost ground for 11 consecutive days, the longest slide since oil futures trading was introduced on the NYMEX in March 1983. The historic slump knocked oil into a bear market—barely a month after it hit four-year highs. Selling accelerated in extended trading, with crude breaking below \$59 a barrel.

Monday's drop signals skepticism from investors that Saudi Arabia will be able to quickly mop up a glut of supply that has suddenly emerged.

If you will remember, the price of oil also spiked dramatically and then fell like a rock just prior to the financial crisis of 2008.

Could it be possible that a similar scenario is playing out again?

In "Get Prepared Now," I talked about what the coming

financial crisis would mean for all of us, and I noted that many prepare for such a crisis by investing in precious metals. So it is quite interesting to note that global central banks were voraciously buying gold during the third quarter of this year:

Gold is particularly attractive to central banks looking for safe, liquid assets. Central bank purchases of gold increased by 22 percent during the third quarter. That's the fastest pace since the fourth quarter of 2015, according to Natalie Dempster, managing director for central banks and public policy at the World Gold Council.

Could this be a sign that the central bankers believe that a new crisis is looming?

Of course there are many of us who are stunned that things have already deteriorated so rapidly. I expected that October would be bad, but I didn't think that it would be that bad.

And many of us had anticipated that things would calm down a bit in November, and so a 602-point decline on Monday definitely came as a surprise.

Ultimately, it is just a matter of time before we witness a stock market crash far greater than we saw in 2008, but we can certainly hope that it will be put off for as long as possible.

However, the truth is that nobody can outrun the relentless march of time indefinitely, and time is most certainly running out for Wall Street.