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## Billionaires Dumping Stocks, Economist Knows Why

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By Newsmax Wires

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Despite the 6.5% stock market rally over the last three months, a handful of billionaires are quietly dumping their American stocks . . . and fast.

**Warren Buffett**, who has been a cheerleader for U.S. stocks for quite some time, is dumping shares at an alarming rate. He recently complained of “disappointing performance” in dyed-in-the-wool American companies like Johnson & Johnson, Procter & Gamble, and Kraft Foods.

In the latest filing for Buffett’s holding company Berkshire Hathaway, Buffett has been drastically reducing his exposure to stocks that depend on consumer purchasing habits. Berkshire sold roughly 19 million shares of Johnson & Johnson, and reduced his overall stake in “consumer product stocks” by 21%. Berkshire Hathaway also sold its entire stake in California-based computer parts supplier Intel.

With 70% of the U.S. economy dependent on consumer spending, Buffett’s apparent lack of faith in these companies’ future prospects is worrisome.

Unfortunately Buffett isn’t alone.

Fellow billionaire **John Paulson**, who made a fortune betting on the subprime mortgage meltdown, is clearing out of U.S. stocks too. During the second quarter of the year, Paulson’s hedge fund, Paulson & Co., dumped 14 million shares of JPMorgan Chase. The fund also dumped its entire position in discount retailer Family Dollar and consumer-goods maker Sara Lee.

Finally, billionaire **George Soros** recently sold nearly all of his bank stocks, including shares of JPMorgan Chase, Citigroup, and Goldman Sachs. Between the three banks, Soros sold more than a million shares.

So why are these billionaires dumping their shares of U.S. companies?

After all, the stock market is still in the midst of its historic rally. Real estate prices have finally leveled off, and for the first time in five years are actually rising in many locations. And the unemployment rate seems to have stabilized.

It’s very likely that these professional investors are aware of specific research that points toward a massive market correction, as much as 90%.

One such person publishing this research is Robert Wiedemer, an esteemed economist

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and author of the New York Times best-selling book *Aftershock*.

**Editor's Note: Wiedemer Gives Proof for His Dire Predictions in This Shocking Interview.**

Before you dismiss the possibility of a 90% drop in the stock market as unrealistic, consider Wiedemer's credentials.

In 2006, Wiedemer and a team of economists accurately predicted the collapse of the U.S. housing market, equity markets, and consumer spending that almost sank the United States. They published their research in the book *America's Bubble Economy*.

The book quickly grabbed headlines for its accuracy in predicting what many thought would never happen, and quickly established Wiedemer as a trusted voice.

A columnist at Dow Jones said the book was "one of those rare finds that not only predicted the subprime credit meltdown well in advance, it offered Main Street investors a winning strategy that helped avoid the forty percent losses that followed . . ."

The chief investment strategist at Standard & Poor's said that Wiedemer's track record "demands our attention."

And finally, the former CFO of Goldman Sachs said Wiedemer's "prescience in (his) first book lends credence to the new warnings. This book deserves our attention."

In the interview for his latest blockbuster *Aftershock*, Wiedemer says the 90% drop in the stock market is "a worst-case scenario," and the host quickly challenged this claim.

Wiedemer calmly laid out a clear explanation of why a large drop of some sort is a virtual certainty.

It starts with the reckless strategy of the Federal Reserve to print a massive amount of money out of thin air in an attempt to stimulate the economy.

"These funds haven't made it into the markets and the economy yet. But it is a mathematical certainty that once the dam breaks, and this money passes through the reserves and hits the markets, inflation will surge," said Wiedemer.

"Once you hit 10% inflation, 10-year Treasury bonds lose about half their value. And by 20%, any value is all but gone. Interest rates will increase dramatically at this point, and that will cause real estate values to collapse. And the stock market will collapse as a consequence of these other problems."

**See the Proof: Get the Full Interview by Clicking Here Now.**

And this is where Wiedemer explains why Buffett, Paulson, and Soros could be dumping U.S. stocks:

"Companies will be spending more money on borrowing costs than business expansion costs. That means lower profit margins, lower dividends, and less hiring. Plus, more layoffs."

No investors, let alone billionaires, will want to own stocks with falling profit margins and shrinking dividends. So if that's why Buffett, Paulson, and Soros are dumping stocks, they have decided to cash out early and leave Main Street investors holding the bag.

But Main Street investors don't have to see their investment and retirement accounts decimated for the second time in five years.

Wiedemer's video interview also contains a comprehensive blueprint for economic survival that's really commanding global attention.

Now viewed over 40 million times, it was initially screened for a relatively small, private audience. But the overwhelming amount of feedback from viewers who felt the interview

should be widely publicized came with consequences, as various online networks repeatedly shut it down and affiliates refused to house the content.

“People were sitting up and taking notice, and they begged us to make the interview public so they could easily share it,” said Newsmax Financial Publisher Aaron DeHoog.

“Our real concern,” DeHoog added, “is the effect even if only half of Wiedemer’s predictions come true.

“That’s a scary thought for sure. But we want the average American to be prepared, and that is why we will continue to push this video to as many outlets as we can. We want the word to spread.”

**Editor’s Note:** For a limited time, Newsmax is showing the Wiedemer interview and supplying viewers with copies of the new, updated Aftershock book including the final, unpublished chapter. [Go here to view it now.](#)



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