

'Horrendous storm' to hit stocks, Wall Street not rational: David Stockman

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If David Stockman is right, Wall Street should hunker down.

"This is one of the most dangerous market environments we've ever been in. It's the calm before a gigantic, horrendous storm that I don't think is too far down the road," he recently said on **"Futures Now."**

Stockman, who was director of the Office of Management and Budget under President Ronald Reagan, made his latest prediction after lawmakers grilled former FBI Director **James Comey** over whether President **Donald Trump** tried to influence the Russia investigation.

"This is a huge nothing-burger, but you don't take comfort from that. You get worried about that because the system is determined to unseat **Donald Trump**," said Stockman.

Stockman argues the latest drama on Capitol Hill is a distraction from the real problems facing the economy.

"If the Senate can involve itself in something this groundless, it's just more hysteria about Russia-gate for which there is no evidence. If they can bog themselves down in this, then we have a dysfunctional, ungovernable situation in Washington," he said, noting there are just seven weeks until lawmakers go home for the August recess.

Stockman contends it's unlikely tax reform and an infrastructure package will become reality in this environment — two business-friendly policies seen as a huge benefit to Wall Street.


In fact, he warns, the country could see a government shutdown in a matter of months.


A scenario like that could wipe out all of the stock market gains since the election and more, according to Stockman.


"I don't know what Wall Street is smoking. They ought to be getting out of the casino while it's still safe. Yet there's this idea that since he

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[Trump] wasn't incriminated, that proves that we can move on," he said. "I think it's crazy."

Stockman believes the **S&P 500** could easily fall to 1,600, about a 34 percent drop from current levels. He's made similar calls like this in the past, but they haven't materialized.

"There is nothing rational about this market. It's just a machine-trading-driven bubble that's nearing some kind of all-time craziness, mania," he said.

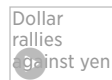
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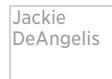
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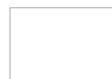
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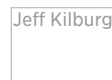
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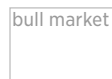
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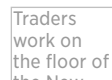
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