

Hedge-fund giant Elliott warns looming hyperinflation could lead to 'global societal collapse'

Last Updated: Nov. 3, 2022 at 6:08 a.m. ET

First Published: Nov. 3, 2022 at 6:07 a.m. ET

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Elliott contends markets have not fallen far enough and the world is hurtling toward the worst financial crisis since World War II



It could get grim out there. GETTY IMAGES/ISTOCKPHOTO

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"Investors should not assume they have 'seen everything.' "

That's executives at leading hedge-fund firm Elliott Management Corp. warning that the world is heading toward the worst financial crisis since World War II.

In a letter sent to investors, and reportedly seen by [the Financial Times](#), the Florida-headquartered firm told clients that it believes the global economy is in an "extremely challenging" situation that could lead to hyperinflation.

Elliott did not respond to MarketWatch's request for comment.

The firm, led by billionaire Paul Singer and Jonathan Pollock, told its clients that "investors should not assume they have 'seen everything' " because they have been through the peaks and troughs of the 1987 crash, the dot-com boom and bust, the 2008 global financial crisis, and previous bear and bull markets.

It added that the "extraordinary" period of cheap money is coming to an end and has "made possible a set of outcomes that would be at or beyond the boundaries of the entire post-WWII period."

The letter reportedly said the world is "on the path to hyperinflation," which could lead to "global societal collapse and civil or international strife."

Elliott reportedly argued that markets have not fallen enough yet and that an equity-markets decline of more than 50% would be "normal," adding that it couldn't predict when that would happen. The S&P 500 **SPX, +1.36%** has dropped 19% from its peak at the beginning of the year.

Elliott executives warned clients that the idea that " 'we will not panic because we have seen this before' does not comport with the current facts."

They blamed central-bank policy makers for the current global economic situation, saying they had been "dishonest" about the reasons for high inflation. They said lawmakers had shirked responsibility by blaming it on supply-chain disruption caused by the pandemic instead of citing the loose monetary policy imposed two years ago during the COVID-19 peak.

See: [How activists at Elliott Management were in conversation with executives at PayPal after revealing a stake in the firm](#)

The FT reported that the hedge fund has posted a 6.4% return so far this year and has only lost money during two years in its 45-year history.