

## 2019 is going to be horrid

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I am by nature an optimist. I temper this by never hoping for too much. But I undoubtedly live in hope. Until it comes to 2019, that is.

I promise, I tried to be upbeat when thinking about the coming year. There is a section for being so in the mind-map that follows. But I overwhelmingly failed. Of course, all predictions are wrong and my sense of foreboding may be misplaced. But I doubt it. 2019 is going to be horrid. Let's not pretend otherwise. This is why (click on the mind-map to open it in a separate page and then click it again for a large version):

For those who want the laid out version, this is it, but it's not as easy to read (in my opinion).

### 2019 risks

- \* Political
- \* Brexit
- \* The collapse of effective government in the UK
- \* The risk of unrest given almost any outcome
- \* The possibility of economic turmoil, created by choice, which is unprecedented
- \* The absence of effective political leadership
- \* The risk of the U.K. breaking up into two and maybe three parts
- \* Trump
- \* The choice not to govern in the USA and indifference to the rule of law
- \* Populism
- \* The act of looking to extremes for solutions

- \* EU
- \* German drift
- \* French floundering
- \* Elections and growing extremes
- \* Hungary and the fall of democracy
- \* Italy and the rise of the right
- \* Migration
- \* The continuing global stress
- \* China
- \* The threat of the alternative
- \* Russia
- \* Putin's continued passive aggressiveness
- \* The Middle East
- \* Israeli elections
- \* Stresses in Iraq and Iran
- \* The ongoing risk in Syria
- \* Spillover risk in Turkey
- \* The continuing risk of Erdogan
- \* The unreliability of Saudi Arabia
- \* **Economic**
- \* Brexit
- \* The economic unpredictability of the world's sixth largest economy schooling economic melt-down
- \* The USA
- \* The threat from rising interest rates

- \* Inverted yield curve - short term rates being higher than long term rates suggests recession is likely
- \* The likelihood of trade war fuelling recession, populism and political stress simultaneously
- \* The EU
- \* Germany's continued failure to take the lead in redistribution
- \* French floundering
- \* Italian stress
- \* The risk of QE withdrawal
- \* Oil
- \* Unpredictability of pricing
- \* Inability to predict supply
- \* A roller coaster is likely
- \* Stock markets
- \* The withdrawal of QE is meant to reduce asset prices. This may well happen.
- \* Uncertainty created by US interest rate policy, in particular
- \* Stock market crashes do not create recessions but they change moods. Volatility is already high. A crash is possible.
- \* Property markets
- \* House prices are falling, and not just in the U.K. This is a trend resulting from the ending of QE. This does not need to create recession in itself. But it does not help the mood.
- \* Developing markets
- \* US interest rates rising causing major spillover risks and the chance of default in many countries where debt is denominated in dollars
- \* Debt
- \* There is just too much of it
- \*

Major threat in countries like Italy and China but a potential threat almost anywhere, especially if asset prices fall as QE works out of the system and political uncertainty rises

- \* The return of the zombie bank is all too possible
- \* There is evidence that debt concerns are now hitting consumer spending and that retailing is being hit hard as a result. This could be enough to create recession by itself.
  
- \* Climate change
- \* Nothing is happening
  
- \* Philosophy
- \* Those in charge still think they can find solutions in neoliberalism
  
- \* Inequality
- \* Will grow. Neoliberalism ensures it.
  
- \* Wages
- \* Will remain broadly stagnant. Neoliberalism ensures it.
  
- \* Insecurity
- \* Will grow. Neoliberalism ensures it.
  
- \* **The upsides**
- \* Awareness of the need to tackle climate change
- \* The Green New Deal
  
- \* Awareness of the dangers of inequality
- \* All the major economic international organisations now see the threat
  
- \* There are attempts at new economic thinking
- \* Some measures to tackle tax abuse are working

