



Europe on Brink of 'Major Financial Collapse': Guggenheim CIO

STRATEGY SESSION, WALL STREET, STOCKS, BONDS, FIXED INCOME, EQUITIES, DAVID FABER, GARY KAMINSKY, KATE KELLY, EUROPE, FINANCIAL COLLAPSE, SCOTT MINERD, CIO, FIXED, GUGGENHEIM PARTNERS, EURO, UNITED STATES, TREASURY,
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Europe is a "train wreck" and on the "**brink of a major financial crisis**," Scott MinerD, CIO of the fixed-income firm Guggenheim Partners, told CNBC Tuesday.

"**The way Europe is operating right now**, it's what I called recently 'cognitive dissonance,'" MinerD said, or "basically doing the same thing thinking they're going to get a different outcome."

"They keep throwing more and more liquidity at it thinking it's going to get better and it's not," he added. Europe fails to recognize that it has a "structural problem, not a liquidity problem."

People will "flee the euro" unless they find a way to bifurcate the euro in some way where strong countries are in the euro only and the weak countries are out, MinerD explained, adding, "To be honest with you, I don't see the mechanism to do that."

"As the capital is flooding out of Europe, which we're starting to see now, the first place it's going to go is to the safe havens—[U.S.] **Treasurys**, which [the market] perceives to be safe, and it'll **chase gold**," he added.

Compared to a 2 percent return on Treasury notes, investors will eventually say that "stocks with price-earnings multiples of 12 or 13 or 14 look relatively cheap, and the growth for corporate earnings in the United States is very good, and this is likely to help us," said MinerD.

The United States is "the least dirty shirt in the bag," MinerD concluded. "We have a very good chance of seeing **equities** up maybe another 10 percent [over the next six months] from where we are."

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