Via my friends Chris Martenson and Adam Taggart via Peak Prosperity: In this week's podcast, Lance explains how the massive flood of investment capital into passively-managed ETFs, along with record amounts of margin debt, has the potential to set the markets afire:

> *"**Fundamentally**, there?s nothing different in today's markets because, at the end of the day, they are about evaluations, earnings -- those types of things. **Technically**, the market is very different today because of quantitative easing, computerized trading etc. What we see are two things happening, in particular, that people should be paying attention to. One is that **investors are herding into passively-managed•ETFs**now, which is creating a dislocation between the underlying realities of individual stocks and their prices, because the piling into•ETFs•is requiring stocks like Facebook, Amazon, and Google to be bought in much greater volumes than they otherwise would. And people are making an assumption that there will always a buyer for every seller in the market. Now that?s absolutely true. But it's often argued by the mainstream media that "For every buyer there?s a seller, so it doesn?t matter when the market turns. You?ll be okay." But you won?t, because, yes, at some point there is a buyer for every seller, but it always begs the question: At what price? And because of all the piling into these ETFs, when the market eventually breaks, yes, there will be a buyer; but that buyer*

could be at many percentages lower than where prices were before. We could very well see a vacuum appear in prices, with a gap down so sharp and so fast that it not only paralyzes most investors who may be hoping to get a little bit of recovery to sell into, but then will start triggering margin calls. There?s been numerous articles written about ***margin debt****: "margin debt is not a problem; don?t worry about margin debt." Well, margin debt is not fine. We?re at record levels of margin debts. It?s like a can of gasoline. If I set a can of gasoline in the middle of a room and nobody touches it, it's fine. But drop a match into that can of gasoline you have a different story. So, the only thing that?s been missing up to this moment right now is the herding of individuals into a specific type of investment. But just like with real estate in the past, we have now people herding into ETFs. And now, with all these computers basically acting on the same set of information pushing stocks in the same direction because they?re all working off the same set of information, the market is like a tanker of gasoline. And somebody?s going to put a lit stick a dynamite into it because when this all reverses, you have these passive indexers become panic sellers. And then that beings to immediately trigger a reversal in the algorithms, which all feed on themselves in a negative direction. And the gap that opens up between the bid and sell prices will be staggering. "*

Click the play button below to listen to Chris' interview with Lance Roberts (45m:28s).