

Global Market Forces, Pension Fund Crisis & Metals Activity

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By www.chuckcoppes.com



"Economists are often asked to predict what the economy is going to do. But economic predictions require predicting what politicians are going to do – and nothing is more unpredictable."

– **Thomas Sowell, Economist & Political Philosopher**

"What the Fed did, and I was part of it, was front-load an enormous market rally in 2009, in order to create a wealth effect, and an uncomfortable digestive period is likely now."

- **Richard Fischer, Former Dallas Fed President (1/16)**

"Global bond yields lowest in 500 years of recorded history. \$10 trillion of negative rate bonds. This is a supernova that will explode one day."

- **Bill Gross, Janus Global Bond Fund Manager**

"The CIA owns everyone of any significance in the major media."

— **former CIA Director William Colby**

"It will be only a matter of time before the remaining big COMEX shorts wake up to the fact that they are toast....The best analogy I can come up with is an atomic bomb on top of a hydrogen bomb on top of a neutron bomb."

- **Ted Butler, Silver Research Analyst**

"May you live in interesting times."

- **Chinese Proverb**

Memorial Weekend Greetings to All,

We are definitely living in **interesting times**, wouldn't you say? As I have said frequently, reporting the news is becoming time consuming and exhausting. But we have to be **alert** to the real issues in these times and look beyond sound bites and **Group Think**. I want to address **Trump's** first **120** days in office, and **market forces** that do not bode well for this year, with market distortions that are likely to get much worse. Of particular concern is the looming **pension fund crisis** in this country and the exposure that underfunded pensions have to the bubble economy created by the **Fed**. This is also a serious **demographic** issue that we need to consider. Recent activity in the **precious metals space** has also been very suspicious, and I will **expose** what is really going on with gold and silver.

President Donald Trump: *The First 120 Days*



It has now been four months since Trump entered the **White House**, and the hostile **partisan warfare** that has reached epic levels with virtually non-stop attacks and plots to undermine his administration. **Have we ever seen anything like this?** Is this really about Trump, or is it *something deeper*?

Donald Trump ran for the right reasons and he had the right message. The only question is whether he can get anything accomplished in the Beltway of DC. **David Horowitz** has written that Trump is fighting more than policy ideas, but a **radical progressive ideology** that is determined to destroy him and our nation. You can check out his book at [THIS LINK](#). Trump has a **big agenda** that includes funding for infrastructure, healthcare, VA, military spending and reforming the tax code and of course, lots of jobs. As a supporter of Trump-Pence, I am delighted that the **Clinton Crime Family** has been **blocked** and that their “charity” is closing down (due to declining business/bribes). We wish Trump success with his campaign promises, but this rarely happens in politics, and even **The Gipper** had little success with his promises in the **1980s**. Trump’s arrival in the **District of Criminals** also reminds me of the James Stewart classic **Mr. Smith Goes to Washington** in 1939. The young Senator runs directly into the institutionalized corruption of **national politics** and the equally corrupt and complicit **media** of his day – *radio and newspapers*. More on this issue in a moment.

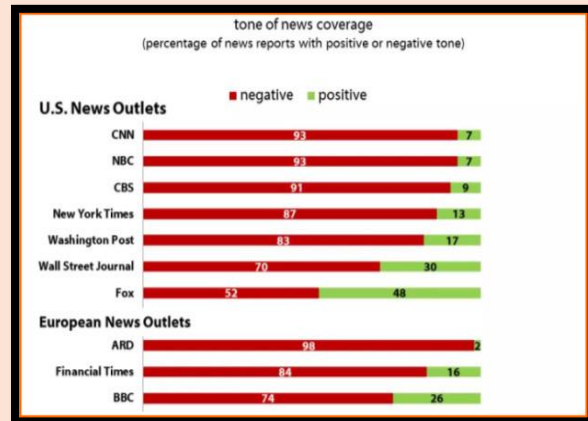
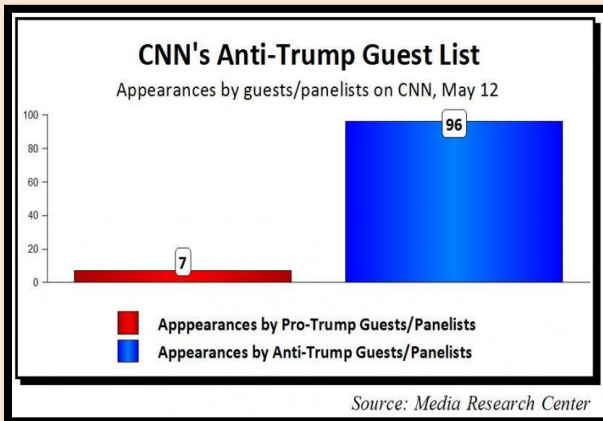
In **Proverbs** we read, “When a wicked man rules, the people groan” (Pro. 29:2). It is a **great relief** *after eight long years* to finally be rid of **Obama** and the Valerie Jarrett White House that disgraced that noble institution. **But is it really over?** Unfortunately, says Horowitz, **it is not**.



It is normal **presidential decorum** for US Presidents to retire to their homesteads, build a library, lay low and generally avoid comments about their successor. Breaking with this long-standing tradition, **Obama** says he is staying in **DC** (for his girls to finish school, etc.), at which point I *joked* that **Valerie Jarrett** would be moving in to direct his community organizing skills to disrupt the Trump presidency and continue his legacy (and campaign promise) to “fundamentally transform America” into a more Communist-style country. *Sure enough*, **Jarrett** has [moved into their 8,200 sq. ft. mansion](#), and at his [official website](#) is a link (at bottom) for **Organizing for Action** (ofa.us) – an extremely radical Alinsky front that perpetuates our culture wars and the degradation of civil society.

In 2008, the DNC created ‘**Organizing for America**’ as an Alinsky front for progressive causes. In the post-Obama world they have now changed their name to **Organizing for Action**. Radical front organizations are notorious for doing this to deceive and obfuscate. According to [The NY Post](#), **Obama** is trying to create a “shadow government” to protect his legacy and “sabotage the incoming administration.” This includes a paid staff, 32,000 volunteers (foot soldiers), 5 million members and no disclosure of their donor list as a 501(c)(4) non-profit organization. Who are these wealthy donors? [FrontPage](#) has named **George (Satan) Soros** at the top. The Democrats still can’t reconcile the fact that their seriously flawed candidate lost the **Imperial Presidency**. Soon after the election, and commenting from another golf course, Obama lamented that he could not run for a *third term* and bragged that he would still be president – and exactly why we have a **22nd Amendment**! In fact, I am increasingly more in favor of **term limits** for **ALL politicians!!** This in no way addresses the outright **ignorance and stupidity** of the electorate (and lessens our civic duty), but at least we could retire a long list of **career politicians** as seen at [THIS LINK](#) that identifies a majority as **Democrat**. This is the putrid **swamp** that Trump (Smith) is up against along with all the radical fronts in the US that are almost too many to name! And all of this subterfuge is being aided by **The Fourth Estate**.

The Leftist Media & Bias Against Trump!



The term **Fourth Estate** goes back to **Edmund Burke** and his reference to **journalist** that influenced opinion apart from the **three branches** of the UK Parliament in **1832**. The same holds true today as **the media whores** hold sway at the **six media conglomerates** in the US (it was *100 outlets* in **1980**). The worst offender, of course, is the **Communist News Network (CNN)** that *outshines* all objective news reporting. As seen in **these charts**, CNN proudly leads the list as an *illegitimate* news organization and is a mere *propaganda arm* of the cultural Alinskyites that are opposed to Trump, and *each and every one of you reading this*. Immediately after **Queen Hillary** was denied her crown, the left-wing media went ballistic and coined the term “Fake Media” to explain her crushing defeat! Who are the **Fake Media**? According to **The Fourth Estate** it is any news source, blog, etc. that contradicts the official narrative! And this is now called **The Fifth Estate** as a direct reference to the **Internet** and the free market of ideas as described at [THIS LINK](#). *Thank God for the Fifth Estate!* It is this medium that exposes the **Establishment Media** as the premier **FAKE NEWS**, and people all over the world are beginning to wake up to this bias! As seen in **the above charts**, it is just way too obvious for thinking people to ignore. The recent firestorm over the firing of Comey as the **FBI Director** is both revealing of media bias and the hypocrisy-stupidity of the **Democratic Party**. Enjoy:

[The Firing of Comey Video: Liberal Media/Democrat Hypocrisy](#)



So what exactly is Operation Mockingbird? Operation Mockingbird is something you are *NOT* supposed to know about; but haven't you always wondered why they call it the *mockingbird media*?

Well, here is your answer. In the early **1950s**, the **CIA** launched **Operation Mockingbird** "...to manipulate news media for propaganda purposes" and "fund front organizations" to help mold public opinion (Group Think). A simple [CLICK](#) at **The Fifth Estate** reveals this truth. If you are regular subscriber to [Caravan to Midnight](#) you can learn more in episode **#692**, and if you are not subscribed, I strongly encourage you do so, and I will be back on as a guest on June 13th. As **CIA Director Colby** bragged in the **1970s**, "The **CIA** *owns* everyone of any significance in the major media." How's that for telling some *REAL NEWS*? Find out more about this sordid history [RIGHT HERE](#).

*"The [Donald Trump] inaugural address was utterly and uncompromisingly Trumpian.
The man who ran is the man who'll reign."*

- **Peggy Noonan, Wall Street Journal Columnist (Jan. 22, 2017)**

Peggy Noonan, a devout Catholic and former speech-writer for **Reagan**, enthused that Trump is an uncompromising man that will keep all of his campaign promises. In his first **120** days **The Donald** has flipped and flopped on many issues, and it appears that he is not exactly the man who ran for the office. The following is a **sampling** of his many contradictory statements that gives you pause:

Shocking Five Minute Video Clip: Trump Exposes Trump!

The promise to **drain the swamp** of political cronyism was the most inspiring to me and many of his followers, but this too is unlikely to really happen. Strong evidence of our continuing foreign policy of intervention around the world was the recent strike in **Syria**, and this was applauded by the Neo-cons and war hawks in DC. The Trump administration is also surrounded by Goldman Sachs.



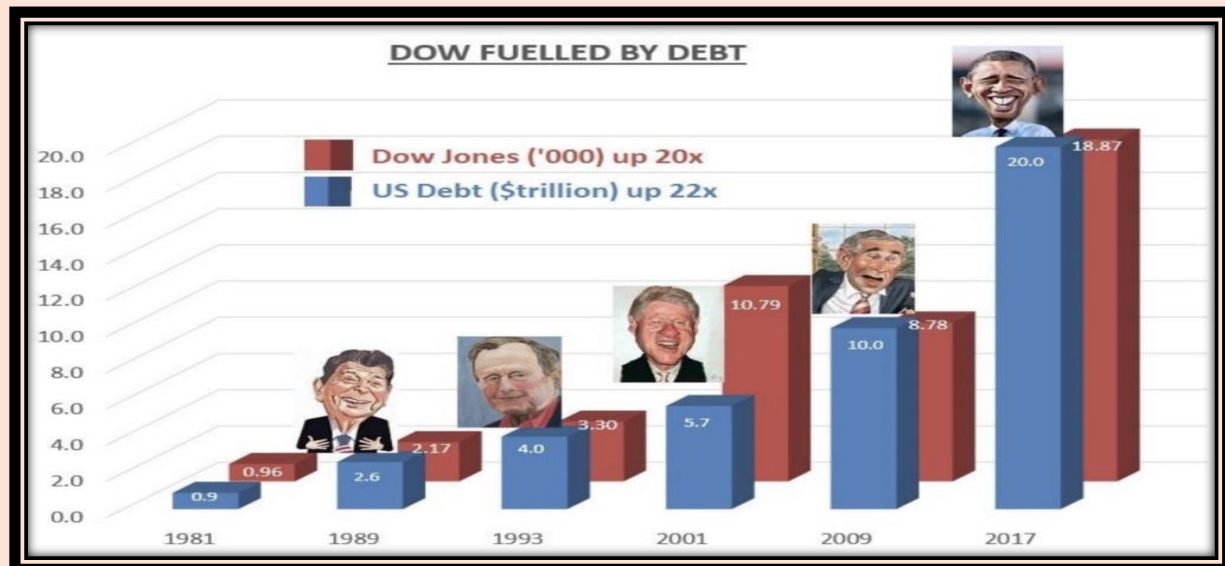
The conflict in **Syria** is an unfortunate misadventure by the US government and has been a **Deep State** operation since **2011**. As I have covered in [past newsletters](#) (9/14/13, 1/13/15) our involvement has to do with **LNG gas pipelines** coming from **Qatar through Syria** – and this is the real issue.

The Trump Phenomenon & *America's Future?*



Only history will record this awkward moment in our history, but we are a very divided nation when it comes to political ideology and social issues. Looking at **this map**, the **GOP** captured over **3,000** counties in fly-over America, and the real liberal bastions are in the coastal areas and some big cities run by **Democrats**. “**This map** shows a much unified country, unified against the liberal elite and their enslaved welfare state dregs occupying the miniscule blue areas on the map,” [says James Quinn](#). “Those in the blue believe it is their right to subdue the will of those in the red. We disagree. Let the hostilities commence. Over **90%** of the legally owned firearms reside in the red areas.” If we continue on this cultural divide, we could end up in a civil war incited by **class warfare** and even worse if Trump fails to deliver an **economic miracle** in his term. Personally, this is my biggest concern as we will see in the following section. Domestic and global markets are being fueled by unsustainable debt pyramids and this **economic reality** will become apparent in the near future.

Global Market Forces & *Economic Reality*

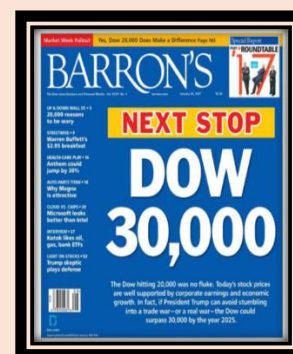
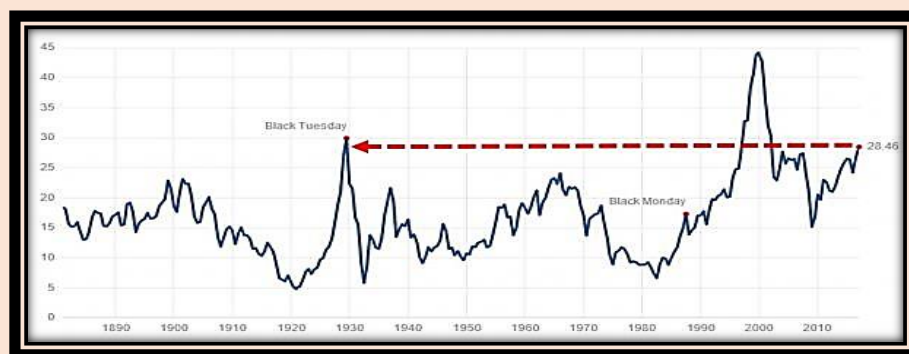


As seen in **this revealing chart**, the **Dow Jones Index** has risen at the same pace as our national debt created by the **Fed**, and particularly following the massive *market intervention* of **2009**. How can the **Dow Index** be a *meaningful metric* when the market cap of just **30** stocks has been inflated right along with debt creation? The **following chart** proves that we are living in a **bubble economy**.



What we see here is that the **Dow** took off *precisely* in **March of 2009** as the **Fed** began **QE1**. All traders have had to do since then is merely trade the **Fed** and ride stocks to record highs. No research or technical analysis. Just wait for **Fed** announcements eight times a year and collect your bonus in **December**. Think I'm being sarcastic? Listen to what **Dallas Fed President Richard Fischer** said last year after he retired, "What the **Fed** did, and I was part of it, was **front-load** an enormous market rally in **2009**, in order to create *a wealth effect*, and an uncomfortable digestive period is likely now."

The "**wealth effect**" can be seen in the green line, but the red line shows that the **real economy** has been flat for more than five years. **Durable goods** are appliances, furniture, electronics, etc. and is considered *THE* leading economic indicator by economists. A recent issue of *Barron's* says the Dow will hit **30,000** by **2025**. Well big deal, the national debt will also be **\$30 trillion!** But stocks are being set up for a spectacular crash. Below is **a chart** that indicates that share prices are extremely overvalued. The current **P/E ratio is 29:1**, and means it will take **29 years** to earn back the share price in earnings! Apart from the Dot.com Bubble you would have to go back to **Black Tuesday in 1929** for *this same ratio*, and this is not particularly reassuring for those seeking the wealth effect today.

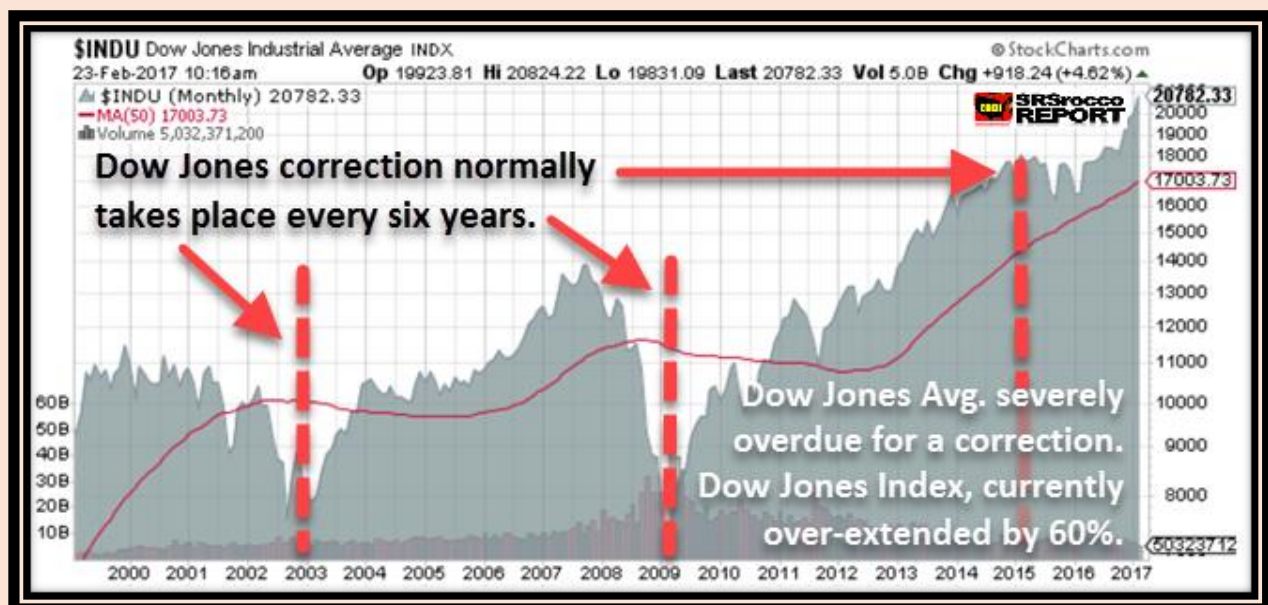


In January, [The Donald](#) sent out a tweet as the **Dow** broke **20,000** and he *congratulated himself*, and many considered this to be a very unwise thing to do since he will be *blamed later*. Optimism with Trump has released what **John Maynard Keynes** described as "**animal spirits**" in people who feel "a spontaneous urge to action" regardless of market risk. "A speculator is one who runs risks *of which he is aware*," said **Keynes**, "and an **investor** is one who **runs risks of which he is unaware**."

This seems to be where we are today as the **Dow** creeps into record territory, and the same for the **S&P 500 Index**; but as **Dave Kranzler** exposes, these indexes are being led by *only 4-5 leading stocks* and they do not represent the broader economy. In fact, he also concludes that the **Dow Index** is *meaningless* "...and has become little more than **propaganda tool** used in an effort to manage public **perception**." As **Michael Pento** adds, the "generally accepted narrative" is that Trump is going to fix everything, and thus it is *risk on!* But here is the *real narrative*, and this is not an illusion:



The velocity of money measures the *frequency* that the money supply (M1, M2) is changing hands in the **real economy**, and this chart reveals that we are at **1929** levels, and by **1929** levels we mean *after the Crash of 1929!* Let that sink in for a moment. Politicians, financial pundits and Wall Street shills keep talking about the **Great Recession of 2008** – and always in the *past tense* – but here we are at **Depression** levels! Nothing was fixed in **2008**, and we have only *papered over the crisis* and made matters much worse in **2017**. **Global central banks** think they have suspended the “business cycle” of corrections/recessions by goosing financial markets with fiat paper money, but this is going to end **very badly**. As seen below, the **Dow Index** is long overdue for a “correction” in **2017**:



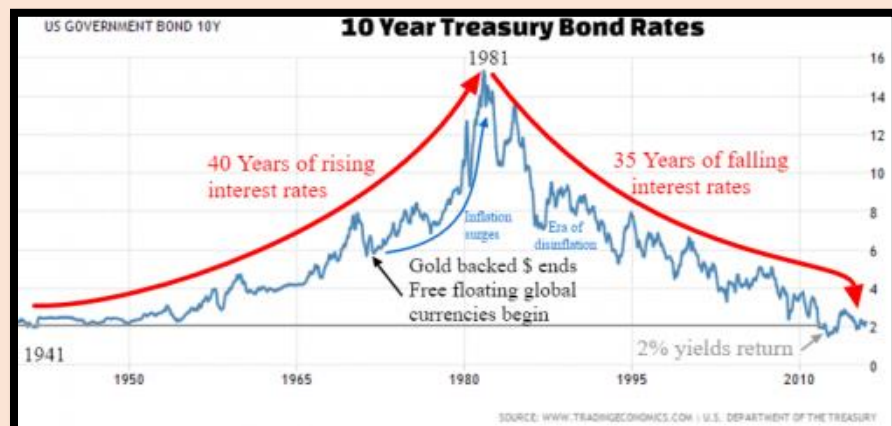
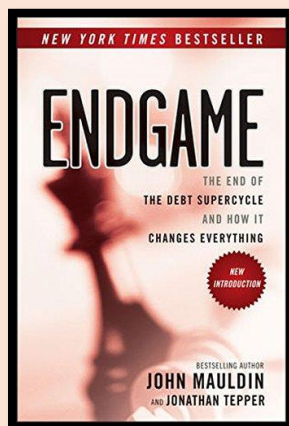
What does all this mean? I means that **Donald J. Trump** has “inherited an awful mess” as he stated in an earlier press conference. And by **an awful mess**, we are talking about trillions in national debt, **\$220 trillion** in unfunded liabilities, perpetual trade deficits, structural/permanent unemployment of **95 million** people in the US labor force, insolvent **pension funds** (that I will address in a moment), and lots of despair across all of those **red/blue counties** in the US. When you add the fact that the **US stock market** is extremely overvalued and poised for a dramatic drop that will have broadside effects in the **US economy**, it makes you ponder **these charts**. As elitist **Fed** employee **Fischer** said earlier, after admitting that the **Fed** created/monetized this *very deceptive wealth effect* for millions of Americans, we are now facing “an uncomfortable digestive period.” What will this **financial indigestion** look like in **2017**? Let me suggest **the following quote** at [THIS LINK](#):

*“Sometime this autumn, **probably between late August and mid-October**, the Stupid Party (Republicans) will fail to pass some sort of income tax reform, be it corporate or individual (or combined), **and that will be the final straw that breaks the markets back with dramatic swings and eventually a 30% plus move to the downside**. It’s not locked in stone but a retrenchment back to the Dow 15,000-16,000 level would not be a shocker; **if Trump acts foolishly after the crash look for a 15-25% move to quickly become a 30-50% decline during the autumn pushing the fragile mess of an economy Obama left from some semblance of growth into a recession if not worse**. Sadly by 2018, comparisons to Herbert Hoover will be unavoidable.*

Talk about financial indigestion! How many of you can afford a **15-50% decline** in your stock portfolio? **David Stockman** [has been warning](#); the **US debt ceiling** expired in **March 2017**, and it will be *serious* in **July**, and *critical* by the **US fiscal year-end date of September 30th**. Are you getting a sense of urgency here? If not, you need to watch this **30-minute video clip**, *and get a grip*.

David Stockman: Fiscal Bloodbath Coming This Fall

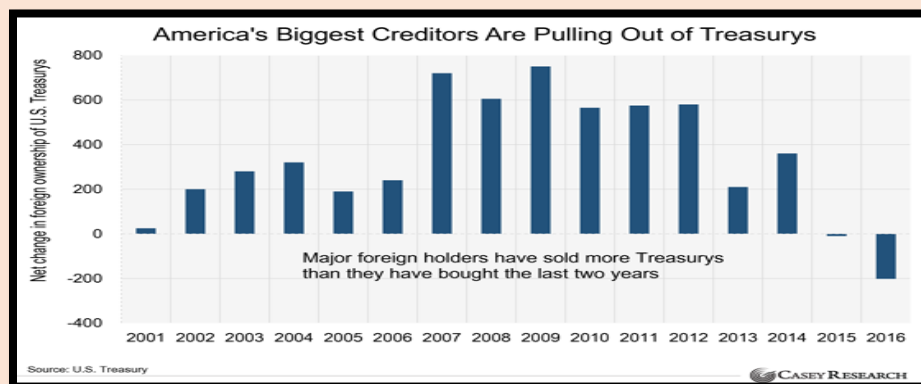
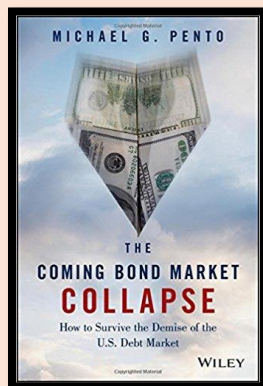
In this important warning, **Stockman** says that **central banks** are at “the end of the road” and that the “**\$100 trillion global bond market**” is in “the biggest bond bubble the world has ever seen.” His advice is “get out of the **stock market**. Get out of the **bond market**, and buy some **gold**.” I will address the latter near my conclusion, but here is what he is talking about. The global bond market has been in a **35-year super-cycle** due to falling interest rates since **1981** as seen in this chart.



The overvaluation of stock indexes in the US and abroad is a serious matter, but the bond (credit) market is posing a major risk factor for **all investors**. As **John Mauldin** writes in **this book**, we are at the **end of this bond super-cycle**, and it will change everything. *Everything for the worse.*

Bill Gross, known as the **Bond King** since he co-founded **PIMCO** in **1971**, recently commented about the global bond market and the low/negative rates that have been imposed by the hugely over-leveraged central banks of the world. **His conclusion:** “Global bond yields lowest in **500** years of recorded history. **\$10** trillion of negative rate bonds. This is a **supernova** that will explode one day.”

The Bond King points out that central banks are trapped – a *Catch 22* – if they normalize rates, it raises the interest to service these **global debt pyramids** (not to mention private sector loans in the economy); if they remain low it will lead to QE4. He says that QE4 (easy money) will likely be resumed in the US with a **smaller does**, “But while a methadone habit is far better than a heroin fix, it has created and will continue to create an unhealthy capitalistic equilibrium that one day must be **reckoned with.**” Money manager **Michael Pento** has written the **book below** and has been warning about the \$100 trillion dollar global bond market collapsing (going no bid) and how to protect oneself. A recent interview puts this into perspective. Casey Research has illustrated that foreigners are dumping US bonds in the past two years as seen here. Indeed, what do they know that we don’t?



Some of you know who **Hugo Salinas-Price** is in **Mexico**. He is a brilliant thinker and economist. He correctly identifies the year that **Nixon** decoupled **gold** from the paper **US dollar** in **1971** as the moment the credit expansion began (see the **previous chart**). Central banks were “liberated” to create as much fiat currency/bonds as they wanted, he writes; and then he adds this ominous warning:

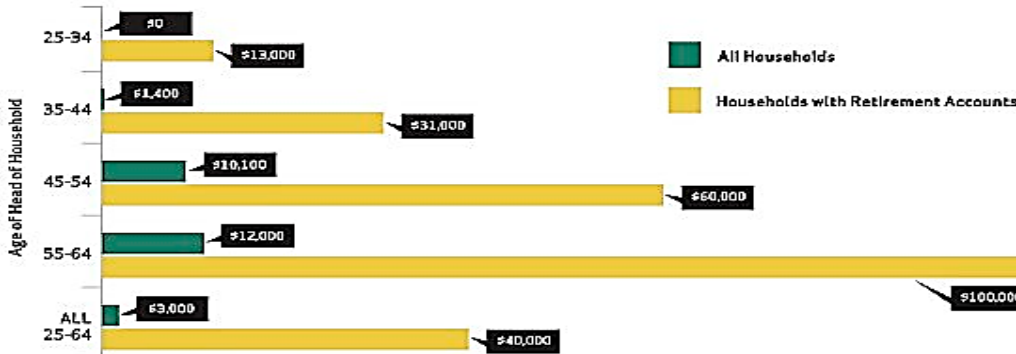
*“Now **Mr. Trump** plans to step up the rate at which the world is trying to liquidate its dollar debts, because he intends to stop up the spring, the US Trade Deficit, which feeds dollars to the Central Banks of the rest of the world. **Thus I am led to believe that 2017 will be a year of economic chaos for the world; the contraction of credit in the world in 2017 will manifest itself in the form of bankruptcies at all levels, destruction of financial assets, collapsing prices, massive unemployment, currency devaluations left and right, and of course, world-wide political instability.**”*

This is essentially what analysts like Stockman, Schiff, Faber, Sprott, Rickards, Rogers and many others (Coppes!) are saying. “Economists are often asked to predict what the economy is going to do,” says noted economist **Thomas Sowell**. “But economic predictions require predicting what **politicians** are going to do – *and nothing is more unpredictable.*” His point is well taken, and especially with an unknown factor like **Trump**! But **Jim Rickards** says that **Trump** cannot “avoid a **systemic catastrophe** in the financial system.” Another writer says, “the core of the problem is that today’s fiat money system is completely out of control” and facing that **systemic catastrophe**. And, unfortunately all of this comes at the worst possible time for Babyboomers here in the **US** and around the world. **Global market forces** are converging upon our most vulnerable demographic.

Demographics & the Pension Fund Crisis

Figure 9: Typical Working-Age Household Has Only \$3,000 in Retirement Account Assets; Typical Near-Retirement Household Has Only \$12,000

Median retirement account balances, households with retirement accounts vs. all households, 2010

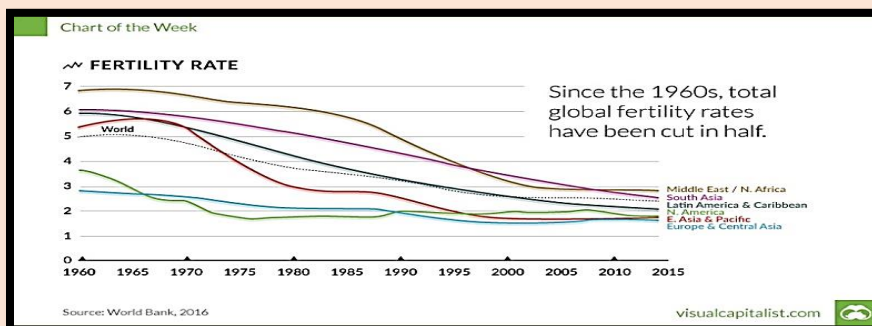
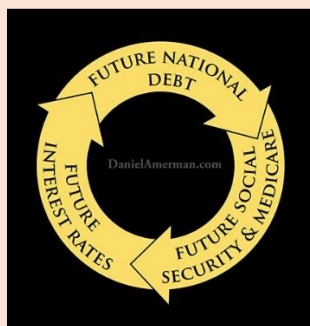


Source: National Institute on Retirement Security - The Retirement Savings Crisis: Is It Worse Than We Think? | www.nisr.org

I have to confess, I always find this *the hardest topic* to address in my interviews and lectures. As a Babyboomer myself, we cannot talk about these facts and figures in an **abstract manner** that does not also address the **severe humanitarian crisis** that is looming, both here in the **US** and around the world! We are literally talking about *millions and millions* of people being displaced and dislocated in a post-collapsed society. How has this happened? Who is to blame? It is a combination of birth rates, unrealistic political promises, sovereign debt levels, financial repression and considerable moral hazard. **The above chart** shows that median age groups from **25-64** have a mere \$3,000 to \$40,000 in retirement savings. Think about that. Furthermore, **this chart below** displays the ratio of people *under 64* to the amount of people *over 65* in developed countries. This too is a dangerous trend.

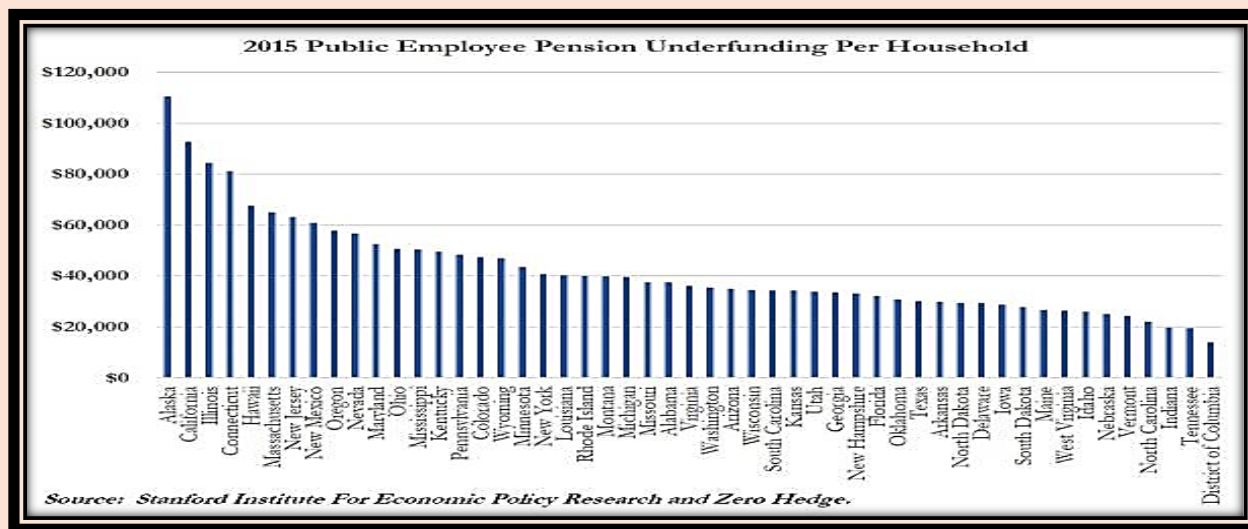
Country	1970		2010		2050 (projected)	
United States	5.3		4.5		2.6	
Japan	8.5		2.6		1.2	
Britain	4.3		3.6		2.4	
Germany	4.1		3.0		1.6	
France	4.2		3.5		1.9	
Netherlands	5.3		4.0		2.1	

What these charts/research are indicating is an unsustainable path for our aging populations. I have covered this very important issue in my book (chapter three), and please let me know if you would like a copy. I will send you a copy and you can send me a check later. It needs to be further noted that the **demographics** of the Babyboomer generation also coincided with the largest **credit expansion** in history from **1980 to 2008** (see above chart, page 8). **Why was this?** It was the *peak spending years* of my generation, and now we are deleveraging and downsizing, and this boom is *never coming back* – and most (if not all) financial planners have *no clue about this issue!*



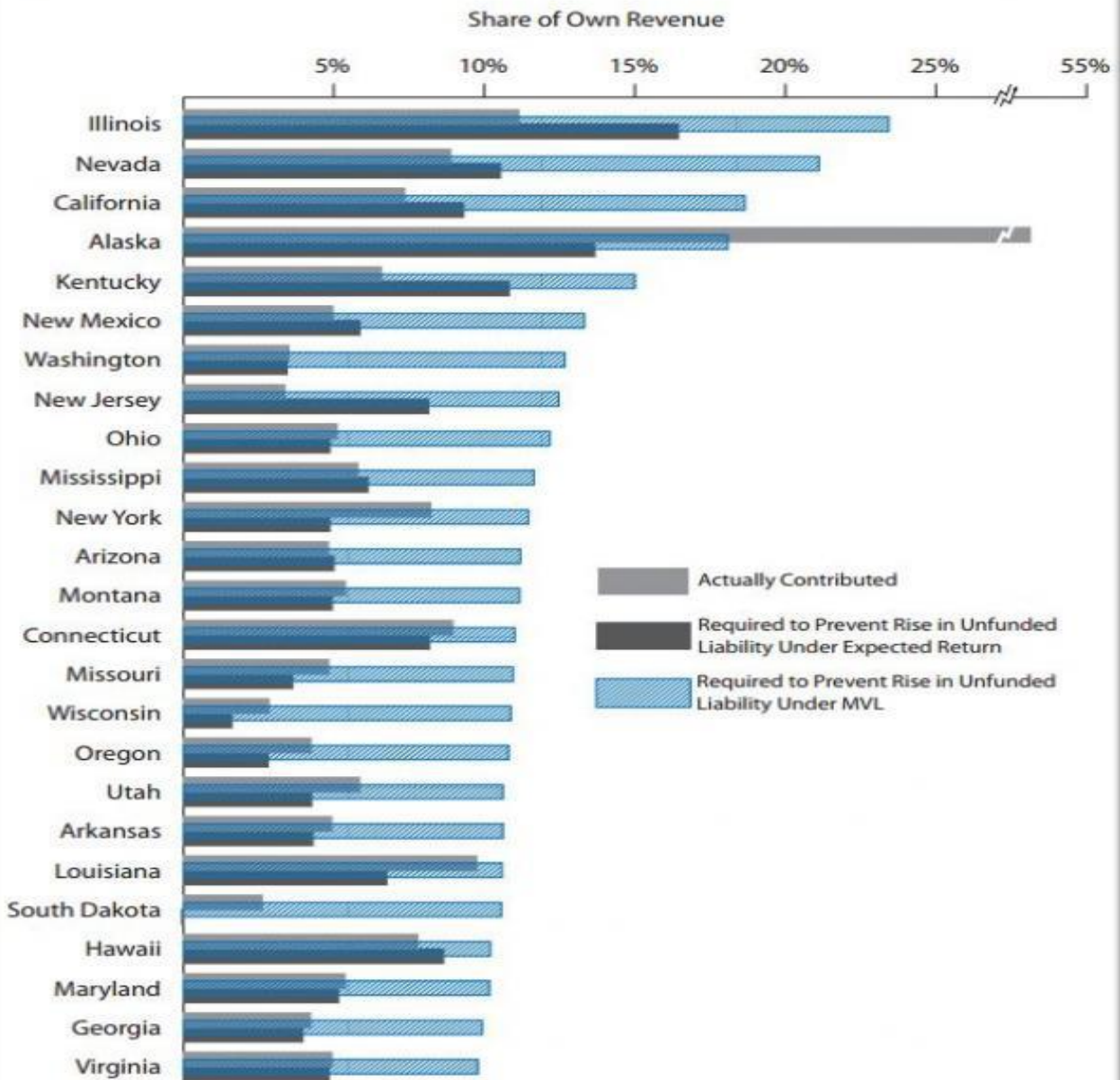
Here is what I am talking about. DanielAmerman.com (CFA) is a very unique/insightful resource when it comes to logically and statistically evaluating our **looming fiscal/financial crisis** as it relates to the topic of demographics, national debt and interest rates set by the banksters. He says **these three** “are deeply and inextricably intertwined” and you can [**CLICK HERE**](#) to get the full analysis. Do it.

Also seen in the above chart, is the fact that fertility rates since **1960** have been *cut in half*! This supports the earlier **demographic chart** that there will be fewer young people paying into these failed entitlements systems. As we go forward, I promise that you will not hear **one word** about this from **either political party** in the United States of America. It is the Third Rail of Politics. It is the fixed-mandatory spending that dominates our fiscal pie chart. In [**THIS RECENT ARTICLE**](#), **Amerman** compares the **Puerto Rico** bond default to the **US**. Why? ***Because we are like Puerto Rico!*** Their bond default is **\$73 billion**, but this does not address the **\$45 billion** in their failed retirement system, or the healthcare system that is in **even worse shape** – exactly like the **USA**. And all of this comes at a time when, according to [**Bloomberg**](#), “older Americans are retiring in droves.” Oh my.



So let’s address the public/state pension fund crisis that never gets into the mainstream media. The **above chart** lists the worst states and the per capita household obligation, expense or whatever. I will let you do your own investigation here, but the fact is that **state politicians** are no better than the **District of Criminals** when it comes to fiscal matters, perhaps even worse. According to [**THIS STUDY**](#), a total of **564** state and local pension funds “reported **\$1.191 trillion** in unfunded liabilities,” but the **real figure** in this study reveals that it is closer to...**\$4.738 trillion!!!!** Folks, this is not only maddening as hell (as a property owner), but **downright criminal and deceitful** for a very large swath of our elderly and dependent population in the **US**. Below is **another chart** on the worst states.

Figure 5: State Contributions: Actual vs. Required to Prevent Rise in Unfunded Liability—Top 25



It is no surprise to see **Illinois** at the top. [Mish Shedlock](#) has been following this coming crisis and notes that the Illinois pension fund is **86% underfunded** and the figures for **Calpers** and **Calsters** in **California** is staggering - by some estimates **\$950 billion in the red!** This problem has been coming for many years, but it never gets addressed. How could municipalities get this so wrong? In every study and chart I have seen, they **ALL** made assumptions that their funds would earn a **7-8% yield** by investing in 10-Yr Treasuries and other asset classes. But gone are the days of average yields in the bond market and most of these funds are getting less than **1%** return. To make matters considerably worse, they are now chasing yield in the **stock market**...and that market is long overdue for a drop to the downside. The **Dallas pension fund** for police and fireman has halted lump-sum withdrawals, and we are likely to see more of this. If you would like to see how your **state, city or county** ranks in the country you can [CLICK HERE](#) and find out, as long as this blog link is available.

Pensions Allocate Half a Trillion Dollars to Company Bonds

Their debt exposure rose in 2016

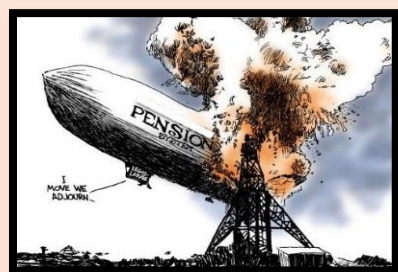


Source: U.S. Federal Reserve, Bank of America Corp.

Bloomberg

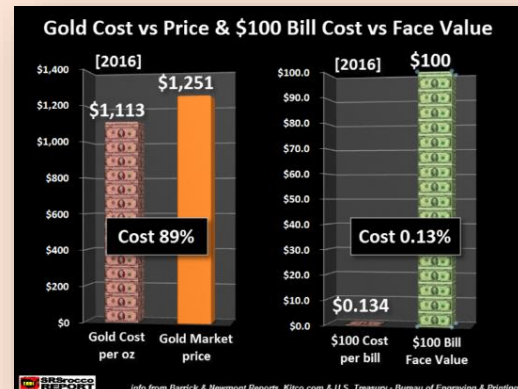
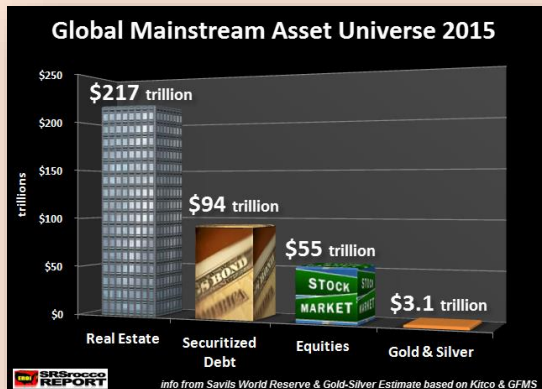
As mentioned, we have **\$4.7 trillion** in unfunded liabilities for the several states, but what about the **private sector** and their pension funds? Sources indicate US companies have **\$3.3 trillion** in assets and only \$400 billion in deficits. But as this **chart above** indicates, they have considerable exposure to the US stock market (and probably their own stock and bonds). Furthermore, when they draw/sell these positions it makes the market vulnerable, and the public pension funds will have no choice but to do the same. This is not a market analysis. It is a **fiscal/demographic** analysis! Be aware.

It should come as no surprise that the **same states** that voted for **Hillary Clinton and the Democrats** are the very same states with the worst pension obligations based on debt per household according to [THIS STUDY](#). At this link you can see a **graphic map** that relates this ugly truth. According to **Mac Salvo** [THESE](#) are **the six worst states** to be in when there is as collapse of the entitlement system based on welfare and dependency: New Mexico, West Virginia, California, Mississippi, New York and Arkansas. As I said earlier, we have created this mess as a result of too much debt, too many promises and way too much **moral hazard** – people gaming the system. **How does this end?**

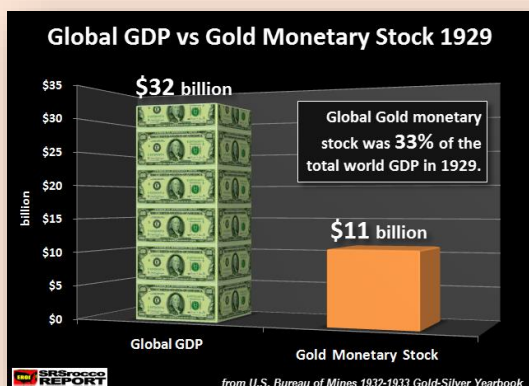


As **Daniel Amerman** warned (p. 11), the **US** is very much like **Puerto Rico**, and their default in a federal court (as a territory) has now provided a **dangerous precedent** for individual states in the US! Congress passed a bill allowing this last year, and now it may be just a matter of time. According to a **Citigroup report**, **20** developed OECD countries have unfunded liabilities of **\$78 trillion** in the public sector. This is a **global threat** and inexorably linked to **global market forces**, which only goes to prove that nothing was fixed after the so-called **Financial Crisis of 2008**, just merely postponed. The failed state of **Venezuela** is a good example and how Socialist countries collapse.

Precious Metals & *Globally Inflated Assets*



As demonstrated earlier, **market indexes and financial assets** have been inflated through central bank interventions and mischief. As a **Fed** official clarifies, it is *“the wealth effect”* being enjoyed here in the **US** and around the world. As seen in this chart, we have **\$369 trillion** in global stocks, bonds and real estate being boosted up with easy money from the lords of finance. Theoretically, it is possible to manufacture as much **fiat paper money** and assets as the monetary system will allow, and this experiment is getting stretched to the limit; but in the end there is only so much **physical gold and silver** in the world, right? According to the **World Gold Council**, all the gold in the world could fit into a **67 square-foot cube**, and the market cap for silver is under **\$20 billion** – together less than **1%** of the global asset universe! As illustrated on the **chart on the right**, the cost (labor, capital, manufacturing, etc.) for an ounce of gold is **89%** of today’s artificially suppressed “price.” In contrast, it only cost about *a penny* to produce a **\$100 bill**! This sleight of hand, known as **seigniorage**, is what has easily caused the massive increase in global GDP from **1929 – 2015**, as seen below:



In contrast to this global “wealth effect” is the fact that **physical gold** has dropped from **33%** to a **mere 1.7%** of global **GDP**. Again, you can create a lot of Apple shares, bond certificates and even crypto currencies, but there is only so much gold and silver my friends. **Steve St. Angelo** concludes that **these charts** reveal that gold is *undervalued* by a factor of **20-fold**! Further proof of this is the important fact that the **Dow Index** was **850 points** in **1980** and gold was **\$850/oz.** As noted earlier (p. 5), the Dow is up **20-fold** (and national debt), and gold should be **\$17,000/oz. or more**. **Seriously!**

Precious Metals & Criminal Market Rigging!



Last year, the **World Gold Council** reported that global demand was **4,389** tons of gold, but gold mines only produced **3,236** tons. Despite these rather obvious figures as they relate to supply and demand fundamentals (less supply = higher price), gold prices only rose **9%**, and not by **25%**. This is just a casual observation by people who actually look at these figures. Something does not add up here. And it all goes back to when **Nixon** broke the US dollar reserve currency from a nominal gold-backing in **1971**, as I have written about many times and document in my book. As **Hugo Salinas-Price** said earlier (p. 9), from **that point forward** the **central banksters** have been free to create as much **paper money** as they want – and they are doing a *darn good job* wouldn't you say? Crazy.

In 1961, eight central banksters (primarily the **Fed**), created the **London Gold Pool** to “maintain the fixed-rate of convertibility” of the US dollar to gold, as established at the **Bretton Woods Agreement** in 1944. In other words, a *price-rigging scheme* to maintain gold at **\$35/oz.** by dumping gold and so on. By 1968, this effort failed (due to those pesky market fundamentals), and by **August 15th, 1971**, the US government “capitulated” and caused the largest “*gold delivery default*” in history! This is what happened when foreign governments demanded **physical** delivery of gold, and the **US** violated the Bretton Woods Agreement. Since 1971, there has been a conspiracy to not allow gold (and silver) to increase by many-fold based on market fundamentals. In January 2017, **Wikileaks** obtained a cable from **London to NY** that disclosed that “the formation of a sizeable gold futures market” in December 1974 would be necessary, since US gold ownership was to be re-established in **January 1975**. As noted below, it was their intention to create the **COMEX** futures market *for the express purpose of* *distorting* “physical price discovery” and creating “market volatility” to *discourage investors*.

4. THE MAJOR IMPACT OF PRIVATE U.S. OWNERSHIP, ACCORDING
LIMITED OFFICIAL USE

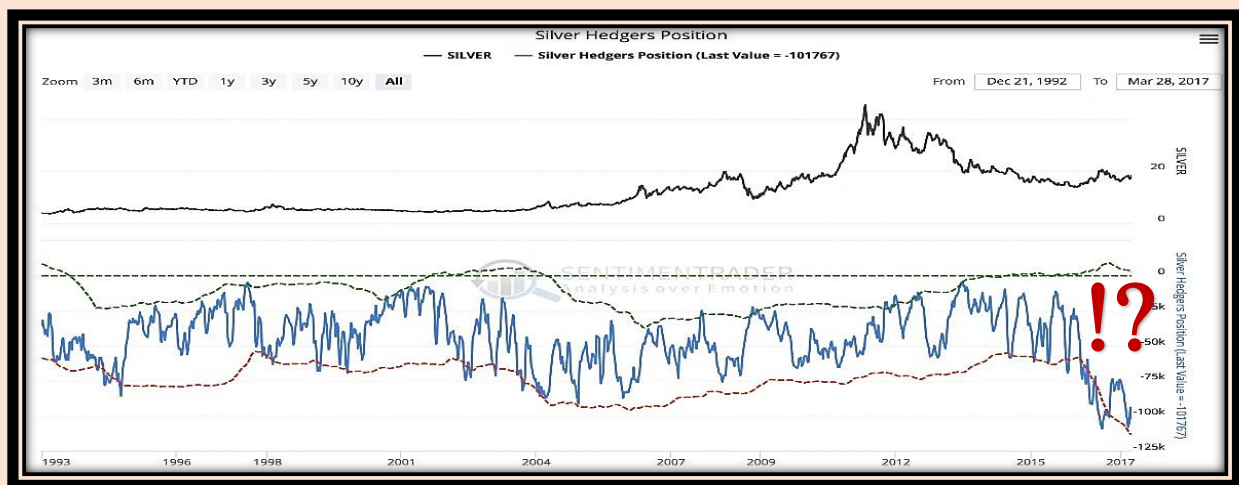
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TO THE DEALERS' EXPECTATIONS, WILL BE THE FORMATION OF A
SIZEABLE GOLD FUTURES MARKET. EACH OF THE DEALERS EXPRESS-
ED THE BELIEF THAT THE FUTURES MARKET WOULD BE OF SIGNIFI-
CANT PROPORTION AND PHYSICAL TRADING WOULD BE MINISCULE BY
COMPARISON. ALSO EXPRESSED WAS THE EXPECTATION THAT LARGE
VOLUME FUTURES DEALING WOULD CREATE A HIGHLY VOLATILE MAR-
KET. IN TURN, THE VOLATILE PRICE MOVEMENTS WOULD DIMINISH
THE INITIAL DEMAND FOR PHYSICAL HOLDING AND MOST LIKELY
NEGATE LONG-TERM HOARDING BY U.S. CITIZENS.

What does this reveal? Nothing less than a criminal conspiracy by banksters from **NY to London**, and you can read the **original cable** by Wikileaks at [THIS LINK](#). In other words, the Commodity Exchange, Inc. (known as COMEX), is a **fraudulent exchange** that excludes miners and investors, and mainly exists to prevent the real price of gold and silver to appreciate. **Why do they do this?** It is pretty simple. They know that gold (and silver) is **real money**, and this is why central banks have tons and tons of gold. But **gold and silver** is also like *Kryptonite* to the evil banksters, because any rise in gold and silver (*like 20-fold*), would expose their world of fiat paper currency, inflated asset values and telegraph to the world that these are *NOT* safe assets. **Can this continue for much longer?** It is very doubtful. As most of you know, **China** is both the largest producer and importer of gold in the world today, and they are on a mission to become the **new benchmark** for pricing gold and silver on world markets. I am talking about the **Shanghai Gold Exchange (SGE)**, and [HERE](#) is the link on this physical (*not paper*) trading platform. I could say much more on this, but suffice to say that the **Chinese** are expecting **gold delivery defaults** from the **West**, and they are now in the driver's seat in this regard. As the Chinese people like to say – *may you live in interesting times*. And it will be!

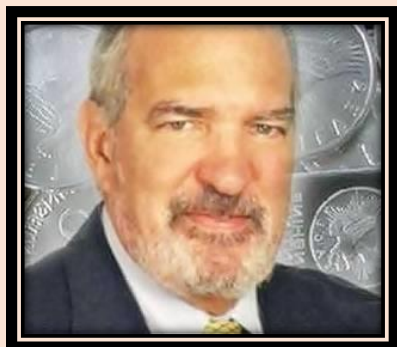
25 Year Chart – Silver Shorts at COMEX!



Let us now address the real criminality at CRIMEX (as we like to call it). **What do we see here?** A crime scene? Yes, and something more important. As I have noted, the **silver market** is very small compared to gold, and this **phony pricing mechanism** can be pushed around rather easy by the commercial banksters (primarily **JP Morgan**). What we just experienced **from April 11 – May 9** of this year was a massive **naked shorting** of this index that is now **the worst in 25** years as seen in **this chart**. In other words, these entities never intend to take delivery on these huge silver contracts, and they could *not* if they wanted to! It is now estimated that the amount of paper oz. derivatives for each oz. of **silver** is a *mind-blowing 577:1 ratio!* This is not a market – this is musical chairs!

A year ago, **Duetsche Bank** in **Germany** finally got busted for rigging gold and silver markets. They ratted on several other banksters that are now being tried in **NY** courts. As an act of “contrition” (but no jail time), they [ran full page ads](#) in German newspapers “apologizing” for their “misconduct” and shelled out **\$7 billion** in fines. The **very fact** that these banksters are willing to **openly rig** these markets in this **Information Age** and *various lawsuits* tells me one thing – **they are getting desperate to continue this**. And this is my second point. What the courts and regulators at the **CFTC** will *not* do the market fundamentals *will* do. In other words, these evil banksters in the **West** know that the jig is up, and they are willing to do anything to **postpone** the inevitable **day of reckoning!** Not.

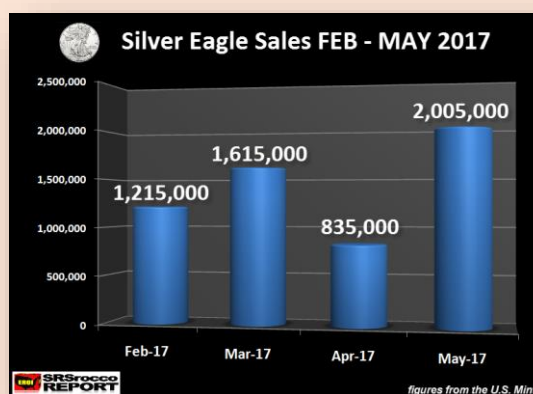
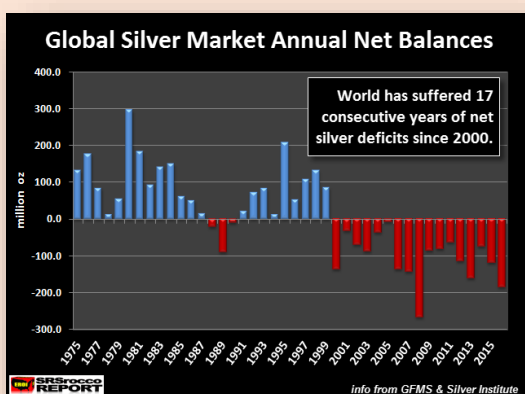
Ted Butler & JP Morgan's Huge Silver Hoard!



One of the more **damnable pieces of evidence** against this rigging cartel in **the silver market**, is the nearly incomprehensible *physical hoard of silver* that **JP Morgan** has accumulated since **2008**! As I said, **JP Morgan** has been implicated in silver rigging (but never charged), because they inherited the **Wall Street** silver short from **Bear Stearns** when they collapsed in early **2008** (sort of like tossing a hot potato). At the time, **silver expert-analyst Ted Butler** said that silver would have jumped to **\$100/oz.** if **JP Morgan** had not intervened. Since this time, we have watched as **JP Morgan** has been steadily accumulating the largest silver hoard in human history, and now estimated at more than **600 million ounces** (all central banks have less than **50 million oz.**). Clearly, **JP Morgan** knows that they stand to make *billions*, and they are playing *both* sides of this market. In a **recent article** by **Butler** at [THIS LINK](#) he made **this conclusion**, and I want you to read this carefully:

"Should JPMorgan not add to its COMEX short position on the coming silver price rally, then it will be only a matter of time before the remaining big COMEX shorts wake up to the fact that they are toast. By "a matter of time" I am referring to days and weeks. When silver prices rise sufficiently, the remaining shorts will panic and begin to try to cover their short positions. This buying will send silver prices skyward and then touch off all sorts of other buying, including investment buying and then industrial user buying, perhaps the most potent buying of all. The best analogy I can come up with is an atomic bomb on top of a hydrogen bomb on top of a neutron bomb."

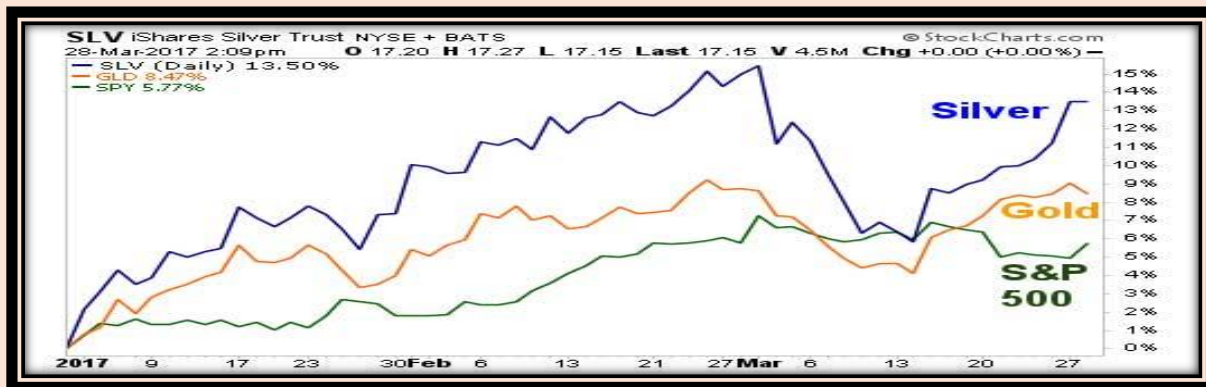
I think this analogy is very relevant, and especially in light of the fact that the **physical silver market** has experienced **17 years of silver deficits** since **2000** as [seen below](#). Silver demand has dropped a bit since **Trump** released the *animal spirits* in late **2016**, but things are now turning around.



What the above suggests is that **JP Morgan** is a principal player in the final outcome for **silver**, and it is very clear that they plan to **profit** from the upside in **silver** (the most undervalued asset in the world). A recent development in **February 2017** may now force **JP Morgan's** hand. In **June 2016**, a **NY** court dismissed silver rigging charges against **JP Morgan**, but plaintiffs have succeeded in [reopening this case](#) of silver rigging. Wow, this is getting no coverage! In this testimony (at previous link), we learn that when **Warren Buffet** bought **140 million oz.** of silver in **1997** at **\$4.50/oz.**, the US government (**Fed**) asked him to “defer his request for physical delivery a year.” **Buffet** ‘complied’ and then he sold his silver back at **\$7.40/oz.**, and he netted a **40%** gain. **WHY** did the US government do this?? They (and the banksters) know that they cannot “stand for delivery” (technical term), and that they needed *a little time* to put this deal together. What will happen when **577** contract-holders come asking for physical silver delivery? Do you get my point here? Think high-powered bombs.

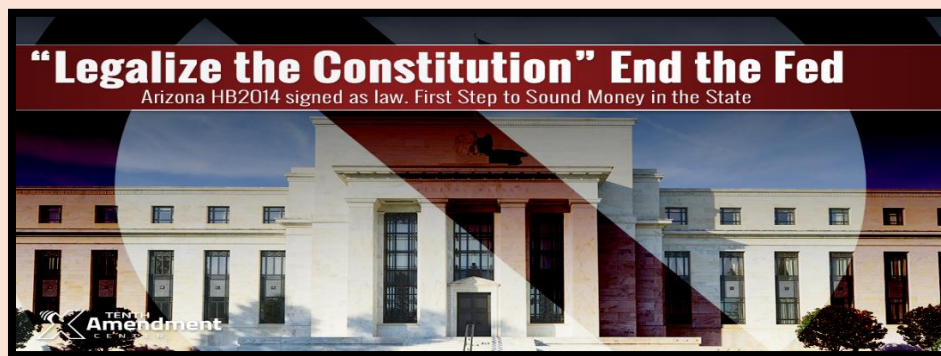
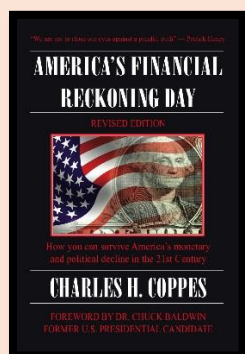
Five Minute Video Clip: How Small is the Silver Market?

And in case you still don't quite get this, let me suggest this **tiny video clip** to put all things into proper perspective. If you have not clicked or opened a single link in the newsletter, and I understand that we are all busy, you really do need to watch this one. And just for some further perspective, I study global markets, macroeconomics and geopolitics **12 hours** each day, and I am **100%** invested in the **silver market**. No other market. [HERE](#) are **three reasons** why by silver expert **Steven St. Angelo**, and I also invite you to listen to a recent **50-minute** interview by him at [THIS LINK](#).



One final chart. Last year the Dow was up 5%, gold hit a peak of 28%, but **silver** lead the field with a gain of **46%** before dipping near the end. The same was true in the first quarter of this year as the Dow advanced 5%, gold was 8% and **silver** hit **14%** as seen here. Silver is the most undervalued asset in the world, and the [soaring price](#) of **Bitcoin** – while gold and silver are flat – only proves that these monetary metals are being suppressed. The current silver/gold ratio is **72:1**, and it should be closer to **15:1**, and [silver miners](#) want **9:1**, the *same ratio* it has been mined in history. As I have covered, the **Dow** is in a record bubble while metals are low. Investment guru **John Templeton** says, “Bull markets are born on pessimism, grown on scepticism, mature on optimism, and *die on euphoria*. The time of maximum pessimism is the **best time to buy**, and the time of maximum optimism is the **best time to sell**.” Makes sense, right? A ratio of **15:1** for **silver** today would be **\$83/oz.**

Summary & Conclusion. In a world of extreme leverage, asset bubbles, geopolitical risk and uncertainty you would think that **metals indexes** would reflect this anxiety, but investors seem very complacent in the **West** (VIX Index). As **Moody's** downgraded **China** this week, **Bitcoin** responded immediately, and some day gold and silver will respond to a larger crisis this is coming, and this is likely to involve **delivery defaults** at the exchanges as **Ted Butler** and [others are pointing out](#).



Here in **Arizona** our governor *finally* [signed a bill](#) making **gold and silver legal tender** and exempt from state tax (Art. 1, Sec 10). We lobbied *hard* for this, but ending the **Fed monopoly** is another matter, and I cover this in **my book**. I have a two-for-one offer if you're interested, and if my firm can assist you with delivery of precious metals or transferring qualified plans into a metals **IRA** please contact me **below**. Many think this is the year that **global markets** will be severely tested.

If you are a Babyboomer like me, the information I have shared here can be a *bit disconcerting* to say the least. But I am just reporting the news and in just the past week or so there has been a surge in articles about **pensions and demographics**, and there will be more. **Harry Dent** has warned that if we don't fix these entitlements "the kids will kill us!" Well, guess what? **Jesus** said in the last days, "...the children will rise up against parents, and cause them to be put to death" (Mt. 10:21). Don't expect to hear about these issues from politicians or news sources. Mum is the word on this.

As far as the **Trump** presidency, [one writer](#) believes that the Fed/Deep State apparatus wants to create a **1929-style crisis** to blame him, and I have heard this before. This is what happened to **Hoover** as [noted](#) by **Doug Casey**. Ex-CIA operative **Robert David Steele** says Trump is surrounded by traitors and could be [removed](#) from office in **2018**! We are reminded to "pray for all who are in authority, in order that we may lead a **tranquil and quiet life** in all godliness" (1 Tim. 2:2). I will pray, but I am not too sure about *the latter*! Regardless, a better world is coming as **God** has promised, and for more about this **Good News** please [CLICK HERE](#). And also, welcome to all of my new subscribers!

Until Next Time, Your Messenger from Pinetop 📬

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