

Economic Fakery, Foolish Trade Wars & Perspective on Metals

Posted July 20th, 2019

By www.chuckcoppes.com



"After ten thousand Trump tweets I'm growing weary of the unfulfilled promises, threats, stock market manipulation, and exaggerations about our amazing economy. I find myself tuning everyone and everything out. I'd rather do yard work and tend to my small garden."

- James Quinn, The Burning Platform Blog

"What few, if any, economists and financial market commentators understand is that today all markets are rigged by the plunge protection team. For at least a decade it has not been possible to evaluate the financial situation by relying on traditional thinking and methods."

- Dr. Paul Craig Roberts, Economist & Geopolitical Analyst

"The reality is that Fed officials always need to step in and rescue markets from any sort of reality. Always preventing the drunk kid from facing the consequences of its irresponsible actions. Don't worry, central bank daddy will always step in and 'put' an end to any consequences."

- Sven Henrich, The Northman Trader

"Most of the statutes or acts, edicts, arrests, and placards of parliaments, princes, and states, for regulating, directing, or restraining trade, have been either political blunders, or jobs obtained by artful men for private advantage, under pretense of public good."

- Benjamin Franklin, Founding Father (1706 - 1790)

"Some view gold [and silver] as an inflation hedge. It isn't. Gold [and silver] is a hedge against the notion that the Fed has things under control."

- Mish Shedlock, Global Economic Trend Forecaster

July Greetings to All,

Sorry for the delay, but it is time to get back to reporting on current affairs. As you can tell from previous reports (and this NL title) we're living in a **distorted reality** with contradictions everywhere. Exactly how can we have *the greatest economy ever*, but the **Fed** is *desperately intervening* to prevent a financial calamity worse than **2008**? Something is very wrong with this picture folks, and I want to set the record straight with my usual **charts and hard data** so we can be better informed and prepared.

Economic Fakery & the Illusionary Truth Effect



"Since June 2009, Americans have lived in the false reality of a recovered economy. Various fake news and manipulated statistics have been used to create this false impression."

- Paul Craig Roberts, Economist & Geopolitical Analyst

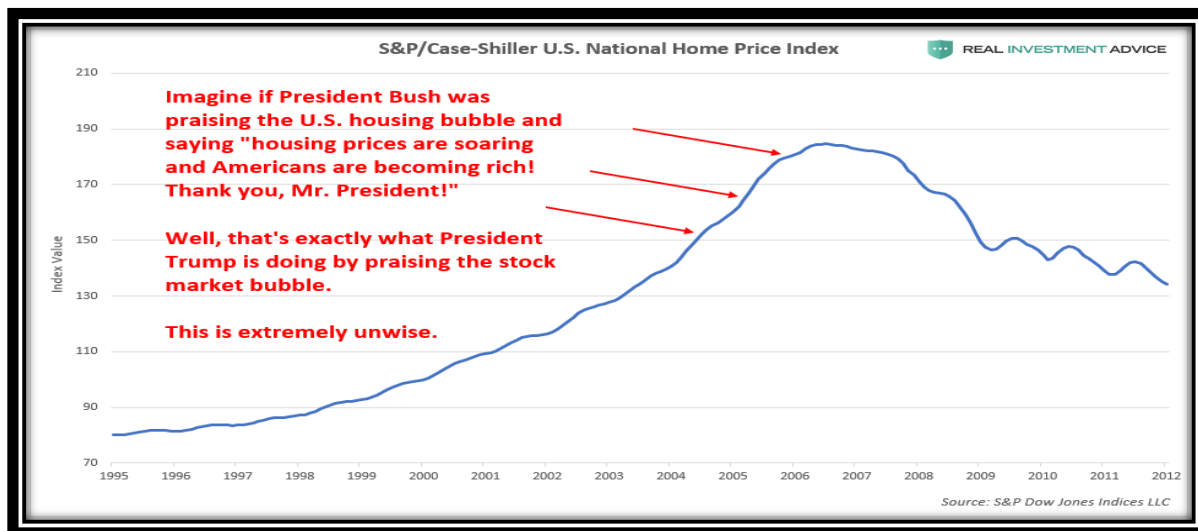
In a recent **Harvard/Harris Poll**, the approval rating for **Trump** reached a two-year high. The reason given was "voter optimism about the economy." Is this optimism warranted and based on hard data, or is it just wishful thinking on the part of the **Trump** faithful? It is the latter as **Dr. Roberts** illustrates in [THIS](#) article. Yes, we want things to be "great" again, but it is not going to happen with the current trajectory, and this is *NOT* a partisan political issue as **James Quinn** recently penned, "Holding Trump to the same standards as **Obama** is considered traitorous by those who only root for their home team. Their standard response is that you are a **Hillary** sycophant or a turncoat to the home team. Facts don't matter to cheerleaders. Competing narratives rule the day. Truthfulness not required."

Quinn continues, "I'm a big supporter of lower taxes. The Trump tax cuts were sold as beneficial to the middle class. That is a false narrative. The vast majority of the tax cut benefits went to mega-corporations and rich people. Middle class home owning families with children received little or no tax relief. In many cases, taxes rose for working class Americans. With corporate profits at all time highs, massive tax cuts put billions more into their coffers. They didn't repatriate their overseas profits to a great extent. They didn't go on a massive hiring spree. They didn't invest in new facilities. They did buy back their own stock to help drive the stock market to stratospheric heights. So corporate executives gave themselves billions in bonuses, which were taxed at a much lower rate. This is considered *winning* in present day America." Read it all at [THIS LINK](#). The only metric that matters to **Trump** is the **rigged stock market indexes** as noted in this typical tweet on **June 11th**. As we will see, tax cuts have not helped the economy as we keep hearing from the **Trump** cheerleaders.



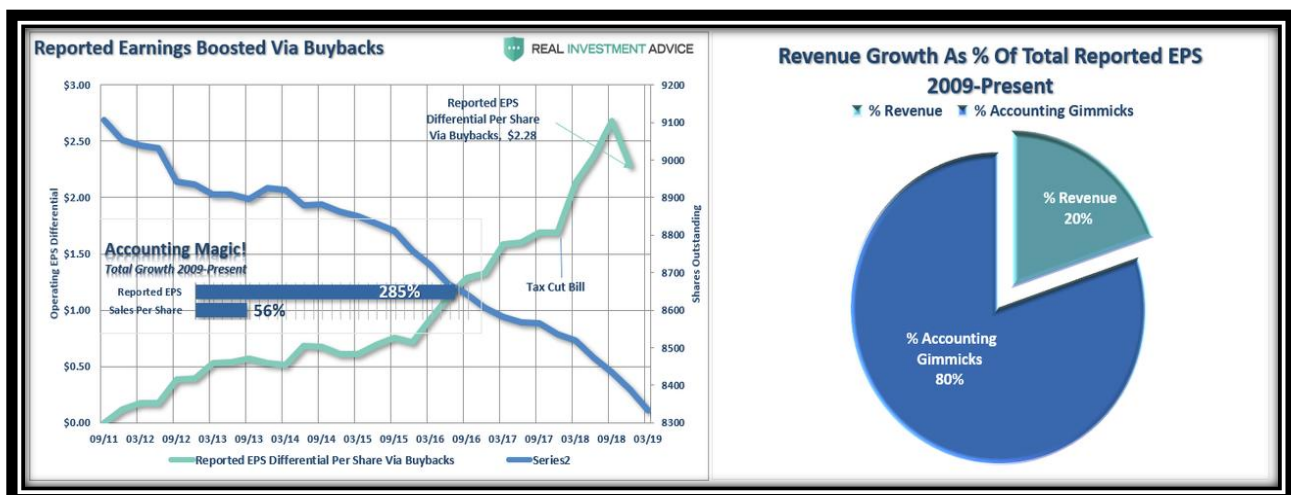
[Donald J. Trump](#)
[✓ @realDonaldTrump](#)

Good day in the Stock Market. People have no idea the tremendous potential our Country has for GROWTH - and many other things!

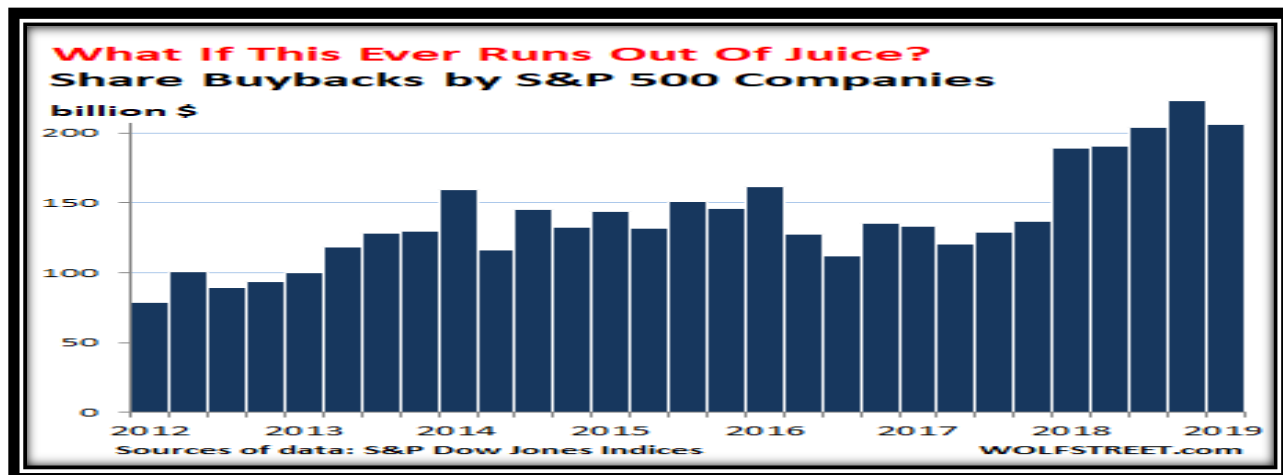


In my [last special report](#) I made mention of an academic study in the **1970s** regarding the **Illusionary Truth Effect**, and how repetition creates "cognitive ease" and "confirmation bias" among the masses. This is what we have today as we are bombarded with tweets, sound bites and **economic fakery** in the media echo chambers celebrating our everything debt-driven bubble economy. In **2016**, candidate **Trump** called the stock market "big fat bubble" and since then he has embraced this big fat bubble as his own. As **Trump** began his **2020** campaign he tweeted this: "If anyone but me takes over there will be a market crash the likes of which has not been seen before!" Let me clarify. There will be an epic market crash **regardless** who is in the White house in **2020**, and likely before **2020**. In fact, [one writer](#) is comparing **Trump** to **Bush** in **2006**, with the following remark and **chart above**. The primary driver of the Dow and S&P 500 has been **stock buy-backs** that have boosted **80%** of share earnings!

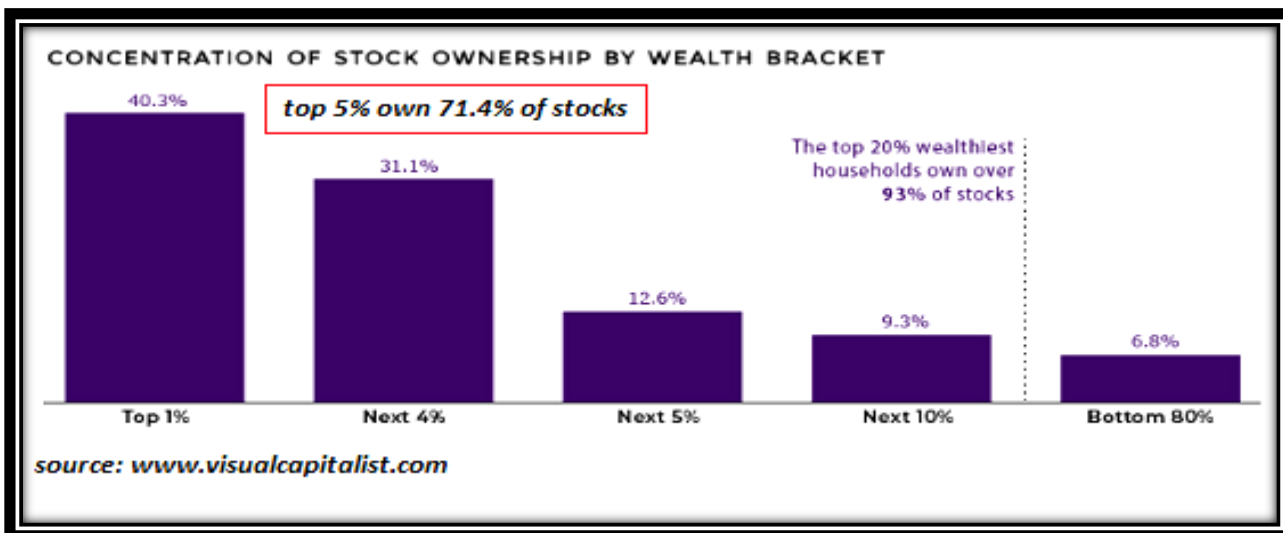
"Despite all of the controversies, drama, and staff turnover, one thing has been consistent throughout Trump's presidency: his frequent praise of the stock market's performance (stock buy backs) and taking credit for it. As someone who has been warning that our stock market boom is really a dangerous, debt-driven bubble that is going to end disastrously, I have been publicly cautioning that it is extremely unwise and irresponsible for President Trump to be encouraging and taking ownership of this irrational speculative boom... Trump's praise of today's stock market bubble would be like President George W. Bush praising the housing bubble in the mid-2000s before it crashed and sunk the country into a deep recession."



The above chart illustrates how distorted the US stock market is today with accounting gimmicks. When firms **buy back** their own stock it shrinks the pool of stocks, drives the price up and provides generous bonuses for management. **Ben Hunt** poses [this question](#); "The reason companies aren't investing more aggressively in plant and equipment and technology is because we have the most **accommodative monetary policy** in the history of the world, with the easiest money to borrow that corporations have ever seen. Why in the world would management take the *risk* — and it's definitely a risk — of investing for real growth when they are so awash in easy money that they can beat their earnings guidance with a **risk-free stock buyback**?" Indeed. And this is what is causing a debt-driven bubble. In fact, buy-backs caused the **1929 Crash** and *were outlawed* in **1934**, but in the financialization of the economy in the **1980s** they were brought back and causing this below:



Does this look like a healthy economy? Larry Kudlow will insist that stock indices are benefiting everyone in America and that we are *becoming great again* with each new record posted on **Wall Street!** But is this true, or just more economic fakery? The **chart below** tells a very different story, and it is the source of **income inequality** in the **US** that is being seized upon by the Progressive Left.

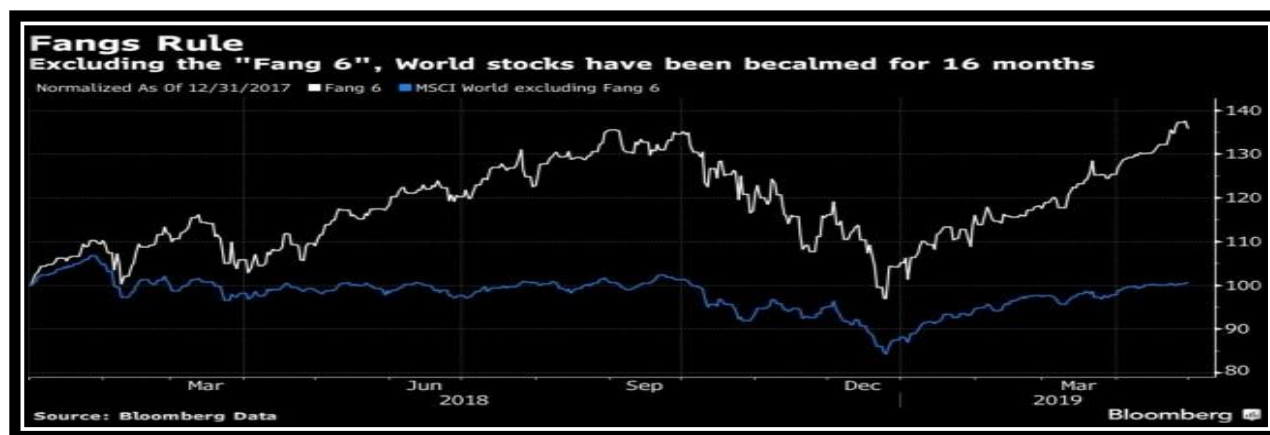


This is a stunning reality and a cruel joke for the struggling majority. The top 10% own 84% of all stocks in the **US!** **Trump's** illusory truth effect is trying to convince the electorate that he has delivered a healthy and growing economy with new factories, jobs, prosperity and so on. **Not.**

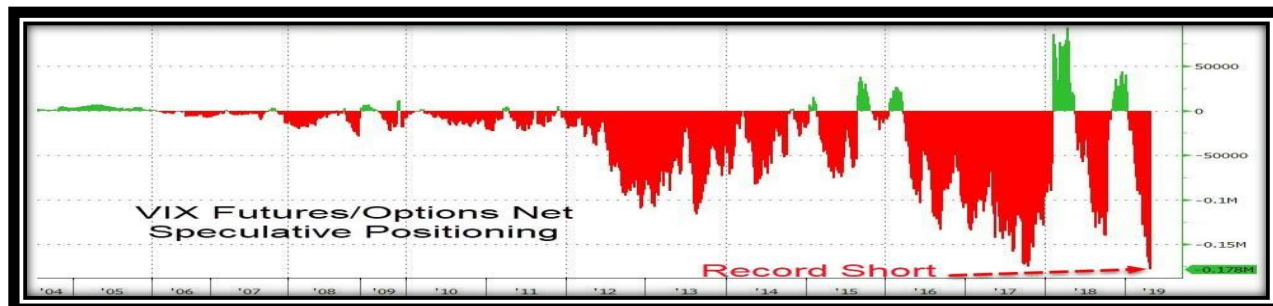
The real danger with stock buy-backs, is that most of it is being done by borrowing with cheap money courtesy of the Fed. Trump's corporate tax cuts have contributed. When stocks crashed in 1929, resulting in the Great Depression, it was due to **margin calls** when the market declined. In a [recent article](#), Jeff Thomas mentions margin debt and says we are in an "economic bubble bath."

"Margin debt is now at an all-time high and complacency is at a maximum. The present condition looks quite a bit more like 1929 than 2008, and the stock market is overdue for a crash. This time, it promises to be much greater than before, as the debt that's fueling the bull market is at a level that's historically unprecedented. Back in 1929, communications were poor and stock market trades were recorded in handwritten ledgers. Today, the recording is entirely electronic. This works quite well as long as times are good, but, if there were to be a crash, what it means is that, even if a crash were to be triggered in the middle of the night, when everyone is asleep, the market would awake in the morning to a sudden collapse, as prices blew through the stops [margins] of countless investors."

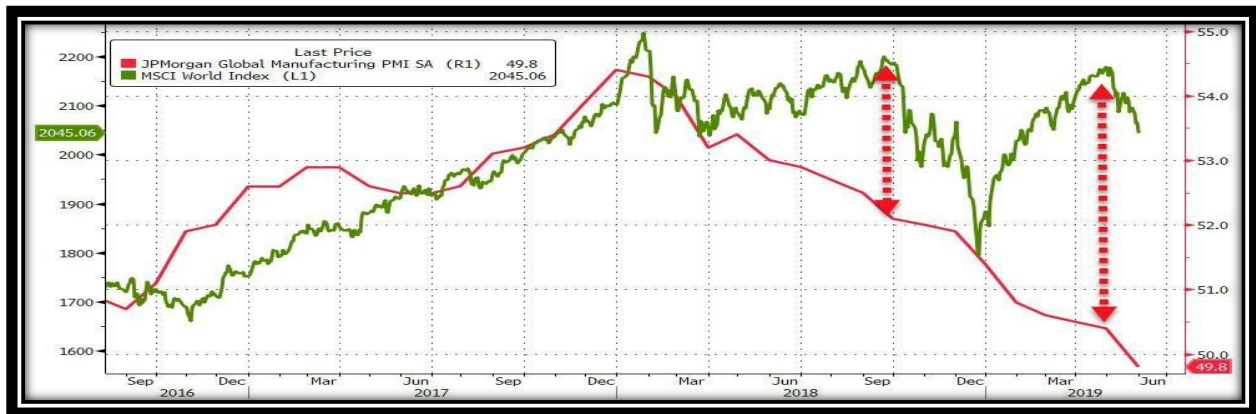
He concludes that because of this rapid **electronic trading** "the collapse would be much swifter and much more severe than in 1929." Yes it will be, and just to illustrate how the casino works, we now learn that hedge fund high frequency traders (HFT) and **Wall Street** banks are "co-locating" their **computers** next to the NY Stock Exchange to access high speed trading data! [THIS](#) article explains how this enables them to "manipulate stock prices and front-run orders from the public." The monthly cost to co-locate these computers has risen from \$72,000 in 2015 to \$194,000 today! This is how **Wall Street** works today with dark pools, algos, quants, front-running and robo-trading. **Fakery.**



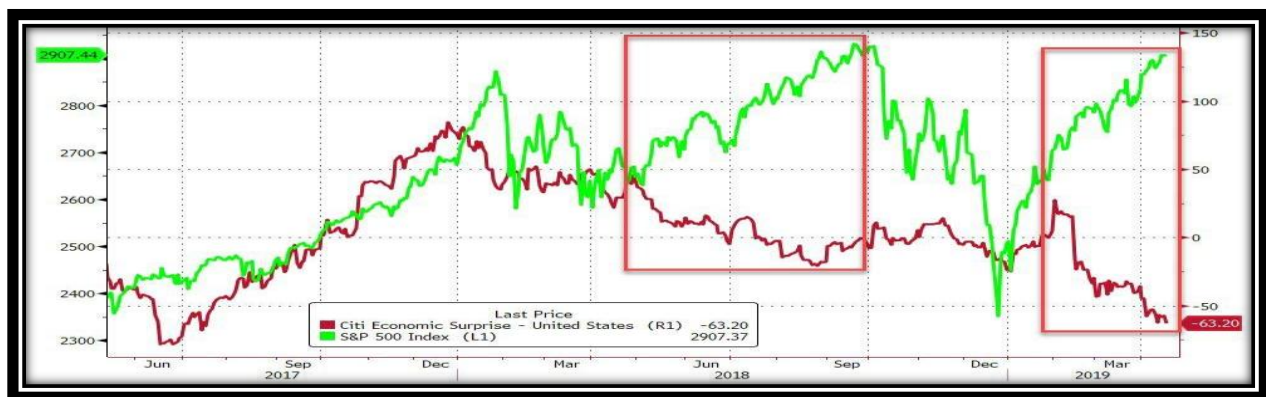
The above chart reveals that just six (6) stocks have been the main driver on Wall Street (white line). These are Facebook, Apple, Amazon, Netflix, Google and Microsoft. Without these tech stocks world stock indices would be flat (blue line). It should also be noted that **Apple** has been the leader in **stock buy-backs** for some years, and the "confirmation bias" of ever rising prices and new record highs has caused **widespread complacency** and distorted the volatility index (VIX) as seen here.



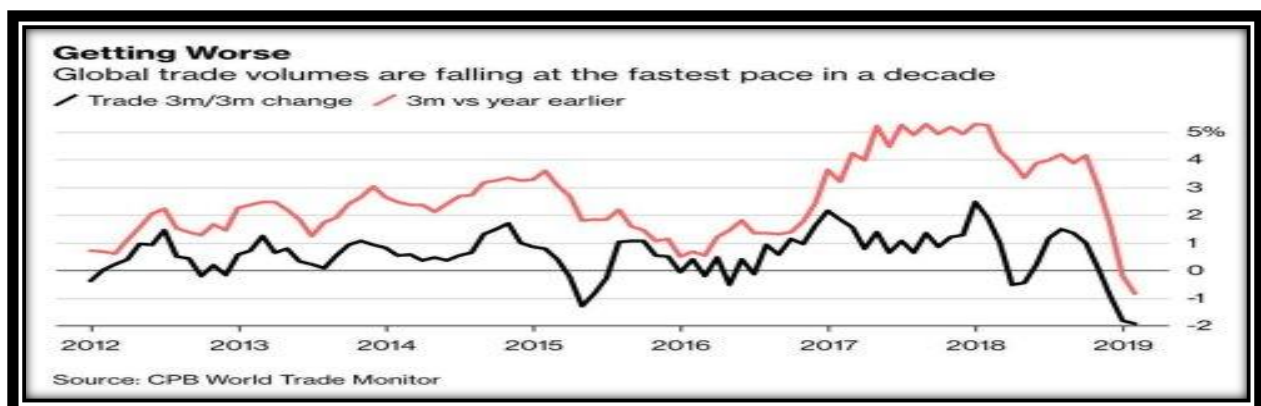
Manufacturing Decline & Global Slow Down



In yet another demonstration of how disconnected the stock market is from reality, the market index is up (green), but **manufacturing orders** have dropped to a ten-year low (red). Does this look like a robust economy? There is also something called the **Surprise Index**, which reveals how **wrong** economists have been when they *overestimate* real economic growth (notice the soaring stock index!).



Last month, for example, the job expectations were off by 84% according to Moody's. Let's just say that most economists will be in for some **big surprises** as we go forward. All indications suggest that we are in a "global slowdown" (Recession), and it is getting worse (see below). This is also confirmed by the ocean freight **Baltic Dry Index** and even the **FedEx** shipping volumes. Last month, the **NY Empire State** manufacturing index suffered the worst one-month decline in US history!

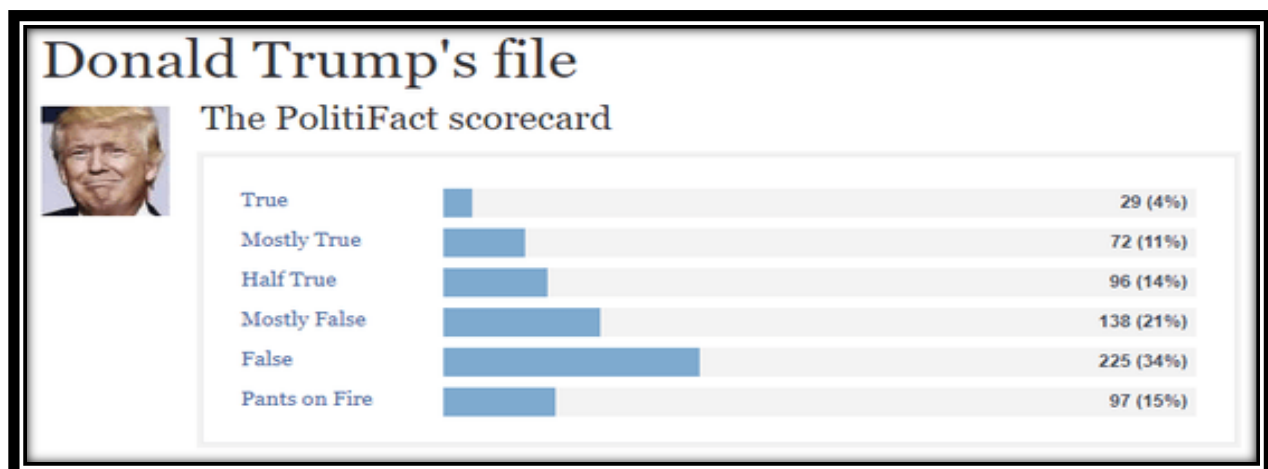




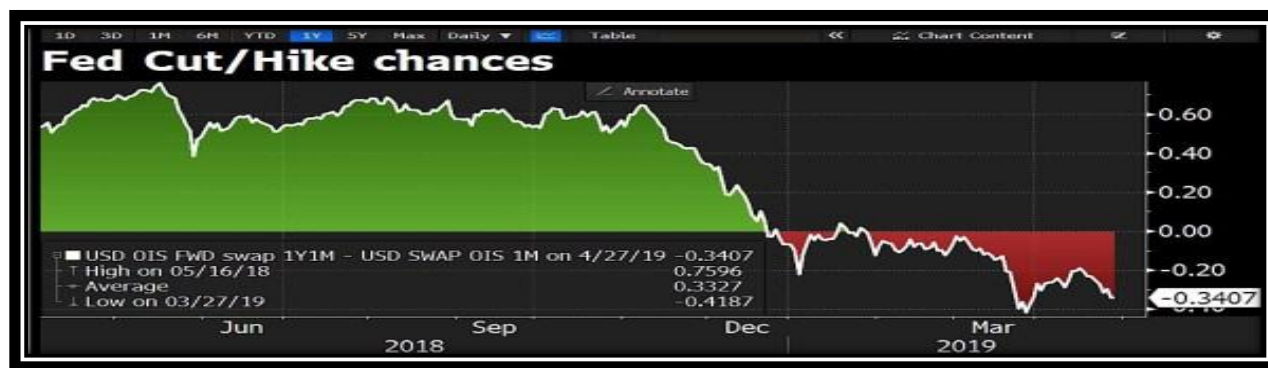
The US retail sector is also collapsing. Retail share prices are at a *ten-year low* as seen above. An [alarming report](#) by Coresight Research in April announced that 5,994 stores have already closed in 2019, and this number already exceeds 5,864 for ALL of last year! This report predicts more than 12,000 store closings for 2019. In the US, consumer spending accounts for 70% of the economy, and this retail decline is NOT due to online retailing, which was a mere 10% in 2018 as noted [HERE](#).

Regarding our fake economy, [one writer said](#), "On the outside, it looks like a shiny muscle car. Lift the hood, however, and you see a fragile one-cylinder engine." Speaking of **vehicles**, according to the [Cass Freight Index](#), US trucking/shipping is down 62% year-over-year. This has been in a steady decline since 2017, and orders for heavy trucks (18-wheelers) is down a *whopping 70%!* As this reporter concludes, "This would not be happening if we had a booming economy." Do ya think?

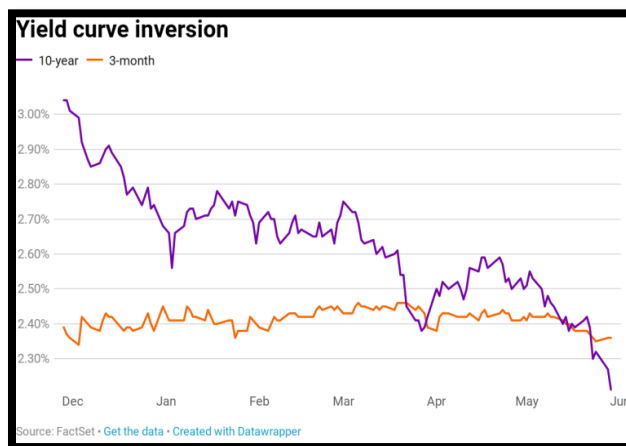
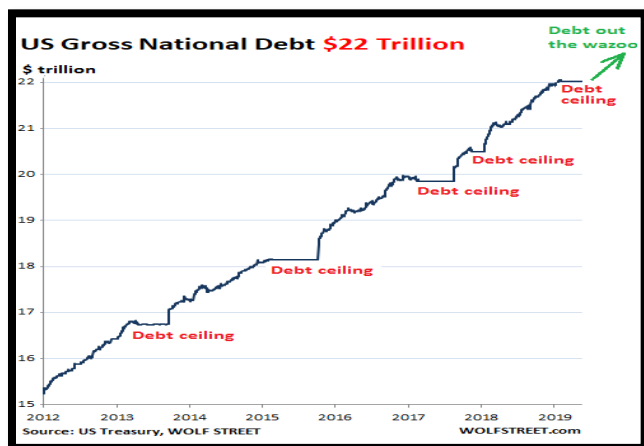
In summary, the "big fat bubble" on Wall Street is a horrible and deceptive metric for the health of our economy, and **The Donald** is being "extremely unwise and irresponsible" for promoting this **casino** designed to enrich the few. The slowdown in the real economy (manufacturing, shipping, and retail) stands in **sharp contrast** to the official narrative that we have a robust economy. Auto sales are down, the real estate bubble is faltering and agriculture has been decimated by weather and **Trump's foolish trade wars** (more in a moment). We have the highest debt and lowest savings rate in the industrialized world, and yet polls indicate that people are..**optimistic**. According to [PolitiFact](#), **Trump** has made claims/promises that are mostly not true, and yet "cognitive ease" prevails in our land.



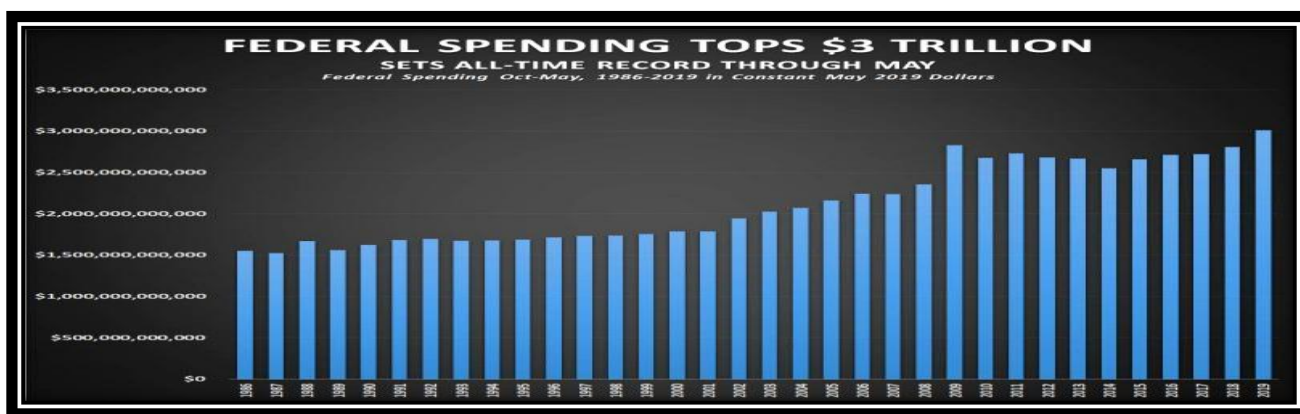
In fairness to Donald Trump, he is not to blame for all of this economic fakery, and a looming fiscal/monetary collapse that will be swifter and more severe than 1929. This has been a long time in coming, and the blame can be laid at **Fed** policy that has created the financial bubbles in **2000**, **2008** and now the *Mother of All Bubbles* that is way overdue. Easy credit (QE) has caused malinvestment and stock buy-backs as I noted earlier (p. 5). **The Fed** is now being held captive to the massive bubble that they have created, and all traders in the world *literally hang on every scripted oracle* that comes out of the central bank temple in **Washington, DC** (District of Criminals). Note this chart below.



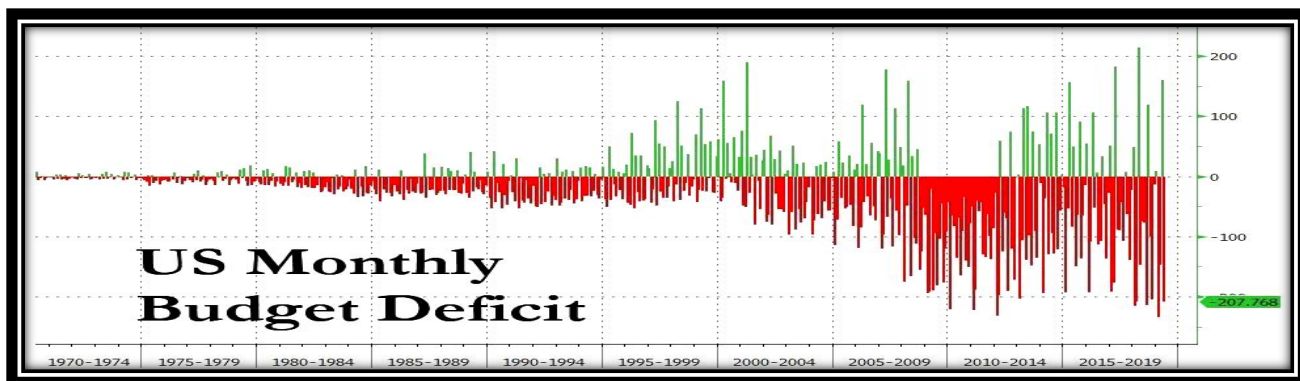
Here is clear evidence that the tail is wagging the dog. All of 2018, the **Fed** telegraphed that they were raising rates (because the economy was *so robust*). But in **December**, all stock indices fell **20%** and panic disrupted a *Merry Christmas*! Suddenly, the **Fed** reversed course and has cut rates to placate corporate boardrooms and high frequency traders. As **Sven Henrich** complains, "Fed officials always need to step in and rescue markets from any sort of reality. Always preventing the drunk kid from facing the consequences of its irresponsible actions. Don't worry, **central bank daddy** will always step in and 'put' an end to any consequences." **Henrich** reminds that the last two times the **Fed** cut rates into a slowing economy were **2000** and **2007**, which caused a **50% drop** in equities. Ouch! As **Paul Craig Roberts** also points out, after the **23%** drop on **Black Monday** in **1987**, they created the Plunge Protection Team to prevent market drops, and that is why stocks are *magically* up **25%** since Christmas Eve. Ha! And most people think that **Trump** and their financial advisers are geniuses.



Here then is the real reason that the Fed can not (and will not) raise interest rates. It is more about servicing the **\$22 trillion** national debt - *debt out the wazoo!* Because of loose fiscal policy by the **Fed** and this economic slowdown, the yield curve inversion between the **3-month** Treasury bill and the **10-year** has now widened to its *deepest level* since **2008**. This inverted yield curve has never been wrong in predicting a major **Recession** (Depression), and this time is no different. Get ready folks.



Now, here is something you will never hear in the political debates. Federal spending through **May** has topped **\$3 trillion!** Yes, a new record and we can all chant *USA, USA, USA!* **May** and **June** have also seen monthly national budget deficit records, as seen in the **sea of red ink** below since 1971.



Does this concern the average retail investor or citizen? In January, a **Pew Research Poll** found that *only 48%* of respondents were concerned about budget deficits (down from 72% in 2013). What does that tell you about *complacency* and *the illusionary truth effect*? **Rep. John Yarmuth (D-KY)** is the **House Budget Committee Chairman**, and he says that he "rarely hears from constituents that are concerned about deficits." **He said**, "There haven't been any cataclysmic consequences, so why worry about it?" Talk about a **distorted reality** and **delusion** among the masses today!

Here is the bottom line. The **US** may look like a shiny **muscle car**, but it's just a fragile one-cylinder engine. In **1990**, manufacturing was the number one employer in **45** states...today it is **8**. Our trade deficits (lack of exports) is not due to bad "trade deals" or *exploitation* as **The Donald** would have us believe. The multinationals and corporate fascists (mostly Democrats) have fled the **US** precisely because their fellow Democrats, union thugs and regulators *have made it too hard to do business* in the **US**, as **John Stossel** explains at [THIS LINK](#). I shall address **this issue below**. Again, I am not a **Trump hater**, I just hate lies, deception and fakery when it comes to our economic future. The everything bubble is about to burst, and according to veteran fund manager **John Hussman**, a **60-65% market loss is likely!** Read it [HERE](#). **Sven Henrich** is a British macroeconomic technical analyst, and [his research concludes](#) that we could have "combustion" by this **October** - a **bad month** for markets:

"....what we can do is be extremely mindful of the overall environment, the driving factors and technicals and recognize that global markets, central banks, politics, the economy, the business cycle and technicals are all converging here in [October] 2019 for a toxic combination that may result in combustion."

Foolish Trade Wars & an Historical Perspective



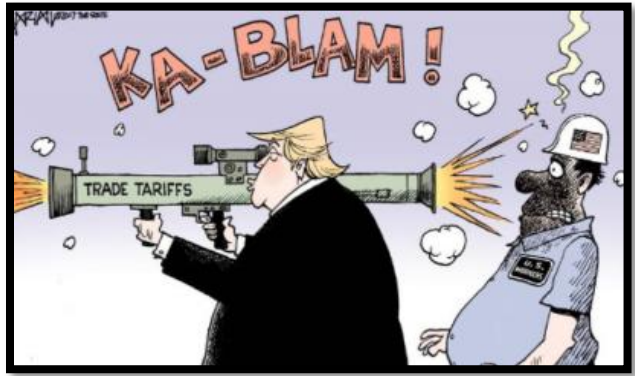
Let us now turn our attention to the foolish trade wars triggered by the Twetter in Chief and Mr. Tariff Man (as seen above). Historically, trade wars and tariffs are easy to start, but very hard to end as history has proven. **Trump** has imposed tariffs against **China**, **India**, the **EU** and other nations, but what has led to this industrial trading impasse? As I mentioned above, US corporations offshored their production to more profitable bases of operation in Asia, and **China** in particular. **Dr. Roberts** [adds](#), "Corporations saw in the low cost of Chinese and Indian labor opportunities to increase their profits and share prices by producing offshore the goods and services for their domestic markets." **He also notes** that this exodus has "...wrecked the careers and prospects of millions of Americans and has severely impacted state and local budgets and pension funds." And I will address this next month.

As I cover in my book, China's industrial revolution began in 1978. Since that time, their GDP has gone from less than that of **Taiwan** to the third largest, and based on **PPP** it is the *largest economy* today! Simply amazing. But is this the reason for "evil unfair trade deficits" today as **Larry Kudlow** would have is believe? Not really. As Hugo Salinas Price explains, it is all about the **US dollar**:

*"The US has enjoyed a free ride of magnificent proportions, because since the end of WW II, the US Dollar has had the enviable position of Reserve Currency of the World. **This means that the whole world wants to sell goods of all sorts to the US, in order to get precious Dollars for their Reserves [this creates the US trade deficit].** So the US gets an unlimited amount of goods from all the world, in exchange for Dollars which are essentially nothing but numbers, which cost the Fed and its banking system nothing to produce. **So instituting Tariffs on imports is an attack on the system whereby the US sucks up production from the whole world, in exchange for - nothing.**"*

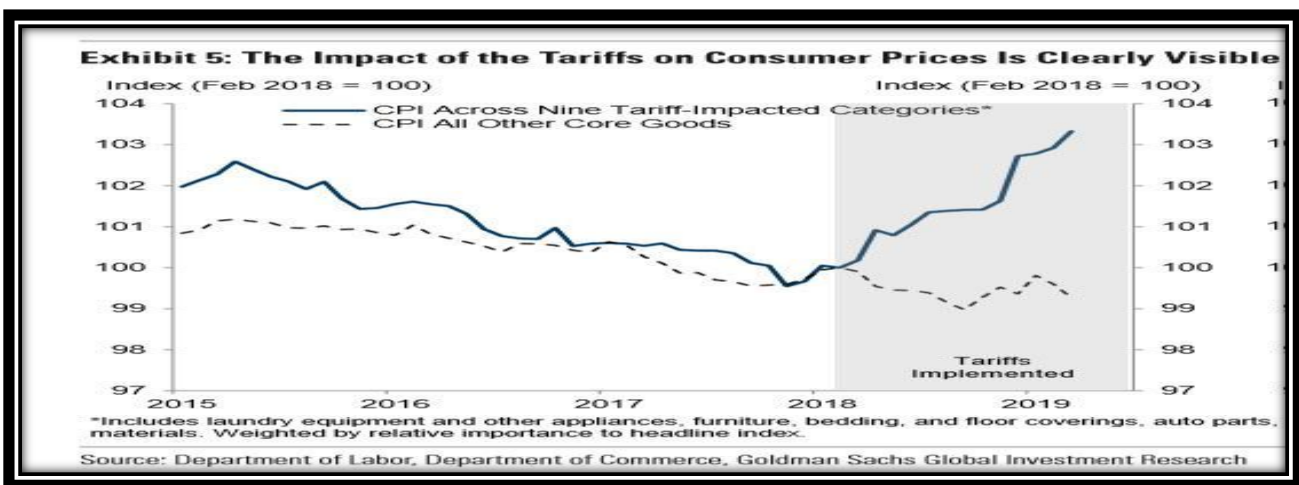
In other words, Since the **Bretton Woods Agreement in 1944**, the **US dollar** was established as the settlement currency in the world (with a nominal gold backing). This collapsed in late **1971**, when **Nixon** reneged in this agreement and caused a *massive gold delivery default* (more in my conclusion). THIS, my friends is the real issue, and **Trump** is an *economic and historical illiterate* on this issue. He does not know what the brilliant thinker **Hugo Salinas Price** knows. And to prove my point, this following **3-minute clip** from **Frontline** exposes that Trump has been whining about *trade deficits* since **1980** on the **Larry King Show** and **Oprah**, etc. It is a "binary view" as this author says. Watch:

Tracing Donald Trump's Aggressive Tariff Policy Back to the 1980s



In the clip above, Trump is all about imposing tariffs, but not addressing the root problem. The root problem is the **Federal Reserve System created in 1913**, and the *exporting* of **US dollars** to the world to facilitate world trade, something known as [Triffin's Dilemma](#) - if you want to know more.

Trump complains about trade deficits, but he never inquires why corporations left the US in the first place or the role of the US dollar. In his book, *Super Imperialism*, economist **Michael Hudson** does a **great job** in explaining the dynamics of trade since **1971** and how it is *too late* to bring back jobs from overseas - more [HERE](#). The General Agreement on Tariffs & Trade (**GATT**) was established in **1947** to facilitate global trade. Prior to this tariffs were as high as **22%**, and now it is more like **5%**. The World Trade Organization (WTO) replaced **GATT** in **1995**, and **China** became a member in **2001**. A [recent study](#) recounts the historical perspective on trade and the ascendancy of **China** on the world stage. This writer concludes with **these words**; "What Trump simply can't accept is this: after nearly two decades of supply-chain restructuring and global economic integration, China has become the key industrial supplier for the United States and Europe. His attempt to make America great again by restoring the economic status quo of before 2001 — the year China was admitted to the World Trade Organization — is doomed to fail!" So there you have it, and to make matters worse a tariff is a **tax on the American people!** Despite what **Trump, Larry Kudlow** or **Lou Dobbs** tells you, a National Bureau of Economic Research report states "that American consumers fully pay tariffs." According to one writer, all of Trump's tariffs so far are **\$72 billion** and represents the largest tax hike since **1993!**

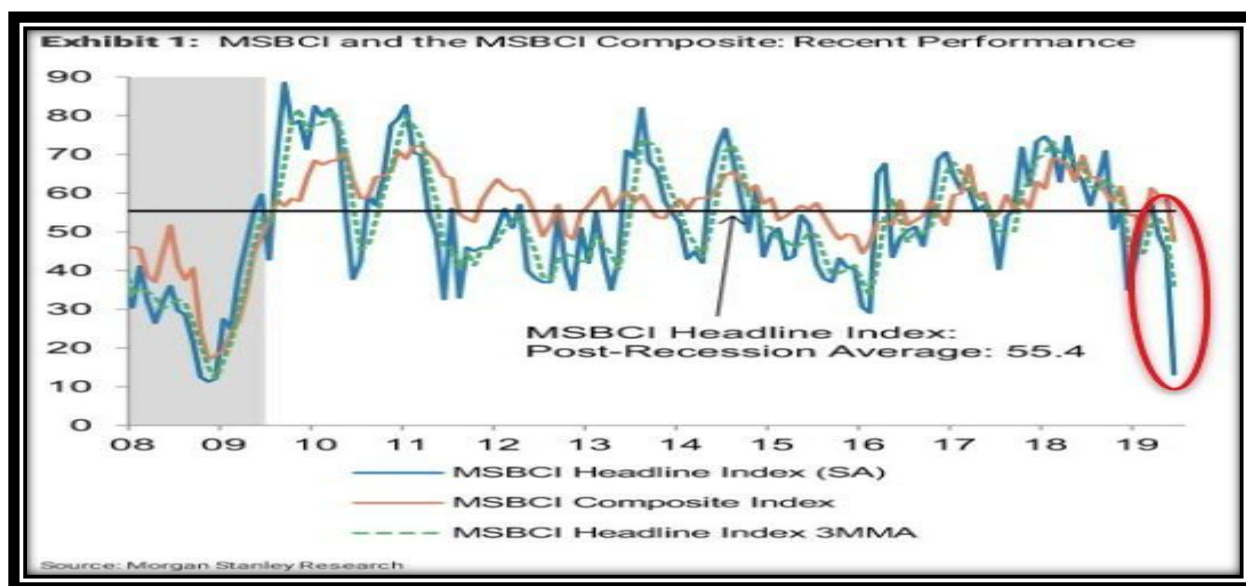


As seen above, consumer prices are rising due to tariffs. A recent Investor's Business Daily [Poll](#) indicates that *only 26%* believe that tariffs are helping and **45%** believe that tariffs are slowing the US economy. This does not bode well for **Trump in 2020**, nor his faithful and longsuffering base.

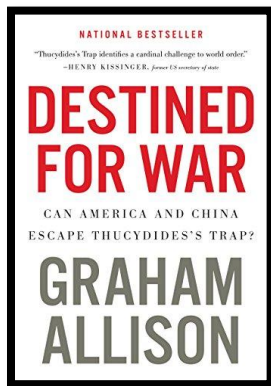
So what is the rationale for imposing tariffs? This is an important question. As **Pat Buchanan** points out, "A tariff is a **tax**, but its purpose is not just to raise revenue but to make a nation economically independent of others, *and to bring its citizens to rely upon each other* rather than foreign entities." In other words, bring "financial pain" to US consumers and they will finally buckle and start making products here. This is **financial/social engineering**. Only **weak** (not strong) nations resort to this. Further, as **Peter Schiff** argues, the US *encourages debt and spending*, not savings and production. He says, "Companies would have to build factories, buy machines and create completely new supply chains. That takes time and requires capital – capital that *doesn't exist* in the US because the **Fed** has completely discouraged savings." You can hear more in this 55-minute clip:

Peter Schiff: Trump's Foolish Trade Wars & Tariffs

In a scathing rebuke to The Donald, Mish Shedlock utterly destroys all of **Trump's** "tariff tweets" one-by-one in THIS enlightening article. He notes the damage being done to **US farmers** and basic economic illiteracy. This really is hard to endure. This is all **backfiring** on the American workers and the fly-over Americans that voted for the **Tweeter in Chief**. Just as the *corp tax cut* has **backfired** on the American worker, and simply enriched the wealthy class (p. 2-5), so it is with this **boondoggle**.



Above is a broad "business conditions index" that is collapsing. As you can see, it is *the largest drop* since the collapse in **2008**! Does this look like a robust economy, or an illusionary truth effect? As **Michael Snyder** relates, over **600** large **US** firms are *begging Trump* to end the trade war! In a recent report in the *South China Morning Post*, **Han Jun**, the vice-minister of agriculture and rural affairs warned that the "American farmers risk losing *the entire Chinese market* in a deepening trade war." **China** has placed a **25%** tariff on **\$60 billion** of **US** goods and **US farmers** are going bankrupt. Even though the Trump administration has provided billions in bail outs, **farm bankruptcies** have exploded in **19** midwestern states with no end in sight, as noted HERE. As if record flood damage is not enough already! According to the **American Farm Bureau Federation**, *fifty dairy farms* have filed for bankruptcy in **Wisconsin**, and this is the highest in the nation. And on it goes. "American farmers spent nearly four decades developing trading routes into China," notes this article on Zerohedge, "while it only took President Trump less than one year to *destroy* them through a deepening trade war." Let that sink in. And remember this next time Laura Ingraham, Hannity, Dobbs and the crew at **FOX** brag about **Trump's** economy. American farmers and workers are suffering.

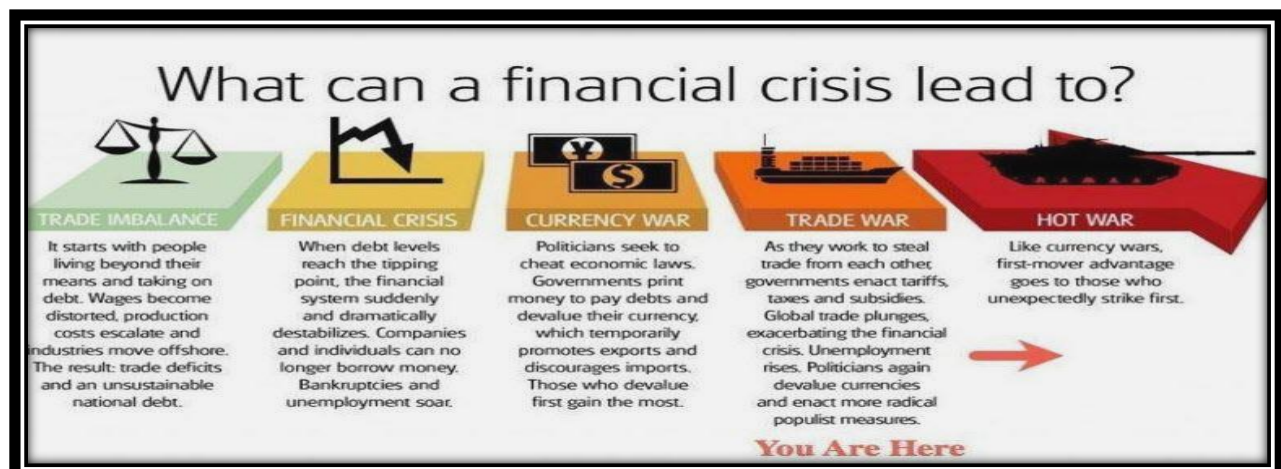


"Most of the statutes or acts, edicts, arrests, and placarts of parliaments, princes, and states, for regulating, directing, or restraining trade, have been either political blunders, or jobs obtained by artful men for private advantage, under pretense of public good."

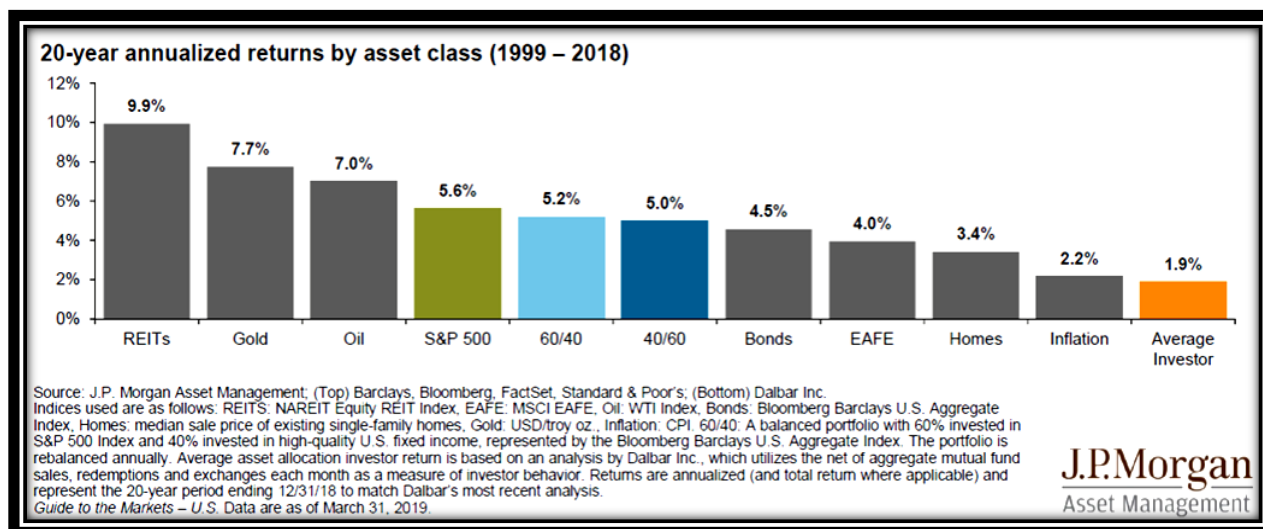
- Benjamin Franklin, Founding Father (1706 - 1790)

We now come to a very real existential threat in the scheme of things. I take no pleasure in sharing my research with you on this topic, but we must know. I have often referred to the **Thucydides Trap** that was coined by Harvard economist **Graham Allison**. Historically it refers to "when a rising power causes fear in an established power, it leads to war" (noting the Greek historian who witnessed the rise of Athens against the Spartans in the 5th century BC). Because **Trump** wants to maintain the "status quo" since **2001** - *or even 1980* - his **ego** is dragging us into needless conflict. As I said earlier (p. 9), corporations have fled the US simply to survive and compete, and we are *blaming* a rising power like **China**. This is a trap. Our **Founding Fathers**, like **Franklin**, warned about "artful men" (who write books entitled **The Art of the Deal**). In 1850, Sen. **Daniel Webster** warned that "trade barriers" create "great national injury" in the *pretense* of doing a public good. Go ask the **farmers** in the midwest or middle class Americans working **2-3 jobs** in the new "gig economy" to support their families. Sad.

Concluding this section, I realize that **most people do not understand basic economics** as a daily exercise, and this is why I do what I do. I am on the beat nearly **200 hours** a month to provide this commentary. This issue of **Trump's trade wars** is concerning. I am going to leave you with **three links** for your consideration. This **LINK** records "contentious trade wars" since 1770. This **LINK** comments more on **this era**, and finally, my friend **Jim Rickards** provides this troubling **CHART** that suggests that trade wars can become **hot wars** - and especially during a **financial crisis**, which we shall now address as it relates to the *very rigged and suppressed precious metals markets*.



Bankster Capitulation & Perspective on Metals



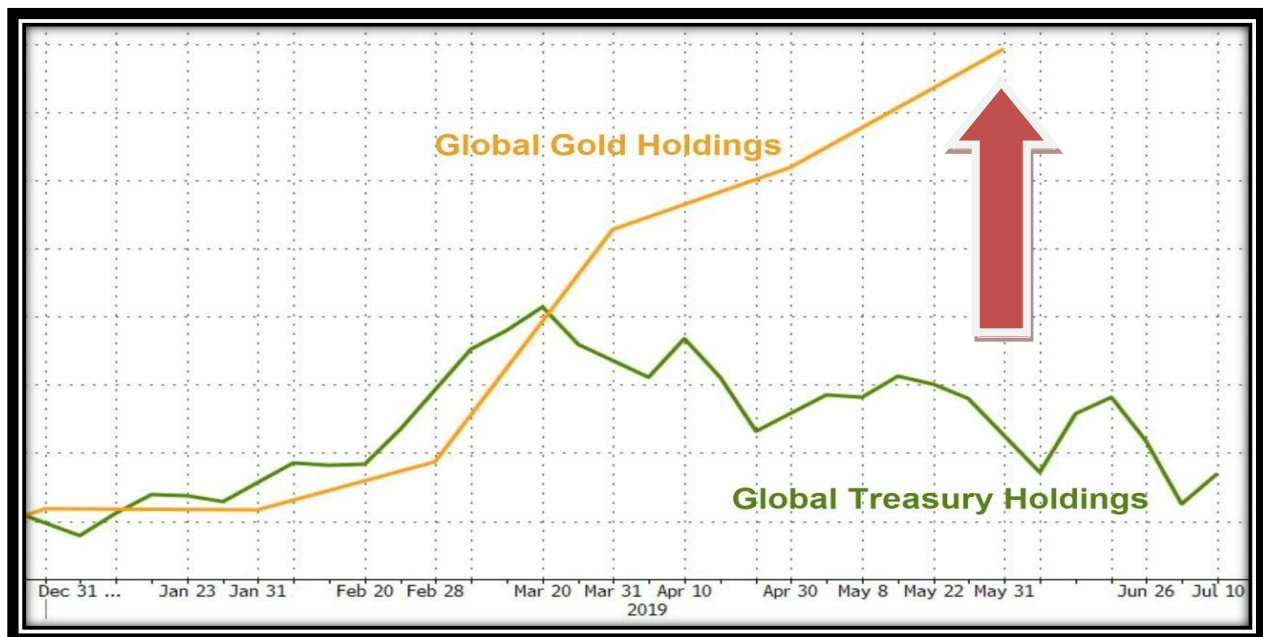
"Some view gold [and silver] as an inflation hedge. It isn't. Gold [and silver] is a hedge against the notion that the Fed has things under control."

- Mish Shedlock, Global Economic Trend Forecaster

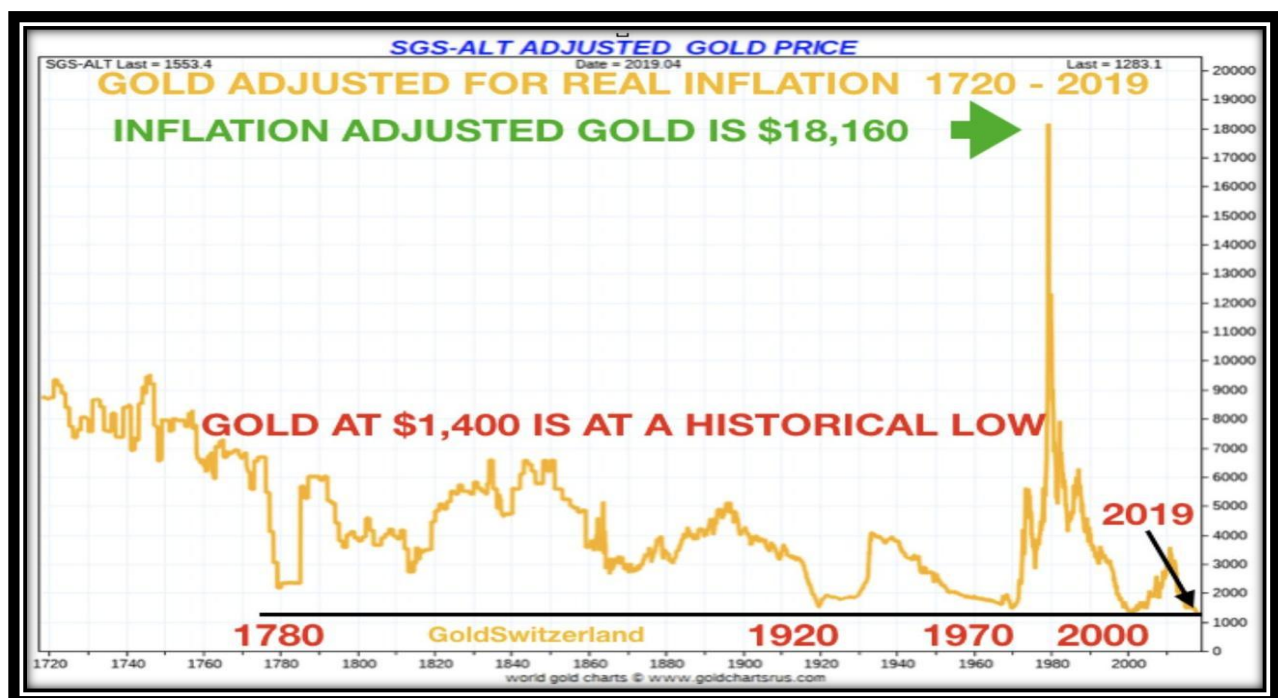
As noted above, gold has had a better annualized return over 20 years than most other asset classes. Why is this **never** mentioned in the financial media? Because **gold and silver** is like kryptonite to the **evil banksters!** In fact, due to **US dollar index** strength, gold is making new all time highs in most other currencies (euro, pound, etc.) as noted by [BullionStar](#). Never hear about that either. And you will not hear that the **central banksters** have bought more gold in **2018** since **1971**, for a **74%** gain! **See chart below.** Why are they doing this? They are hedging against themselves!

Gold Demand (Tons)								
	2012	2013	2014	2015	2016	2017	2018	YoY Change
Jewelry	2,145.10	2,710.10	2,510.40	2,426.30	2,067.90	2,200.90	2,200.00	▼ 0%
Technology	381.3	355.8	348.4	331.7	323	332.6	334.6	▲ 1%
Investment	1,618.50	823.3	892.6	967.6	1,646.20	1,251.60	1,159.10	▼ -7%
Total bar & coin demand	1,311.10	1,729.60	1,065.20	1,090.10	1,071.30	1,045.20	1,090.20	▲ 4%
ETFs & similar products	307.4	-906.3	-172.6	-122.5	574.9	206.4	68.9	▼ -67%
Central banks & other inst.	569.3	623.8	583.9	576.5	389.8	374.8	651.5	▲ 74%
Gold demand	4,714.20	4,513.10	4,335.30	4,302.20	4,426.80	4,159.90	4,345.10	▲ 4%
LBMA Gold Price, US\$/oz	1,669.00	1,411.20	1,266.40	1,160.10	1,250.80	1,257.20	1,268.50	▲ 1%

The larger issue is the Basel III Accord mandated to all central banks by the BIS in Basel. This ruling went into effect in **April** and requires banks to raise gold to a *risk-free cash-equivalent* Tier I asset. The **Bank of International Settlements** will also introduce a rule in **January 2022** that the banksters hold up to **20%** of their deposits in gold, silver and even platinum according to [THIS report](#) by the **Mises Institute**. This is huge folks! Especially for **silver** as we shall see in a moment. They are doing this to capitalize their failed banks during the upcoming fiscal/monetary crisis that is coming, and that I have been warning about since I published **my book** ten years ago! Keep reading.



Now here is a chart that you will not see on Fox Business with Maria Bartiromo. What does this tell you? It tells you that nations would rather hold gold than US Treasury debt, and this is especially true of **China and Russia** as reported [HERE](#). Estimates are that central banks will be adding more than **700** tons of gold to their hoard, and this will exceed last year's record. The **BIS** and **IMF** both understand that the world needs a debt restructuring, or **monetary reset**. It is in this context that gold is being accumulated, and I have covered this in the past. In this scenario gold will necessarily be "re-priced" to **\$10,000** or even **\$20,000**. In a [recent article](#), **Egon von Greyerz** illustrates that adjusted for real inflation gold should already be **\$18,160** as seen below. It should further be pointed out that in **1980**, gold was **\$800** and the Dow Index was **800** points, or a **1:1** ratio. Today, that would suggest **\$27,000/oz.** for gold, right? I have even heard much higher as fiat currencies are being debased.



Economist and commodity expert, Doug Casey and his team have recently cited several reasons why gold must explode in the near future. Precious metals are being suppressed in the paper futures markets at **Comex** (Crimex) and the sister **London LBMA**, but *serious pressure* is building as **the banksters capitulate** into gold as the only historical safe haven asset. The evil rats are running from a sinking ship and we should be following their exodus into gold and silver. [Here is their list:](#)

- **Basel III** moves gold toward officially being money again.
- Central banks are buying **record amounts** of gold.
- Excessive U.S. sanctions have pushed countries to **use gold**.
- China's "Golden Alternative" allows for large-scale, **oil-for-gold trades**.
- **The Fed's dramatic reversal** and the return of easy money bode well for gold's strength against the dollar.
- The takeover frenzy in the **gold mining industry** is bullish for gold.
- **President Trump** favors returning to the gold standard and is stacking the Fed with pro-gold people. (don't get your hopes up on this one)
- The Democrats' embrace of socialism guarantees **currency debasement**.
- **Gold-backed cryptos** make owning and using gold easier than ever.

There is an old saying in this business that gold and silver is not getting expensive; the currency is getting cheaper. And this is pretty much what is at work in the world today. As **Egon von Greyerz** has suggested, **gold and silver** should be *multiples higher*, and this is *extremely bullish* for the **tiny silver market** as I will cover below. I recently stumbled across an article written by the president of a hedge fund in NY at [THIS LINK](#). He was noting how the **Chinese government** *encourages* their citizens to acquire **gold** (for protection, prudence and profit), and that the US should do the same thing for its citizens. In light of what I have reported already, this is a reasonable request. But don't expect the **US Ad Council** to start sending out public safety commercials anytime soon. The larger point, is that **silver** affords the same traditional wealth preservation, but the *upside potential* is not only much higher, it is likely to be the largest wealth transfer in world history. The gold/silver ratio is around **87:1** today, and the same *extreme undervaluation* is also seen in the **S&P/silver chart** below:

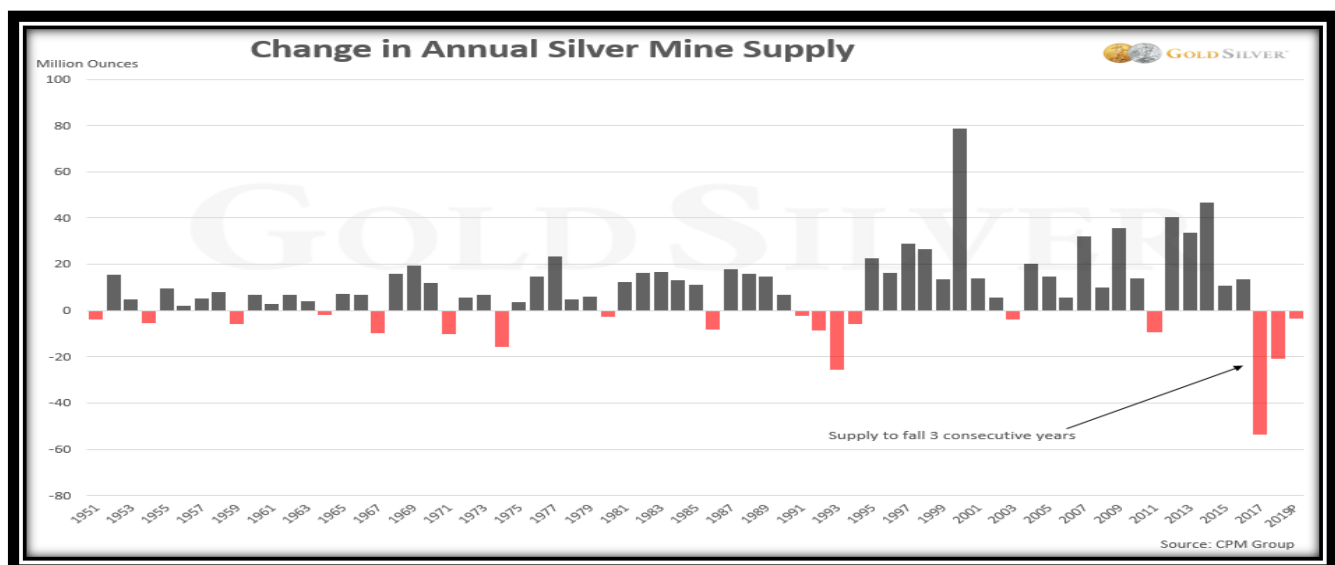
Silver Market Positioned to *Outperform Gold!*

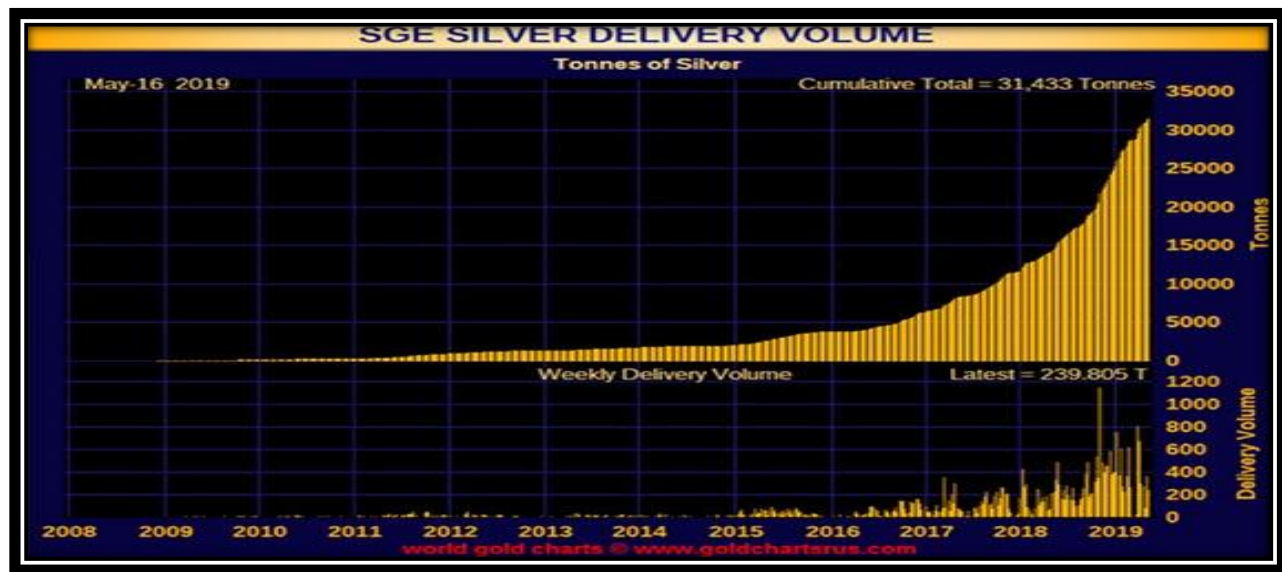


According to the World Silver Survey data, global demand for commercial silver bars rose by 53% in 2018. This was largely due to demand in **India** (and China). **Indian** demand has exploded due to foolish "tariffs" on gold imports, which I have mentioned before. As **silver expert Ted Butler** writes [HERE](#), the **Indian** people are creating *extreme demand*, but the *fake "price" of silver* is being **suppressed** by **JP Morgan in NY** (more on this issue in a moment). At the current gold/silver ratio, I am advising all of my **past, present and future clients** to have a strong position in the **white metal**, as opposed to the **yellow metal** promoted in the mainstream financial media. And here is what I am talking about in **the historical chart below**. What do we see here? We see that in an "active gold market" (as mainstream reporters like to call it), *the silver market always outperforms gold*, but you rarely ever hear this. In other words, if you hear about gold doing something do not expect to hear a peep about the *other monetary metal* that has been used as **real money** much longer than gold.

	Gain from 1970 low to 1980 high	Gain from 2008 low to 2011 high
Gold	2,328%	166%
Silver	3,105%	448%

As noted above, silver gains were great 40 years ago. Since 2008, silver had a peak bid in **April of 2011 of \$49.65** (which beat gold by 282%). The former high in **1980** was **\$50/oz.** for silver. The evil banksters intervened in **2011** and they prevented **silver** from finally exceeding its former high in **1980**. Why do they do this? It is an act of pure desperation on their part. In the case of **JP Morgan**, it is **pure greed** as I will explain in my conclusion. As **Doug Casey** likes to say, we don't have markets anymore, *just interventions*. This is the world we live in today. Does your **financial planner** tell you this? I doubt it. **Gold** is **NOT** where you want to be. Historical ratios, past performance and current *undervaluations* strongly favor **silver**. Even if we had *actual* supply and demand fundamentals at work today, it would favor **silver** over gold. Here is what is happening with changes in the annual silver mining supply. Do you see what I see? **Silver supply** has dropped for **three (3) straight years!**





We always hear about how much gold the Chinese government is accumulating each year. Ever hear how much the silver the Chinese are acquiring through the Shanghai Gold Exchange (SGE) each year? I didn't think so. Here is the chart, and here is [THE LINK](#). Wise up folks. Silver not gold.

Concluding, I had several videos to embed into this section, and I choose this one below. This is an interview with **Craig Hemke**, who provides a good perspective on things - 47 minutes:

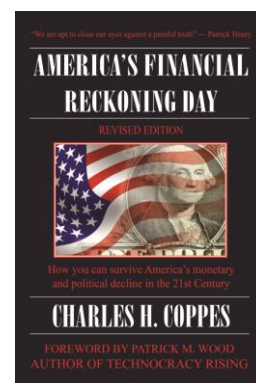
Craig Hemke: The Highs in Precious Metals are Still Ahead

In the above clip, he explains how things are worse than 2008, there needs to be a debt restructuring, currencies will continue to be devalued, the **BIS** is conspiring to provide a reset with a gold component in an **SDR** reserve currency, how the **Comex** paper market was created in 1975 to purposely hold the price of metals down, and how this same **market intervention** will ultimately fail. Chief among the market manipulators is, of course, JP Morgan Chase in NY and their mischief in the silver market.

Russ and Pam Martens are investigative journalist on Wall Street. JP Morgan Chase has paid fines in the past for rigging commodities, but it was last fall that **John Edmonds**, a veteran trader at **JP Morgan Chase**, was busted for "spoofing" the silver market in particular. What is spoofing? It is the deliberate act of placing futures contracts with no intention of taking delivery *to purposely deceive other participants*. He was **criminally charged** for doing this from 2009 to 2015, a period that overlapped with a **CFTC sham investigation** of silver rigging from 2008 to 2013. What the CFTC cronies could not find, the FBI did and Mr. Edmonds is facing hard time (finally). You can read their account at [THIS LINK](#). As an update, from this May, **Edmonds** sentencing has been delayed as the **FBI/DOJ** take a *closer look* and he is also "turning state's evidence" to bust senior management at the crime scene in NY! What does all this mean? It means that **the primary commercial entity** that has been *naked shorting* the silver market is on the hot seat. **Ted Butler** has been reporting on the silver market for many years. and is following this story, as I am. **JP Morgan Chase** has now accumulated **850,000,000 ounces of physical silver** since 2011 by *suppressing* the price - and this is a *criminal act* that needs to be **prosecuted!** **Butler** communicated with **Bart Chilton** at the **CFTC**, and the former head suddenly **died** a couple of months ago, but not before he acknowledged that **JP Morgan Chase** is the culprit in the silver market. Silver is about to be unleashed, and below is Butler's account:

Ted Butler: CFTC Commissioner Death Bed Confession

Summary & Conclusion. We live in troubled times. We live in a **distorted reality**, and the news cycle has become tedious. As it relates to our financial futures, it is all **economic fakery!** People like **Peter Schiff** (p. 12) have been *banned* from the financial media, so as to keep *the official narrative* going all the way to **November 2020**, and good luck on that one! Regarding precious metals, we see that the **central banksters** are hedging against *their own suicidal policies* and we should be doing the same. As I cover in my book, the world is facing a **fiscal/monetary crisis** (in that order). When **Nixon** *decoupled* gold from the US dollar in **1971** (p. 10), that was a *delivery default* and that is what we will see in the **Crimex** paper markets - *delivery defaults*. This is why **JP Morgan Chase** has accumulated **850 million ounces** of physical **silver** to profit from their own criminal behavior that is now being exposed. As I outline in **my book**, there will be a debt jubilee and a new reserve currency unit (**SDR**) that will "re-price gold" into the thousands. **Silver** could even be in the hundreds. As **John Rubio** recently commented, "**Silver** is about to slingshot to catch up with gold. It will do *twice as well as gold*, too quickly to allow time for committee meetings to decide *whether or not to buy*." In other words, get it NOW on the cheap (like the people in India are doing).



Concluding, this newsletter was a bit delayed. I had planned to post it on **July 4th**, and talk about liberty, faith and freedom issues. I will touch on this next time along with pensions, demographics and a monetary reset. In the meantime, you can listen to my latest podcast at THIS LINK. Like **Jim Quinn**, I have grown weary of the **Trump tweets**, and I have literally been doing yard work. It is what it is folks. **The Bible** says that we are to pray "for all who are in authority, in order that we may lead a tranquil and quiet life in all godliness and dignity. This is good in the sight of God who desires all men to be saved and to come to the knowledge of the truth" (2 Tim. 2:1-4). Would you like this knowledge? I pray that you do, and it is contained in my book, or at THIS LINK from my **IDP** website. Check it out. In a world of bad news we have **the good news** that a better world is coming, and it is only this faith & confidence in our **Lord** that sustains me, and many of you out there. Thanks for your feedback each month, and I appreciate that you take the time to absorb what I present here. I am doing **the heavy lifting** so that you can be better informed and prepared for what is coming. Pass along to friends and family. God bless and keep you all.



Until Next Time, Your Messenger from Pinetop 🙏

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