

Global Crisis, Monetary Reset & New SDR Solution Redux

Posted September 30th, 2017

By www.chuckcoppes.com



"It is becoming increasingly evident that central banks have been overburdened for far too long."

Claudio Borio. Chief Economist at the BIS

"I think it's a very dangerous time in the global economy and global financial markets."

- **Paul Singer, Elliott Management Hedge Fund**

"These are the most dangerous markets I have ever witnessed in my entire life – and I've been investing for over 25 years."

- **Michael Pento, Pento Portfolio Strategies**

"There's only so much you can squeeze out of the debt cycle, and we're there globally."

- **Ray Dalio, Bridgewater Associates**

"If trade economists at the United Nations are right, the next traumatic episode may entail the greatest debt jubilee in history."

- **Ambrose Evans-Pritchard, The UK Telegraph**

"In the last days, difficult times will come." II Timothy 3:1

Greetings to All,

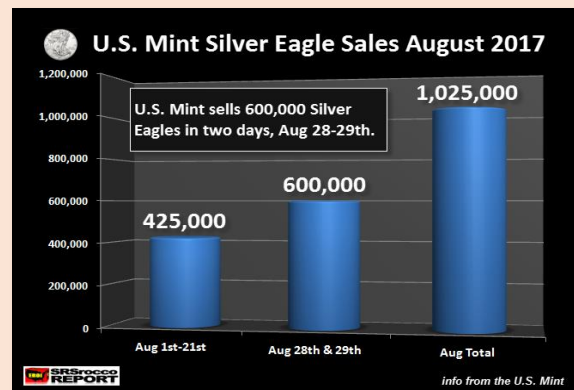
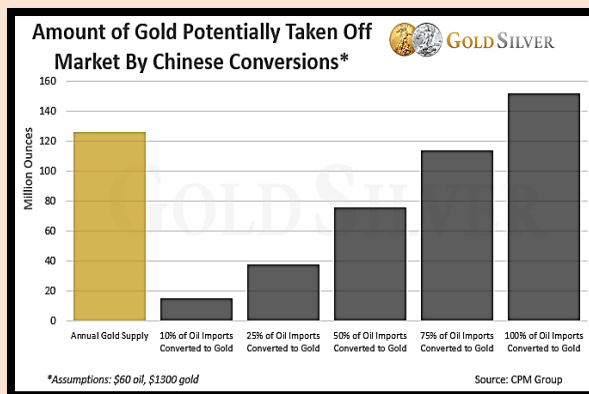
As indicated in my last newsletter, I am trying to balance my time and projects with an ambitious **book revision** for **2017/2018**. I have been prepping my **September** newsletter, but fell behind again and will post an **October** newsletter soon. This newsletter is a look back at what I covered a year ago, and it is even more relevant today. The **Snowden** film was released a year ago exposing our **US Deep State**, which is working against the new Trump administration. What or who is the Deep State? In this very recent, and urgent, presentation by **Kevin Shipp**, ex-CIA whistleblower, he does a very masterful job of exposing what we are up against, going back to the creation of the **CIA and NSA**:

[Ex-CIA Kevin Shipp Exposes the US Shadow Government](#)

I am glad this came to my attention and **highly recommend** to you also. I also plan to see the new film **American Made** that reveals how the **CIA** really operates. **[HERE](#)** is the film trailer. True story.

As noted (p. 4), CIA agent **Philip Giraldi** confirms what **Shipp** documents above. It involves both parties and most of the government to maintain *the status quo*. It is financed by our central bankers, and this is the general theme of this newsletter (and my book). The world is facing a global monetary crisis (debt and fiscal collapse), and an ensuing **monetary reset** will feature the re-calibrated Special Drawing Rights (**SDR**) as a new reserve currency. What will this mean for the US dollar and American standard of living? The USD will fall out of favor and most will be impoverished.

As I have covered, **China** is now a member of the **SDR** and this is highly significant (p. 5-8). **James Rickards** relates that the next global crisis will be larger than the central banks, and the **IMF** will propose the **SDR** that can also be swapped for US dollars to help rebalance the system. This is why **China** wanted their currency to be included in the **SDR** currency basket. **Middlekoop** points to a **Substitution Fund** that would handle this swap, and **China** would *LOVE* to dump their US holdings!



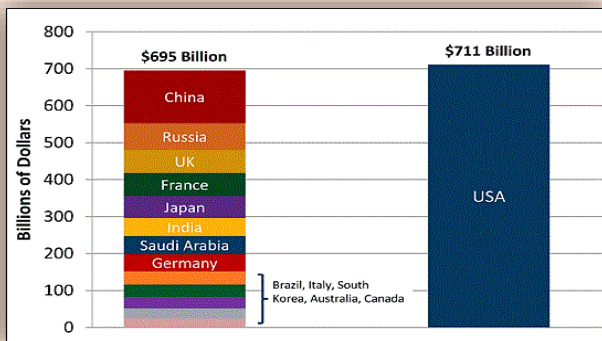
It is no secret that **China** has been accumulating huge amounts of **gold** (p. 9). Within the past month China has now announced that it will provide **crude oil contracts** in their yuan that can be exchanged **for gold** – *this is a game changer and direct challenge to the US petrodollar!* Read [HERE](#) and [HERE](#). **The above chart** shows the annual production of gold. **The gray** indicates if just 10%, 25%, 50%, 75% or 100% of oil contracts were converted to gold!! This is extremely bullish for gold, and **silver** demand has been steady with a sharp spike in **August** (chart). My next newsletter will focus entirely on ***The American Decline & Prophetic Themes in the Matrix***. This will address how the world is in worse shape than **2008** and heading into the fulfillment of **Bible** prophecy regarding the rise of the **EU**, cashless society, Third Temple, **WWIII** (Korea?) and so on. As noted in my conclusion (p. 19), **JP Morgan** has now accumulated not 500 million oz. of **physical silver**...*but 650 million oz!* Indeed, they see a reset coming, and I hope you do too. Now is the time to be prepared, and my free book offer still stands if you are interested. Thanks for your patience and feedback, and I will have much more to cover in my next edition. **Chuck Coppes**

In this newsletter (Oct. 1016), I want to focus on the looming global fiscal/monetary crisis that is gripping our world, and also framing the need for a **debt jubilee**, or a **monetary reset** that is moving the world closer to a globalist solution that includes the International Monetary Fund (**IMF**), and the use of their Special Drawing Rights (**SDR**), first proposed in **1969**. This is a rather complex issue that challenges the best minds in the world, so I merely present myself as your messenger that researches these matters on a monthly basis. **My last newsletter** generated a big response, as it was related to ***Edward Snowden, Surveillance Deep State & Collapsing Order***, and you can access my newsletter archive at [THIS LINK](#). I still urge you to see/support the **Snowden film** while you can, and I want to provide the following comments and a final observation.

The *NY Times* said the film “makes its case with skill and discretion.” *Vanity Fair* agreed, saying **Oliver Stone** “makes his case clearly and convincingly.” Another reviewer said the film “is a solid portrayal of an intriguing incident that asks the audience to contemplate serious questions.” “The issues that **Snowden** raises,” said a reporter, “are without question the biggest issues of our times.”

But, will the **Snowden** film alert the citizenry that the so-called *war on terror* is a fraud and the Deep State poses a frontal assault on our privacy, civil liberties and freedom? We could hope for this, but as I noted my last newsletter, since **9/11** the Deep State/Shadow Government apparatus has been deeply entrenched, and is beyond reform or allowing whistleblowers to speak. In late August, Harold T. Martin, an employee of NSA contractor Booz Allen Hamilton (where Snowden worked) was arrested by the **FBI** for theft of sensitive data and faces up to ten years. Called the ‘Second Snowden,’ this item was reported in the [foreign press](#), but the story was spiked in the US. As **Judge Andrew Napolitano** recently [WROTE](#), the FBI and intelligence agencies are becoming rogue agencies that are designed to protect the Deep State, *not the people*. As **Jill Stein** wrote in *The Guardian* last month, “Snowden’s whistleblowing was among the most important in US history. It showed us that the relationship between the people of the United States and the government has gone off track and needs a major course correction.” [That’s a major understatement](#), and as **Snowden** says in this clip (including Stein’s comment), *no candidates* are talking about the Constitution and the rule of law:

[Five Minute Video: Edward Snowden Warns the American People](#)



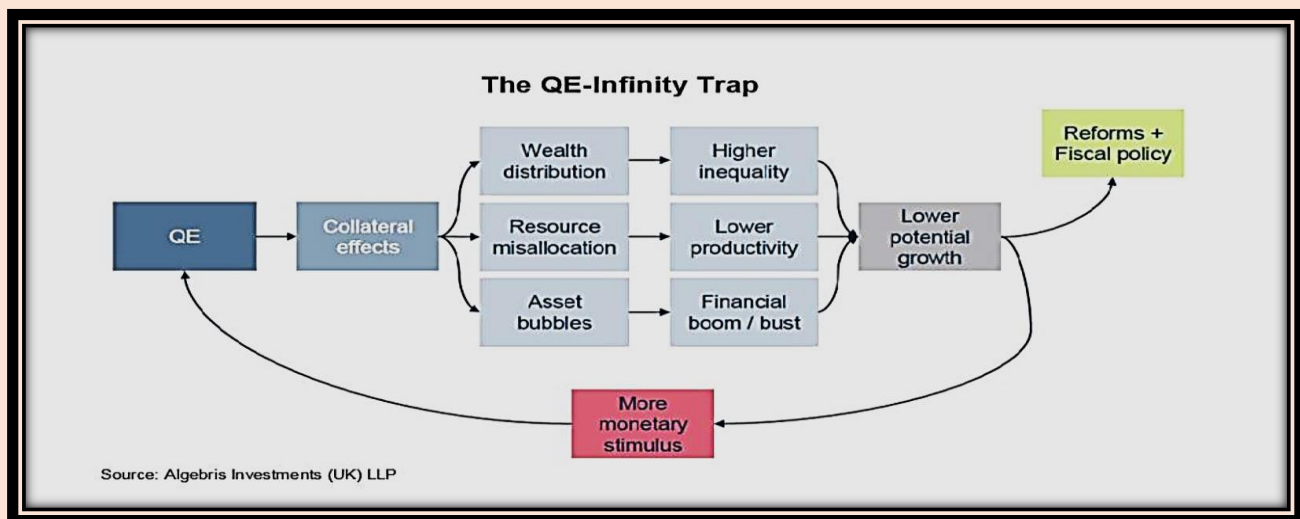
One film reviewer noted that it took **40** years for the Pentagon Papers whistleblower **Daniel Ellsberg** to go from traitor to *a hero*, and the same will be true for Snowden; who stands out as the legendary “Tank Man” in Tiananmen Square in **1989**. Edward Snowden is a hero for exposing the vast US surveillance state. **Oliver Stone** charges that Obama, “has created the most massive global security surveillance state that’s ever been seen, way beyond East Germany’s Stasi, way beyond that.” As it can be seen in [this chart](#), the US military-industrial-security complex *outspends* more than a dozen nations, *and all in the name of security and patriotism*. Since **9/11**, the Deep State has an unlimited budget, is beyond congressional oversight, and poses the biggest threat to our freedom. In this post-**9/11** world, the American people have bought into the **Group Think** of expanding state power and the willingness to surrender our essential liberties. This is precisely what happened in pre-war Nazi Germany, as recounted here by **Hermann Goering** at the famous Nuremberg Trials in **1945**.

*“Voice or no voice, the people can always be brought to the bidding of the leaders. That is easy. All you have to do is tell them they are being attacked and denounce the pacifists for lack of **patriotism** and exposing the country to danger. **It works the same way in any country.**”*

Philip Giraldi is a former CIA intelligence officer and foreign policy advisor for **Dr. Ron Paul** who also became critical of the national security state in the years following 9/11. He was *seeing* what Snowden eventually *exposed*, and in a recent [ARTICLE](#) he made this **summary conclusion**:

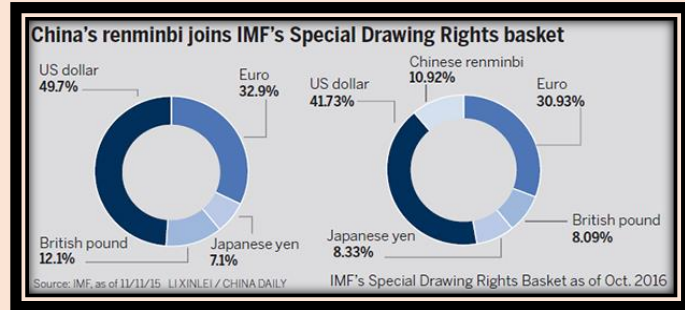
*“The U.S. style Deep State includes all the obvious parties, both public and private, who benefit from **the status quo** to include key players in the police and intelligence agencies, the military, the treasury and justice departments and in the judiciary. It is structured to materially reward those who play along with **the charade** and the glue to accomplish that comes ultimately from Wall Street....As corporate interests increasingly own the media, little dissent comes from the Fourth Estate as the process plays out while many of the proliferating Washington think tanks that provide Deep State ‘intellectual’ credibility are similarly funded by defense contractors.”*

Giraldi links the military, treasury, corporations and Wall Street in an unholy alliance to preserve the status quo of the **warfare/welfare state** that Dr. Ron Paul has faithfully opposed all of his political life. He describes the Deep State as “something of a hybrid creature that operates along a **New York to Washington** axis.” The US not only has the world’s largest defense (*offensive*) budget, but also maintains the world’s largest **Welfare State** with half of our nation receiving direct “benefits” from the US Treasury. Can this fiscal trajectory be sustained forever? Most certainly not, and the central banks of the world are locked into a **QE-Infinity Trap** that looks something like this:



As seen here, the central banksters of the world only know to do one thing – **print currency!** The term Quantitative Easing (**QE**), means to provide “monetary stimulus” (print bonds/currency), and “ease” a credit crunch among the commercial banks. Has this policy worked? **Nope**. It has only produced monetary inflation, malinvestment, assets bubbles and a wealth distribution to the wealthy that is also inciting class warfare and the politics of greed and envy. It is a sacred tenant of **Keynesian** economic theory taught in academic temples across the land, that society *needs* an activist central bank to provide “forward guidance” and other heresies. The central banksters of the world are pushing the world into a **global crisis** of epic proportions, and their only solution is more of the same fiscal/monetary madness! **Claudi Barrio**, former chief economist at the Bank for International Settlements (**BIS**) confessed that “easy money” is “doing more harm than good.” He went on to say that “it is becoming increasingly evident that central banks have been overburdened for far too long.” That is quite a confession, and perhaps why he is a *former economist* for the **BIS**. According to the **BIS** and **IMF**, the world needs “a new financial architecture for a globalized world” as noted in this [1998 article](#). What is this new financial architecture? **It is the SDR – Special Drawing Rights**.

Monetary Reset & *Special Drawing Rights*

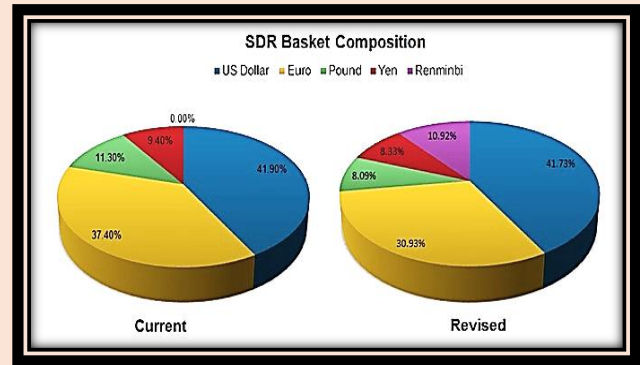


As most of you perhaps know, there has been enormous speculation about the Chinese being admitted into the **SDR** currency basket used for international trade settlement. This happened on **October 1st**, and I will cover this timeline in a moment. As seen in **this chart**, the Chinese renminbi (**RMB** means the people's currency) has been added as a **10.92%** member of this currency basket. In the space of **35** years, China has become the largest economy in the world based on **PPP** (Purchasing Power Parity), and if this means anything, it means that the US is in real decline. This is a general theme in my book, and **J. C. Collins** has done excellent work devoted to the study of the **SDR**, and recently wrote, "The RMB joins the USD, British pound, euro, and Japanese yen in the SDR basket, and will see its international status develop even further as the once unipolar USD dominated international monetary system begins its transformation into a multilateral framework." This transformation is underway, and it is being conceded by the western banksters that China has risen as a major player in the global economy. The **IMF**, **BIS** and **World Bank** have tried to marginalize the **East**, but the western club has yielded to the economic forces in the world money machine that now includes Beijing. As **Jim Rickards** points out below, nothing has been fixed in the financial markets, and a new crisis/reset is likely in **2017-2018** that will enhance the role of the **SDR** with China included.

China Enters *World Money Machine*

By James R. Rickards, Posted August 31, 2016

Why the political urgency to include the yuan in the special drawing rights (SDR) if China does not meet the usual requirements? The answer is that a new global financial panic comes closer by the day. These panics happen every five–eight years almost like clockwork. Look at the financial panics in Mexico (1994), Russia/LTCM (1998), Lehman/AIG (2008) and you get the idea. Another panic in 2018, if not sooner, is a near certainty. The next panic will be bigger than the central banks' ability to put out the fire. **The only source of bailout cash will be the SDR. But a massive issuance of SDRs will require cooperation by China.** This is not because of International Monetary Fund (IMF) voting (China's vote is not that large). It's because SDRs are useful only if they can be swapped for other reserve currencies to prop up banks and liquidate panicked sellers of stocks. (The IMF runs a secret trading desk where these SDR swaps are conducted.) When your neighbors are in full panic mode, they won't want SDRs from Citibank; they'll want dollars. **But who will swap dollars for the SDRs printed by the IMF? The answer is China. The PBOC and SAFE would love to dump dollar assets in exchange for SDRs. But there's a catch. China will only engage in SDR/Dollar swaps if the yuan is included in the SDR.** China does not want to pay club dues unless it's a member of the club. The rush to include China in the SDR should be seen as global monetary elites getting their ducks in a row before the next panic comes to destroy your portfolio.....[READ MORE](#).



It should be noted in the above article that China would like to swap some of their substantial US assets into the new **SDR**, that I will address below. Here is another look at the new **SDR** currency weighing that has become official as of this month. This does not mean a sudden collapse of the US dollar, but as Rickards said in this article [The Day the Dollar Died](#), the **G-20 Meeting** on September 4th in China signaled the end of US dollar imperialism. He went on to indicate that it is necessary to have a large **SDR** bond market, and that China is now allowed to issue these bonds also. **He adds:**

*“The point is, so these issues are coming. And over time, the SDR market will grow. It will not compete with the **dollar-denominated bond market** anytime soon, but the groundwork is being laid. Every time an institution invests in SDRs, they’ll be indirectly supporting the yuan. And it’ll help move the world that much further away from the dollar. This will have vast implications for anyone who holds their wealth in dollars. The mechanics are too far along, the piecemeal social engineering was too well thought out, the ratchet is locked in place. It won’t be reversed. **The next time there is a financial crisis, which I expect sooner than later, it’s not going to be the Fed that bails us out. It’s going to the IMF and the SDRs**”.*

It should be pointed out that the **SDR** is not a global currency, but rather a means of settling trade issues and swapping currencies. To complicate matters a bit further, there is the **O-SDR** and the **M-SDR** bond issuance that is being proposed. According to the IMF, the **O-SDR** is the official **SDR** bonds issued by the IMF, and the **M-SDR** is an “SDR-denominated financial market instrument” as in bonds that can be “issued and held by any parties.” The value of the bond would be linked to the five currencies that make up the **SDR** currency basket that can fluctuate daily. According to the [foreign press](#), China has been given approval to issue almost \$3 billion in **M-SDR** bonds this year, and this is just the beginning of this new bond tranche. [HERE](#) is a timeline provided by **Rickards**:

On Jan. 7, 2011, the IMF issued a master plan for replacing the dollar with SDRs. This included the creation of an SDR bond market, SDR dealers, and ancillary facilities such as repos, derivatives, settlement and clearance channels, and the entire apparatus of a liquid bond market.

In November 2015, the Executive Committee of the IMF formally voted to admit the Chinese yuan into the basket of currencies into which an SDR is convertible.

In July 2016, the IMF issued a paper calling for the creation of a private SDR bond market. These bonds are called “M-SDRs” (for market SDRs) in contrast to “O-SDRs” (for official SDRs).

In August 2016, the World Bank announced that it would issue SDR-denominated bonds to private purchasers. Industrial and Commercial Bank of China (ICBC), the largest bank in China, will be the lead underwriter on the deal. Other private SDR bond issues are expected soon.

On Sept. 4, 2016, the G20 leaders will meet in Hangzhou, China, under the leadership of G20 President Xi Jinping, who is also the general secretary of the Communist Party of China. In this

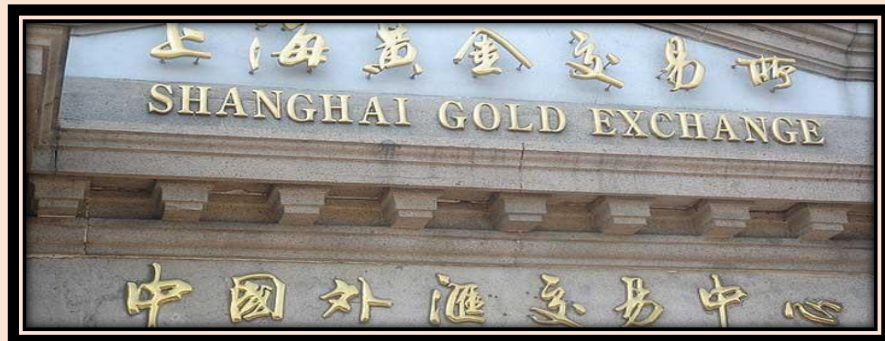
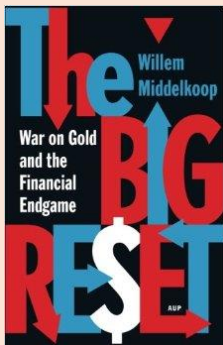
meeting, other world leaders will metaphorically kowtow to the new Chinese emperor and recognize China as the co-head of the global monetary system alongside the U.S.

On Sept. 30, 2016, the inclusion of the Chinese yuan in the SDR basket goes live.

On Oct. 7, 2016, the IMF will hold its annual meeting in Washington, D.C., to consider additional steps to expand the role of SDRs and make China an integral part of the new world money order.



As you can see, things are moving in China's favor and the meeting in **Hangzhou** was very symbolic as the **RMB** became part of the new world monetary order. So what are the real implications of the **SDR** currency and **SDR** bond issuance as we go forward? Nobody is quite sure, but **JC Collins** made some good observations at [THIS LINK](#). In this piece he notes that the move out of US bonds into **SDR** bonds can *rebalance the system* that is too exposed to US dollar imperialism since Bretton Woods in **1944**. The US does not want this done *rapidly*, but we shall see. Further, as an alternative to US dollar reserves, emerging nations are less exposed to interest rate hikes by the Fed; but I think the Fed and all central banks are trapped at the *zero bound*. Finally, he sees a 20-30% depreciation of the US dollar, which could help our exports and we could expect **gold and silver** to spike. Mention is also made that the balance sheet of the IMF could create emergency funds to help restructure the **Eurozone**, which I see fitting into a prophetic scenario that I will cover more in a moment.



In past newsletters I have written extensively on the **SDR** citing work by **Jim Rickards** and **Willem Middelkoop** in this book. **Middelkoop** sees a **monetary crisis/reset** coming that will be followed by a new **SDR** solution. He believes this will be "hastily implemented on the back of a dollar crisis" and in a recent interview he discussed plans to substitute **US Treasuries for SDRs, and more:**

[37 Minute Audio: Middelkoop on SDR Substitution and Gold](#)

In this clip he explains how the IMF had proposed for nations to substitute US dollar reserves for **SDRs** in **1971**, following the *dollar crisis* when **Nixon** decoupled gold from the US dollar. This was never implemented, but now it is being proposed as a way to create a liquid **SDR** exchange for world trade (at 9 mins.). This swap would be handled by the IMF, and as I indicated earlier, the Chinese are very interested in this idea since they have considerable US assets exposed to more devaluations.

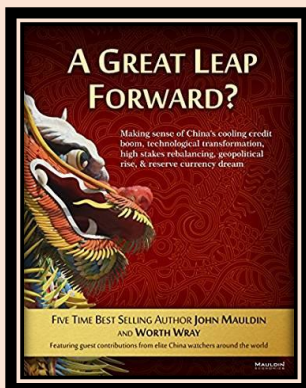
In a recent [LINK Middlekoop](#) stated that a **Substitution Fund** managed by the IMF could ease a dollar crisis (loss of confidence), and could provide needed liquidity for **SDRs**. “The liquidity issue would be resolved with one stroke of the pen, as an **SDR** would be created for every dollar that was exchanged. This substitution fund is now finding general appeal, and should be seen as a next crucial step in the big reset.” In the **audio clip above**, he also mentions that a **silver** shortage will send the price upward (22 min.), and that **gold** will likely be included into the **SDR** (25 min.). This same topic was covered by **Jim Rickards** in the following article, and here are some excerpts.

China's *Hidden Plan* to Accumulate Gold!

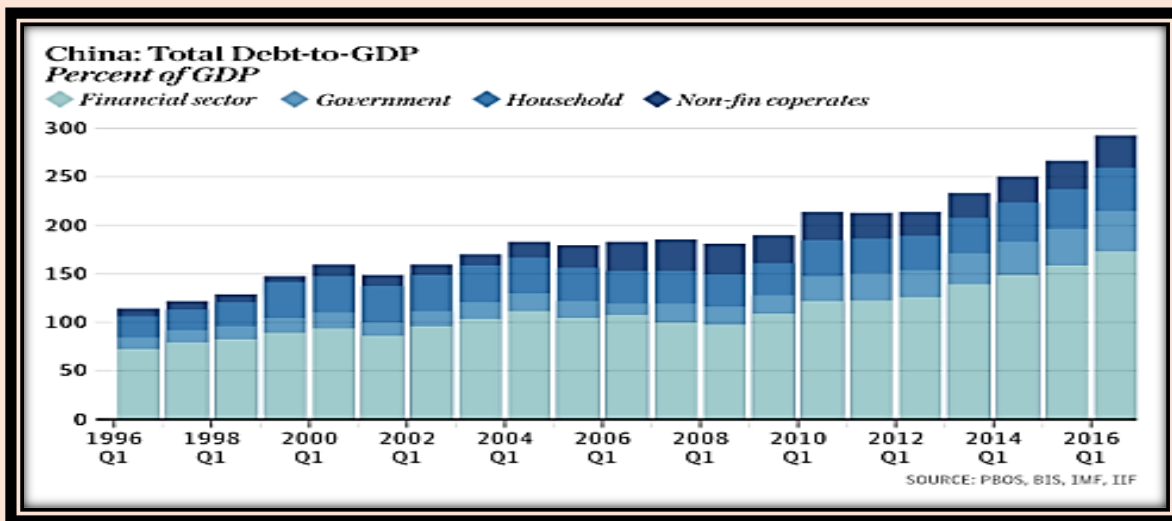
By James Rickards, Posted October 5, 2016

China wants to do what the U.S. has done, which is to remain on a paper currency standard but make that currency important enough in world finance and trade to give China leverage over the behavior of other countries....**The rules of the game also say you need a lot of gold to play, but you don't recognize the gold or discuss it publicly. Above all, you do not treat gold as money, even though gold has always been money.** The members of the club keep their gold handy just in case, but otherwise, they publicly disparage it and pretend it has no role in the international monetary system. China is expected to do the same. It's important to note that China will not act in the best interests of gold investors; it will act in the best interests of China....**When you have this reset**, and when everyone sits down around the table, China's the second largest economy in the world. They have to be on the bus. **That's why the global effort has been to keep the lid on the price of gold through manipulation. I tell people, if I were running the manipulation, I'd be embarrassed because it's so obvious at this point. The price is being suppressed until China gets the gold that they need. Once China gets the right amount of gold, then the cap on gold's price can come off....**It will go higher when all central banks, China's and the U.S.' included, confront the next global liquidity crisis, worse than the one in 2008, **and individual citizens stampede into gold to preserve wealth in a world that has lost confidence in all central banks.** When that happens, physical gold may not be available at all. The time to build your personal gold reserve is now.....[READ MORE](#).

What **Rickards** is saying, is that China needs a certain amount of **gold** as a percentage of GDP (like other members in the **SDR**). Noteworthy is the fact that western bankers are *artificially suppressing gold* (and **silver**) to allow (compensate) the Chinese to buy on the cheap. This has been confirmed by <http://gata.org/node/16196> going back to the gold smash in **April 2013**. The Chicoms are doing this through the Shanghai Gold Exchange (**SGE**) that has been established as a physical platform to force *genuine* price discovery for metals, and I will comment more on this later.



In his book, *The Great Leap Forward?: Making Sense of China's Cooling Credit Boom, Technological Transformation, High Stakes Rebalancing, Geopolitical Rise, & Reserve Currency Dream*, economist **John Mauldin** explores these many themes as they relate to macroeconomics and geopolitics. It is no secret that China is fairly new to managing capital markets, and their credit expansion has been explosive in recent years. **Why is this happening?** The malinvestment in China is due to Communist Party *central planning* – which is not too different from the arrogance of *central planners* in the **West, right?** US Rating agencies are warning of a collapse, and the **BIS** recently stated that “excessive credit growth in China is signaling an increasing risk of a banking crisis in the next three years.” Furthermore, just last week, the **IMF** has warned China that its credit growth is unsustainable, with corporate borrowers sitting on **\$18 trillion** in debt, equivalent to about **169%** of gross domestic product (**GDP**). Overall debt to **GDP** has risen to nearly **300%**, as seen in this **20-year chart**:

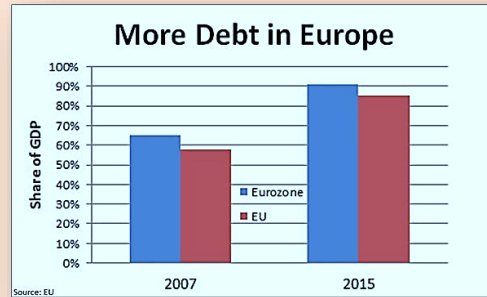


Perhaps one can better appreciate why China has accumulated an enormous amount of gold (in addition to being the top producer of gold), and why they would like an SDR substitution fund to dump US assets to provide a soft landing for their leveraged economy? Former OMB economist **David Stockman** refers to the central banksters in the West as a “monetary politburo,” but he is also sounding the alarm about the **Red Ponzi Scheme** in China that has created over capacity, spending binges, wealth creation, asset bubbles and an eventual **crack-up boom**. In addition to the **above chart**, he provides an [array of charts](#) that point to an inevitable default of state-owned enterprises (SOE) and the need to restructure their debt. And this is coming at the same time that the **RMB** has become an integral member of the **SDR**! A [RECENT](#) article also highlights that **pension** funds in China are also under extreme pressure, due to similar demographics in the **West** that are severely underfunded and insolvent. I will cover this topic in more detail in my **next newsletter**.

One Minute Video: Shocking Real Estate Frenzy in China!

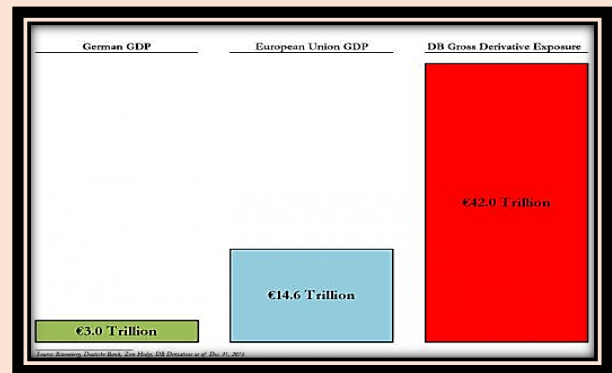
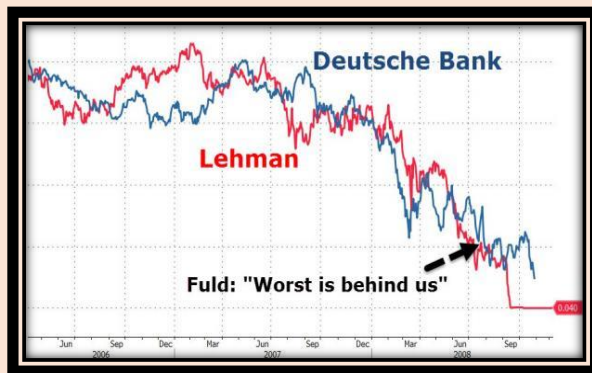
To get some idea of the **massive real estate bubble** in China you have to see this clip. **Wang Jianlin**, the richest man in China, made his **\$33 billion** fortune developing huge malls and office complexes. **As seen in this clip**, the Chinese people are throwing their cash into local real estate. This RE frenzy has also spread to RE properties in the western **US** and **Canada**, as Chinese workers have become desperate to ‘protect’ themselves as they see this bubble bursting, and a credit boom imploding that their **monetary politburo** has created. **Comrade Jianlin** admits, “I don't see a good solution to this problem.” And the same can be said all over the world, as we also look at the **European Union**.

Debt in the *European Union* and *Eurozone*



At the left is the new European Central Bank (ECB) building in **Frankfurt, Germany**. As a symbol of excess and loose fiscal spending, the building was estimated to cost around €500 million euro, and opened its doors in **2014** costing *€1.3 billion euros!* This is the arrogance of central banksters in the world. As you can see on **the right**, since **2007**, the debt to GDP in the EU and Eurozone has risen from **60%** to nearly **90%**. This is more evidence that the **EU** – and US, China and Japan – have merely papered over the **Financial Crisis of 2008**, and are now we all in worse shape.

Despite fiscal malfeasance in the Euroland, a majority of (socialist) citizens have a favorable opinion of the **EU**, according to the **Pew Research Center**. The latest **Eurobarometer Poll** indicates support for the **Eurozone** at a whopping **82%** in Luxembourg and other capitals. Perhaps it is fitting that the **ECB** is located just down the street from Germany's oldest and largest private bank – the **Deutsche Bank**, which is on the brink of collapse. We have been hearing about this for months, and things are getting critical in recent days. As seen here, many are comparing it to the **Lehman** collapse in **2008**.



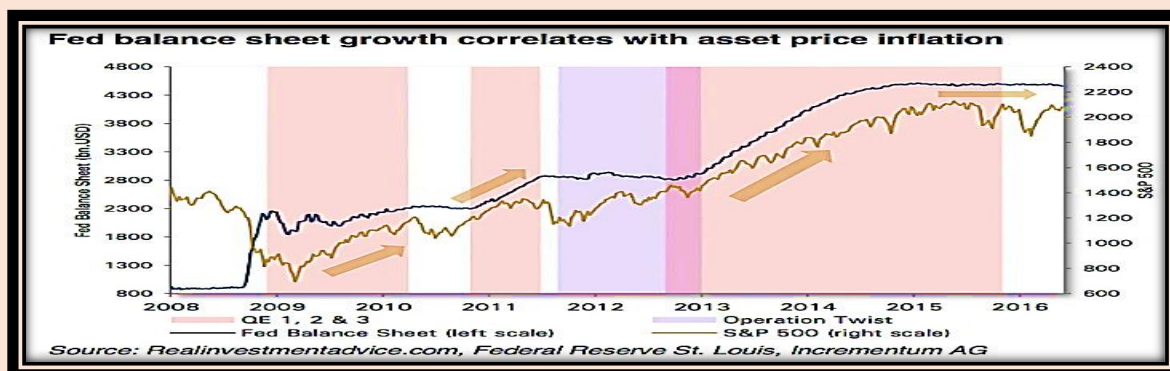
DB wants you to believe that the worst is behind them, but the financial figures tell a different story. As seen on **the right**, Germany has a **GDP** of €3 trillion; the collective **EU GDP** is around €15 trillion, and the derivatives exposure **DB** has is nearly *€43 trillion!* News [sources](#) are reporting that **DB** has about €18 billion in **equity**, but €180 billion in **debt**; and according to the **BIS**, the exposure to over **100** banks with German counterparty derivatives now totals *more than €325 billion!* These are huge numbers folks. In its June report, the **IMF** said that **DB** was “the most important net contributor to systemic risks” in the world. Systemic risk as in a *financial contagion* that would be nearly impossible to contain. The stress has already spread to Germany's second largest bank. **Commerzbank** has cut nearly 20% of their workforce, merging units and has suspended dividend payments for the rest of **2016**. In the following wild clip, **Max Keiser** compares the German banks to the **Titanic**:

Video: Max Keiser Compares Deutsche Bank to the Titanic

Keiser lambasts the central banksters and predicts bank failures and bank bail-ins within the next **12** months. Many financial analysts are also becoming concerned. **Paul Singer**, Elliot Management Hedge Fund Manager, has stated "I think it's a **very dangerous time** in the global economy and global financial markets." "These are the **most dangerous markets** I have ever witnessed in my entire life," says **Michael Pento** of Pento Portfolio Strategies, "and I've been investing for over **25 years**."



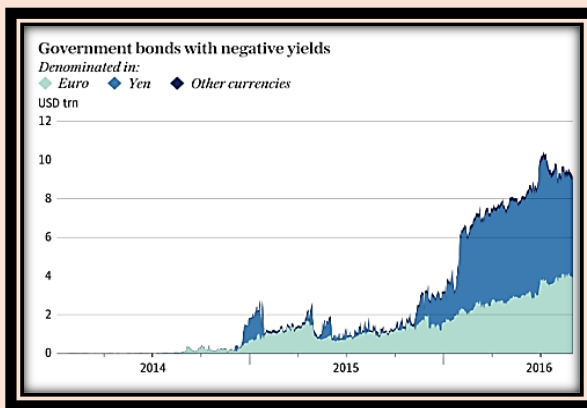
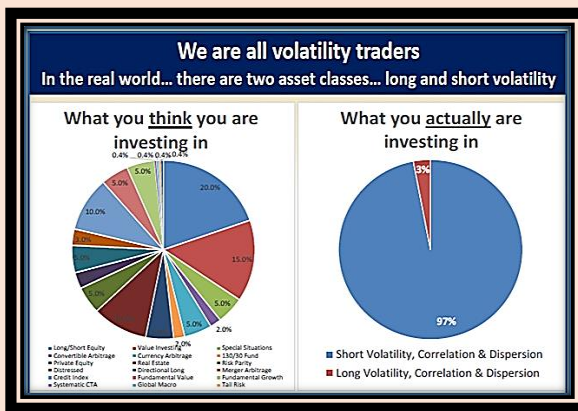
Perhaps what is making things so dangerous to capital markets and traditional banking is this chart. What is shadow banking? This represents non-bank financial intermediaries that are not subject to bank regulations. In other words, private equity funds, ETF funds, hedge funds, money market funds, CDS counterparties and so on. Shadow banking is estimated to be **\$100 trillion** today, and this is *hot money* that can move quickly and collapse markets and industries. The **Financial Crisis in 2008** was attributed to shadow banking, and these same players are now *shorting DB* stock and managing other risks. The **Eurozone** is particularly vulnerable to a fiscal/monetary shock, and as I mentioned earlier, the IMF and EU leaders have been stressing the need for a smaller fiscal union in the **Eurozone**. This restructuring could come at the same time as a crisis/reset that would change the weighting of the **SDR**, and all of this aligns with a **prophetic matrix** that I have outlined in my [book](#), and I also presented in my [May 2, 2015 newsletter](#), *Monetary Reset, SDR & the Globalist Financial End Game*. The **Bible** predicts the rise of Europe centered around "ten nations" (Dan. 2:43-44; Rev. 17:12-13) and the decline of the US, along with the China's influence, Russian intervention in the Middle East, a Third Temple, cashless society and other themes. I want to conclude with a **free book offer** in my conclusion, but I urge you to read my previous newsletter as well. A **global crisis** is drawing near that will force a new world monetary order. The central banksters have created this mess, and particularly since **2008**, with market distortions and asset price inflation as seen here.



In a debt-based society, a central bank must always be producing monetary inflation (an increase in the quantity of fiat currency) in order to service debt and devalue the currency (the hidden inflation tax). **Henry Hazlitt**, an economist who wrote the classic *Economics in One Lesson*, said this:

“Inflation makes it possible for some people to get rich by speculation and windfall instead of by hard work. It rewards gambling and penalizes thrift. It conceals and encourages waste and inefficiency in production. It finally tends to demoralize the whole community. It promotes speculation, gambling, squandering, luxury, envy, resentment, discontent, corruption, crime, and increasing drift toward more intervention, which may end in dictatorship.” — Henry Hazlitt

So there you have it. And that last part is not very encouraging. Intervention leads to more intervention, and we are getting near the end of this debt-based society that creates money (currency) out of debt (bonds). **October** is a particularly *bad month* for financial markets for various reasons. This past week (10/12), **Murray Gunn**, the head of technical analysis using Elliot Wave principles for **HSBC**, issued a “Red Alert” for “an imminent sell-off in stocks given the price action over the past few weeks.” Just today, **Lee Adler** issued his “five stock market crash indicators” at [THIS LINK](#). Among them are overvaluations, market peaks, slow growth, poor performance and **ZIRP**.



Adler also presents **this chart** to illustrate that a “well-diversified portfolio” in **stocks and bonds** is no protection from what investors are facing today. His **POINT** is that investors are complacent and think their portfolio is hedged for volatility, but most portfolios are exposed to short-term volatility. “Unfortunately, the well-diversified portfolio (left side) turns into the short volatility-concentrated portfolio in periods of **extreme market disruption**.” Adler also cautions to steer clear of the bond market. “There is relatively little upside for Treasury prices and a number of legitimate reasons yields could defy the pattern of the past **36 years** and actually increase. Accordingly, one looking for true diversification should consider increasing cash positions, hedging with volatility instruments and/or options, and adding alternative assets such as precious metals.” The current credit (bond) supercycle began in **1980**, with rates at 21% on a 10-Yr Note. This has now dropped to **zero (ZIRP)** and even **negative (NIRP)**, as seen on **the chart** on the right. Bonds, credit, fixed income are all at risk, and **Michael Pento** recently made this remark below. The **global bond bubble** is very threatening (worse than stocks/equities), and the **following article** makes several good points that I have included in its entirety and **link below**. There is a **war on cash** and **precious metals** provides the safest haven:

“When the bond market breaks, when that bubble bursts, it will wipe out every asset, everything will collapse together... I mean diamonds, sports cars, mutual funds, municipal bonds, fixed income, REITs, collateralized loan obligations, stocks, bonds – even commodities – will collapse in tandem along with the bond bubble burst.” - Michael Pento, Pento Portfolio Strategies

Unprecedented Global Bond Bubble Threatens Holders of Cash!

Published: Wednesday, 14 September 2016 / By Stefan Gleason, www.goldseek.com

As big as previous real estate and stock market bubbles have been, the current global bubble in government debt dwarfs them all. Not only is it far bigger in size and scope (some \$60 trillion in sovereign bonds now trade globally); it is also unprecedented in character.



The world has rarely seen a bond bull market that is not only **36 years old**, but also shows few signs of ending. And never before in recorded history have interest rates gotten so low across the board. How much lower can interest rates go? Conventional wisdom once held that rates could only get as low as 0%. **WRONG!** In the current crazed central banking climate, yields on cash can move *below* zero (*ZIRP*), and they could stay there for longer than anyone can possibly imagine. **Negative rates – where lenders pay interest to borrowers – are a strange-but-true phenomenon in Japan and throughout much of Europe.** They aren't confined just to overnight rates set directly by central banks. They have spread across the yield curve to afflict the long-term bond market as well.

The Fed Is Speaking Warmly About Imposing Negative Rates in America

The U.S. Federal Reserve is now contemplating a negative interest rate (*NIRP*) policy even as it jawbones about raising rates. At its August Jackson Hole gathering, Fed officials listened to economist **Marvin Goodfriend** make the case for negative rates, as I'll explain below.



"It is only a matter of time before another cyclical downturn calls for aggressive negative nominal interest rate policy," he said. The U.S. economy is overdue for a recession, and when the one hits, Goodfriend suggests the Federal funds rate will be dropped to as low as -2%. **Goodfriend is no friend to holders of cash. Not only does he want to penalize savers; he also proposes eliminating coins and paper notes from circulation.** After all, if your bank account "pays" negative interest, holding physical cash under your mattress would give you a higher yield. **So central bankers would rather see cash be eliminated to prevent you from pulling it out of the bank.** Fed Vice Chairman Stanley Fischer said in a recent [Bloomberg](http://www.bloomberg.com) interview that negative interest rates "seem to

work.” While he denied that the Fed has any immediate plans to pursue a negative rate policy, he sure sounded favorable to the concept.

There Is Still an Escape Hatch to Sound Money

There is an escape hatch for those who fear being trapped in a negative yield regime. Hard assets, including physical precious metals, have no interest rate attached to them. Putting aside capital appreciation qualities, a gold coin with a 0% yield also offers a superior yield to any currency instrument with a negative rate affixed to it. Gold and silver are normally seen as more attractive forms of cash when cash instruments yield less than the inflation rate (i.e., negative real interest rates). But in a negative yield environment, precious metals also have the advantage of sporting nominally higher yields. Many economists, who assume that markets are efficient and that investors make rational choices, remain puzzled as to why negative yielding bonds have attracted nearly **\$16 trillion** in inflows globally. The standard models for evaluating bonds assume that a bond must offer at least some nominal yield above cash to make it more attractive than simply holding cash itself. Logically, there *shouldn't* be any demand for negative yielding bonds under any circumstance. Why would investors in a free market wittingly pursue sure-fire losses? And yet, today, there is enormous demand for bonds that promise to pay back holders less than the principal they invest. It's important to recognize that negative yields are being imposed on markets by central banks. Many institutional investors such as commercial banks, pension funds, and insurance companies are effectively forced to own government bonds regardless of what they yield. Then, speculators come in who don't care about logic or sound fundamentals, but only care about chasing extant trends. Continuation of this trend seems likely when we have central banks willing and able to create unlimited amounts of currency to buy bonds. This trend begets followers, and followers exacerbate the trend – often to the point of “irrational exuberance,” as **Alan Greenspan** once put it.

Don't Bet against the Government Bond Market

Bond market speculators can potentially reap capital gains even on bonds that carry negative yields. **If future bonds get issued with rates that are even more deeply negative, then the values of all previously issued bonds will keep climbing.**



Given that rates in the U.S. are still positive, the bond bubble could get much bigger before it bursts. U.S. Treasuries with yields of 1%-2% may be historically low, but they look fat and juicy to Japanese and European investors who get literally less than nothing on bonds in their home markets. In other words, the government bond market still looks like a raging bull. Before you go chasing after capital gains in Treasuries, however, consider the risks of owning bonds at today's ultra-low yields. You could subject yourself to massive real losses over time if inflation rates perk up. Even nominal capital gains in bonds could prove to be illusory in real terms. Gold and silver are premier assets to hold if you are concerned about negative real interest rates. Precious metals markets

offer no guarantee of inflation-beating returns in any given year, of course. But if you're thinking 30 years out, would you rather put your trust in metals – or in a bond issued by an over-indebted government that promises to pay you a historically low yield? Although low to negative interest rates could persist for years, odds are the current low-yield craze won't last a full 30 years. Therefore, at some point down the road, today's buyers of 30-year bonds will likely wish they had parked some of their savings in physical precious metals instead.....[READ MORE](#).

As noted above, the global bond bubble is going to wipe out **most asset classes**, and the rationale behind negative interest rates (*NIRP*), is to reduce the burden of servicing sovereign debt. But to make this work, *coin and currency must be eliminated*. In other words, an **Orwellian cashless society** with no financial privacy; and this is precisely what the **Bible** predicted would happen in the last days (Rev. 13:11-18). When the **Antichrist** comes on the scene, “He provides that no one should be able to buy or to sell, except the one who has the mark [666]” (Rev. 13:17). I have written on this in the past, and I never saw the connection to the global debt pyramid of *\$60 trillion* that is pushing rates into negative territory, and *the necessity* to herd people into the banks and a [cashless society](#). On October 5th, **Ray Dalio** of Bridgewater Associates spoke at the 40th Annual Central Banking Seminar hosted by the NY Fed. At [THIS](#) gala event, he noted that global debt is now *\$152 trillion* and that nations are facing unfunded liabilities and underfunded public/private pensions. “There is only so much you can squeeze out of the debt cycle,” he concluded, “and we are there globally.” Can all of this debt possibly be paid back? Not a chance. It will be a global debt default, as stated by **Ambrose Evans-Pritchard** at the [UK Telegraph](#), “If trade economists at the UN are right, the next traumatic episode may entail the *greatest debt jubilee in history*.” This will likely trigger the crisis/reset and a new **SDR** solution. Now there is a new risk to **cash money market deposits** getting little attention.

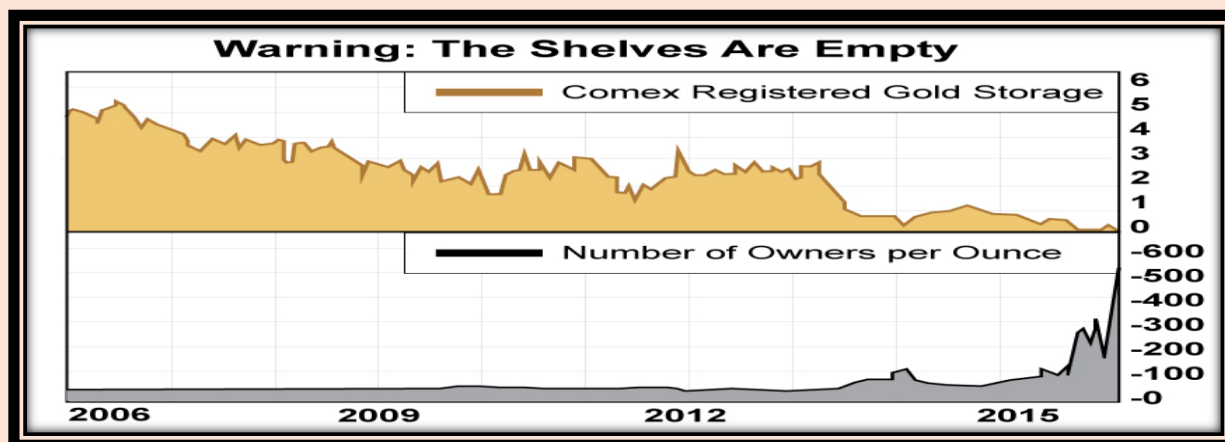


Will Floating Share Price Sink Money Market Funds?	
(Potential impact a floating NAV would have on a company's willingness to invest in MMFs)*	
A floating NAV would have no bearing on the company's willingness to invest in MMFs	35%
Company would stop investing in MMFs and eliminate all current MMF holdings	22%
Company would stop investing in MMFs and reduce, but not eliminate, MMF holdings	18%
Company would monitor the situation and sell funds if or when the NAV fell below \$1	17%
Company would stop investing in MMFs, but would maintain current holdings	8%

*Percentage of respondents indicating the given effect on their investing strategy
Source: 2013 Association for Financial Professionals Liquidity Survey

Effective on **October 17th, 2016**, money market funds held at most brokerage firms will be allowed to “float” the \$1 net asset value (NAV) of money market funds. Why is this happening? It goes back to the **Financial Crisis of 2008**, at which time the **Lehman** collapse caused the oldest fund, **Reserve Primary Fund**, to *drop below* the NAV, and this created a **liquidity crisis** of trillions leaving the system. In **2010**, the SEC voted **4-1** to authorize the “legal suspension” of MM redemptions, and this will now go into effect. The SEC wrote “We understand that suspending redemptions may impose hardships on investors who rely on their ability to redeem shares.” What does this mean? As covered in [THIS LINK](#), the SEC is trying to prevent a run on these funds and allow the NAV to plummet in the next crisis that is coming. Get it? So what are investors doing? In the past few months **560** funds have dropped to **460** as a *whopping \$1 trillion* has fled to the safety of T-Bills! As seen in **the above survey**, **65%** of firms are reducing their exposure to money markets that are comprised of commercial bank paper and so on. Because of this risk, negative rates and the likelihood of **bank bail-ins** that will use depositors to *recapitalize failed banks* (like **DB**), people are putting their money into safes at home (like Japan and Germany) as reported in [THIS](#) article. I can think of something better.

The Rush into Gold and Silver *Continues!*



The safest (and most profitable) alternative to paper assets, and banksters in general, is to have **physical gold and silver!** As I mentioned earlier (p. 7), the evil banksters in the **West** conspire to “artificially suppress” the index (paper) price of **gold and silver**. Why do they do this? They do it out of desperation. Gold and silver is *kryptonite* to them. Gold and silver is money, and they are running a fraudulent *confidence game*. They know that a **financial reckoning day** is coming, and they have been *net buyers* of gold since **2010**. What does that tell you? So how do they do it? They rig and manipulate the paper price of gold and silver traded on the futures exchange like **Comex** (Crimex) in **NY**. As seen in the **above chart**, the shelves are running empty, and for every ounce of physical **gold** there are now *over 500* paper derivative contracts! The same is true for **silver**, and the entire fraud is like playing musical chairs. At some point there will be **delivery defaults** and they will be forced to settle in cash, not metals (*force majeure*). As **Jim Rickards** says, when that happens physical gold and silver will not even be available, and the time to be prepared is now.

As fund and portfolio managers have cautioned, we are living in the most dangerous time in global financial markets. At a [RECENT](#) conference, **Bill Gross** (the Bond King) told his audience, “Our financial markets have become a Vegas/Macau/Monte Carlo casino” and he advised getting into **gold**. **Ray Dalio** told another audience that “investment returns will be very low going forward” and that “betting on **gold** could prove preferable.” Betting on **gold/silver** outside the casino makes good sense, and the party bosses in Beijing couldn’t agree more! The Chicoms say they have **1,658 tons** of gold, but nobody believes this figure. The US allegedly has **8,100 tons**, but nobody believes that figure either (probably *no gold*). According to financial analyst **Alasdair MacLeod**, [he speculates](#) that China’s “...covert accumulation of gold over the last thirty-three years could amount to over **20,000 tons**.” Last year, *Pravda*, the Russian press, said that China has **30,000 tons!** Talk about a game changer as a new member of the **SDR** reserve currency basket! Author **Nomi Prins** has [written](#) about China’s position of strength, and this kind of disclosure would be a direct attack on the US dollar:

“As China continues to play host to global events (Olympics, G20, etc.) it also is in pursuit of greater regional influence. With the largest economy, and now showing its capability as having a globally recognized reserve currency, China is adding another layer of strength to its position. While the associated confidence measure will not be the death of the dollar, it indicates that the dollar is not the only option to turn to in times of panic, or increased trade or financial growth. The intrinsic power of that position attacks not only the dollar but the overall power of the U.S.”

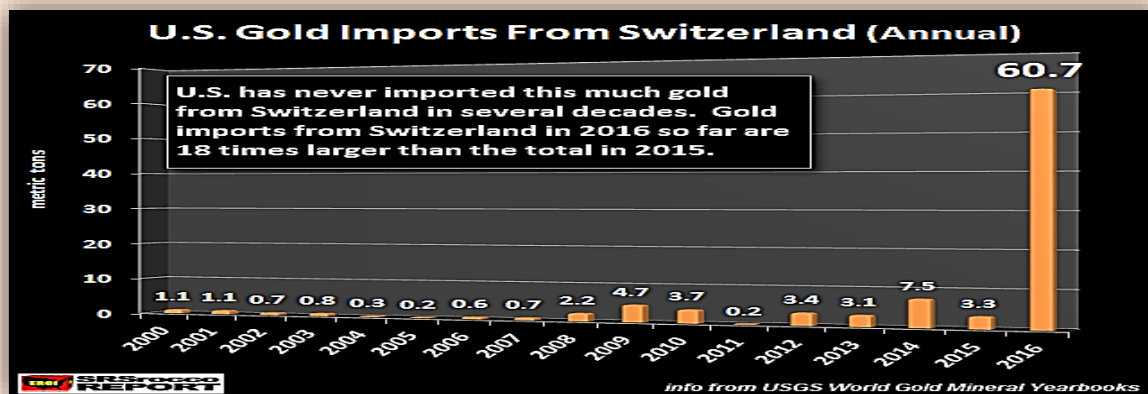
US Debt *Greater than All Cash and Metals!*



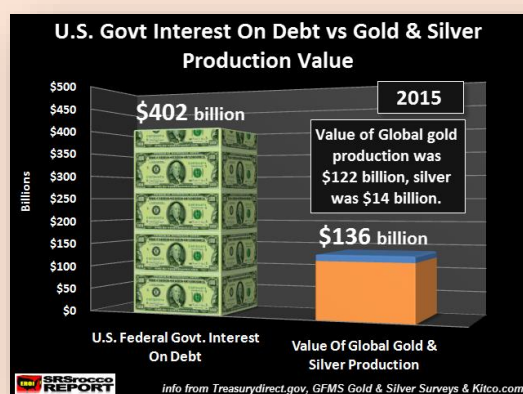
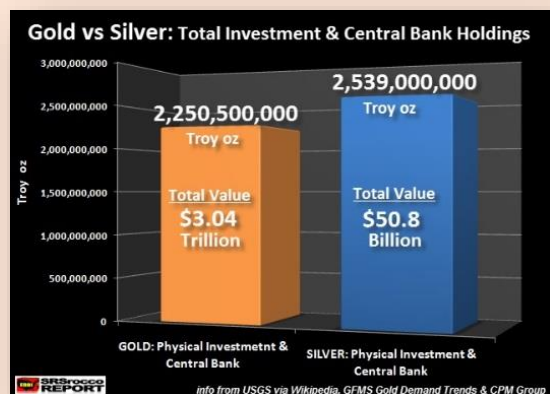
The US is a paper tiger – and I do mean paper! Here is a fun chart revealing that the US national debt totals more than all the **physical** currency, gold and silver in the world! Remember, all of that fiat paper currency was created *out of debt*, courtesy of the **Federal Reserve System**. I write about this topic and the “multiplier effect” in my book, **and eventually this will be the new \$1 bill.**



You will note in the **above chart** that there is *less than \$8 trillion* in physical **gold** available, and a miniscule *\$20 billion* for **silver**. We will look at **silver** in a moment. Officials at McEwen Mining and Goldcorp have suggested that gold could be trading between \$1,700 and \$1,900 by the end of this year. **Stephen Leeb** has written eight books on macroeconomics, and in a [RECENT](#) interview he has commented (along with **Willem Middlekoop**) that gold will likely be added to the **SDR** to restore confidence in the monetary system, and this could see the price go to *\$26,000 an ounce*. This is similar to what **Jim Rickards** has been saying, and this will be necessary to rebalance the system.



A new report from the Official Monetary and Financial Institutions Forum (OMFIF) has concluded that the central banks of the world have been buying physical gold at a rate of **350 tons per year** for the past eight years. It can be assumed that **China** is the largest net buyer of gold and they are concealing their hoard for geostrategic reasons. The Shanghai Gold Exchange (SGE) launched their platform for trading physical gold (no paper futures) based on the yuan currency (RMB) in late **April** of this year. This has been done to not only anticipate the inclusion into the **SDR**, but to create a mechanism to challenge the fraudulent price manipulation in the **West**, and allow genuine price discovery for both gold and silver. This is extremely noteworthy, and encouragement for all who have gold and silver in their possession or in an **IRA account**. Gold is going from the **West** to the **East** at a rapid pace, and the **above chart** indicates that the US has imported **60 tons** of gold in just 2016 – *this is 18 times in all of 2015!* What is going on here? [Some](#) relate this to the Brexit vote, but it is also an indication of demand in the US, and gold as a hedge in uncertain times.



As seen in this **chart on the left**, the total value of physical gold by investors (and central banks) is estimated to be around **\$3 trillion**, compared to only **\$50 billion** in silver. This is another example of how small the silver market is. As seen in the **chart on the right**, just the interest on the debt is *three times* the annual gold and silver production. It should also be noted that gold and silver is mined at a **9:1** ratio, but trades at a current **70:1** ratio! This is further evidence that silver is the *most under-valued asset* in the world, and this is something the banksters – like **JP Morgan** – are fully aware of.

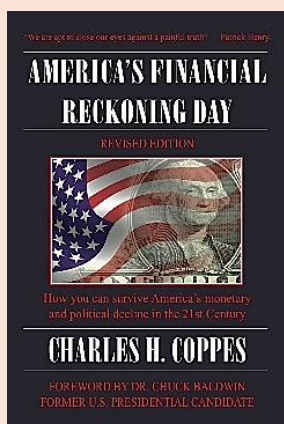


At the time that **Bear Stearns** collapsed in **March of 2008**, they had the largest naked short on the silver market. We now know that **JP Morgan Chase** was literally ordered by the **NY Fed** to take over the assets of **Bear Stearns** with a non-recourse loan guarantee by the Fed. Why did they do this? According to expert silver analyst **Ted Butler** this was necessary to prevent silver from spiking to **\$100 an ounce, or more**. Since **2008**, **JP Morgan** has been at the center of the commercial naked shorts at **Crimex**, while *at the same time they have acquired the largest hoard of silver in the world estimated to be around 500,000,000 ounces!* Talk about collusion and complicity with the regulators at the **CFTC**! As **Butler** says at [THIS LINK](#), they are acquiring **on the cheap** (like the Chinese are being afforded), and they expect to **profit huge** when the reckoning/crisis/reset comes that will see gold and silver *repriced* to extreme levels. As **Middlekoop** stated, demand and silver shortages will send the price upwards (p. 7), and **Rickards** [says](#) this could cause a 200% increase in the near term.

Keith Neumeyer: Silver is Extremely Undervalued

Keith Neumeyer is the CEO of **First Majestic Mining** that produces **10%** of the annual production of silver. In the above **27-minute interview** he argues that silver should be trading at the historic gold/silver ratio of **10:1** going back to the ancient Egyptian and Roman Empires (and not the phony suppressed **70:1** ratio that we see today), that would suggest a price of **\$120/oz.** just for starters. And he is **100%** correct. If gold is *repriced* into the thousands I will let you do your own math. We can be sure that **JP Morgan** has done the math.....and that is why **Jamie Dimon** is smiling.

Summary & Conclusions. This has been a *slightly shorter* newsletter, but I have packed in a lot of information as usual. Keeping up with the news today is a **full-time job**, and I am glad to share these “epistles” as some call it – ha! So will the **SDR** grow in importance as we go forward? It most certainly will, and especially after a **monetary reset** that the **central planners** are envisioning. In **1944**, the US dollar was established as the world reserve currency, but this *cannot* be sustained any longer. In **1961**, IMF economist **Robert Triffin** warned that the nation issuing the reserve currency (US dollar) could not retain *confidence* at the same time that it was exporting inflation and pursuing *loose fiscal policy* – known as **Triffin’s Dilemma**. The **SDR solves this dilemma** and provides a new financial architecture for world trade settlement. The **SDR** was launched in **1969**, but soon faded after **Nixon** closed the gold window in **1971**. The **SDR** reappeared in **2009**, *right after* the **2008** crisis. A coincidence? Hardly. **China** has been protesting to be included in the **SDR** since **2009**, and they would like to swap US assets for the **SDR**, and even play a role in adding gold as a component of the **SDR**. This even seems likely since the original **SDR** was backed with gold – and what would that do to the *repricing* of **gold** (and **silver**)? A [NEW](#) IMF report confirms that nothing has been fixed since the ‘**Great Recession of 2008**,’ and the world is now in *much* worse shape. A huge global credit/bond bubble is waiting to burst, and this “traumatic episode” will cause the greatest debt jubilee in history.



The EU/Eurozone will continue to be in the news as they struggle with their fiscal problems and the need to restructure debt, and their political union to support a common currency. This is an extremely **prophetic** development that I have written about in [my book](#) (and 5/2/15 newsletter). When the next global financial crisis comes – and it is coming – it will cause a paradigm shift of power that will see *the decline* of the **US**, and *the rise* of the **EU**. This is the major theme in **my book**; and as improbable as this may seem, it will come to pass. “**Triffin’s Dilemma**” is still plaguing the global monetary system, and *a reset* will favor the euro in a newly recalibrated **SDR**. We can also expect that the [banksters/globalists](#) will impose a cashless society that the **Bible** has predicted (Rev. 13), and many [theologians](#) are identifying this as demonic, and “the spirit of the **Antichrist**” (1 Jn. 4:3). As I mentioned earlier, I will be glad to send you a **free signed** copy of **my book** if you merely respond to **this email** (that linked this newsletter) and provide your **mailing address**. Why am I doing this? I feel that the times are urgent, and if you indicate, I will even send you two books so you can pass one along.

As far as **precious metals**, my firm can also assist you with discreet delivery, storage and protecting retirement accounts. The banksters are running a [con game](#), and they know it. They are desperate to suppress the metals, but it will [blow up](#) in their face (*except* for **JP Morgan**). We like **silver** because it is not only **the most undervalued industrial/investment asset**, but the current **70:1** ratio cannot be sustained, and the silver price is set to explode, as also discussed in this [26-minute clip](#).

Finally, let me remind you to see/support the excellent **Snowden film** that exposes the very evil and unconstitutional **Deep State** that threatens all of our privacy, civil liberties and freedom. Whether you like **Edward Snowden** or not, *he represents all of us* – just like that Tank Man. And speaking of **good and evil**, we live in a moral universe. We read that “In the last days, difficult times will come” (2 Tim. 3:1-5). But **Jesus** said to pray, “Thy kingdom come, Thy will be done on earth as it is in heaven” (Mt. 6:10). Assuredly, good will triumph over evil in the end. And this is the **good news** that I endeavor to share with everyone, and provide at [THIS LINK](#). Thanks for your prayers and support. **Next newsletter** is on the [fraudulent polls](#), rigged election, pension fund crisis and some serious contingency planning. **The Lord** is your best contingency plan. Just sayin.....

Until Next Time, Your Messenger from Pinetop 🏠

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