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Views and Analysis on the Economy and Precious Metals

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A Certain Precious Metals' Perspective

Michael Ballanger

Could there have ever been constructed four finer sentences strung together for the purpose of defining eight items related to money and social standing than the following?

"Gold is the money of kings. Silver is the money of gentlemen. Barter is the money of peasants. And debt is the money of slaves."

While they sound impressive, and while I understand the reason for their construct, I actually take umbrage with the linkage of debt to slavery because slavery is a man-induced condition whereby one man is responsible for the enslavement of another while debt is often (but not always) a choice made by the individual. If that were a paragraph to which I could be allowed to impart my name, I would say "And debt is the money of sloth", rather than "slave," where those that opt for debt over savings wind up with an unfavourable outcome, one connoted by the original sin of "sloth." Ergo, the alteration. . .

*"Debt is the money of **sloth**; barter is the money of peasants; silver is the money of gentlemen; but **GOLD** is the money of kings."*

Now that sounds one helluva lot better because it disassociates the unfortunate "slave" from the term "debt" as one may safely assume that the laborers that built the Great Pyramids of Egypt didn't owe anyone a dime while those mighty workers that built the American cotton dynasties had very little knowledge of the

concept of "debt" while struggling to endure the Atlantic crossing in the hold of a Spanish or Dutch or Portuguese vessel. It gets even more interesting. Take a look at the following picture of a "carriage" a solid gold, US$158 million vehicle that must be pulled by eight horses and which contains 128,000 ounces of gold.

Photo by Joey O'Rourke

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US Government Shuts Down…Will Gold Price Go Up?

Arkadiusz Sieroń

US Government Shuts Down, Again

Could you imagine life without a government? Now, you can. The federal government has been shut down since December 22nd, 2018. The government shutdown does not, of course, imply that the whole government is closed. Only non-essential discretionary federal programs and agencies close. They include NASA, IRS, Department of Commerce, Department of Education, Department of Labor, Food and Drug Administration, etc.

The partial shutdown occurred because President Donald Trump and the United States did not agree on the appropriation of funds for the 2019 fiscal year. The bone of contention is Trump's call for more

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Davos: David Attenborough Warns We Are Damaging The World 'Beyond Repair'

Mark O'Byrne

– David Attenborough warns Davos summit – 'The Garden of Eden is no more'

– "If we wreck the natural world, we wreck ourselves" warns Attenborough

– If we destroy our environment, it will badly impact our economies and markets

– We must put the environment at the heart of our financial and monetary systems

– "Future proof" our economies, our currencies, our finances & our pensions with gold

– Hope for the best but be prepared and insure against the worst

Editors note

The world faces some very serious ecological challenges due to the pollution, destruction and over consumption of our natural resources.

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US Government Shuts Down…Will Gold Price Go Up?

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than $5 billion for a U.S.-Mexico border wall. Democrats, who now control the House of Representatives, have rejected Trump's demand, claiming that there are more effective ways of enhancing border security than building a wall costing more than $25 billion. They also point out that Trump promised during his campaign that Mexico would pay for the wall (however, its government has refused, what a surprise).

The shutdown of the US government is not something new. For example, it happened in January 2018 for three days, 2013 for 16 days in, or in 1995-1996 for 21 days. The current shutdown is the longest in the US history, lasting 25 days already.

Government Shutdown and US Economy

What the government shutdown imply for the US economy and the gold market? Well, it resulted in a lack of funding for nine executive departments, affecting about one-fourth of government activities with around 800,000 employees. Almost half of them have been furloughed, i.e. sent home without pay, while the rest of them have to work without a paycheck. More importantly, the shutdown also affects the pace of economic growth, as the government spending is a component of GDP. Indeed, the shutdown in 2013 reduced the GDP by 0.4 percent in the fourth quarter of 2013. On that basis, the J.P. Morgan economists have cut their first-quarter growth forecast by a quarter point to 2 percent. Gold should enjoy the economic slowdown.

And, according to the S&P Global Ratings, the shutdown imply a decrease in sales for contractors to the government, delays in federal loans, and reduced consumer spending and lost productivity by furloughed workers. Hence, the company estimate costs of shutdown at $1.2 billion for every week the government is closed. We are a bit skeptical, but if true, the cost of the shutdown will exceed soon the $5 billion Trump has demanded for the wall. Is that not funny?

Implications for Gold

So far, we have not seen any impressive rally in gold amid the US government shutdown. We mean that, of course, gold shined in January, but it still cannot cross the level of $1,300, as the chart below shows.

Chart 1: Gold prices from January 13 to January 15, 2019.

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We must therefore rewrite the quote one more time to include the rightful owner of this majestic vessel of epic history and grandeur.

*"Debt is the money of sloth; barter is the money of peasants; silver is the money of gentlemen; but gold is the money of **QUEENS.**"*

England is, in fact, the only nation on the face of the earth whose citizens, after essentially removing all legislative power from the monarchy, allowed them to remain as an integral part of the heritage and social fabric of its people. Under this system, the British Empire was born and went on to be omnipotent in its scope and historical influence since the early 1300s.

The Golden State Coach is a suitable emblem of just such an empire and is deserving of considerable mention.

Now, is "barter" truly the domain of "peasants"? In modern times, the resurgence of the art of "barter" is only noticeable in countries where regimes continually debase currency. In India, "barter" in the public food markets and bazaars is not only expected but also DEMANDED because to engage a vendor without the act of barter is actually an insult to the vendor, as in, one has SO much money that little value is given to the product being displayed.

In Weimar Germany 1921-1923, "barter" was a necessity as the prices of milk and bread and meat and vegetables would change literally by the hour as the Reich mark used by the citizens was soundly rejected in favor of stores of value that actually fell into the category of "staples."

People who haggle over price are not normally "peasants" but rather "price seekers" whose primary function is to collectively seek out the fair, market-determined "price" of a particular good or service. Finally, in terms of social standing, those that barter in the search for fair and honest pricing are typically of the working classes, not all of whom would be deemed "peasants."

*"Debt is the money of sloth; barter is the money of **"the working classes"**; silver is the money of gentlemen; but gold is the money of queens."*

Which leaves us to the topic of "silver" so beautifully described in the original quote: "Silver is the money of **gentlemen**." That word bears repeating: "gentlemen." In modern parlance, a gentleman is any man of "good, courteous conduct." Originally, a gentleman was a man of the lowest rank of the English gentry, standing below an esquire and above a yeoman, which meant that the bulk of commerce transacted throughout the empire was in silver, not gold, because the bulk of commerce could not afford gold's constrictive qualities but rather preferred silver's far-more-ductile applications. Hence, silver shall remain "the money of gentlemen."

Over time and throughout the annals of history, both gold and silver have been the currencies of choice for those citizens desirous of vessels within which one might shelter one's true wealth. However, since the advent of the modern fiat regimes and the abandonment of the Breton Woods agreement by Nixon in 1973, the investing populace gradually at first, then suddenly came to the recognition that sound money (gold and silver) had been subjugated by the U.S. dollar so foreign treasuries and central banks began to build large foreign reserves of dollars and abandoned gold.

Despite that trend ending in and around 2003, through interventions and moral suasion, gold and silver prices were managed by the controllers so as to diffuse their historical roles as economic "coal mine canaries."

Since the arrival of the New Millennium, we have had the dot.com meltdown, the 9/11 attacks, the Great Financial Crisis (err-fraudulent bailout), and unprecedented credit creation and money-printing, yet gold has never been allowed to resume its rightful place on the throne of fiscal sanity. Many would point to the ascent from $250 per ounce in the late 1990s to $1,920 in August 2011 as the move that would constitute gold's "rightful place" but that is not exactly correct.

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It's Lose-Lose For The Fed And For Everyone

Dave Kranzler

A friend asked me today what I thought Powell should do. I said, "…the system is screwed. It ultimately doesn't matter what anyone does. The money printing, credit creation and artificially low interest rates over the last 10 years has fueled the most egregious misallocation of capital in history of the universe.

Eventually the Fed/Central Banks will print trillions more – 10x more than the last time around. If they don't this thing collapses. It won't matter if interest rates are zero or 10%. You can't force economic activity if there's no demand and you've devalued the currency by printing it until its worth next to nothing and people are toting around piles of cash in a wheelbarrow worth more than the mountain of $100 bills inside the wheelbarrow.

The price of oil is down another $3.50 today to $46.50. That reflects a global economy that is cratering, including and especially in the U.S. Most people will listen to the perma-bullish Wall Streeters, money managers and meat-with-mouths on bubblevision preach "hope."

Anyone who can remove their retirement funds from their 401k or IRA and doesn't is an idiot. Anyone thinking about selling their home but is waiting for the market to "climb out of this small valley in the market" will regret not selling now.

Forget Powell. What can you do? There is no asset that stands on equal footing with gold. You either own it or you do not.

"You have to choose between trusting to the natural stability of gold and the natural stability of the honesty and intelligence of the members of the government. And, with due respect to these gentlemen, I advise you, as long as the capitalist system lasts, to vote for gold." – George Bernard Shaw

Article by:
Dave Kranzler
December 19, 2018
investmentresearchdynamics.com

The Power Of Gold Diversification

Michael Kosares

As a member of the British parliament in 1999, Sir Peter Tapsell, who passed away this past August, argued vigorously to keep the government from selling off over half of the country's gold reserves. Previously, in the 1980s, Tapsell had managed a gold bullion fund, "valued at many hundreds of millions of dollars for the Sultan of Brunei, Sir Omar Saifuddin" – at the time one of the single largest private gold hoards on Earth. Though his argument before the House of Commons failed to stop the sales, it goes down as one of the most eloquent appeals ever made on the merits of gold ownership for nation states and individuals alike.

". . .[A] country's reserves," he explained, "should be diversified to minimize risk. Research shows that gold is an ideal portfolio diversifier. When I was given the Brunei fund to manage, I had to go on a crash course because I knew nothing about gold management. I took much expert advice and even commissioned, at great expense, advisers to give me an idea of how much gold should be in a portfolio. The boffins who deal with those matters believe that, over a long term, the ideal gold holding in a major portfolio is about 20 percent. That is because gold is an ideal diversifier as its returns are what is technically known as 'negatively correlated', which means that they operate in a counter-cyclical manner. When bonds and equities fall in price, gold tends to go up."

The study below, constructed utilizing some unique software at the World Gold Council's website, compares two hypothetical portfolios making a $100,000 investment – one consisting of stocks, bonds and commodities diversified 20%

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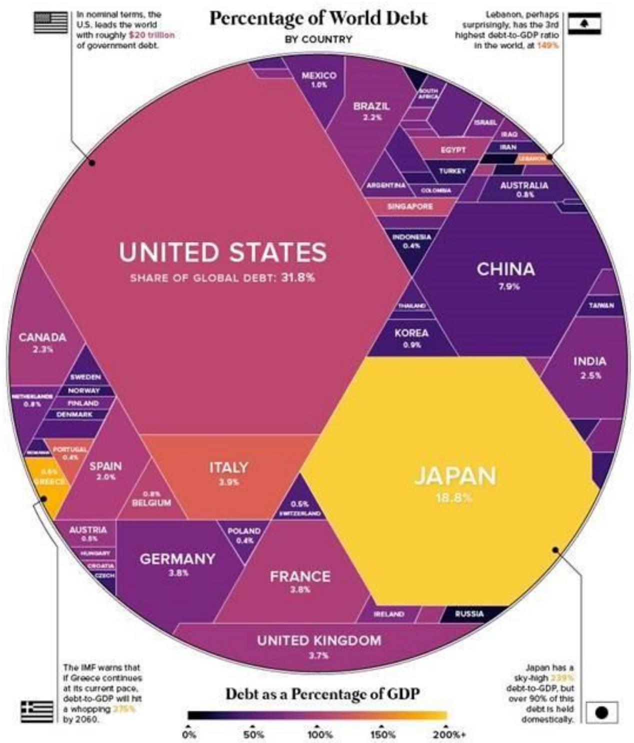
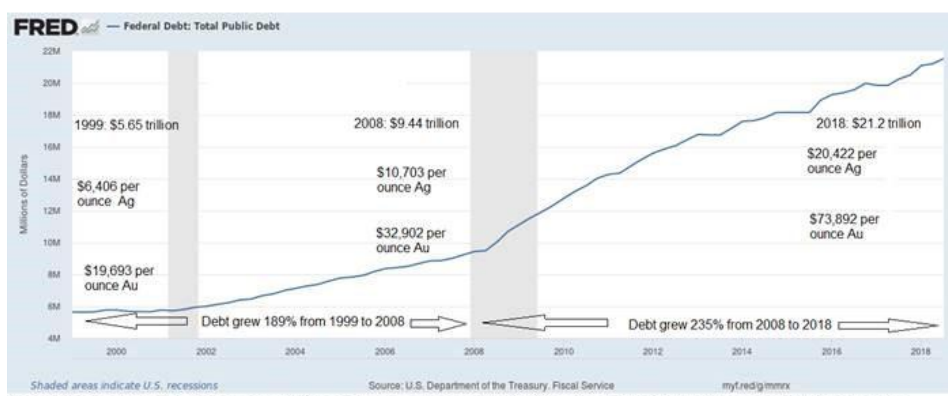
From the graphic shown below, it makes no common sense whatsoever to believe that the U.S. is better equipped or more likely to repay its gargantuan debt load than China, Japan or Italy.



Why on earth would anyone place their faith in the currency of a nation whose banks blew up the financial system and then got rescued while millions of jobs went offshore with nary a soul going to jail?

Another graphic that depicts the Ponzi-like status of the U.S. dollar is the total public debt measured against the 8,133.5 metric tonnes of gold and the 25,000 metric tonnes of silver held by the U.S. Treasury.



Assumptions: Total U.S. official gold reserves 8,133.5 metric tonnes representing 286,900,769 ounces. Total U.S. official silver reserves 25,000 metric tonnes representing 881,849,048 ounces. U.S. holds 3.07 ounces of silver for every one ounce of gold.

The purpose of this exercise is to illustrate why the U.S. dollar has no right to wear the robe of the world's reserve currency. Britain lost its right to strut around waving the pound in everyone's face after a century of empire-building through naval superiority after the Germans bombed them into submission during WWII. Debts incurred defending their little island crippled their economy and torpedoed the pound leaving them a shadow of the nation that ruled the waves for a generation or two.

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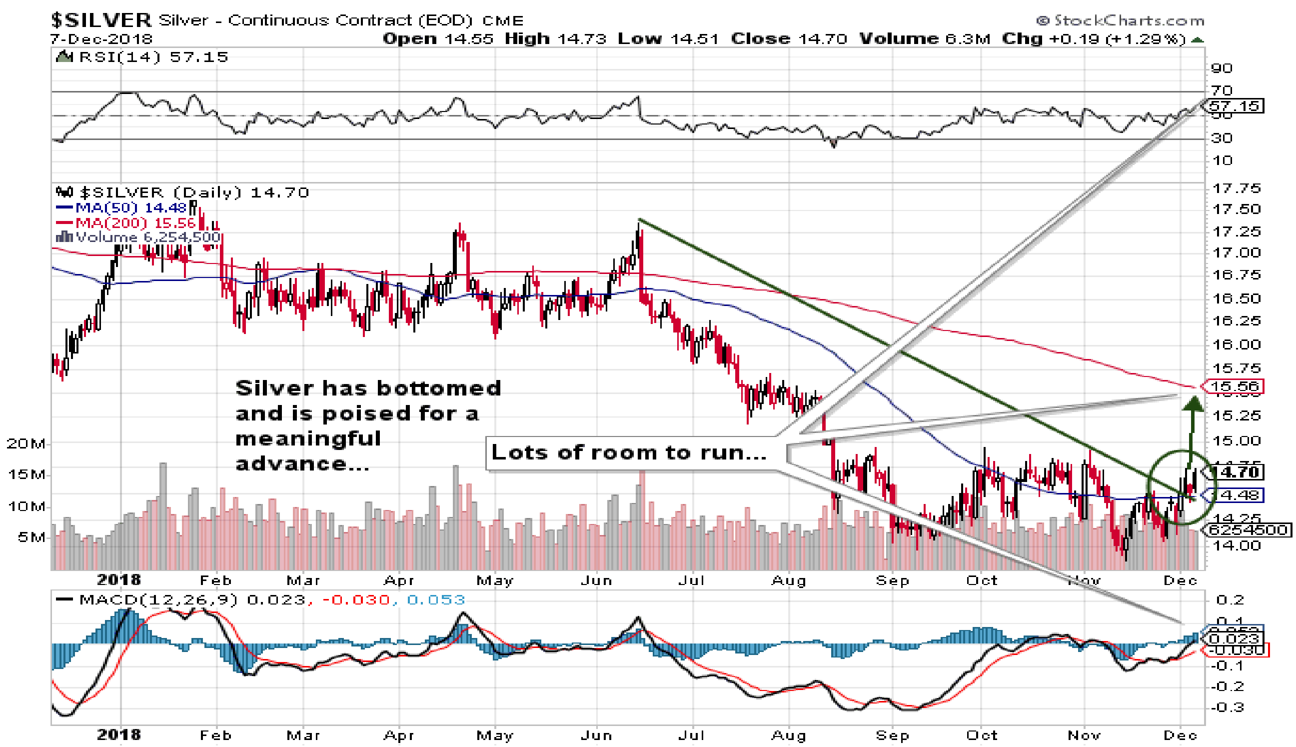
Soon after the Allies emerged victorious, the mantle of reserve currency status was transferred to the mighty American dollar backed by an omnipotent military machine and a juggernaut of growth in the U.S. post-war expansion. However, the U.S. fell victim to hubris and mistaken patriotism and forgot all of the warnings imbedded by its Founding Fathers about faulty imperialism and the dangers of empire maintenance and in a series of steps that violated the spirit and intent of its Constitution, it abandoned the use of silver and gold designed to govern the frailties of the common man and instead set about to convince the planet that it was the only nation allowed to print its currency based upon the full faith and credit of its government.

During the mighty boom years of the post-war period 1945-1969, it was hard not to believe in America's Divine Right to world supremacy. The U.S. had the massive job-creating industrial powerhouse that allowed men to forge ahead as sole breadwinners in families where stay-at-home mothers raised their baby-boomer children. However, as has been proven throughout history whether Spartan or Roman or British Empires, declines from the throne of world domination occur quietly at first, where the duel dangers of denial and desperation combine to unseat the emperors. I believe that in the case of the U.S., it began in the late 1950s when General Eisenhower issued a warning during his farewell speech: "*In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.*"

In the next decade, assassinations of two Kennedys and Martin Luther King as well as civil strife and a totally ill-fated and ill-planned sojourn into Vietnam left the American Empire on the verge of disintegration, and it was only after the stagflation 1970s that a rebirth of sorts occurred with the arrival of Ronald Reagan. The problem with the last 40 years is that it was allowed to go completely out of control when Richard Nixon terminated the Bretton Woods Agreement and rendered the U.S. dollar a totally "fiat" currency. Gone forever was the convertibility of dollars to gold and with that, the American military-industrial complex had full authorization to spend whatever and wherever it wished. Had Bretton Woods not been abandoned, the safeguards envisioned by the Founding Fathers would not have allowed the fiscal profligacy that enabled the American war machine to terrorize the Middle East in the name of "stability." It still continues to this day with U.S. troops actively engaged in Afghanistan, Iraq, Syria, Yemen, Somalia, Libya and Niger.

This is the primary reason that I have always said that gold will be hard-pressed to see $1,900 again until the USS Nimitz pulls into Gibraltar for a re-fit and they refuse the credit card—which IS coming.



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The Power Of Gold Diversification

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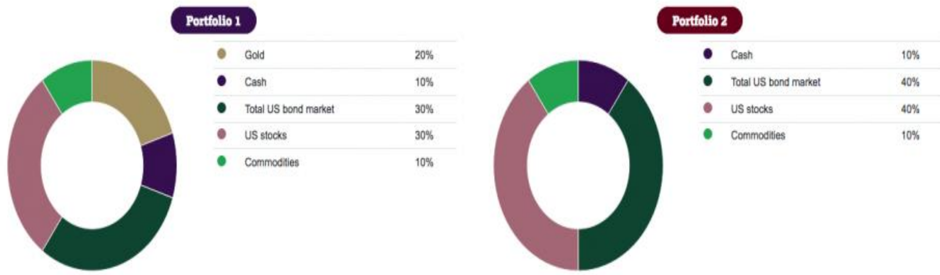
with gold; the other consisting of stocks, bonds and commodities without the benefit of a gold diversification. We chose the year 2000 as a starting point in order to capture both bull and bear markets for the assets included. Today, "Portfolio 1" diversified with gold would be worth $258,996. "Portfolio 2" without the gold diversification would be worth $221,568. Please keep in mind that the current valuations are fixed at what many believe to be cyclical lows for gold and cyclical highs for stocks.

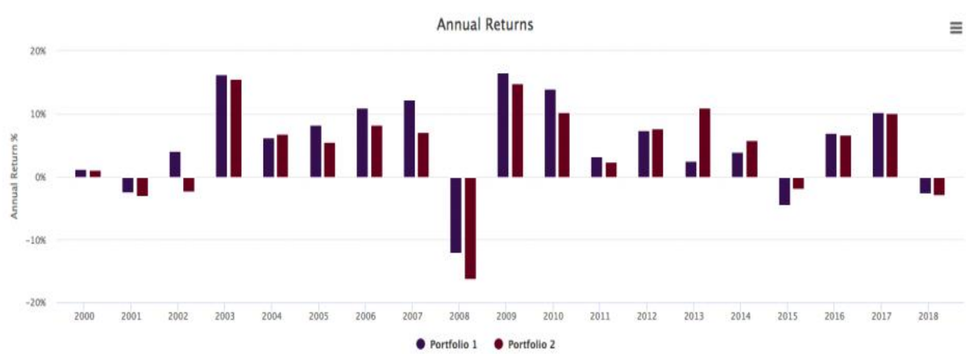
Portfolio Allocations



Portfolio Returns

Portfolio	Initial Balance	Final Balance	CAGR	Stdev	Best Year	Worst Year	Max. Drawdown	Sharpe Ratio	Sortino Ratio	US Mkt Correlation
Portfolio 1	$100,000	$258,996	5.40%	6.68%	16.59%	-12.12%	-18.67%	0.61	0.92	0.69
Portfolio 2	$100,000	$221,569	4.50%	6.34%	15.52%	-16.21%	-24.11%	0.51	0.72	0.94

Performance Summary (2000-12-01 - 2018-12-31)



Study courtesy of the World Gold Council/GoldHub

Article by:
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January 22, 2019
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Davos: David Attenborough Warns We Are Damaging The World 'Beyond Repair'

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Climate change is just one of the challenges facing us, but tends to be focused on almost exclusively alas – to the detriment of many other serious environmental risks.

There is much cognitive dissonance between the increasingly alarming warnings that we are damaging the world 'beyond repair' and the complete complacency of investors and market participants.

There is a complete failure to 'join the dots' between environmental challenges of today and how they may impact our economies, markets and indeed our investments and already vulnerable pensions.

The markets and our economies are completely dependent on our planet's ecology. If the environment is destroyed so to will be our societies and economies and companies and governments as we know them today will also be impacted and many will disappear with obvious ramifications for the outlook for stock and bond markets.

The notion that our global economy and financial markets including frothy risk assets such as stock and bond markets would not be impacted by these serious environmental risks is irrational and complacent in the extreme. Our economies and markets are obviously dependent on our planet.

It seems increasingly likely that the severe environmental challenges of today will badly impact our economies and indeed financial markets.

Prudent investors will take stock of the risks, take a long term view and diversify into physical gold and silver. Both have protected people from societal and economic dislocations throughout history.

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The Silver "Double-Tap" for 2019

The two charts above in combination with last week's silver COT allow me to establish a strategic "double-tap" in that we have technical evidence of a breakout in silver with the 200-dma moving average at $15.56 in the crosshairs while we have the gold-silver ratio (GTSR) above 85, an ideal entry point for silver relative to gold. Since gold has broken back above $1,250, it stands to reason that the GTSR should decline, which gives silver added torque going into year-end.

I am going to assume that gold can print $1,300 in the next three weeks and as it advances, the GTSR, now at 85.23, declines to 80. That takes silver to $16.25 from tomorrow's $4.75 entry point, an advance of 10.16% for the trade. I have already written and tweeted my two purchases of the SLV April $13 calls for $1.00 and $0.92 and which now reside at $1.16. If SLV makes the same move, it will get to $15.12 putting the April calls at an intrinsic value of $2.12 representing a 120.8% return.

So, the breakout in gold above $1,250 is the first "tap" while the second is the GTSR north of 85; this "double-tap" signal is the impetus for the trade.

While gold may be the currency of kings and queens, silver was and is designed to be the currency of the masses, and whether or not these masses are comprised of gentlemen is irrelevant; when the dollars currently fleeing crypto, cannabis and finally the FANGS get reinvested between now and year-end, it is my belief that gold and silver will be recipients, with SILVER firmly in the Millennial crosshairs.

Article by:
Michael Ballanger
December 13, 2018

Davos: David Attenborough Warns We Are Damaging The World 'Beyond Repair'

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Precious metals in coin and bar form (taken insured delivery of or in allocated and segregated storage) remain vital financial insurance and hedges against various worst case scenarios such as financial and currency crashes, global pandemics such as ebola, world wars, natural disasters such as earthquakes, super volcanoes, bee colony collapse disorder and other ecological disasters.

We hope and believe that humanity will step back from the brink. But we also believe that we should "future proof" our currencies, our economies and our finances with physical gold. Lets hope for the best and be prepared for the worst.

Article by:
Mark O'Byrne
January 23, 2019
www.goldcore.com

US Government Shuts Down…Will Gold Price Go Up?

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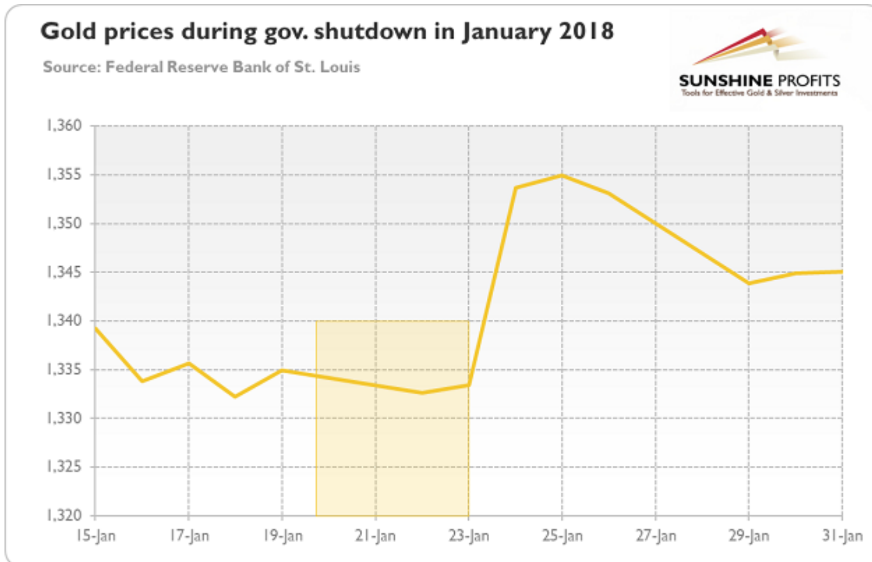
One can convincingly argue that the longer this shutdown lasts, the more collateral damage the economy will suffer, and the brighter gold will shine. However, this is not what history suggests. For example, the government shutdown in 2013 did not provide a boost for gold prices. Similarly, in January 2018, gold prices declined between January 20th and 23rd, and went up only when the shutdown ended, as one can see in the chart below.

Chart 2: Gold prices during government shutdown in January 20-23, 2018



Actually, the lack of meaningless gold's reaction is quite understandable. The government shutdown is not a big deal, as government still provides essential services. And the shutdown will eventually be resolved. Come on, do you really think that the US economy will collapse because the Smithsonian museums and the National Zoo are closed? Hence, any potential impact on gold should be limited and short-term. Unless, of course, there is a protracted shutdown… Anyway, the nearest days may be quite hot for the gold market, as today there is a vote in British Parliament on May's deal. Stay tuned!

Article by:
Arkadiusz Sieron
January 16, 2019
www.sunshineprofits.com

The Outstanding Public Debt
National Debt:
21,957,501,950,289
The estimated population of the United States is **328,405,884**
US citizen's share of this debt is
$66,864.00
The National Debt has continued to increase an average of
$3.8 billion per day
Business, Government, Financial and Unfunded Liabilities Debt exceeds
$100 Trillion

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