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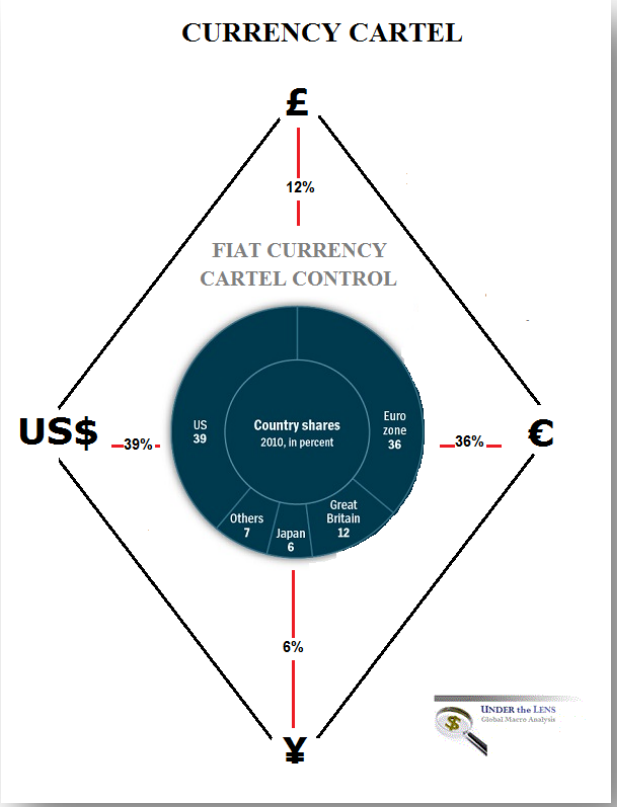
CURRENCY CARTEL: *Counterfeiting "Risk Free"*

MACRO ANALYTICS - December 2012



Gordon T Long
12/16/2012

CURRENCY CARTEL: *Counterfeiting "Risk Free"*

Abridged from the December "Monthly Market Commentary" at GordonTLong.com

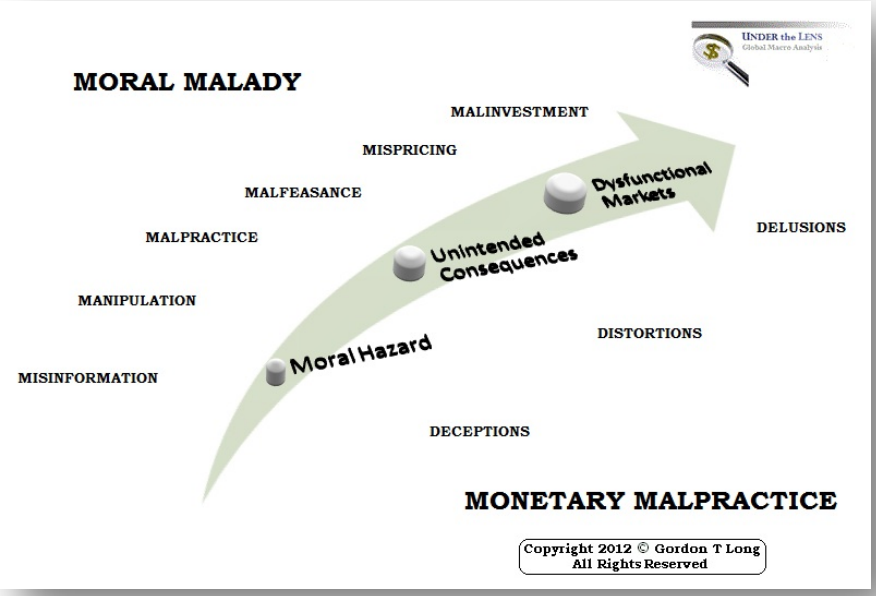
Since Bretton Woods and the creation of post WWII Monetary structure, US obligations were considered risk free and its debt instruments rated as AAA. Global risk and spreads have traditionally been priced off this foundation. A crippled dollar and US debt worries has the potential to trigger a global credit melt down. The 2008 financial crisis with Bear Stearns and Lehman gave us just an inkling of the magnitude of the problem.

This is forcing a game of Risk Free Counterfeiting to now be played out. It will end, and end badly. However, at the present time it is considered the only politically palatable solution.

- There is a Shrinking Need for US Dollars
  - The need for US dollars has fallen from being 71.2% of foreign reserve currency holdings in 1999 to 58.0% in 2011.
  - The need to hold dollars for oil purchases is being challenged by the BRIC countries through on-going trade alliances. Alliances that are counter to the Petro$$ foundation.
  - The US is no longer the dominate global industrial and trading nation it once was and therefore there is a shrinking need to hold US dollars for trade settlements,
  - China and a growing list of nations are shifting currency reserve holdings from US dollars to Gold. China is now accumulating minimally 1,000 tons per years and will soon be in a position to partially Gold back the Remimbi.

- Global US$ Structured Debt
  - Debt around the world has traditionally been structured in US dollars. A collapsing US dollar erodes the collateral value of the debt which is often used as collateral in the Rehypothecation process. This exposes the world to a collateral contagion of massive proportions.

- Mispriced Risk
  - Monetary Malpractice has its moral hazard and unintended consequences has led to significant levels of global mispricing and malinvestment. Risk is no longer being priced correctly as the Fed Valuation Model has broken down due to sustained, negative real interest rates.



THE CURRENCY CARTEL

This has forced the Bank of International Settlements (BIS) to facilitate what can only be called a Currency Cartel to alleviate the daunting global pressures which the eroding need for US dollars is causing. As the Central Bankers' Central Bank, the BIS exercises control over the settlement of the balance of payments and the problems stemming from growing global imbalances.

Effectively, what appears to have emerged is a forced alliance between fiat currency based regimes, to protect themselves and sustain the faulty system that emerged from post WWII Bretton Woods. When the US jettisoned its obligations, and in August of 1971 took itself off the gold standard, the US effectively defaulted on its obligations as the world reserve currency. Since then it has been primarily the 'good faith and credit' of the US, that has sustained an acknowledged failed and broken system. The current US Fiscal Cliff machinations only bring to the fore the seriousness of any longer considering the US as "Risk Free" and being a realist foundation for a sound and sustainable global currency reserve. As true as this is, it is not going to change as long as the status quo can be protected, and protected it must be!

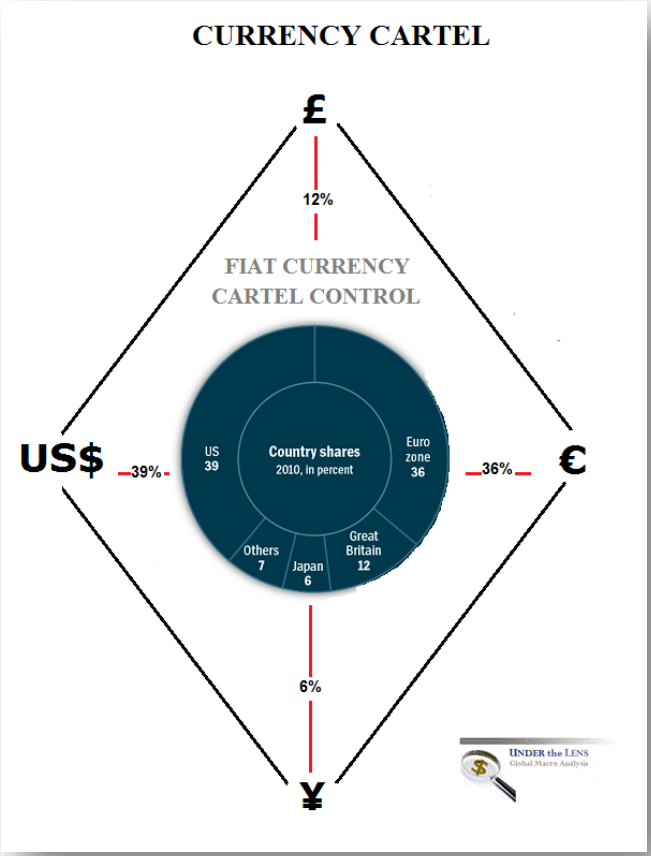
Similar to the OPEC Oil Cartel protecting the price of 'black' gold, we now have a Currency Cartel protecting the US dollar, and more specifically, the fiat currency system which they all are inextricably tied to. It is the basis for their collusion.

The Currency Cartel is effectively Colluding to Counterfeit "Risk Free".

The US Council on Foreign Relations aptly described why a concept called the "Triffin Paradox" (*we will discuss in more detail*) becomes unsustainable:

"To supply the world's risk-free asset, the center country (US) must run a current account deficit and in doing so become ever more indebted to foreigners, until the risk-free asset that it issues ***ceases to be risk free****. Precisely because the world is happy to have a dependable asset to hold as a store of value, it will buy so much of that asset that its issuer will become unsustainably burdened."*

We have reached the point where the Currency Cartel and the $67T Shadow Banking System *(monitored, but not supervised by the Financial Stability Board (FSB))* is the only thing standing between us and a violent Fiat Currency Collapse.



CARTEL BOARD MEETINGS

PLACE & TIME: Bank of International Settlements (BIS), Basel Switzerland Monthly, Sunday Evening Supper

KEY BOARD ATTENDEES:

Ben Bernanke (US-Federal Reserve)
William C Dudley, (New York Fed)
Mervyn King (UK - BOE)
Mario Draghi (EU-ECB)
Jens Weidmann (Bundesbank)
(Japan - BOJ)

Mark Carney, (Chair FSB)

TRIFFIN'S PARADOX

There is a structural dynamic in play known as the Triffin dilemma or paradox. The basic idea is that when one nation's fiat currency is used as the world's reserve currency, the needs of the global trading community are different from the needs of domestic policy makers. This dilemma was first identified by Belgian-American economist Robert Triffin in the 1960s, who pointed out that the country whose currency foreign nations wish to hold (the global reserve currency) must be willing to supply the world with an extra supply of its currency to fulfill world demand for this 'reserve' currency (foreign exchange reserves) and thus cause a trade deficit**.**

Triffin's Dilemma

Testifying before the U.S. Congress in 1960, economist Robert Triffin exposed a fundamental problem in the international monetary system.

If the United States stopped running balance of payments deficits, the international community would lose its largest source of additions to reserves. The resulting shortage of liquidity could pull the world economy into a contractionary spiral, leading to instability.

credits

If U.S. deficits continued, a steady stream of dollars would continue to fuel world economic growth. However, excessive U.S. deficits (dollar glut) would erode confidence in the value of the U.S. dollar. Without confidence in the dollar, it would no longer be accepted as the world's reserve currency. The fixed exchange rate system could break down, leading to instability.

Triffin's Solution

Triffin proposed the creation of new reserve units. These units would not depend on gold or currencies, but would add to the world's total liquidity. Creating such a new reserve would allow the United States to reduce its balance of payments deficits, while still allowing for global economic expansion.

"A fundamental reform of the international monetary system has long been overdue. Its necessity and urgency are further highlighted today by the imminent threat to the once mighty U.S. dollar."

Robert Triffin
November 1960

The 'Platform' Strategy at Play

1. Use US Fiscal & Public Policy ESTABLISHES a large and consistent Negative Balance of Payments while maintaining a Strong Dollar Policy, despite 47,000 manufacturing companies leaving America.

2. The US Negative Balance of Payments FOSTERS a much faster and rapid expansion of Global Trade and Debt.

3. This approach ALLOWS for excess debt and monetary expansion in the US.

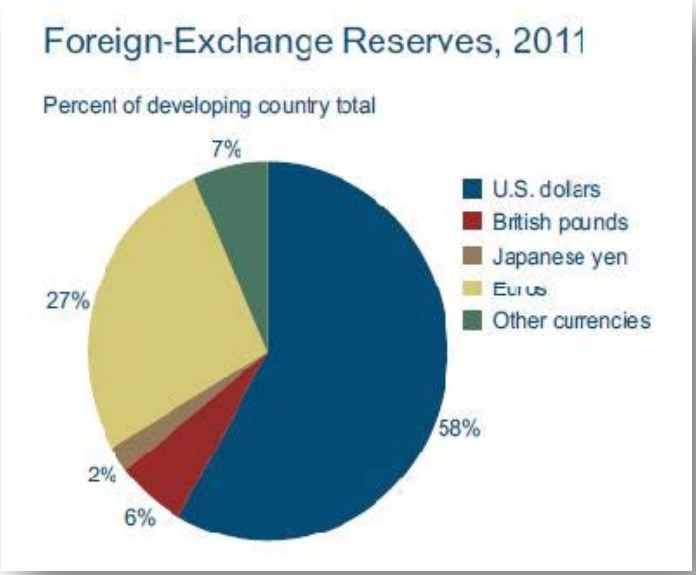
4. This approach SUSTAINS a false and unrealistic entitlement expectations and standard of living.

5. This approach SUPPORTS the growth and profits of the Military-Industrial Complex, the Banking Insurance & Finance Complex, the Security & Surveillance Complex ..... and an overall Corporatocracy & Crony Capitalism system of rewards.

US$ RESERVE: A Ticking Time Bomb

Since September, the Currency Wars have escalated. It isn't just because of the seminal monetary events of the Federal Reserve's QE III "unlimited" and the ECB's OMT "Uncapped". It is highly likely, more about the fact that China announced its eleventh agreement that effectively bypasses using the US dollar with China's strategic trading partners. The latest agreement with Russia places trading oil, in non-US dollars, into the spotlight. The infamous petrodollar has had its destructive profile raised.

The Petrodollar has long been the cornerstone that solidified the US dollar as the key currency reserve holding. The Petrodollar strategy is arguably more important that the Bretton Woods agreement which officially made the US dollar the world's reserve currency at the end of WW II. This is now being called into question. Minimally, it suggests a weakened requirement for holdings of the current levels of US dollars in sovereign reserve accounts.



For the sake of space I won't lay out all the details of this but instead refer you to two recent video releases I have produced and participated in on the subject.

- Currency Wars: The Failing Petro$$ Strategy - YouTube
- Triffin's Paradox & the Rule of Law - YouTube

Petro$$ Strategy

The Petro$$ Strategy can best be described as expiring. It has profound ramifications to the US dollar and domestic inflation, and therefore is central to the military

involvement across the entire globe, and most easily seen in the oil rich middle east.

The BRIC countries, ASEAN and other emerging nations, forced to deal with 'hot money', US exporting of inflation and the instability of a intentionally debased reserve currency, has pushed them to band together and start to take strategic actions.

The most recent was the recent agreement between Russia and China to trade without the use of the US dollar.

11 International Agreements That Threaten US$ Dominance

1. China And Russia	SEPTEMBER 4th	China Daily article
2. China And Brazil		BBC article
3. China And Australia		Financial Express
4. China And Japan		Bloomberg
5. India And Japan		Reuters
6. Iran And Russia		Bloomberg
7. China And Chile		Recent report
8. China And The United Arab Emirates		CNN
9. China And Africa		Africa's biggest partner
10. Brazil, Russia., India, China & S. Africa		News source – India
11. How India & China and Iranian Oil		Bloomberg

Central Bank Gold Buying

Many nations have begun accumulating gold as part of the reserve currency holdings.

Nations bought 254.2 tons in the first half of 2012 and may add close to 500 tons for the year as a whole, the London-based World Gold Council said earlier this month.

They purchased 456 tons in 2011

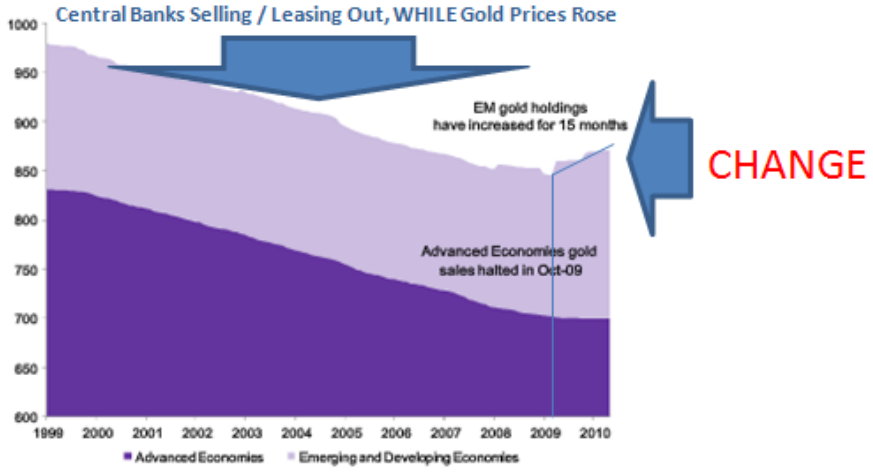
Central Bank buying of gold versus selling of gold reversed with the 2008 financial crisis and the adoption of quantitative easing as a solution to the crisis.

It is important to recognize that the developed nations have stopped selling gold, while the emerging nations have started buying gold.

WORLD OFFICIAL GOLD HOLDINGS
International Financial Statistics, November 2012*

	Tonnes	% of reserves**
1 United States	8,133.5	76.6%
2 Germany	3,395.5	73.9%
3 IMF	2,814.0	1)
4 Italy	2,451.8	73.2%
5 France	2,435.4	73.2%
6 China	1,054.1	1.8%
7 Switzerland	1,040.1	11.7%
8 Russia	934.5	10.1%
9 Japan	765.2	3.4%
10 Netherlands	612.5	61.1%
11 India	557.7	10.6%
12 ECB	502.1	33.9%
13 Taiwan	423.6	6.1%
14 Portugal	382.5	90.8%
15 Venezuela	362.0	74.5%

Exhibit 7: Gold reserve holdings have continued to increase, driven by EM purchases
million toz



Source: IMF and Goldman Sachs Global ECS Research.

Given the recent softness in gold-ETF holdings and despite this continued central bank buying, we maintain our outlook for unchanged combined physical demand for gold for the rest of 2010. However, should either central bank or investor demand resume growing at the first half rate, we would expect gold prices to rise to $1,375/toz by the end of 2010.

Finally, although the market initially took negatively the announcement that the Bank for Internal Settlements had engaged in gold swap transactions, we think the fact that physical gold is now being used as collateral in large financial transactions makes the news of the BIS gold swaps quite constructive for gold prices. This supports the trend that we have highlighted in the past of governments and central banks increasing the role of gold in reserve holdings.

ARTICLE: Gold & Triffin's Dilemma *Joe Yasinksi and Dan Flynn of GBI* (October 5, 2012)

For the first time in FOUR DECADES, global central banks have become net buyers of gold. This central bank demand has been driven by countries that previously had an insatiable appetite for US treasury debt – most notably China. After 40 years, the political and structural support for US dollar holdings abroad is slipping away. Foreign central banks know that the only way to protect their reserves (and defend the value of their home currency), is by holding gold. Their preparations are well under way.

Just as central banks are increasing their gold purchases, private citizens also are exercising their right to diversify their own private reserves.

But given the still infinitesimal rates of gold ownership (1% tops most estimates) there is a long way to go. Why shouldn't the average person do what the big boys are doing? Diversifying out of the dollar, out of paper currencies and making sure their assets aren't someone else's liability seem prudent for everyone in times like there. Here at GBI, we see ourselves as a way for every investor to have the choice on how to save their stored labor. We want to make it as easy to buy and sell gold as it is to move money from your savings account to your checking account. We can all walk in the footsteps of the giants, as a Friend and mentor is apt to say.

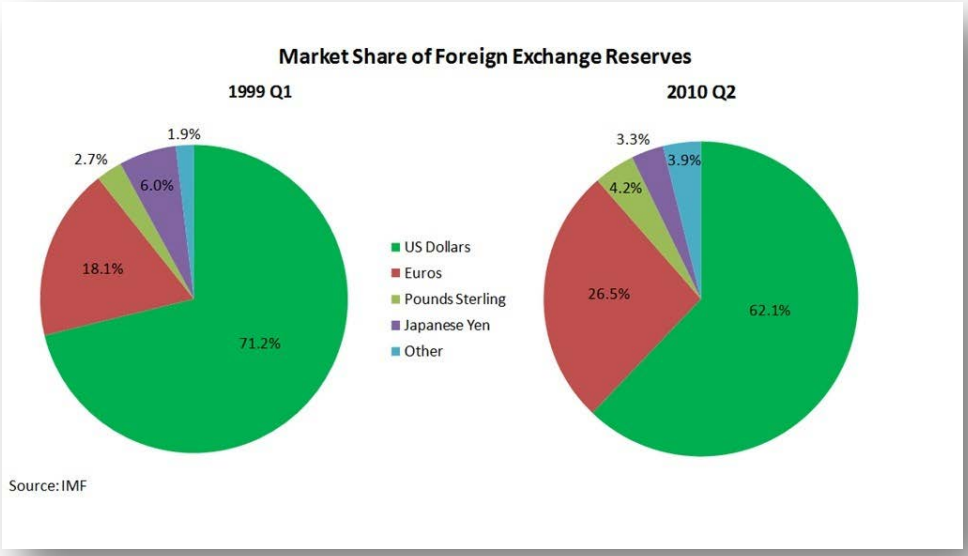
If gold was to become the world's foremost reserve asset, would that not finally solve good old Triffin's dilemma?

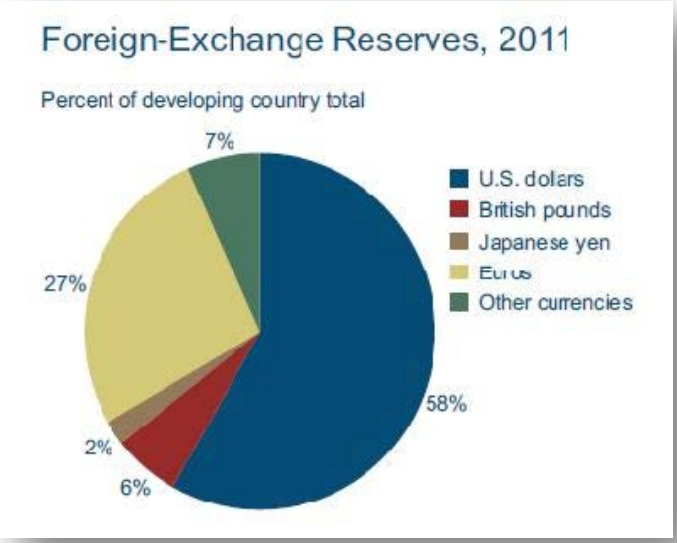
Wouldn't gold serving as the preferred global saving vehicle and fiat continuing to serve as the worlds spending vehicle finally break the natural tension Triffin has so aptly illuminated for us? Perhaps, but given gold's stable supply and other unique features (see our next essay titled "Forget Supply and Demand, it's all Stock to Flow."), it would by necessity be at a much higher price to function in that reserve role. Some estimates put that potential price into the many tens of thousands of dollars, and given a monetary and fiscal path that seems to be following Triffin's fateful trajectory, how could any price be ruled out?

Slowing Global Rate-of-Growth Trade Volumes

Additionally, the US no longer being the dominant global trade and industrial giant it once was, has been changing the requirements for US dollars.

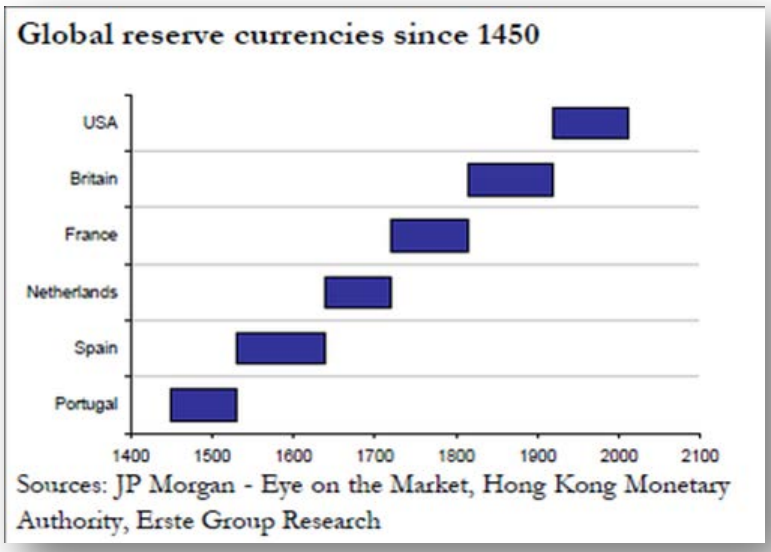
1999 71.2% > 2010 62.1% > 2011 58%





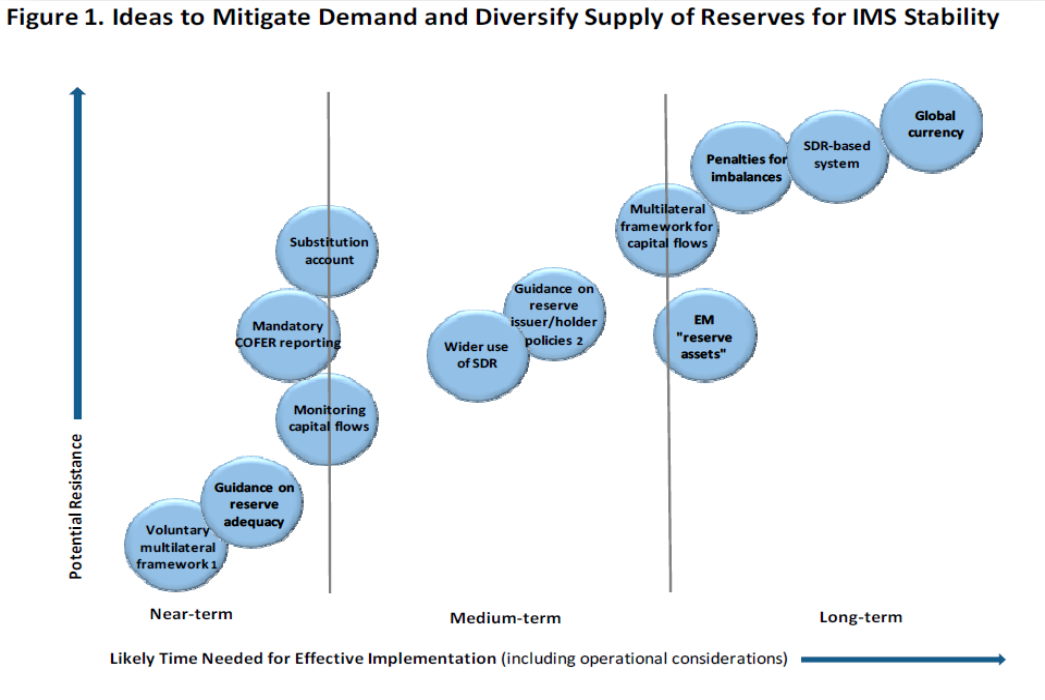
End of An Era - Beginning of a New Era Has Arrived

It is not unusual for Reserve Currencies to change.

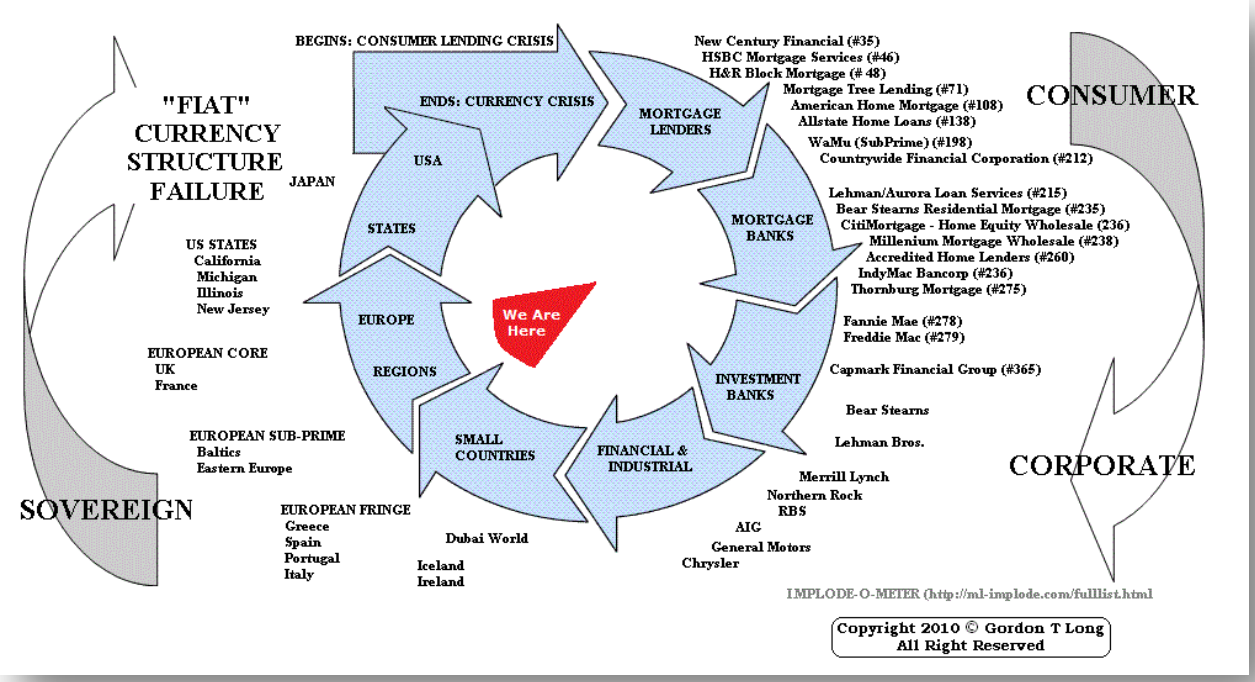


Is the American Era Being Brought to an End?

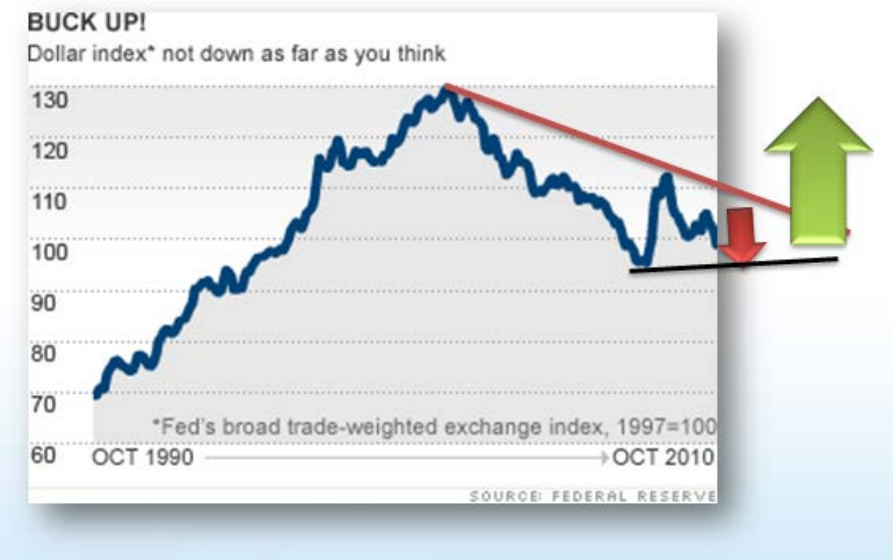
The IMF have already published a roadmap to transition to a replacement reserve currency. However, it obviously has no 'buy in' from the Currency Cartel.



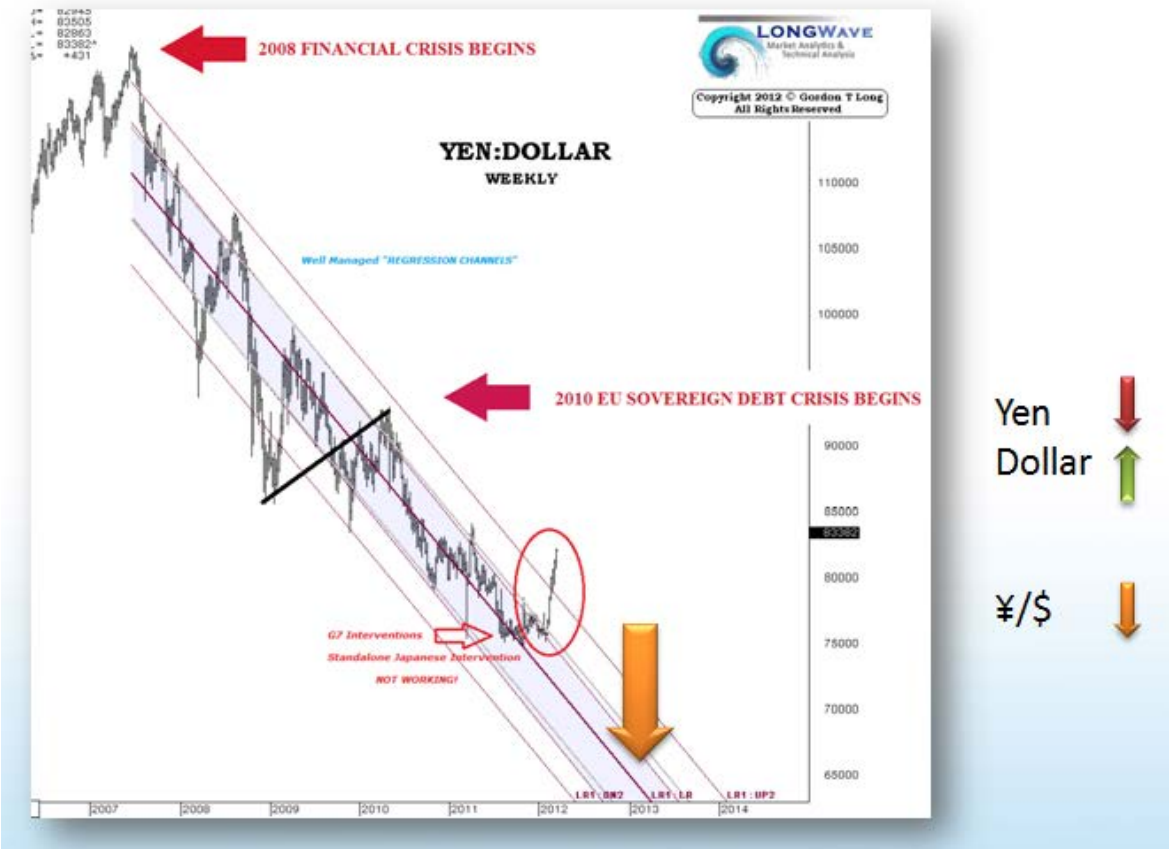
Last to Fall Will Be the US$



Surprising, you can expect the US dollar to initially strengthen versus plummet as is currently expected by the pundits.



The Japanese Yen Carry Trade is central to understanding why.



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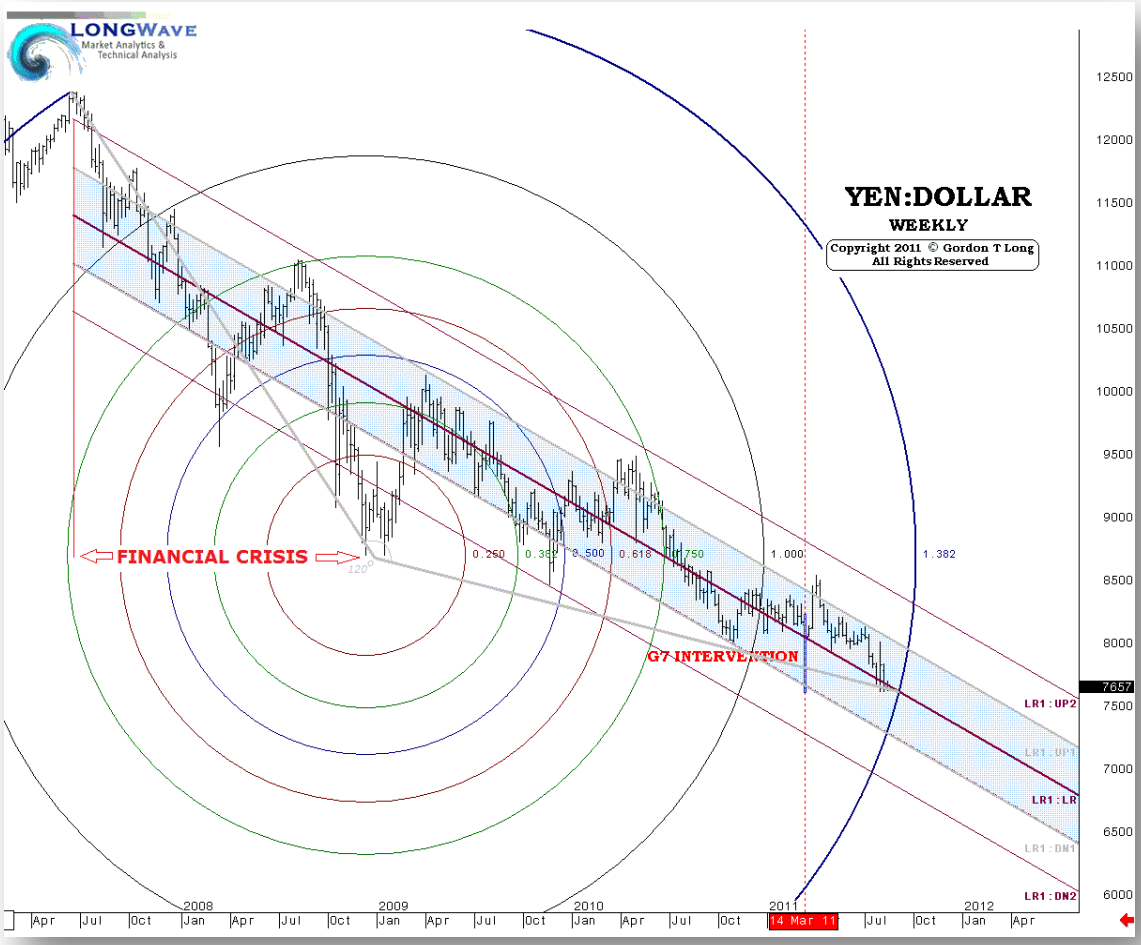


SHADOW BANKING CONTROL

It is also important to appreciate the controlling mechanism of global fiat currencies.

THE $67 TRILLION SHADOW BANKING SYSTEM ***(The Fiat Currency Control Block)***

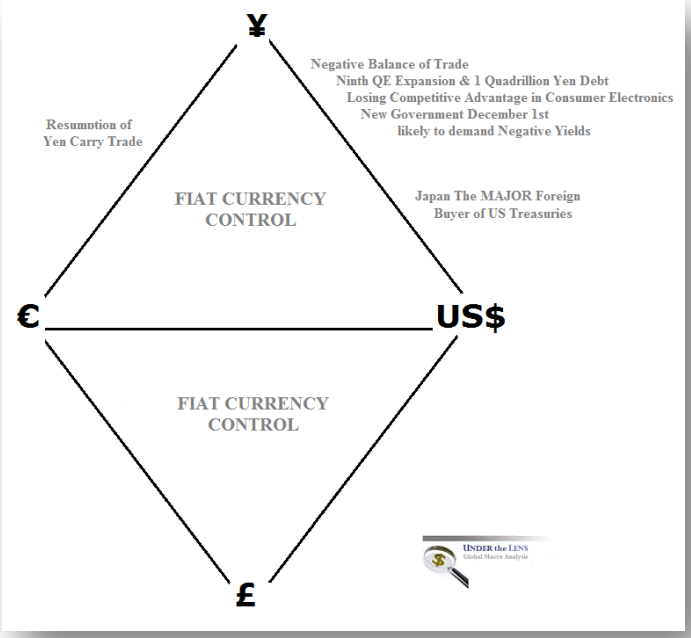
The Global Economy is approximately $70 Trillion.

According to a just released report by the Financial Stability Authority (FSA), charged with investigating it globally, the Global Shadow Banking System was $67T in 2011.

It is up a staggering $6T in 2011.

This means that unofficial, unregulated, offshore entities now effectively control the pricing of global fiat currencies. Through the $637 Trillion SWAP market (also unregulated and offshore trading currency, interest & credit default swaps) they in turn control global interest rates.

The major currency domicile the Shadow Banking Industry. It's called absolute control.

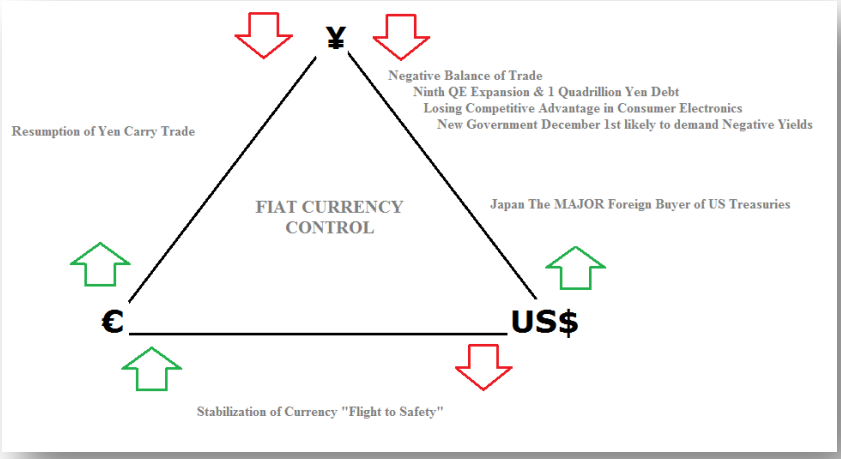


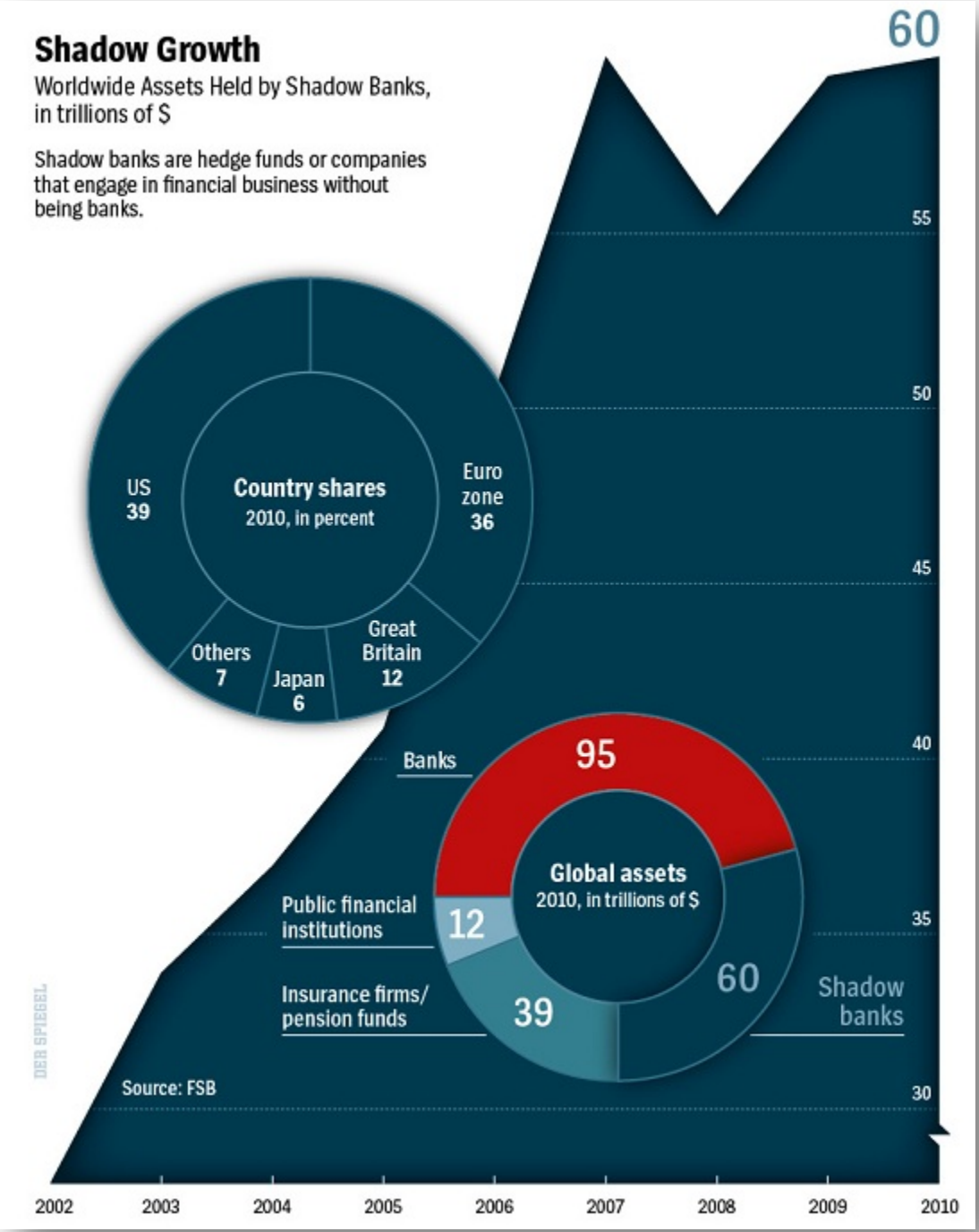
Near Term Currency Cartel Focus:

- ¥: The Early December Japanese Election is likely to result in dramatically increased BOJ Liquidity, Negative yields and the political process dictating to the Bank of Japan in attempt to devalue the Yen for competitive trade advantage as the Japanese trade balance worsens.
- $: A political resolution to the Fiscal Cliff that results in a Credit Downgrade of US Debt.
- €: Though the € will rise relative to the dollar and Yen it is more about the resumption of the Yen Carry Trade and a slowing of the "Flight to Safety" Trade dominating the EU for months.

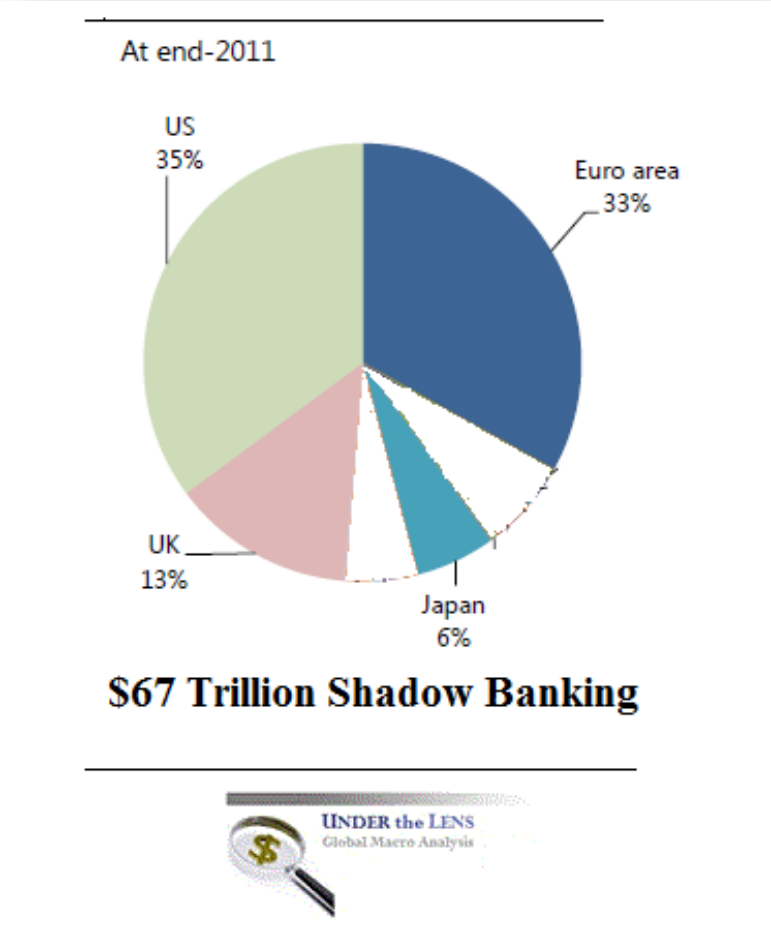
A $67T Fiat Currency Regime

It has only recently been released by the Financial Stability Authority, operating out of the Bank of International Settlements in Basel Switzerland, that the Global US Shadow Banking System now approximates $67 Trillion. An astounding and well kept secret. This is the same size as the Global US GDP, yet is completely unsupervised, unregulated, unaudited and totally opaque except to the BIS and its' FSA.





What is more astounding and troubling, is that while the globe is in the midst of deleveraging, it grew by $7 Trillion in 2011. How could this be and where?



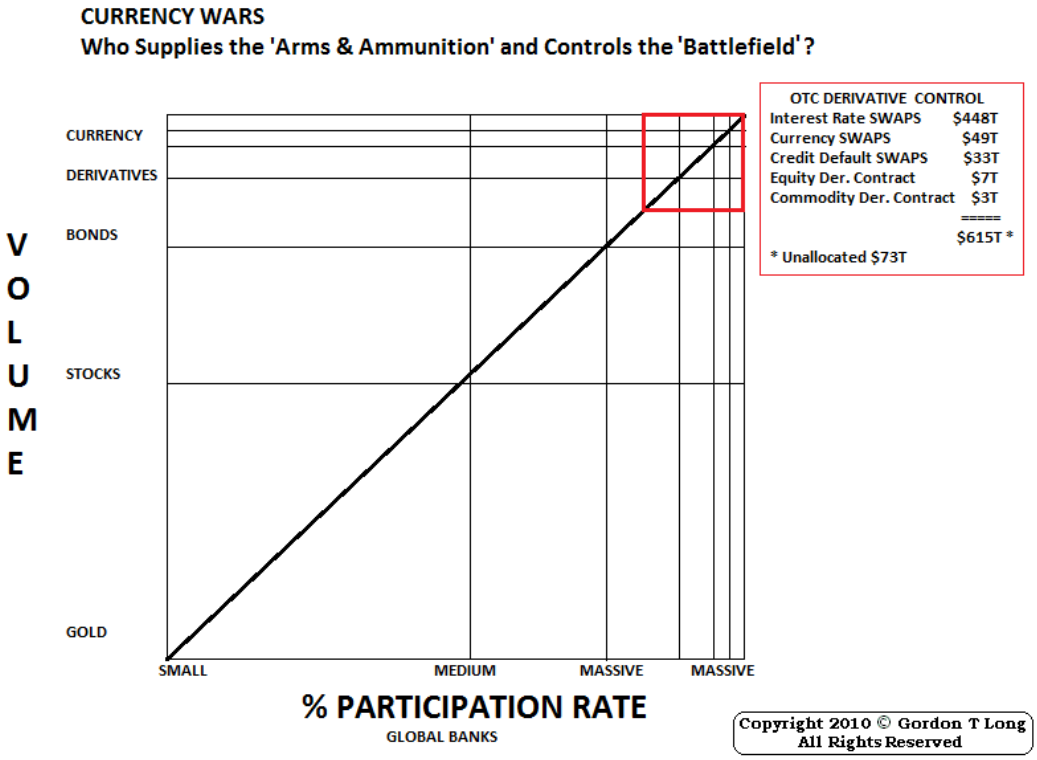
Only Mark Carney (soon to be the new Bank of England Governor) and Mario Draghi know for sure. Why only these two powerful men? Because they are the only two Chairmen the FSA has had since its inception in 1999 and both have risen to the highest levels of global monetary policy formulation from these murky yet powerfully important positions.

"Off World" Investing

With the Currency Cartel controlling Monetary Policy, of over 95% of the global reserve currencies and domiciling nearly all the global shadow banking system, they have complete decision making stranglehold.

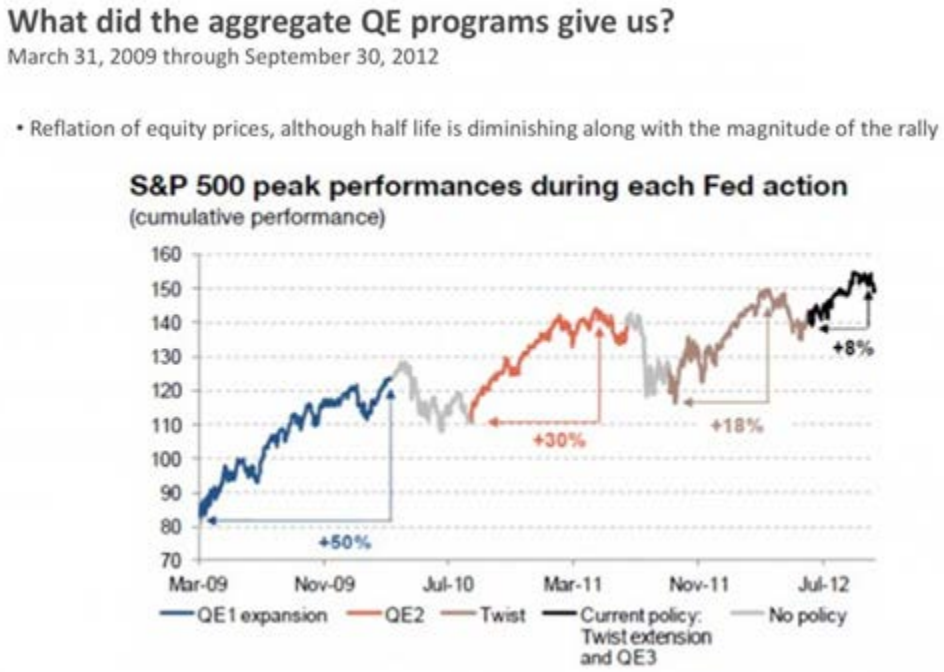
If you add the fact that the off exchange, unregulated, off balance sheet, offshore $639 Trillion SWAPS market is similar in its composition it is not hard to imagine how control could be exercised. Considering the $639 Trillion Swaps market is all about Interest Rate, Currency and Credit Swaps how could it not be when working in concert with a $67T Shadow Banking and regulating a $90T Banking Industry.

The simple fact that all of this has been allowed to be the purview of a very few unelected "bankers" should be troubling to all.

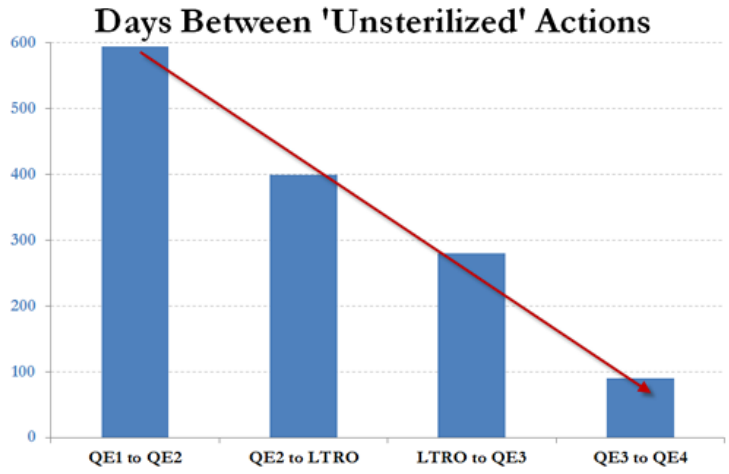


A NEW REGIME - "QE4"

It is clear to all that Quantitative Easing did not work in Japan (even after QE IX) and is not working in the US, the UK nor EU. So why would we continue and with even higher levels?



LOOKS LIKE DIMINSHING RETURNS?



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The answer is because the real economic growth of a reported $70 Trillion global economy is not keeping pace with the compounding growth of the debt burden associated with approximately $150 Trillion of debt obligations.

Interest must be brought down quickly (as it has been) so rollovers will occur before collateral values fall and trigger a self reinforcing collateral contagion.

Non-Performing Loans on the existing debt burden are continuing to rise, as economic growth does not materialize.

An absurd global GDP deflator of 1.8% hides the fact that global growth is not in the reported 2.5 to 3.0% range, and it is likely negative. Assuming, even a 1% level on $70T, the $700B is insufficient to offset a minimal 4% on $150 Trillion or $6.0 Trillion.

It is interesting that $6.0 trillion is the level by which the Shadow Banking System mysteriously grew in 2011?

Announcement: Fed Balance Sheet to Grow $3-4 Trillion

The FOMC's December 12th announcement means the Fed Balance sheet will increase by an unsterilized $85B per month through 2013 or approximately $1 trillion.

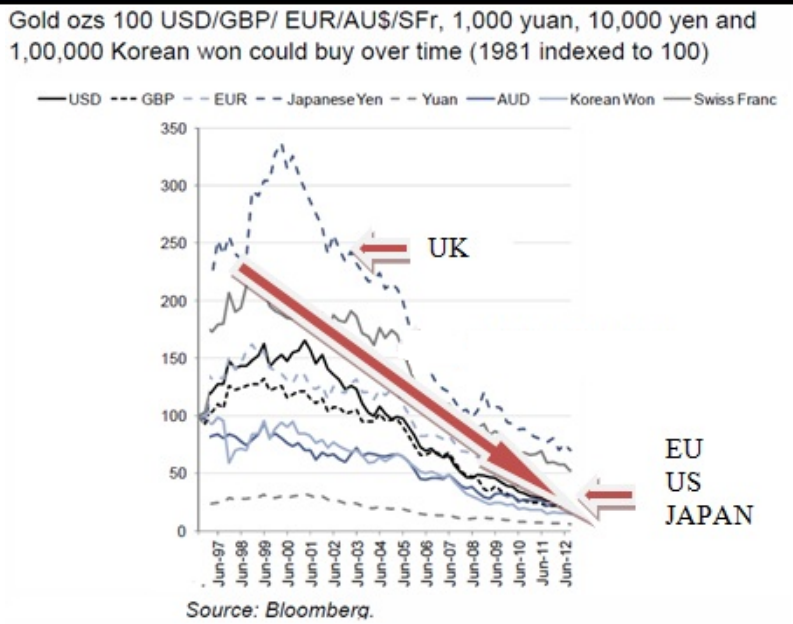
With the implementation of the Evan's Rule and a 6.5% unemployment target, this suggests that monetary expansion will continue indefinitely. Using the Fed's guidance, it suggests 2015 or minimally another $3 Trillion.

Advancing Financial Repression

We can fully expect the results of the current US Federal Reserve actions to eventually result in the 10 Year US Treasury approaching 1.0% or at least the 1.25% level. This will crush pensioners, savers and prudent investing. It will foster further and broader speculation, excess risk, malinvestment and mispricing.

COORDINATED CARTEL DEBASEMENT

The only way to keep the current system afloat is to expand the monetary base in a massive and COORDINATED fashion by all participants. This comes down to the four key members of the Currency Cartel.



Bond Bubble

The Central Bankers Strategy, and the Federal Reserve's in particular, is best described below.

The Monetization Of America 12-04-12 *Mark J. Grant, author of Out of the Box via ZH*

> **Implications of what the Quantitative Easing will do to the fixed income markets**
> Many people, and erroneously, think that all of the purchasing by the Fed will go to both markets in equal amounts but this is not the case. More money for the stock markets would have to come from asset reallocations by money management firms, insurance companies, pension funds and the like and this is not going to happen anytime soon given the 2008/2009 experience. Consequently the **greatest flows generated by the Fed's recent and forward actions will affect the bond markets much more than the equity markets.** What this means is a massive compression of available securities against Treasuries which continues what has been underway since early last year. The demand for Treasuries will also push down absolute yields so that my springtime prediction of a 1.25% ten year Treasury yield, the actuality is 1.38% so far so I was close enough, will be breached in 2013 as the Fed takes in and monetizes somewhere between 80-100% of all new Treasury issuance.
>
> J.P. Morgan, in a recent piece, suggested that between the MBS purchases and the next upcoming stimulus push that **the Fed would account for 90% of all new debt issuance** and I then calculated a **demand imbalance between $400 billion to almost $2 Trillion depending upon the actual Fed announcements**. However you cut it though it means that the Fed will be purchaser of securities and that what is left is insufficient to meet demand so that
>
> ***Compression and Lower Yields for anything/everything are on the horizon***
>
> There are many problems here and significant problems that will face the markets in the years ahead as the Fed will balloon its purchases so that they singularly support the financial markets. **The Fed currently holds about 18% of the U.S. GDP on its books and it could bulge to 23-28% a few years out** depending upon the continuation or increase in current programs. There are academic arguments to all of this and very real dangers when the Fed, if the Fed, ever turns and stops their purchasing but in the meantime we play the game to win and the strategy is simple enough. Buy every bond that is long where you can deal with the credit risk and take advantage of the compression. For those of you that do not watch the institutional bond markets like I do I can tell you that now, not off in the distance but now, **there are almost no discount bonds left in the long end of the market** as compression and the absolute decline in yields will push bonds to

yet unseen levels and institutions are already or will be soon setting up to take advantage of these conditions.

This all works, by the way, only because all of the world's central banks are working in concert so that there is no imbalance and money cannot be invested off-world.

In effect, we are stuck but that is the way of it these days. There is no use arguing with what is and neither wishful hope nor predictions of crash will help you in the short run. **One day there may well be the question of valuation and the worth of currencies** but it will not be now so that betting upon doomsday scenarios is not a good play but never close your eyes to fact of the monster that has been created. It looms out there like the great silent beast that it is and it is only the ring of nothing else to buy on this planet that curtails his rampage. The beast is currently kept in his pen but if the gate of the worth of currencies is ever opened then not even Katie will be able to bar the door.

The world will continue to operate on relative value in the meantime and the Fed, as the buyer, will destroy what absolute value there is because their intentions and goals are vastly different from investors.

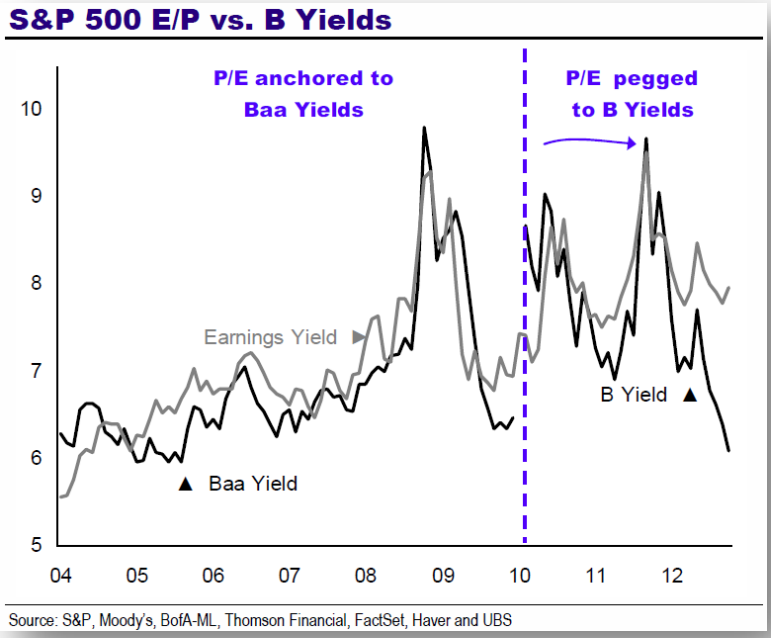
Yields will not make sense empirically because of the actions of the Fed but it will make no difference; lower yields and greater compression will be the rulers of this part of the drama. The "Fear Factor" will come and go but the trend will be as I have predicted because the most fundamental of laws apply; demand will vastly be greater than the supply. The Mad Hatter rules and the Red Queen has installed a new croquet court!

Broken Fed Valuation Model & HY Risk

The Fed Valuation Model is now accepted to be broken. Zero Interest rate policy, for a protracted period of time, makes valuations extremely difficult, fraught with issues and basically a new art form.

"GOOD FAITH & CREDIT"

How do you value anything when the basis by which it is denominated in, is in fact not of 'good faith and credit'. When AAA or Investment grade is in fact non investment grade and in fact High Yield (HY) quality? The answer is to price valuations based on junk bond levels. This is exactly what the equity markets are now in fact doing.



FISCAL ENTITLEMENTS CHASIM

Why? The reality is the US debt is not $16T. It is in fact $84T and likely closer to $212T.

The buy side markets recognize that promises have been made, expectations set, but the money and accountability to deliver on them is not there!

MACRO ANALYTICS

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Table II
Components of the Infinite Horizon Fiscal Imbalance in 2011
Illustrative Estimates

	2011 Dollars Billions	Percent of Infinite Horizon GDP	Percent of Forecast Federal Revenues	Percent of Fiscal Imbalance
Liabilities				
Debt	$10,174	0.70%	3.79%	12.17%
Social Security current retirees, accrued	$7,892	0.54%	2.94%	9.44%
Medicare current retirees, accrued	$4,956	0.34%	1.84%	5.93%
Federal employees, accrued	$5,792	0.40%	2.16%	6.93%
Other accrued	$1,526	0.10%	0.57%	1.83%
Total liabilities	$30,341	2.08%	11.29%	36.30%
Remaining Obligations				
Social Security non-retirees	$12,617	0.86%	4.70%	15.09%
Medicare non-retirees	$33,644	2.30%	12.52%	40.25%
Rest of government	$6,990	0.48%	2.60%	8.36%
Total	$53,251	3.64%	19.82%	63.70%
Total	$83,592	5.72%	31.11%	100.00%
Summary				
Debt+ Accrued Social Security, Medicare, federal employee, and other accrued	$30,341	2.08%	11.29%	36.30%
Remaining Social Security and Medicare	$46,261	3.17%	17.22%	55.34%
Rest of government	$6,990	0.48%	2.60%	8.36%
Total	$83,592	5.72%	31.11%	100.00%

Sources: 2011 Social Security and Medicare Trustees Reports, 2011 Financial Report of the United States Government, Rest of government net expenditures adapted from 2011 CBO Long-Term Budget Outlook. The forecast federal revenues are equal to 18.4 percent of GDP based on the alternative forecast from the 2011 CBO Long-Term Budget Outlook.

Simple: *The debts are unpayable and inextinguishable*.

As a recent Wall Street article by two former congressmen and a head of the SEC wrote:

"The actual liabilities of the federal government—including Social Security, Medicare, and federal employees' future retirement benefits—already exceed $86.8 trillion, or 550% of GDP. For the year ending Dec. 31, 2011, the annual accrued expense of Medicare and Social Security was $7 trillion"

Chris Cox and Bill Archer, Former Congressmen - WSJ 11-26-12

PONZI COUNTERFEITING

What has happened in America, and to a similar degree in most of the developed economies operating on fiat currencies, is that we have the most blatant and largest Ponzi scheme ever created.

The US spent the monies paid into for Social Security, Medicare, Medicaid while paying the current liabilities from the current monies still flowing in. As $75M baby boomers start retiring and drawing at a rate of 10,000 new participants per day, it will be quickly evident that a fraud of monumental proportions has been carried out.

However, unlike Bernie Madoff, no one will go to jail and the obligations will simply vanish in the hyperbole of political rhetoric.

The world will soon realize that the Currency cartel has been counterfeiting "Risk Free" while no one was watching.

CONCLUSION

An 'expiring' Petro$$ Strategy, a shift by central banks of the emerging countries to buying gold and the shrinking of the US as a trade and industrial power, have shifted the foundation of the US$ as the global reserve currency.

Nothing is going to happen tomorrow! It is likely, as things worsen due to the problems of unsound money and fiat currencies, that the US will be the last currency to fall.

The problem now is the inevitability of a fiat system failure, and when it does, that it will fail catastrophically with unimaginable and protracted consequences. The path we are on leaves few solutions other than accelerated money printing, which is exactly what we are witnessing with:

US — Going to QE IV only 60 days after QE III "Unlimited"
Adopting the Evans rule with an impossible 6.5% unemployment rate,

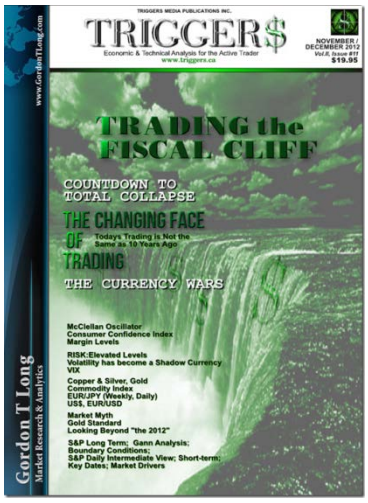
EU — Going to OMT "Uncapped" in September,

UK — Mark Carney announcing even before he accepts the position as Governor of the Bank of England that he will expand significantly quantitative easing,

Japan — Having Already reached QE IX and ZIRP for nearly a couple of decades, have elected a new Prime Minister who want NIRP (negative Interest rate Policy) and will dictate that the BOJ accelerate Money printing though already over a Quad-Trillion Yen.

How could there now be any doubt that the "Good Faith and Credit" of the Currency Cartel countries is now a fraud? They are clearly engaged in the 'full throated' attack on debasing their currencies in a concerted and coordinated fashion such as to effectively counterfeit the risk free status their countries debt have enjoyed.

The Currency Cartel are mispricing risk and reaping the benefits of it at the expense of the holders of the useless paper credits which no longer represent a store of value. Rather, their currencies and debt notes represent guaranteed confiscation.



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