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Are You Ready For The Fallout?"

Andy Sutton and Graham Mehl

A week post-Brexit and many will wonder what changed – if anything. In fact (and you'll have to take our word for it) we started this column on the night of the vote; before the results were known publicly.

We started the night of Brexit because of two realities. First, we didn't know what would happen, but it was in fact happening as we corresponded and composed. Second, we didn't need the results of the vote to know that in some ways nothing has changed, yet in others, everything has changed. We're going to get to some other economic news in a bit here, but bear with us for a paragraph or two.

Brexit was and is everything because it was the first referendum by a first world nation, not so much on the EU even though leaving the EU was the issue voted on, but on the concept of the EU. Brexit was and is about divorcing from globalism itself and the tenets of globalism. Brexit is about being a nation again, not a doormat. It has everything to do with freedom and patriotism and people coming together even though the nation was still divided. It was about people getting their heads out of the sand and embracing something, then owning it, for better or for worse. In today's world of bleating sheep, Brexit is a HUGE move. It is everything. And the establishment lost on June 23rd, regardless of how the vote turned out.

The establishment lost because there was a vote in the first place. It lost because it hasn't conquered the minds and spirit of the people of England. It is our hope that Brexit doesn't stop on 6/23, but in fact that Thursday becomes a new April 19, 1775. Not when one nation went against another, but when the world woke up and engaged the establishment globalists and marked the beginning of the end of globalist domination. The battle is far from over. The EU is in shambles economically and politically and it is nowhere near unified. Approval ratings are near all-time lows in many member nations – mostly ones where the EU's draconian economic policies and back-room deals have gutted already fragile economies. Think of Greece.

At the same time, Brexit means almost nothing. In practice, that is. Why such a stark contrast? Because of so many groups we've allowed ourselves to be subjugated to, the EU was nothing more than a rubberstamp organization for other globalist entities. Brexit in concept is far from nothing, but in practice, we are all still under the same thumbs we were before the votes were counted on 6/23. Now that is divergence.

In the end, however, 6/23/16 will go down in history. And regardless of what any media pundit says, the final outcome in the battle against globalism and its stranglehold on humanity is still very much undecided. It will be determined by you, by us, together.

Post BREXIT – A Shock or a Shuck and Jive?

We continue the day after; June 24, 2016. An amazing night for freedom and freedom loving people. Interestingly enough, much of the UK media, although divided, seemed to have reached the consensus that the vote was going to be to remain in the European Union, but it was going to be close. We'll admit to being pro-Brexit from the beginning and while skeptical it would actually come to pass, we were shocked when the vote swung early in what people in the US would call 'swing states'. We watched our tickers and saw market after market, index after index, and currency pair after pair make moves the likes of which we haven't seen since 2008.

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FDIC Vice President Announces That Government Has Created Artificial Markets Placing The Global Economy In Dire Straits

Roxy Lewis

Thomas Hoenig, the Vice President of the FDIC, announced at the Global Economic Meeting in France that, "***The market no longer determines what is adequate capital for the banking industry. Following generations of taxpayer support and ever-expanding government involvement, politicians, regulators, and lobbyists have supplanted the role of the market in***

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Central Bankers Believe That They Can Provide Free Lunches

Steve Saville

A lot of good economic theory boils down to the acronym **TANSTAAFL**, which stands for "There Ain't No Such Thing As A Free Lunch". TANSTAAFL is an unavoidable law of economics, because everything must be paid for one way or another. Furthermore, attempts by policymakers to get around this law invariably result in a higher overall cost to the economy. Unfortunately, central bankers either don't know about TANSTAAFL or are naive enough to believe that their manipulations can provide something for nothing. They seem to believe that the appropriate acronym is CBCCFLAW, which stands for "Central Banks Can Create Free Lunches At Will".

ECB chief Mario Draghi is the leader in applying policies based on CBCCFLAW. Despite his economic stimulation measures having a record to date that is unblemished by success, he recently launched new attempts to conjure-up a free lunch.

I'm referring to two measures that were announced in March and have just started to be implemented, the first of which is the ECB's corporate bond-buying program (starting this month the ECB will be monetising investment-grade corporate bonds in addition to government bonds). This program is designed to bring about a further reduction in interest rates, because, as we all know, if there's one thing that's holding Europe back it's excessively high interest rates, where "excessively high" means above zero.

Unlike the situation in the US, very little corporate borrowing in Europe is done via the bond market. The ECB's new corporate bond-buying program is therefore unlikely to provide even a short-term boost, but, not to worry, that's where the ECB's second measure comes into play.

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determining what counts as capital, how it is calculated, and how much is enough. An artificial capital framework has thus developed, which has resulted in steadily lower levels of capital and declining quality—even blurring the distinction between debt and equity. *Unfortunately, recent experience has shown that* ***when the marketplace does finally realize it cannot trust such a framework, the consequences for the banking industry and the global economy can be dire."***

https://fdic.gov/news/news/speeches/spmay2316.html?source=govdelivery&utm_medium=email&utm_source=govdelivery

They have manipulated the system to keep the game going to steal every last cent you have managed to hold onto. Mr. Hoenig fails to name the culprits possibly for fear of losing his position. His statement should have been, "Central Banks now control our government and have instituted VERY limited capital requirements which REQUIRES them again to be bailed out by the public WHEN the economy fails."

He went on to state that the true market isn't even a part of the game any longer as regulators and industry lobbyist's (for the banks) dictate capital for a bank to hold. In addition, I would note that, the conflict is not really about risk-based versus leverage ratios, nor about complex versus simple calculations. Fundamentally, the conflict is about whether more or less equity capital best assures that banks are sound and that economies enjoy strong, sustained growth. Seen in this light, it is apparent why the demand for bank capital ebbs and flows as crises come and go, and why this conflict intensifies as economies stabilize.

Moody's Investor Services, which grades bonds, just downgraded the Deutsche credit rating and unlike Lehman Brothers that started to implosion in 2008, Deutsche Bank CANNOT be bailed out or in because there isn't enough money in the world to bail them out. When this bank fails the system will implode and the stock market will drop 60-90%. Did you know that most stock P.E. ratios are at their highest level in decades, and with ratios of 27:1, it would take 27 years to pay for themselves and they simply cannot do it? The housing market will evaporate as well as homeowners I suspect will again lose 40-50% of their valuation. Most will simply walk away again from underwater properties as the system repeats itself. Did you know that today the home ownership rate is the same as it was in 1965, fifty years ago, yet we have had a surge in home valuations over the past 4 years. Once again their feeble lies attempts to assure us that all is well and the economy is in recovery, meant to quell our fears, so we will begin to spend and borrow to invest in the system that is nothing but vacuous air.

Today the world's banks no longer hold more assets than they do debt. Actually they hold very little in assets and humongous amounts of debt. It is but a casino game whereby they use your savings to play their game and assume NO personal risk. Wouldn't you enjoy to gamble someone else money where you receive the gain and shoulder no personal responsibility? Today bank creditors expect governments to protect them from loss and no longer rely on a bank's equity positions for confidence even though there is compelling data that suggests that more equity capital and not less is best in order to attain sound banks and constant economic growth. **The banking industry and the economy would be performing much stronger and the banks would be much safer with higher equity capital levels than when banks hold less equity capital (ownership funded) and the reason the economy has been less than lackluster.**

Since the financial crisis of 2008 the banking industry has begun to lobby for special treatment or exemptions from capital requirements and the influence lobbyists have over Congressmen whom often sway towards personal gain when given the opportunity and no longer accept reality. When such proposals happen once again these lower capital standards will continue to jeopardize the most important industry.

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So of course, this got us to thinking 'If 'LEAVE' becomes a reality, then what happens?' The British Government was firmly against leaving the EU and David Cameron has already resigned, which was the right move and he gets kudos even if we disagree with his political and economic leanings. The establishment loves its globalism and England leaving the EU is certainly going to make it harder on the EU in terms of its very existence. Worse, Brexit might get other nations who have been similarly oppressed by Brussels thinking they should leave too. We mention Germany specifically. A German exit would end the EU almost instantaneously.

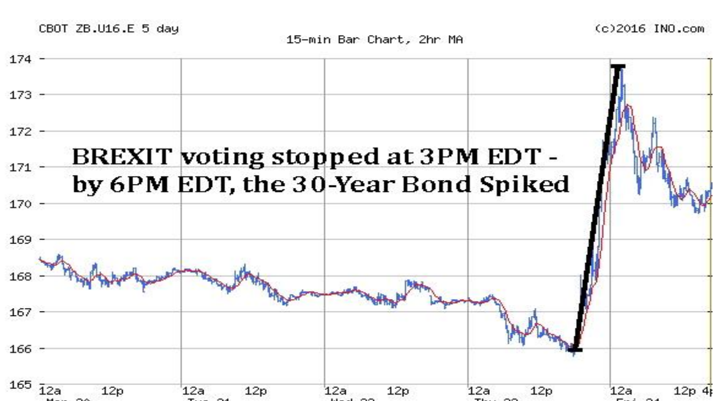
Motives, Means and Opportunities

We know, as do many of you, that the establishment globalists are opportunistic. Is it possible they didn't meddle in the election quite as much as they could have because they can make some mileage out of Brexit? The massive moves last night made some people a lot of money no doubt. They also caused a lot of people to lose money by the trainload. So maybe the establishment actually wanted Brexit because it will allow them to do some things that would have been otherwise very difficult. Keep in mind, there are still a bunch of global governance groups that have strangleholds on the world – not just England. We went over examples of these in our **last piece**. The EU, in many cases, would merely copy whitepaper proposals or actual rules put in place by these groups. So, from that perspective, certain things won't change. The globalist establishment still has firm control over the Bank of England and we must remember the quote from Mayer Amschel Rothschild: ***"Give me control over a nation's money supply and I care not who makes its laws"***. The globalist establishment still has firm control over the Bank of England.

Granted, England never dumped the Pound Sterling in favor of the Euro, which was a solid strategic idea and one of the reasons Brexit was even possible. Still, there is work to be done and the Bank of England must be reigned in, forced to be transparent, and divorced from the globalist banking cartel. Fortunately the British people have the power of the referendum available to them to achieve these measures by voting, however, we surmise such a move would run into considerably more resistance. The point of these observations is not to throw cold water on a proud moment for England, but to point out that there is more work to be done and the time to do it is now, while the momentum is strong. The same goes for other nations who might be thinking about referenda of their own. The conditions are perfect. In the end it matters not if Brexit occurring was actually a shock or whether it was 'allowed' to happen by the establishment for other means, the bottom line is it **did happen**.

The Fallout – US Interest Rates

One of the first reactions to the fact that England would be leaving the EU was a massive spike in US Govt. debt. Apparently people still don't understand the idea that it is patently absurd to give your money to an institution that is functionally insolvent. But that is precisely what happened. The knee-jerk reaction was a flight to 'safety'. We'll quickly grant that the not-so-US Fed and banking system has managed to pretty much walk between the raindrops since 2008 when they browbeat a couple of coelenterate Congressmen into giving Henry Paulson, former CEO of Goldman Sachs, carte blanche with $750 billion, which he promptly gave to his buddies in the big bankster world.



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The ECB's second measure is a new round of a previously-tried program called the Targeted Long Term Refinancing Operation (TLTRO). Under the TLTRO program, commercial banks get encouraged — via a near-zero or negative interest rate — to borrow money from the ECB on the condition that the banks use the money to make new loans to the private sector.

The combination of the ECB's two new measures is supposed to promote credit expansion and higher "inflation". In other words, to the extent that the measures are successful they will result in more debt and a higher cost of living. In Draghi's mind, this would be a positive outcome.

In the bizarre world occupied by the likes of Draghi, Yellen and Kuroda, the failure of an economy to strengthen in response to a policy designed to stimulate growth never, ever, means that the policy was wrong. It always means that not enough was done. It's not so much that these central planners refuse to see the flaws in their policies, it's that they cannot possibly see. They cannot possibly see because they are looking at the world through a Keynesian lens. Trying to understand how the economy works using Keynesian theory is like trying to understand the movements of the planets using the theory that everything revolves around the Earth.

So, the worse things get in response to counter-productive 'economic stimulation' policies, the more aggressively the same sorts of policies will be applied and the worse things will eventually get. This is what I've referred to as the **Keynesian death spiral**.

Article by:
Steve Saville
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One proposal from the BASEL committee would exempt capital requirements against derivatives which was the major cause of the last crisis. Do you see the circle they attempt to escape from or just maybe, their plan is to keep their game in motion?

The facts are that today banks are NO better able to weather another economic storm than they were 8 years ago and in are in fact much worse as nothing has been acknowledged or changed. Balance sheet strength and equity matters and high leverage DOES NOT accelerate economic growth.

Have you ever seen a business become strong and succeed that reduces the size of their balance sheet, while leveraging themselves to an extreme and reporting higher capital levels than what actually exist? No you don't yet bank regulators led by the Federal Reserve governor Daniel Tarullo whom heads the Fed's Committee on Bank Supervision and is called affectionately by private financiers as "the Wizard of Oz" sanctions everything from behind-the-scenes support of corporate strategies to how many billions of dollars banks must be maintained in capital through mediocre "stress tests" he championed. Mr. Tarullo's influence illustrates the outsized role that government regulations now play for banks. The pendulum has swung too far, creating even larger banks that they believe are ultra-safe while actually

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Brexit Is Just What The Doctor Ordered

Peter Schiff

Janet Yellen should send a note of congratulations to Nigel Farage and Boris Johnson, the British politicians most responsible for pushing the Brexit campaign to a successful conclusion. While she's at it, she should also send them some fruit baskets, flowers, Christmas cards and a heartfelt "thank you." That's because the successful Brexit vote, and the uncertainty and volatility it has introduced into the global markets, will provide the Federal Reserve with all the cover it could possibly want to hold off on rate increases in the United States without having to make the painful admission that domestic economic weakness remains the primary reason that it will continue to leave rates near zero.

For months the corner that the Fed has painted itself into has gotten smaller and smaller. It continues to say that rate hikes will be appropriate if the data suggests the economy is strong. Then its representatives continually cite (arguably bogus) statistics that suggest a strengthening economy, which cause many to speculate that rate hikes are indeed on the horizon. But then at the last minute the Fed conjures a temporary reason why it can't raise rates "right now," but stresses that they remain committed to doing so in the near future.

But each time they conductthis pantomime, they lose credibility. Sadly, Fed officials are discovering that their supply of credibility is not infinite, even among those who would like to cut them a great deal of slack.

But the Brexit vote saves them from all this unpleasantness. Now when critics question the Fed's unwillingness to deliver on the suggested rate hikes, given what they believe to be a strong economy, all the Fed needs to do is point to the "uncertainty" that will be in play now that the world's fifth largest economy is disengaging from the European Union. And since this process is bound to be long, messy, and fraught with uncertainties (as there is no precedent for a country leaving the EU), this will be a handy excuse that the Fed will be able to rely on for years.

Brexit could also place severe strains and uncertainties on the global currency markets. The fear of financial losses could encourage investors to seek safe haven assets like gold and, at least for now, the U.S. dollar. Given that there is already much concern that the dollar is valued too highly against most currencies, and that this has created imbalances in the global economy, any surge in the dollar that results from Brexit may have to be fought by the Federal Reserve through lower interest rates and quantitative easing.

This would rule out the potentially dollar-strengthening interest rate hikes that they supposedly planned on delivering. So as far as Janet Yellen is concerned, the British have given her the gift that keeps on giving.

On another level, the vote in the UK illustrates the fundamental inefficacy of the monetary and financial policies that have been implemented by the world's dominant central banks and central bureaucracies. For years, global elites have been telling us that deficit spending, government regulation, and central bank stimulus is the best way to cure the global economy in the wake of the 2008 Financial Crisis.

To prove these points, elite economists associated with the government, academia, and the financial sector have pointed to all kinds of metrics to show how their policies have been successful. But the man on the street perceives a very different reality.

They know that their living standards have fallen, their cost of living has risen, and that their job prospects have deteriorated. They see a loss in confidence and economic stagnation when they are being assured the opposite.

This disconnect has fueled anti-establishment sentiment on both sides of the Atlantic. In the United States, it has given rise to the insurgent candidacies of both Donald Trump and Bernie Sanders. The unexpected successes of both reflect a deep distrust of the establishment. Such discontent would not be in play if the positive stories being told by the elites had made any resonance with rank and file voters.

The same holds true with the unexpected strength of the anti-EU voters in Britain. The "Remain" camp had the support of virtually all the elite members of the major UK political parties, the media, and the cultural world.

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However, one only needs to look at the exploding US national debt to understand that, given its current trajectory, there is no way it is going to end well. That said, the system is still pretty much intact. If nothing else, it shows the desperation involved. We must point out that all of this activity happened last night while US Markets were closed to the average trader. So this wasn't average Joe money that was moving around last night. This was, for the most part, big money. Some would say smart money. You can see from the chart above the massive spike that started within a few hours of the vote counting in England. Over the next 7 hours, the 30-year bond would spike roughly 5 percent. Things have calmed a bit as the day went on today; action which almost always favors the insider money.

Possibly even more important that the perhaps foolish ‘flight to safety’ is the effect it will have on interest rates. Much of the yield curve in the US is already negative. The Core CPI as released by the Bureau of Labor Statistics shows that prices rose 2.2%. Note the yield chart below for the month of June 2016, particularly the last row – the day after Brexit:

Date	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
06/01/16	0.27	0.30	0.49	0.70	0.91	1.07	1.39	1.67	1.85	2.22	2.63
06/02/16	0.19	0.29	0.48	0.68	0.89	1.03	1.36	1.63	1.81	2.17	2.58
06/03/16	0.19	0.30	0.43	0.60	0.78	0.92	1.23	1.50	1.71	2.09	2.52
06/06/16	0.19	0.28	0.43	0.60	0.80	0.94	1.25	1.53	1.73	2.12	2.55
06/07/16	0.20	0.28	0.43	0.59	0.78	0.94	1.23	1.51	1.72	2.10	2.54
06/08/16	0.20	0.24	0.43	0.60	0.78	0.93	1.23	1.51	1.71	2.08	2.51
06/09/16	0.21	0.26	0.43	0.59	0.77	0.91	1.22	1.49	1.68	2.05	2.48
06/10/16	0.18	0.26	0.42	0.57	0.73	0.87	1.17	1.44	1.64	2.02	2.44
06/13/16	0.23	0.27	0.40	0.55	0.73	0.84	1.14	1.42	1.62	2.01	2.43
06/14/16	0.24	0.27	0.41	0.55	0.74	0.85	1.15	1.42	1.62	2.00	2.43
06/15/16	0.23	0.26	0.37	0.52	0.69	0.81	1.10	1.38	1.60	1.99	2.43
06/16/16	0.23	0.27	0.36	0.53	0.70	0.81	1.10	1.37	1.57	1.96	2.39
06/17/16	0.22	0.27	0.37	0.51	0.70	0.83	1.13	1.41	1.62	1.99	2.43
06/20/16	0.23	0.28	0.41	0.56	0.74	0.87	1.17	1.45	1.67	2.03	2.47
06/21/16	0.25	0.27	0.41	0.57	0.76	0.89	1.22	1.49	1.71	2.07	2.50
06/22/16	0.25	0.27	0.40	0.56	0.75	0.88	1.20	1.49	1.69	2.06	2.50
06/23/16	0.27	0.31	0.43	0.58	0.78	0.92	1.25	1.54	1.74	2.12	2.55
06/24/16	0.24	0.27	0.38	0.48	0.64	0.76	1.08	1.35	1.57	1.96	2.42

Based on 6/24/16, ONLY the US 30-year Bond yield is still positive. The rest of the yield curve is underwater like a McMansion in 2007 – or today. Don't forget, we used the official Bureau of Labor Statistics ‘Core’ CPI that is so popular with the mainstream press. Most of you will readily admit that your own personal cost of living is much higher than 2.2% on an annualized basis. So if you're willing to TRUST the US Govt. with your money for 30 years, you can make .22% interest per year based on today's data. Yet the ‘smart money’ is flocking to this ‘safe haven’. Yes, the world truly is upside down.

And as we continue to put this article together, bond prices keep going up, which means yields are going down. It is very likely, given the early action so far on Monday 6/27/16, that the entire yield curve will be negative – across all durations by market close today. Unreal. We are not sure people actually understand the importance of this. Let's try to simplify. You've got people practically stepping over each other to buy an asset that is backed by a government that is so far in the hole that it has to follow the air bubbles to see which way is up.

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forbidding healthy risk taking. They prefer to gamble with your depositor funds and free government money. **This governor is the judge, the jury and everything else and he has a job until 2022 when his term ends and another president selects a successor! And you thought Janet Yellen was in control!**

Banks MUST BE required to return to capitalization based upon the marketplace's assessment of risk and independent of any taxpayer support or government involvement. As long as regulators are assigning the weight requirements for measuring a bank's risk and its internal allocation of risk capital, as is risk-based capital, they continue the hazard whereby investors must rely on the regulators' approval of bank capital levels and structure. They incorrectly assume that the regulators' intimate knowledge of a bank's risk profile must surpass their own and any real reform threatens those at the top of the wealth and power pyramid. Today we have nothing but lies of economic data and fake reforms. I am sorry to say it but, the “Too Big to Fail” problem is still the elephant in the room, YOU will be expected to “Bail In” your bank when the oncoming crisis happens. What are you doing to protect your family?

Article by:
Roxy Lewis
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http://www.whynotgold.com/

Two Far Greater Black Swans Are On The Horizon

Graham Summers

While the world continues to focus on the BREXIT, two other, much larger problems are emerging.

The first is that the US is back in recession. Labor Market Conditions, Industrial Production, the Dallas Fed Workweek, Commercial and Industrial Loan Delinquencies, Corporate Debt Levels, and Inventory Accumulation are ALL in recessionary territory. Because it is an election year, there is an even greater need to maintain the narrative than usual. So don’t expect an official announcement of this recession until sometime in early to mid-2017.

Regardless of when the elites announce it, the fact remains, the US is in recession. Seven years of ZIRP and $3.5 trillion in QE by the Fed generated the weakest recovery in seven years. And the Fed is now out of any effective ammo (the benefits of a rate cut would be transitory at best).

In short, the academically based theories of the Fed’s Presidents have been proven to be bunk. The Fed cannot stop the business cycles. All it has done is create a bubble in every asset class under the sun. And this time around, stocks will be crashing to new lows below the March 2008 levels of 666 on the S&P 500.

The second big issue is China’s hard landing/ devaluation. As the US moves into recession/ deflation the US Dollar will surge, putting increased pressure on the Yuan. China has devalued it steadily since 2015, but it’s still got 30%-40% to go.

With China already in a hard landing (real GDP growth is 3%-4% at best), China is in a position to stage a one off massive devaluation and blame the currency turmoil on the BREXIT. In short, the two largest economies in the world are contracting. One is entering a currency Crisis (China). The other’s currency is part of a $9 trillion carry trade (the US Dollar).

This is a ticking time bomb waiting to go off. No less than the Bond King Bill Gross has stated that we're heading for a massive crisis. Investing legends Carl Icahn, George Soros, and Stanley Druckenmiller are all taking out MASSIVE trades to profit from a market collapse.

Say what you will about any of these individuals, ALL of them are masters of the financial markets. And ALL of them are preparing for a CRASH.

Article by:
Graham Summers
June 27, 2016
http://gainspainscapital.com/

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And for the ‘privilege’ of owning this busted government’s baloney paper, you get to LOSE purchasing power each year. And this is a good idea how? We’ve already received several emails about this and have been told it is no big deal because ‘interest rates will go up, then the yield will be positive again’. Ok, so maybe that happens, but what has to happen to the price of the bond for interest rates to go up? It needs to fall. So they lose anyway. This is only the beginning.

More Fallout – The Market Smash Continues

Monday’s market action has already brought about a continuation of the big moves witnessed Friday. It is starting to look like the shuck and jive is on with regards to Brexit and there appear to be several possible pathways moving forward. Again, remember that the globalists are still running the show at this point. Nobody seriously doubts the big money boys who have so much to gain by the slavery that is the EU will just pack up their stuff and go home. Although we sincerely wish they would. Just to give a couple examples of what has transpired since the vote on Friday, the Dow Jones Industrials (as of 15:59 GMT on 6/27/2016) has given up more than 900 points. Gold is up nearly $100/ounce.

The British pound lost 9+% to the US Dollar Friday and is set to lose another 4% today. Keep in mind the situation regarding the US Dollar. Strong dollar mouthpieces will no doubt use this bit of news to point to a ‘strong US Dollar’ and how it is a sign of how powerful the US Economy is. Not so fast. These figures only show perceptions of one currency and its value in terms of another currency. It is no show of strength for the US Dollar, but merely a show of (perceived) weakness for the Pound Sterling.

The Yen has strengthened considerably against other currencies, prompting the Bank of Japan to promise to ‘stabilize’ (rig) markets. Nobody wants a strong currency because everyone wants to export goods. The US doesn’t mind so much because it mostly exports inflation and a stronger dollar helps US consumers purchase more imported junk and thus through the gates goes the inflation. Oddly enough, the Brexit vote pretty much slammed the door shut on raising interest rates anytime in the next dog’s life. Not that the door wasn’t already shut as it was, but now Yelling Yellen has cover to actually CUT rates in July. The markets are betting that’s exactly what happens too. Not that 25 bps means anything – the initial hike after two thirds of a decade at 0 was nothing more than symbolic to begin with. Another cut back to 0 will be more of the same.

Possible Scenarios Moving Forward

The question on everyone’s mind is ‘What’s going to happen next?’ Will the vote stand? Will Parliament butt in? Will the EU stand for this open slap in the face? Will other nations exit? Given that there are now around 8 nations where a possible referendum has been mentioned, it is too complex to even begin to analyze the various combinations of stay/leave. We’ll stick to Brexit for now since that has happened. We see three leading scenarios at this point. This could all change before this article even gets emailed out, but here goes nothing:

1) The establishment tries to trigger another vote by the petition that is now circulating with over 2 million signatures on it. This is a risky move because they could lose again, especially if they aren’t as adept in fixing elections in England as they are in America for example. On the positive side, this will take time and all the while there will be uncertainty. Uncertainty equals volatility and volatility equals profits for these guys. It must be said that there is a risk to continued global crisis. First of all they might end up triggering something that is not able to be controlled. Too much of a good thing sometimes comes back to bite. Secondly, there is already enough uncertainty and tension globally. There is already a push in as many as 8 other EU nations for referenda of their own. If that momentum continues to swell, the EU might be toast anyway.

2) The establishment tries to effect a reversal of the Brexit vote by using Parliament instead of another risky election. Parliament is full of bought and paid for shills. We reference how the pressure in 2008 got Congress to buckle on the bailout money. Parliament is no different. If the establishment wants to negate or reverse Brexit, this is probably their highest percentage move. It comes with the negatives of option #1 – mainly that it takes time. And 17+ million British people might not take kindly to being ripped off either.

3) This is probably the worst possibility, although we are quite certain some of you creative types could come up with something more sinister. The establishment allows Brexit to stand and instead of trying to get the vote reversed or vacated by Parliament, the establishment just pours it on both financially and economically. Stocks have already taken a serious nosedive as has the British Pound. Moody’s waded into this mess (again) and downgraded all of Britain’s bonds based on the uncertainty of the climate right now. This is going to quickly come to bear on the British people. The establishment may want a pound of flesh (no pun intended) and take a chunk of Britain for their own and end up with the British people begging to get back into the EU. There are some serious sociopaths among the elite and this would not surprise us in the least.

However, there is one big problem with option #3. It is that the world’s economy is already fragile and in recession. The Baltic Dry Index (seen below) has been stair-stepping its way downward for most of the last two and a half years. We’ve already discussed the bond bubble in the US. Prior to this latest mess, Bill Gross stated he believed there were at least $10 trillion worth of negative rate bonds in the US when all maturities were considered. That number has certainly gone up in the last few days. GDP is awful – globally. So the establishment sociopaths better watch how much damage they decide to inflict. They make an awful lot of money from the status quo and we wouldn’t think they’d be interested in killing the goose that lays the golden eggs – namely, the US Consumetariat.

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Brexit Is Just What The Doctor Ordered

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In addition, foreign leaders, including President Obama in a state trip to England, harangued British voters with warnings of economic catastrophe if the British were to make the grave error of defying the advice of their "best" economists.

Given all this, poll numbers that suggested the vote could be close had been dismissed. The elites, as evidenced by recent drifts in currency and financial markets, had all but assumed that British voters would fall into line and vote to remain. Instead, the people revolted. After having been misled for so many years by the very elites who urged them to remain, the rank and file finally asserted themselves and voted with their feet.

British voters may not know what they will get with an independent Britain, but they knew that something was rotten, not just in Denmark, but all over the European Union. The same holds true in the United States. Until our leaders can paint more realistic pictures of where we are and where we are going, we should expect more "surprises" like the one we got yesterday.

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Peter Schiff
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http://www.europac.com/

The Outstanding Public Debt

National Debt:
19,288,852,372,610.95
The estimated population of the United States is **323,258,873**
US citizen's share of this debt is
$59,669.99
The National Debt has continued to increase an average of
$2.35 billion per day
Business, Government, Financial and Unfunded Liabilities Debt exceeds
$100 Trillion

Are You Ready For The Fallout?"

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We would also add that the more exits, the merrier, especially in terms of Scenario #3 listed above. It is hard to punish the whole class. One student sure, but not the whole group. The same applies here. A mass exodus from the EU would make it very difficult for anyone to pin any sort of real economic pain on England. But by the same token, if there is a mass exodus, it is going to cause even more confusion and uncertainty and everyone might end up getting punished anyway. Our guess is that (as ridiculous as this sounds) if things really get amped up, the US Dollar, US Govt Bonds, the Yen and Gold are going to be the hiding places. This would guarantee an explosion in the US Bond bubble of epic proportions and probably the Yen too. Abenomics is a joke and it is clear the BOJ is willing to sell its entire country down the river just to keep a cheap currency. The same goes for the US Dollar with regards to the now absurd yield curve. Depending on how this all turns out, the Keynesian money-printers may end up getting killed by their own monster after all.

One final thought: America should pay attention to what happens in England. There is a pretty simple overlay between what is going on there right now and what will happen in the US in just a few short months. America doesn't really have nearly the choice the British did, but the same matters lie in the balance nonetheless.

Article by:
Andy Sutton & Graham Mehl
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http://www.andysutton.com/blog