

DE GAULLE CONVINCED NO US GOLD LEFT

written by Egon von Greyerz | January 31, 2019

Tinker, tailor, soldier, sailor, rich man, poor man, beggar man, thief

This old nursery rhyme, or counting game, dating back from the late 17th century, could be seen as a prediction of things to come. Many people, from various backgrounds, could soon realise that they may become a poor man, beggar man or thief within the next 5 to 10 years as the world experiences a massive wealth destruction.

Tinker used to be someone who travelled around to mend pans and utensils. The verb Tinker also means to tamper with or manipulate. No one should be under the illusion that the powers that be in any way are tinkering or repairing the world economy. No, the tinkering that is going on tells us that we are now in the very final stages of the biggest manipulation or rigging of the world economy, markets, gold, news, politics and people etc that the world has ever experienced.

THE WORLD IS UNPREPARED FOR WHAT IS TO COME

Since this level of manipulation has never, ever occurred in history, no one can predict the magnitude of the collapse that will take place. Even worse, 99.99% of the world's population is totally unprepared for what is going to come. And even the minuscule minority who are predicting a cataclysmic event will not evade the suffering that would follow.

No one knows where or how it will begin. It can start with a slow decline in the economy and markets or there could be a sudden and sharp drop, taking everyone by surprise. What is certain is that the consequences will be devastating for the majority of people. Many will lose their jobs, social security benefits, pensions, medical care and all the normal supports that they have been used to.

Also, very few realise that the high standard of living in the West in the last many decades has nothing to do with real economic growth or productivity. Instead it is all based on debt and printed money to the extent of at least \$500 trillion including unfunded liabilities such as medical care and pensions.

THERE ARE NO RESERVES

A rigged world economy based on debt has no foundations and no reserves. The bubble can be expanded for a limited time by just issuing more debt and this is what we have seen since the 2006-9 financial crisis. The fake life support that the world economy has received in the last 10 years, in the form of additional debt of \$125 trillion, has inflated asset markets to the extent that the rich are getting insanely richer and the poor are just landed with more debt. But **doubling global debt in 10 years to \$250 trillion has not just doubled risk. Instead, risk has grown exponentially as the quality of the**

debt has deteriorated catastrophically.

Global government debt is at record highs and at unsustainable levels and so is corporate debt and personal debt. The problem is that there are no reserves. To draw an analogy with people and longevity, very fat and very thin people on average live shorter lives than the ones with moderate overweight. Because the extra fat reserves protects you in periods of weakness or disease. The same with the world economy, when the next crisis comes it will become evident that the world has no reserves. **The only way the world can deal with the next debt crisis is by printing money and issuing more debt. But you can't solve a debt problem with more debt.**

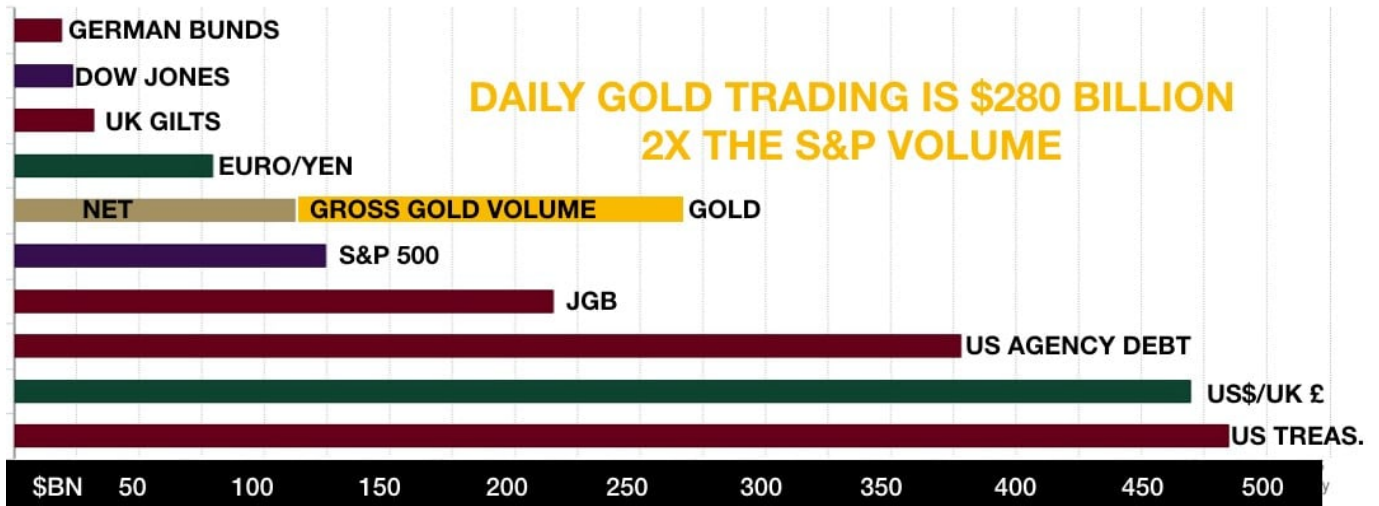
When the crisis soon hits the world, corporate profits will suffer. Highly indebted companies will not meet their debt covenants, especially as interest rates will also rise with inflation going up and bond prices collapse. So companies will default on their debt. Same with the property market. Commercial property will suffer as tenants can't afford the rents. Same with retail property which will collapse as spending comes down. The West and especially the USA is over-shopped with retail space and most of it at very high rents. As people lose their jobs and interest rates rise, the housing market will collapse by 75% to 90%.

DAILY GOLD TRADING 850X DAILY MINE PRODUCTION

Of all the manipulated markets, gold might be the worst of them all. Investment gold represents less than 0.5% of world financial assets. Why then one might ask are **daily traded gross gold volumes over 2x the S&P 500 volumes**. According to the World Gold Council, gross traded daily gold volume is US\$280 billion. The daily S&P volume is \$125 billion.

Annual gold mine production is \$120 billion or \$329 million per day. So why is daily gold trading at \$280 billion, 850x daily mine production of gold? Who shuffles paper gold back and forth to the extent of over 1/4 of \$1 trillion on a daily basis. It can't be the investment market which is very small. It could be speculators but not at that magnitude. Most likely is that the bullion banks are trading massive amounts of gold to cover up for the major shortage of physical gold and especially central bank gold. We know that bullion banks and futures exchanges only have a fraction of physical gold to cover the outstanding paper gold commitments.

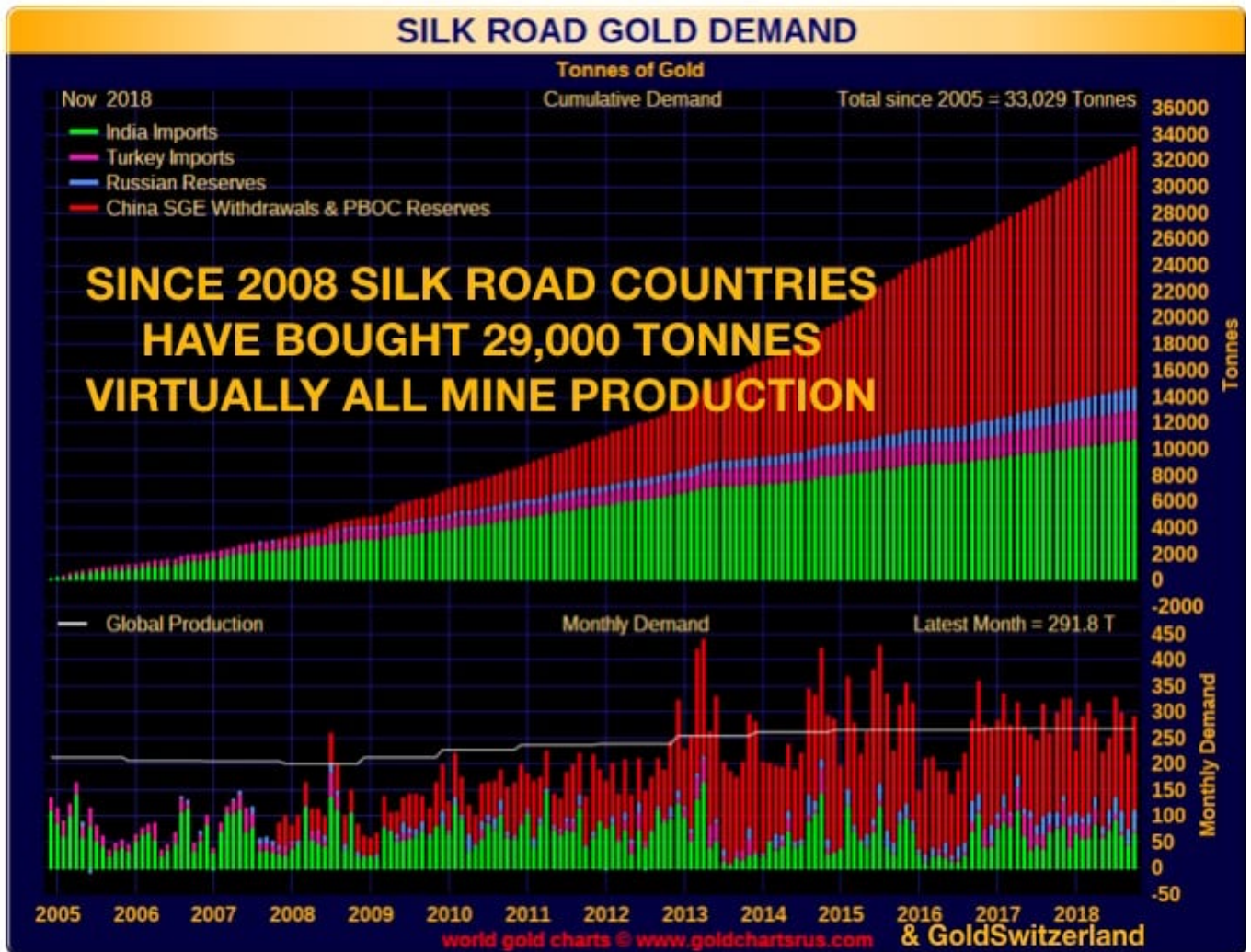
AVERAGE DAILY TRADING VOLUMES US\$ BILLIONS



Source: World Gold Council & GoldSwitzerland

SILK ROAD BUYS ALL MINE PRODUCTION

The official Central Bank gold reserves are around 32,000 tonnes. This figure probably understates the holdings of many Eastern countries like China. The gold buying of the Silk Road countries China, India, Turkey and Russia is relentless. Since 2005 they have bought 33,000 tonnes. The buying accelerated in 2008 and since then they have bought 29,000 tonnes. This means that in the last 11 years, these Silk Road countries have bought virtually the total gold production every year.

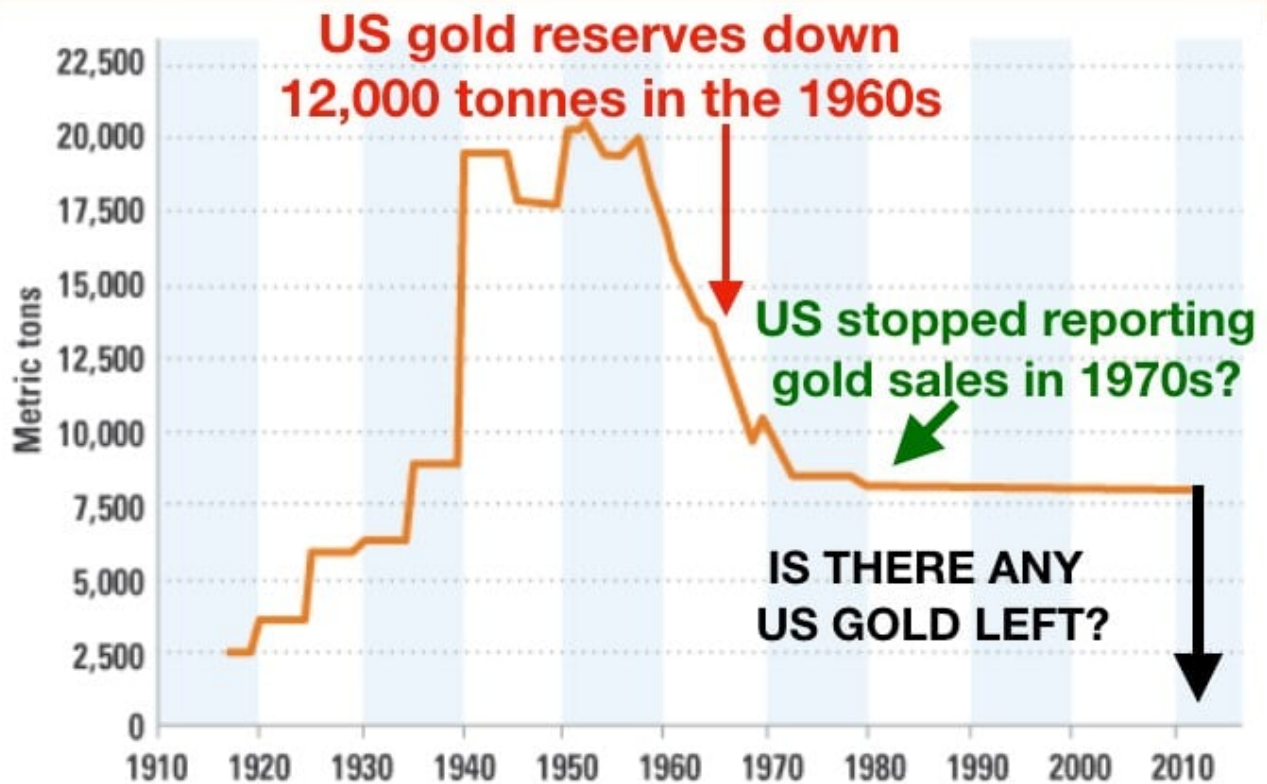


IS THERE ANY US GOLD LEFT?

Gold Reserves are supposed to be just what they are called, Reserves to back the currency and the stability of the country. In spite of that many countries like the USA, UK and Switzerland have reduced their reserves significantly. Switzerland and the UK sold most of their gold at rock bottom prices at the end of the 1990s. The US had 20,000 tonnes at the end of the 1950s but then sold 12,000 tonnes between 1958 and 1971. Looking at the chart below, the **US stopped selling gold after Nixon had closed the gold window in August 1971. One might ask if they have actually stopped selling or if they have just stopped reporting the sales?** Until August 15, 1971, Sovereign states could demand payment of debt owed by the US in gold. De Gaulle did this for France and that is one importing reason why Nixon ceased the gold backing of the dollar.

If We Trust the Government

Reported gold reserves in the United States



Source: World Gold Council & GoldSwitzerland

wallstreetdaily.com

Virtually no central bank in the world publishes a full physical audit of their physical gold or any derivatives positions. The US has not done this since the 1950s. Same in most other countries. Since gold is a major asset held by the state, there should obviously be a detailed independent audit. The only reason why no country undertakes or publishes an audit is clearly because they don't have the gold. A full audit of Western central bank gold would most probably reveal that the majority of the gold is gone. Some banks might have paper gold but they will never get the physical back since that has gone to China and India.

DE GAULLE WAS CERTAIN THERE IS NO US GOLD LEFT

Sources who were close to de Gaulle have informed me that he (de Gaulle) was certain already in the late 1960s that the US had no gold left. Obviously I have no proof but neither do I have any proof that the gold actually exists. More about this subject in a later article.

The lack of audits and the massive trading of paper gold, does point to the fact that there is something more sinister going on in the gold market. This is all likely to be revealed when the real pressure on the dollar starts and gold rises fast. At that time paper holders of gold will ask for delivery and China and Russia will call the US bluff.

Before then, it is imperative to hold physical gold in a safe jurisdiction and outside the financial system.

GOLD IS NOW ON ITS WAY TO NEW HIGHS

Short term, the next up-leg in gold has started as I have predicted for a while. This will be a long move to much higher levels. So buying gold today around \$1,300 for wealth preservation purposes will in a few years be seen as a superb insurance and a bargain of a lifetime.

