

Humpty Dumpty Had a Big Fall

written by Egon von Greyerz | August 3, 2015

KWN – July 31, 2015

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With the IMF refusing to take part in the Greek rescue, Greece can't be put together again and nor can the rest of the world. The Troika can't even agree what to do with little Greece so what hope is there for all the other bankrupt nations?

But it is not just the EU which has problems. Even Switzerland which used to be a bastion of stability and sound banking has a Central Bank which no longer understands what prudence and conservatism mean. The Swiss National Bank (SNB) is the biggest hedge fund in the world with currency positions of \$ 500 billion. I forecast last autumn, both on Swiss Television and in articles, in connection with the Swiss Gold Referendum, that the SNB would lose CHF 10s of billions and maybe CHF 100 billion. Well this is now happening. The SNB just announced the results for the first six months of 2015 which shows a loss of CHF 50 billion. Since they still hold the currency positions, they could easily lose another CHF 50 billion at least. It is frightening how all Central Banks totally mismanage their countries' finances whether it is the SNB, FED, ECB, BoE or BoJ. Money printing, interest manipulation, currency speculation and buying worthless assets are all commonplace for these banks.

But no senior person, whether he is a banker or Central Banker ever gets convicted for these manipulations. Only junior traders get blamed. Today for example, the London Banker accused of LIBOR manipulation got a 14 year jail sentence. It would be astonishing if no Central Banker or Senior Banker was aware of this since the whole market knew.

In the meantime gold is biding its time waiting for the major upsets that are likely to hit the world this autumn. I would not be surprised to see the market try to push gold to or just below \$ 1,000 before that. Whether that succeeds or not is irrelevant. Physical gold must be held for wealth preservation purposes

Technically it looks like gold could have a big rise this autumn. And fundamentally gold will in the next few years rise to levels that few can imagine today. To be able to buy physical gold currently at the paper gold price of \$ 1,000 – \$1,100 will be seen as an incredible bargain within the next few years.

For more details, please read my latest KWN interview.

Egon von Greyerz

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