

# Printing Money – Price of Gold – Preservation of Wealth

written by Egon von Greyerz | October 9, 2012

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1. Worldwide money printing continues unabated
2. Just In 10 years \$120 trillion have been printed making global debt \$200 trillion
3. World GDP has gone from \$32 trillion to \$70 trillion 2001-2011
4. Thus \$120 trillion debt is required to produce a \$38 trillion annual increase in GDP
5. The marginal return on printed money is negative in real terms
6. Thus the world is living on an illusion of paper that people believe is money
7. This illusionary paper wealth will implode in the next few years
8. The initial trigger will be the collapse of the world's reserve currency – the US dollar
9. The dollar is backed by \$120 trillion of US government debt and probably NO gold
10. All currencies will continue their race to the bottom and lose 100% in real terms against gold
11. This will create a worldwide hyperinflationary depression
12. All assets financed by the credit bubble will go down in real terms
13. This includes stocks, bonds, property and paper money of course
14. The financial system is unlikely to survive in its present form
15. The banking system including derivatives has total liabilities of around \$1.2 quadrillion
16. With world GDP of \$70 trillion, the world is too small to save a financial system which is 17x greater
17. This is why there will be unlimited money printing and hyperinflation
18. The only asset that will maintain its purchasing power is gold [Click here for chart](#)
19. Gold has been money for 5,000 years and will continue to be the only currency with integrity
20. Western countries' 23,000 tons of gold is probably gone. See recent article by Eric Sprott.
21. The consequence is that most of the gold in the banking system is likely to be encumbered
22. This means that Central Banks one day will claim it back against worthless paper gold IOUs
23. Thus gold and all other assets within the banking system involve an unacceptable counterparty risk
24. Gold should be held in physical form and stored outside the banking system

## **Egon von Greyerz**

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