

US Debt limit has been abandoned

written by Egon von Greyerz | October 19, 2013

At last it is official. The US now has NO debt limit.

After months of wrangling the US politicians decided that they couldn't decide. So they decided to continue to ignore the debt limit like they have for the last 100 years.

The stock market loves it of course. A major part of the massive liquidity generated by the credit creation and money printing goes straight into stocks. So this major inflow of printed money does nothing for the real economy or normal people but makes the rich richer and the poor more indebted. Stock markets always rise at the initial stages of a hyperinflationary period. And this is what we will see in the US and many other countries in coming years. But the stock market rise is on its final leg. Thereafter we will have a secular bear market lasting many years.

Whilst US investors like the abandonment of the debt ceiling, the rest of the world has made its verdict and is now selling the dollar at an accelerated rate. Since this summer the Euro is up 8% against the dollar. and since 2000 it is up 65%. But the Euro isn't strong either, it is just that in the race to the bottom between the currencies, the dollar will be the winner. A currency with over \$200 trillion of debt which is increasing exponentially cannot maintain its position as the world's reserve currency.

In the meantime China continues to build up its gold reserves at a very fast rate. They clearly will want to have a strong say in the decision about the world's next reserve currency.

In this interview I also discuss the massive problems within the Eurozone and what will happen to gold in 2014.

Please click here for the link to the written interview:

Egon von Greyerz

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