

US DOUBLESPEAK WILL NOT STOP GOLD'S IMMINENT SURGE

written by Egon von Greyerz | December 14, 2022

Propaganda, lies and censorship are all part of desperate governments actions as the economy disintegrates.

We are today seeing both news and history being rewritten to suit the woke trends that permeate society at every level, be it covid, the number of genders, the Ukraine war or government finances.

I have in many articles covered the explosion of money printing and debt which is an obvious sign that the global financial system is approaching collapse and default . The **consequences** will be far reaching to every corner of the globe and all parts of society.

See my recent article **"In The End The Dollar Goes To Zero And The US Defaults"** which outlines the probable course of events in 2023 and afterwards.

Later on in this article, I will look at the consequences in relation to markets and what ordinary people (investors?) can do to prepare themselves.

ORWELL PREDICTED THE FALSIFICATION OF HISTORY 73 YEARS AGO

"Every record has been destroyed or falsified, every book rewritten, every picture has been repainted, every statue and street building has been renamed, every date has been altered. And the process is continuing day by day and minute by minute. History has stopped. Nothing exists except an endless present in which the Party is always right."— George Orwell, 1984

Let's just look at government finances. As we are entering the end of an era with deficits and debts running out of control, the truth becomes an inconvenience to governments and must therefore be suppressed or rewritten.

If we just look at the US Doublespeak in regards to the 2021-2 budget deficit, we find that the US Treasury reported on Oct 21 this year:

WASHINGTON, Oct 21 (Reuters) – The U.S. government on Friday reported that its fiscal 2022 budget deficit plunged by half from a year earlier to \$1.375 trillion, due to fading COVID-19 relief spending and record revenues fuelled by a hot economy, but student loan forgiveness costs limited the reduction. The U.S. Treasury said the \$1.400 trillion reduction in the deficit was still the largest-ever single-year improvement in the U.S. fiscal position as receipts hit a record \$4.896 trillion, up \$850 billion, or 21% from fiscal 2021.

FANTASTIC!!

What an achievement by the Treasury Secretary Ms Yellen and her team to halve the deficit to only \$1.4 trillion!

But let's look a bit more closely what really happened.

If the deficit was "only" \$1.4 trillion we must assume that the Federal Debt also increased by the same amount?

But ALAS, the debt increased by \$2.5 trillion to \$31T in the same period and not by the assumed \$1.4T.

Hmmm.

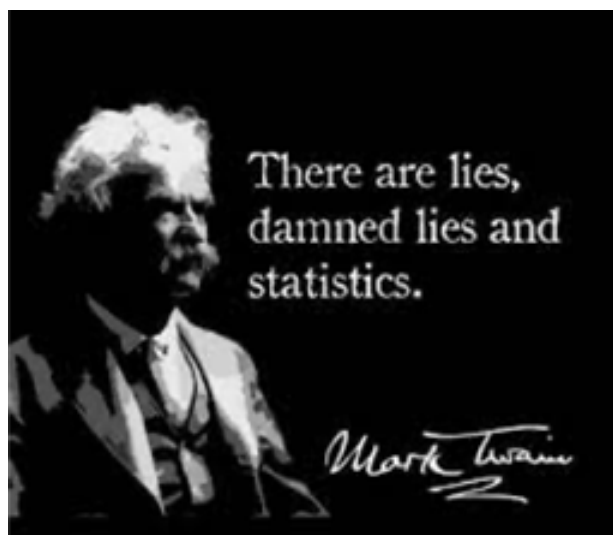
So again we can look at the 1984 Orwell quote above **"Every record has been destroyed or falsified..."**

The deficit wasn't halved at all. Instead hal

f of it was stated below the line as a budget adjustment. So they can lie about the Budget Deficit but so far they are not lying about the level of the Debt. But that will certainly happen one day too. Remember that the Clinton so called surpluses in the late 1990s were produced with the same type of creative accounting. There were no real surpluses. They were just shuffled below the line since debt continued to grow.

Good old Mark Twain gave us the useful quote about lies and statistics:

So there we have it, 2022 seems more and more like 1984!



AWARDS FOR FAILURE

In this upside down world, warmongers and money printers get prestigious awards.

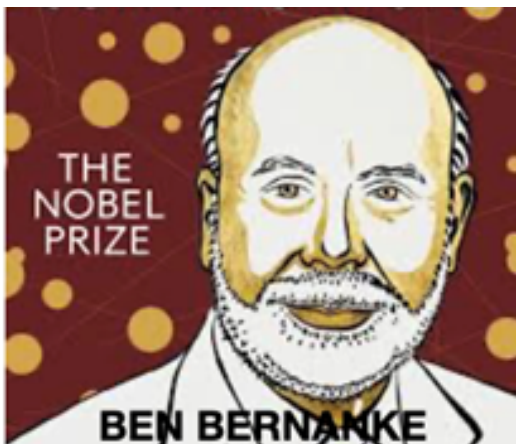
Zelensky is Time Magazine's Person of the Year. And Bernanke wins the Nobel Prize in Economics.



In the Ukraine war 100,000 Russian and 100,000 Ukrainian soldiers have died according to the US Chief of Staff Gen. Milley.

Instead of handing out a reward for a war resulting in 200,000 dead soldiers and another 40,000 dead civilians, it would be much more appropriate if the world focused on making peace rather than sending more weapons and more money to perpetuate the war.

“All the war-propaganda, all the screaming and lies and hatred, comes invariably from people who are not fighting.” – George Orwell



Ben Bernanke was Chairman of the Fed from 2006 to 2014. During his period the US Debt doubled from \$8.2 trillion to \$17.5T, a feat that no head of the Fed had achieved before.

And for that accomplishment the Nobel Prize is awarded.

The fact that the Swedish Riksbank (Central bank) selects the winner makes it easier to understand since they are all Keynesians

2023 AND BEYOND

The clouds look extremely dark for 2023 and beyond.

As I have pointed out above, there is no attempt to reach a peace settlement

in Ukraine. Weapons and money are pouring in to keep the war going. And the sanctions forced upon Europe by the US are having a devastating effect for the citizens of most European countries. Energy costs are up 2-3X or more for many consumers and food inflation in Germany for example jumped 21% year on year in November.

In the UK, many ordinary people cannot afford to keep their heating on or to eat properly. And this is before the cold winter sets in.

The situation in Ukraine seems to deteriorate and with Russia and the US involved, as well as China in the periphery, it could easily escalate.

But as I have spelt out numerous times, \$300 trillion of global debt and \$2 quadrillion of quasi debt in the form of derivatives can only end in currencies going to zero and sovereign borrowers defaulting.

A global sovereign default should be seen as an indisputable fact and it is only a question of how long it takes.

These events are normally a process. As Hemingway said, you go bankrupt **“Gradually and then suddenly”**.

The beginning can be a slow process and then at some point the shock comes so fast that no one will have time to react.

So no-one must believe that there will be time to get out once the early “gradual” phase starts.

Just to be clear, the gradual phase is here already although the world is in denial. The buy the dip mentality is still prevailing as evidenced by the partial recovery in stock markets.

Few realise that this is it and the next devastating fall in stocks is going to fool practically all investors. The majority will not get out but hope for a correction so they can exit at a higher level. And once the correction comes, they will be bullish again.

Once everyone is back into the market it will fall again. Most of the investors will be fooled most of the time until their portfolio is virtually worthless.

The Western world hasn't experienced a real bear market since 1929-32. That time it took 25 years for the Dow to recover to the 1929 high.

The generosity of Central banks has made stock investments a one way game since the early 1980s. But now the game is up and few will realise it until they have lost everything.

So the “suddenly” will be like an earthquake seemingly coming out of nowhere. It can come in 2023 or it might take a few years.

NO WARNING

What is certain is that there will be no warning. As I said, we have already had plenty of warnings but gullible investors will not believe them. This is just like the curse of Cassandra. She was given the gift of predicting disastrous events. But her curse was that no one would believe her. I wrote about Cassandra in this article five years ago. In the same article, I also made a timely gold forecast which most investors sadly ignored.

GOLD IN LONG TERM BULL MARKET



Gold has risen strongly in this century although most investors don't actually realise how strong it has been.

Since the beginning of the 2000s gold has outperformed every major asset class including stock markets. But the move has been in two halves with the first 11 years being spectacular for gold which moved up 7X in dollar terms. Since then a strong dollar has made gold's performance less spectacular.

But if we look at an annual chart of gold in US dollars it still looks very impressive.

GOLD IN EURO 2000 - 2022

Annual Chart



In the 2000s, Gold in Euros has performed as a perfect wealth preservation asset with only one major correction.

This chart is more typical of Gold's performance in most currencies since it is not affected by a temporarily strong dollar.

Sanctions, energy prices, inflation, industrial production and many more problems in Euroland, make gold a **sine qua non** (necessity) in order to avoid total wealth destruction.

Both fundamentally and technically gold now looks ready for another major move. The first target is \$3,000 on the way to much higher levels. But as I often point out, gold must be measured in ounces or kilos and not in what will be worthless fiat money whether paper or digital.

In February 2019, I forecast that the Maginot line at \$1,350 would soon break on the upside. (See chart below) and would be followed by a strong rally. The rally started a few weeks later and gold went up \$700 to over \$2,000.



We now have another smaller consolidation or a mini Maginot line which is likely to break in the next few weeks. A decisive break of \$1900-1950 should do it and lead to a major move.

Confirming this turn is an Aden Sisters 7 year cycle low around December 2022:



Hubert Moolman has pointed out a 23 year cycle that also bottoms this autumn and normally leads to major moves.

picturegoldandsilver.wordpress published on TradingView.com, Nov 13, 2022 10:00 UTC

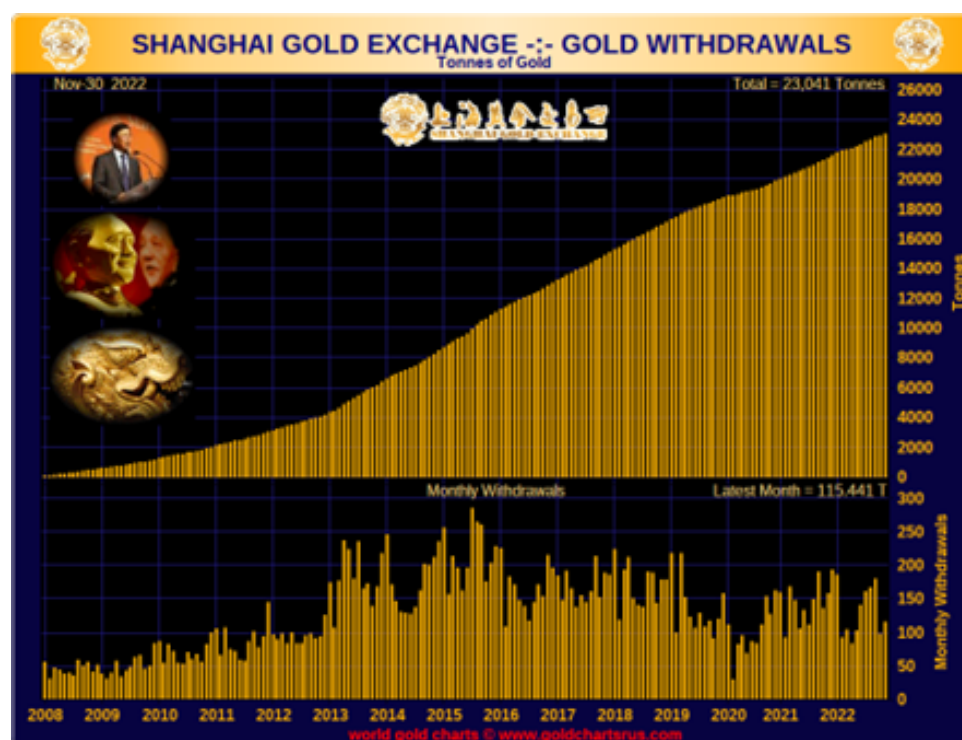


Technical forecasts are of course about probabilities and not certainties. But the track record of these forecasters improves the odds substantially.

THE WISDOM OF THE EAST

The East, including Russia, Turkey, India, Thailand, Vietnam and China have all made major purchases of gold in this century whilst the demand from the West has been static.

Total withdrawals from the Shanghai Gold Exchange is a reflection of total gold demand in China. As the chart below shows, the Chinese have bought 23,000 tonnes of gold since 2008. That is around 50% of the gold production during the same period.



Although there are many factors, primarily fundamental but also technical, that point to gold soon making a major move, what is much more important are the massive risks that the world is now facing.

We are on the edge of a precipice potentially leading to catastrophes of a magnitude never experienced before.

No one knows of course how this will play out except for future historians.

As I have stated in many articles the risks are at all levels, geopolitical, economic, financial, social, human etc.

For most of us it will be impossible to protect ourselves against most of the risks.

What is highly likely is that the wealth destruction will be massive and for that physical gold and silver is the best insurance like it has been throughout history.

I am obviously not pretending that precious metals is the total panacea for what is coming. But what is quite certain is that for material survival it is critical to hold.

As I often state, a close circle of family and friends is more important than anything else.