

THE National Investor



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FROM OUR READERS

AN S.D.R. & GOLD ANCHOR FOR A GLOBAL "CURRENCY RESET"?

I wondered if you have seen the recent evidence of the gold price having been linked, some say, to either Chinese yuan or the I.M.F.'s currency basket called SDR's. Do you put any stock in this in the context of a coming currency reset? Some say this is already in the works, to get the world off the dollar. . .

I've seen a few different versions of this latest "SHOCKING PREDICTION" myself. One says it's something President Trump will actually be part of or allow in a "reboot" of the U.S. dollar, etc. Another says that this coming event is being engineered by others *to torpedo Trump*; ". . .the global elites' secret plan to destroy Trump's administration." One video version warned that "Viewer discretion is advised." I'm sure glad they warned me; I was so startled I could have soiled myself!



**China Just
Attacked the USD**

Here we go again. . .

Seriously, the notion of either a malevolent or benevolent/planned "currency reset" has been around in one form or another for years. One of the first things I couldn't help noticing about this latest new "SHOCKING PREDICTION" is that one of its key purveyors is the same "former government insider" who--among other sensational but most always wrong predictions--told us that back on September 30, 2016 (and at about 4:00 pm Eastern time, no less!) the U.S. dollar would be relegated to the dust bin of history. In its place "a new I.M.F. currency" was to be revealed which we would shortly be using in lieu of the greenback to buy a cup of coffee.

Of course this, as I sarcastically pointed out at the time and a few times since, was a *very*

disingenuous portrayal of what REALLY happened back then. The grain of truth within this fanciful story was that the International Monetary Fund had decided to make the Chinese yuan the newest currency to be included with several other key global fiat currencies in the formula for its SDR's: *Special Drawing Rights*. For the average consumer *and even investor* in the world this meant pretty much NOTHING. Nor does it mean anything today. (For a look back at that past dopey story, it's archived on my web site, at <https://nationalinvestor.com/wp-content/uploads/August-2016-One-world-currency-hucksters.pdf>)

The new dusting off of this hokum suggests that the I.M.F.'s S.D.R. basket is being "linked" to gold somehow or other as part of a "global currency re-set" of some kind. That, of course, is the latest explanation for why the dollar is about to go the way of the brontosaurus, and you'd better rush out *yesterday* and buy gold and/or whatever other "SHOCKING REVELATIONS" these carnival barkers are selling. In another twist, the same "expert" who put out **that blatantly phony previous pitch at right** suggests that this whole thing to undermine the dollar will be run via the block chain, seizing on another hot theme of the recent past for some "support." (Maybe another aspect of this pitch, soon, will be that those who are putting together this world currency to dethrone the greenback are healthy and feeling GREAT, as they are on medical marijuana?)

The first thing I would ask these guys if I thought it was important/serious enough to worry about this is **how or why the I.M.F.--an institution that is controlled by the U.S. of A. and is an integral part of the dollar-centric global credit structure--would in ANY way work to bring about the dollar's undoing**. Second, *even if* some at that body were of a mind to, in the fashion being expounded on, bring about the dollar's demise as the global reserve currency, I think Uncle Sam's military is a little bit bigger than anything the I.M.F. can muster.



☺ You no longer want to serve the dollar, you say? BOMBS AWAY!

But were anything on the order of this latest fairy tale going to materialize, it would decidedly NOT be based on the involvement of the I.M.F. or ANY part of the global monetary apparatus that America has

Friday, September 30, 2016:

D-DAY FOR THE U.S. DOLLAR

**On Friday, September 30...
a new kind of "world money" goes live.**

When it does, it could unleash a devastating crash for the U.S. dollar... a massive implosion for U.S. stocks... and send gold soaring as high as \$10,000 an ounce.

Here's how to protect yourself...

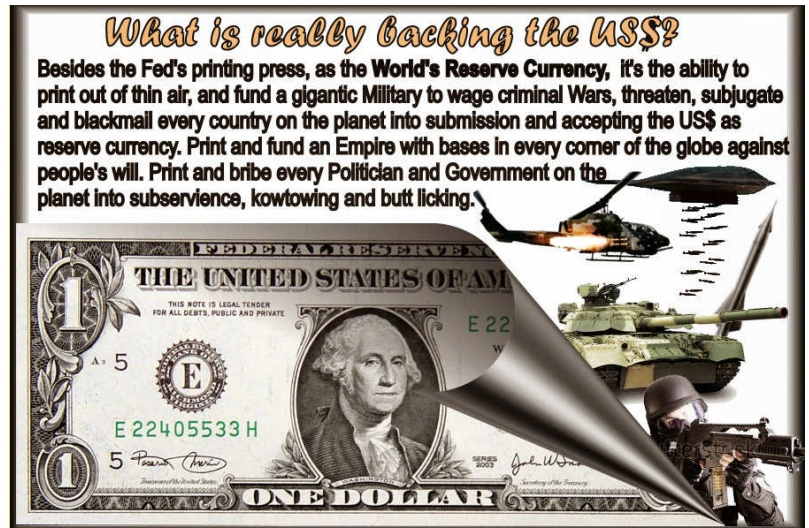
Make no mistake: As I have said many a time, NOBODY will be happier than me if God lets me live long enough to be able to dance not only on the dollar's grave, but on that of the Deep State-controlled American Empire. And yes, even I have recently suggested that a move away from global dollar hegemony *could* be accelerating right now.

controlled for some seven decades now. More plausible will be when/as Russia or (more likely) China are able to get some *real* traction and flows with and through their respective development banks, for starters. Nice thoughts, to be sure; but though those countries have for several years now been building the infrastructure for their replacements (?) of the present order, to date these banks' activity is negligible.

I also am not dismissing the possibility that the well-publicized and ever-increasing gold hordes of Russia and China particularly may well be an anchor one day for a more credible and widely-used alternative to the dollar; at least in their own parts of the world. More power to them if they can pull such a thing off.

But in short, this latest dopey story has no more meat to it than that one of two years ago.

In doing my own surfing on this subject, I ran across an EXCELLENT archive chronicling this whole business, complete with a free book excerpt and numerous videos (I'd forgotten that some of these same clowns were the ones a while back behind the idea of *Iraq's dinar* having some magical monetary powers.) LOTS of stuff to debunk all of this crapola is at <https://www.globalcurrencyresetfacts.com/>; for all the videos, see <https://www.globalcurrencyresetfacts.com/global-currency-reset-videos-and-media/>



The above was from the regular issue of *The National Investor* dated July 16, 2018. Below is another, more market-oriented, take on the greenback from the issue dated August 11; this from another reader question --

A. U.S. DOLLAR INDEX AT 120? REALLY!?! AND GOLD IN THAT SCENARIO?

I am one who does faithfully listen to all your podcasts on the K.E. Report as it gives me a more grounded take on your recommendations and all. And I have appreciated the many things you have pointed out (accurately for the most part) about Trump and the dollar. Which is why you shocked me recently in a talk with Rick Ackerman (who I am happy to see is back in more circulation!) when you said he might be right in his call of a U.S. Dollar Index at 120!?!?!?

With the many OTHER calls for the dollar to become toilet paper and all, maybe you should share this rationale with your other readers/listeners a bit more. ALSO, as I am an unrepentant gold bug, I am wondering just how much worse the gold price will get if this 120 forecast proves correct. . .



It was on July 18 that my friend and colleague Rick Ackerman of *Rick's Picks* fame (check him out at <https://www.rickackerman.com/>) helped to better explain *for me* as well the reason why he has for some time had a target of 120 for the U.S. Dollar Index. That discussion is archived at <http://www.kereport.com/2018/07/18/chris-temple-rick-ackerman-table/>

While I still do not subscribe to Rick's target *as a base case* for the reasons I explained, I do acknowledge that we could get there **if his own base case forecast of a coming deflationary implosion comes**

about. That would unquestionably lead to a mad scramble into the U.S. dollar for a host of reasons, much like we saw back in 2008. And yes, 120 would definitely be a possibility.

But first things first: simply from a technical or market perspective, where might that U.S. Dollar Index be heading? The *decisive* breaking in the last half of the week of a near-perfect, textbook reverse head-and-shoulders pattern is *powerful*. I.M.O.--and pretty much no matter what other factors you want to consider--we now go back to **at least challenge the 99-100 area**. That was (save for that short-term pop above that level post-Election until everyone else wised up to the fact that President Trump *prefers* a weaker dollar) the previous upper end of a well-trod range of, roughly, 93 to 100.

All of that will be largely a function of currency and other momentum traders feeling their way along to see how much "juice" is still in this powerfully technical dollar move. NEVER forget that many of these directional traders have no ideology at work; they simply go where the money/trade/momentum are. And indisputably--despite those carnival hucksters STILL trotting out their "Death of the Dollar" and new world currency predictions of various kinds--the action is in being *aggressively* long the U.S. dollar.

As I discussed in some detail (and if I might say, very prescient forecasting of my own) this past week on the podcasts, **the dollar's move is morphing from being driven by favorable fundamentals to more of a safe haven/liquidity refuge**. It certainly was yesterday (Friday.) And that latter is the kind of thing that could well turn this dollar rally into a runaway one. (For the sake of time/space right here as I have numerous more company updates I need to get to, I'll simply implore you to especially listen to the last two podcasts of the week: Thursday's at <http://www.kereport.com/2018/08/09/safe-haven-trade-usd-treasuries/> and Friday's at <http://www.kereport.com/2018/08/10/european-banking-issues-intensify/>.

As I alluded to in yesterday's e-mail (I hope you jumped on **Ingles Markets quickly!**) as well as the podcast, I am envisioning a *rapidly-growing* possible scenario where in not many weeks' time we see major moves a la at least 1997 and 1998. More than usual even by recent standards, you'll need to keep up with my e-mail updates if you are in my recommended directional ETFs especially.

As a consequence of the plunge in the Turkish lira, the overall state of health (or lack thereof) of Europe's banks will be front-and-center again. As you'll hear on the podcasts (or have already read or heard elsewhere) a few big European banks' health is already in specific question if Turkey were to default on any obligations; and Turkey's President Erdogan is talking as if he is heading in that direction (and couching it in terms befitting a religious war.)

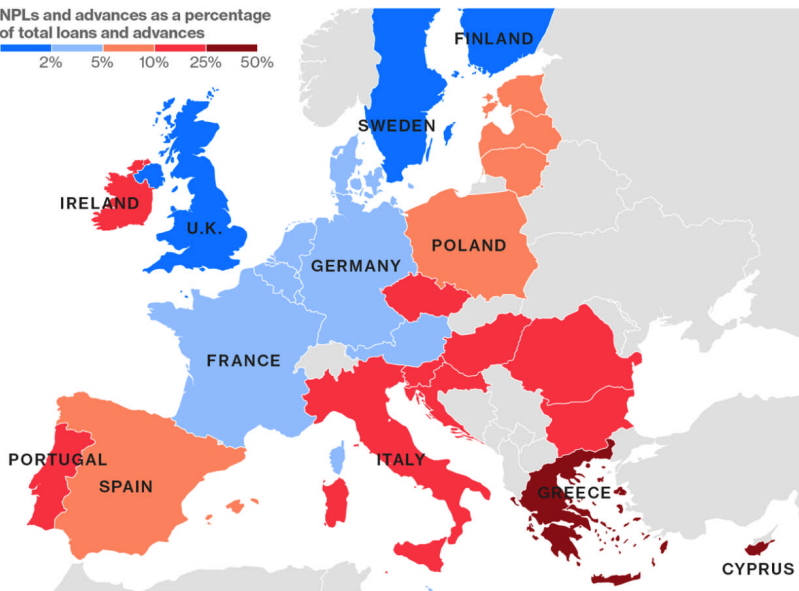
It is thus primarily the euro's breaking of support to the down side that has caused the pop in the U.S. Dollar Index. **Currency traders will be all over this especially, unless things reverse REALLY fast.** Having to clean up a Turkish mess, for the European Central Bank, will only be a relatively "loud" part of what has been an ongoing, more subtle papering over of all kinds of garbage in the euro zone. Worst case, especially if recent weakening economic stats in Europe become more so, let alone if we accelerate a move toward renewed global recession, the common currency may race toward parity with the greenback. *Ultimately, as I quipped, the euro will give the Zimbabwe dollar a run for its money.*



Bad Debt Divides Europe

The extent of non-performing loans

NPLs and advances as a percentage of total loans and advances
 2% 5% 10% 25% 50%



Source: European Central Bank, 2nd quarter 2017

Such a thing was already a long-term likelihood. As the old saying goes, a chain is only as strong as its weakest link. **So, too, it goes for currency unions.** I warned months ago that--as a price for keeping Italy a member of this still-doomed club--the E.C.B. will be forced to continue its Japan-like limitless monetization until Kingdom come.

The question now is whether a faster/more acute crisis caused by Turkey (or even Russia?) and their respective euro-denominated debt will turn a multi-year slow bleeding into a faster, scary hemorrhage. Such a thing will send the dollar into the

stratosphere...crush a lot of what's left of already-shaky emerging market valuations...throw the global economy violently, perhaps, into the start of another deflationary implosion...etc.

How bad this whole mess gets if things continue on the course seeming to be set as this past week ended will be determined to a great extent by just how fast the Federal Reserve lets us all know that it *really is* cognizant of the cracks opening up globally due, to a fair extent, to its policies. **Whether it likes it, or wants to admit it, or not, the Fed is the de facto central bank of the world.** It sets monetary policy for the planet's reserve currency. And that policy might be OK if the U.S. economy *and financial markets* were operating in isolation. But they are not. And what is true about the health of the euro being vulnerable due to the euro zone's weak links is true of global markets. Whether Turkey, China or whomever, if an intransigent, hawkish monetary policy on the Fed's part goes too far and causes a crisis that won't necessarily *start* in the U.S. it will *end up* here, nevertheless, in the end.

As for gold in all this: Like I said Friday, that day's activity *could* well mark the beginning of the end of gold's woes, if not THE final end to this selloff. On most any other day going back several months now, if you were to see the U.S. Dollar Index climb the better part of a full cent, gold would have lost \$20+. *That it was still flat at day's end tells you something.*

Back during the more acutely worrisome days of the euro zone crisis several years ago, gold went up strongly *with* the U.S. dollar (and more so against other weaker fiat currencies.) **To the extent this is beginning again--and frankly, were the dollar's rise to continue to *accelerate* due to these and similar fears--I expect gold to start to actually join in, rather than staying merely flat.** That is my view for numerous reasons: safe haven flows favoring the yellow metal again, of course, and also that this would be **starting from a place where there are new record short positions against gold.**

I won't/can't make any actionable call on this *yet*; but be assured I am contemplating that. It *may* soon be wise to make a decent, leveraged (as possible) bet on a surprise rebound in gold. *Stay tuned.*

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