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Bryan of the Great White North

Once again, here's some posts from my Canadian friend, Bryan, who offers economic/political commentary to just a few readers. Fortunately, I am one of them. I trust you will get as much out of his commentary as I do.

Bryan's brother Larry is also a good read. Next time I will focus on Larry or the repartee between the two of them. Erik

Thanks Erik. I liked your letter. Two technical comments: Gold is not Constitutional money. Silver is. Gold was added to the American monetary system in 1792 by the Coinage Act with a relative valuation (Gold to silver ratio) of 16 to 1. This ratio was based on the relative annual mine production of each metal.
In 1792 there were 16 ounces of silver produced for every single ounce of gold. At some point in the late 20th century, the AMERICANS substituted metal production ratios for PRICE ratios and then used derivatives to price each metal. The modern GSR is bogus. You can calculate the real GSR using mine production statistics for the world by simply dividing the world mine production of silver by the world mine production of gold for a given year. That makes the GSR a lagging indicator, but doing this for 2025 yields a GSR of 7.5. That makes silver quite a bit more valuable than it was in 1792. A ounce of gold should buy only 7.5 ounces of silver. Back in 1792, a gold ounce bought 16 ounces of silver.

Essentially silver should have doubled in value because of

scarcity. YET the modern GSR is 85. This has hidden silver's true value based on supply and demand. The modern GSE statistic is a cheat, just like most things American. I don't believe any statistic published by the financial press or government. The inflation rate is bogus as published. If you calculate economic growth based on production statistics, the United

States has been in a depression for the past 20 years. You see, the GNP statistic used to monitor economic growth is inflated by price changes, while the inflation is published in the 2-3? range—it should be 9-12%. Subtracting the inflation rate from GNP, the number is usually negative. That's a depression

The great sell-off begins. Selling off bonds and stocks is driven by margin calls as both markets begin to implode. Bonds, particularly treasuries are used as collateral for margin support, particularly by private equity, speculators in COMEX futures, and the stock market itself. As the AI bubble begins to implode, driven by bond selling, the rise in yields drives stocks down and the margin calls spiral up. Everything is being sold right now because of this margin debt that is now being called in by the banks and brokerages. Profitable companies in mining, oil producers, and other energy sources like uranium are all being sold off to meet margin calls in sectors being driven down by fundamentals. AI stocks were in a huge bubble and are now being sold off. This drives selling in all other sectors, even profitable ones.. We have seen this before, in 1974, 2008, in 2020 and now it repeats. This time is NOT different from the prelude to yet another financial crisis. It's all a crisis in the paper markets, not commodities but all are suffering.

The good news is that this crash will force the Federal Reserve to print dollars, via quantitative easing and repo shenanigans. This will halt the slump in metal prices but sink the dollars in which they are priced. Remember that when you get too enthusiastic about rising gold prices. The prices are being driven by

declining currency, not increasing valuation in the metals. If you don't have much metal, this is your last chance to buy. If you already have some metal, I advise you to curb your enthusiasm. I had to sell some gold shares out of my RIF this week. The stock was down and I think, may decline some more. The company is very profitable. That doesn't matter in a stock market

crash driven by a liquidity event. The SYSTEM forces me to sell even though I think the timing stinks.

Essentially this is my fault because the tax system forces you into RRSPs and then RIFs as a con by your government to screw the taxpayer. I should have resisted the tax pressure to hide my sick leave gratuity in an RRSP and taken the tax bite when I retired. I should have just bought metal and been far better off now. The RIF has done reasonably well, but less than a position in just metal as metal won't fit in a RIF or an RRSP here in Canada. Just paper, which is the purpose of these schemes. Keep Joe Six Pack in paper. And here we are in Canada with a central banker as Prime Minister..... What could go wrong? The West keeps electing con artists/crooks to fill positions in critical national management.

Thanks Erik. I agree. By the way, it's paper gold and silver that is being sold. According to most bullion dealers, and Nomi Prins, the world is not selling physical gold. It's just selling derivatives of gold. This is exactly what happens when fiat systems fail and the world reverts back onto a gold standard where people can believe asset valuations. Take oil. It's about $80. That's a paper price and it's ridiculously cheap. A barrel of oil is historically bought by a tenth of an ounce of gold. Is gold $800? That's what gold needs to be to buy oil at $80 if history is any guide. Gold is a very stable price check over time. It's currency values that are volatile. Both the price of gold and the price of oil are set by derivatives which are really traded to make a profit in dollars. SO NONE OF THESE PRICES ARE

REAL BECAUSE THE MONEY ITSELF IS NOT REAL. Dollars are debt instruments. No sane society uses debt as money and yet the West has imposed this system on all of humanity. Historically, such systems always collapse. Bryan