

neverhadaboss.com
updates on the insane world of money and power

The Fear Factor—Factor

Get ready because here it comes. Maybe not tomorrow—but it's baked into the cake. For any who think this slaughter of gold and silver is unprecedented, you don't know the history of bull markets. Gold is down 30-some% over some months, but that happened before—when gold dropped more than it has this time around. Silver is down 60%—but we've seen that before, also.

Those among us who predict gold's doom need to factor in this unprecedented run-up in gold and silver. Visit Kitco to view charts (I year/2 years—up to 10 years). Not long ago gold was below $2000 and silver was in $20 dollar range. We stackers were fine with the dramatic rise, but are now petrified by the enormous fall, not understanding—that this is normal.

The last time it happened gold was down more than now—and it resulted in a 20 year bull market. But then was the exact opposite of now. There was credit and dollars waiting to invest in bull markets which happened, causing a two decades up-cycle.

Now we are in an opposite circumstance—where there will be no boom cycle. We are on the verge of an unprecedented cycle of collapse. What awaits us is two decades of a economy cascading downward, without credit or dollars to invest. As soon as the global populace comes to face, head-on, with that *fear factor-factor*, all hell is going to break loose in the markets.

What will drive the fear? I'll call it the KLR650 motorcycle factor: a bike built for 80% on road, 20% off-road. The Fed views *economic growth* as the 80% and *inflation* as the 20%. Without economic growth, there is no economy. Given that reality—the Fed will let inflation rise—before losing the economy.

What will that look like? Watch the next 2 Fed meetings where rate hikes are anticipated. They may happen but there will not be another after that because an attempt to curb inflation will undercut productive market activity—which will not be allowed. And when the Fed cuts rates so as to stimulate growth, it will become obvious that there is no way out.

And, in the melee to save the economy, things that functioned to batter gold will prove to be inconsequential—having the opposite effect. Turmoil in the Middle East has made rich Gulf nations net sellers of gold—but it's not going to matter. The Fed, unable to raise rates to fight inflation and unable to lower rates to spur on the economy will be caught in a doom-loop from which there is no escape. The function of raising/lowering are in opposition each other—and either, taken too far, destroys the economy.

When the holders of stocks and buyers of bonds are met with fear—what will they do? They will opt for safety which will begin the biggest gold rush in human history. Why is that? For 2026, the Treasury had to borrow $9T—$7T to pay-off existing debt and $2T to refinance the deficit. In the next 12 months the US again has to borrow $11T, to pay off and service debt.

Where will $11T come from? Not from any source other than the Fed, and that amount of printing will destroy the purchasing power of the dollar. The world won't be buying treasuries. It will sell US treasuries, as nobody will want them. The Fed will be the only buyer for a bankrupt US Government.

How many dollars are out there and what will happen to them? Domestically there's $60T in the US stock market and $100T in US bonds. At the

same time, there's $50T in fiat currencies at risk, globally, and $100T in bonds. Will holders continue to roll them over? Not when the *fear factor-factor* comes clear. And, to where will all that wealth transition?

Fear brings a punch in the face, wake-up call. In an unprecedented fear cycle, brought on by an abject encounter with reality, buyers will flee from stock/bonds into gold. But they won't go easy. They'll go kicking/screaming.

We hear contrary theories from those out of touch with reality. Like what? Maybe gold has seen its better days? Maybe gold has lost its glitter? Maybe young persons are betting on something else as their economic future?

Is there is something out there capable of replacing gold? Maybe bitcoin? Is bitcoin *something* to replace gold? Is bitcoin even *something?* When push comes to shove, bitcoin is *nothing*—sold as *something*. With AI able to process mountains of data per second—are bitcoin exchanges safe?

Unless there's something to take the place of gold (valuable, precious, scarce/rare, durable, malleable, fungible, recognized as money), disparagers of gold are living in a dream world—soon to become a nightmare.

Gold wins out—no matter what elites dictate. In fact, most elite policies bring us ever-closer to an inevitable gold standard—maybe this time with teeth. When does that happen? Sooner and harsher than most realize.

Here's my speculation for what's going to unfold. Nvidia, anticipating AI centers across America (before citizen protests), persuaded entities to stock up on chips for coming demand—creating more chips than needed. This could cause the chip market to collapse—maybe the US economy with it?

China, in the crosshairs of being denied chips, is holding half a million Nvidia chips in Hong Kong (enough to suffice China until it upgrades its own). The reason the chips are stuck in Hong Kong is China's reluctance to remain dependent on US chipmakers.

The US economy will only be admitted as being in a bubble after it bursts. Until then, the US will continue its mafioso tactics to steal the labor of others. US economic/political policy will continue on with a rentier/profit motive, while much of the rest of the world steers towards open source (sharing). In opposition, US policy will opt to control everything—mainly energy.

How will this play out? Bill Holter/Jim Sinclair presented the most feasible explanation. There will be 2 resets: the 1st will be an elite concoction, amounting to more fiat bullshit—whether in digital dollars or stable-coin. Because it will be backed by nothing, it will fail. Reset 2 will be at the behest of nature (is that God?), as there being no other option. That reset will be built around gold—that one thing in physical creation—not subject to alteration?

Making it simple, the only thing that might help is a 30/40% decline in the stock market, which itself would bring on the *fear factor*-factor, with Americans experiencing little wage growth, and no longer feeling compensated by a rising stock/housing market. Relying on AI investors, can Nvidia save us?

From a reader: 'Excellent article. Keep in mind for every ounce of gold/silver that they tell us is sold, is someone on the other side buying every ounce. No matter what Trump does or does not do, a new world order/financial system is replacing Bretton Woods and gold will be part of it.'

Taking a quick look at the gold/silver markets, gold is slipping near $3500, and silver to toying with $40. Historically, each of these should be close to massive support. There is huge global support for both gold and silver, but given the scale of the problem we face, there could be more downside before support kicks in. The world is on the sidelines—waiting for the bottom.

Get my articles by email with a request, or send your comments: erik@neverhadaboss.com. Pease forward my articles to your friends. And thank you for your continued support. I appreciate it.