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The World—As Bryan Sees It—5

21 July: The source of this information on Carney's changed attitude towards gold was never stated. Gold, as far as I know, is being shipped to the LBMA, not the U.S. As such, it is settled in dollars because the gold content of a forward contract in London is a tiny fraction of 1%. Essentially the London 'Gold' Market is really a market in dollars, not gold. But Canada's gold is not going to America now but to the LBMA which is essentially a Western gold market traded in dollars that includes American bullion banks. It sounds like Canada is buying gold on the open market, just like China, and has not exercised that clause in the BNA Act that allows it to buy in domestic gold production. Doing that would be a nuclear financial operation that the U.S. might find an exponential financial threat. What I hope is going on is the use of the U.S. Treasuries in our national reserves to buy forward contracts on the LBMA and then use those to buy gold from Swiss refiners. A forward contract can be converted to gold with a further payment to the refiner to cover refining costs and their profit margin. This is seldom done in the past but is becoming more common now. The point is, Carney, a central banker is now buying gold, which is against his Keynesian nature.

22 July: We went down to Picton today to visit a thrift shop I have not visited for five or six weeks. The prices were extraordinarily high, despite the fact that for months this shop has tended to track spot prices fairly closely. Not any more. They put $75 on a 12 gram Victorian master salt spoon. It's actually worth about $30 in melt value and a dealer gives you only two thirds of that. This pricer thinks a Victorian spoon should carry a cultural heritage premium. Actually such premiums no longer exist, even in places that used to offer them a few years ago. All sterling is all melted on the basis of their spot value less their own profit margins. The spoon is actually worth about $20 if you try to sell it for cash. It was a very depressing day and all the other metal prices in this place were sky high too.

23 July: The Chinese government is shutting down paper silver selling on the Shanghai Gold Market—the largest precious metal exchange in the world. That paper silver market is the primary mechanism to suppress price. A paper market means each real ounce is sold 100 or even 100s of times in the form of contracts, few or any of which become consummated by the delivery of a real ounce. The huge volume of contracts sold creates the illusion of a vast supply of silver. That vast, but illusionary supply, suppresses price, which is published as the price of actual metal. What the Chinese have done is shut down their end of the price suppression mechanism for silver. This is a revolutionary change in the silver market and eliminates the derivative suppression of price that dates back to the 1960's. The price of silver in Shanghai will explode, and that will suck world silver supplies into China, aggravating the scarcity of silver that already exists in the West. That

rise in the silver price will mean that it takes many more Dollars to buy an ounce of silver. This amounts to a DEVALUATION OF THE AMERICAN DOLLAR AND ALL OTHER CURRENCIES. If they do the same thing in the gold market, this would constitute a direct attack on the American Dollar Hegemony.

25 July: I found Alasdair's Macleod's letter to be particularly interesting, particularly his comments about the Keynesian view of how negative rising interest rates and geopolitical tensions were NEGATIVE for the price of gold. This is exactly wrong and exactly the opposite of the historical record of such events. Keynesians think that an oil shock, a dramatic surge in the price of oil is a negative for gold. It wasn't in the 1970's when gold rose 24 fold in price by 1980 and it won't be a negative this time either. All of the factors mentioned above have similar impacts: inflation. Visible inflation adds to the demand for gold as a substitute for diminishing dollars. Add in the inflation caused by Trump's tariff madness and we are going to see the mother of all gold bulls. All of this applies to silver as well, with the additional comment that silver will likely outperform gold. Silver did this in the 1970s by rising 28 fold against gold's 24 fold rise.

28 July/Paper Markets: Today is options expiry on COMEX. The goal of the banks will be a paper gold price below $4000. Gold is just above that price right now. I doubt that the longs will oppose a further weakening and may scoop up some more cheapened contracts by the end of the day. The LBMA options expiration is Friday. Don't expect any rally until next week. "NOBODY WANTS A HIGH GOLD PRICE." That quote now extends to silver

too. I have been saying this for thirty years and it's still true for the reasons I have grown tired of repeating. China doesn't oppose takedowns in paper metal. Their agents buy more. The Chinese have begun the process of eliminating the paper aspect to pricing both gold and silver. They probably have enough metal already and now it furthers their national interest to encourage prices to rise. This is a direct attack on the reserve status of the USD. As the price of both gold and silver rise in Shanghai and Hong Kong, the price increases will suck the remaining metal out of COMEX and the LBMA. A rise in gold prices is also a very visible form of inflation that will counter any false data published for the CPI. That's going to kill the treasury market for Western nations, including ours.

Alasdair Macleod sees a collapse of all fiat currencies, with the exception of Russia and China because both of these nations have sufficient gold reserves to link their currencies to gold and perhaps silver as well. A bimetallic monetary system is more stable, which is also something I have been saying for 30 years. Canada is the least insolvent of the G7 and has that clause in the BNA Act that states that the "Crown owns all precious metal deposits." That means that Canada also has the capacity to link the CAD to gold and silver. I expect monetary and exchange level chaos for a while but Carney will know about that BNA clause and will likely use it to support the CAD exchange value. He has a brain, contrary to Trump and Trudeau, the dynamic duo of narcissism.