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Profit, Protection, Despite Cartel Interventions—February 2017 Update

"Governments love [the war on cash]. Then they can control you...we are not going to have as many freedoms as we have now ...get prepared because we're going to have the worst economic problems we've had in your lifetime or my lifetime and when that happens a lot of people are going to disappear.

"…the next time around it's going to be worse than anything we've seen and a lot of institutions, people, companies, even countries are going to disappear, certainly governments and maybe even countries are going to disappear. "

Billionaire Investor Jim Rogers: "We're About To Have The Worst Economic Problems Of A Lifetime, A Lot Of People Will Disappear", ZeroHedge.com, 02/11/2017

Yes, indeed, as Deepcaster has been forecasting for several months now, Key Sectors of the Markets will likely Crash in the Next Few Months and that Crash will likely be worse than 2008.

But to understand how the Economy and Markets got to this dangerous pass, and how to Profit and Protect, we must first understand The Cartel and their multi-year history of Market Intervention [*See Cartel Note 1]. [Facilitated by his focus on the Interventionals, before the last crash in 2008, Deepcaster had his subscribers in five leveraged short funds all of which were liquidated profitably.]

We begin with a quote from a reputable Investment Firm Phoenix Capital Research.

"The Central Banks are getting Desperate. The interventions are so obvious now you'd have to be on drugs not to notice them.

*"On Monday afternoon, at 3PM 'someone' stepped in to prop up stocks. They did it again yesterday at 10AM. There were **obvious interventions.***

"How do we know this was intervention and not real buying?

"Because no real buyer guns the markets 20+ points higher in a matter of minutes.

"Real investors carefully try to buy stock without gunning the market higher. If the market explodes higher, you get a worse entry point.

"Why are Central Banks desperately trying to 'save' stocks?

"Because the markets have lost faith in their abilities."

"'Someone' Desperately Intervened to Save Stocks Yesterday,"
Phoenix Capital Research, 02/10/2016

Indeed, the Central Bankers and Establishment Spin that the Economy is recovering is simply not true.

Consider a Reliable source of Real Numbers — Shadowstats.com — latest report.

*"**Oil Prices, Not an Overheating Economy, Are Driving the Headline-Inflation Increase**. Former Federal Reserve Chairman Paul Volcker was noted for using high interest rates to attack high inflation that resulted largely from the oil shock in 1979 and 1980. By pushing the effective federal funds rate to over 20% in the early-1980s, Chairman Volcker was able to collapse domestic U.S. economic activity into a double-dip recession/depression in 1980 to 1982. That was enough to generate an economically-driven relative collapse in prices, which contained the high inflation that had been driven by oil-price/supply disruptions, not by an overheating economy.*

*"At least the economy actually had been growing before Volcker boosted the rates. Reporting of the past several days has shown a surge in headline inflation, although headline inflation should moderate some in February detail. As in 1979 and 1980, those rising prices again are due to oil-supply disruptions, not to an overheating economy. Today's underlying economic reality is not much if any healthier than during the collapse of 1980 to 1982. **A meaningful boost in interest rates now, as has been suggested seriously by some on the befuddled Federal Reserve's FOMC to kill oil-price-driven inflation, easily could drive broad-based economic activity into Great Depression status**. (Emphasis added)*

"Inflation-Adjusted Annual M3 Growth Signaled Economic Downturn. With slowing annual growth in January 2017 Money Supply M3, viewed in the context of rising annual CPI inflation, circumstances are in play that traditionally have led to major economic contractions (see the CPI in the Reporting Detail section, page 51 and related Graph 47).

"Headline January Economic Detail Was Mixed Amidst Revisions. Headline reporting of January 2017 real Retail Sales, Industrial Production and Housing Starts all turned down month-to-month, although such generally was in the context of upside revisions to recent reporting.

"On the plus-side, for example, headline nominal January 2017 retail sales jumped more than expected, but so too did headline CPI-U, which more than accounted for it. Net of 0.55% headline inflation, the nominal (before inflation) monthly gain of 0.36% translated to a real (net of inflation) monthly decline of 0.19% (-0.19%). Most economic measures such as the Gross Domestic Product (GDP) are viewed in real terms, net of inflation, so as to reflect physical economic activity, rather than changes in prices.

"Upside revisions to fourth-quarter 2016 retail sales activity largely reflected year-end incentive-driven boosts to automobile sales. Those sales effectively were borrowed from the future, with some payback seen in January 2017, with more likely in February and perhaps some in March. Otherwise, the Holiday Shopping Season in November and December was dead, adjusted for inflation. As a result, ahead lies weak first-quarter 2017 real retail sales, probably a quarter-to-quarter contraction.

“Irrespective of any near-term volatility in business activity, both the production and residential construction series continued to show non-recovered levels of economic activity, which remain inconsistent with a recovery from the economic collapse into 2009.”

And in Summary as of February 16, 2017

“Inflation Surge Was Due to Gasoline Prices, Not to an Overheating Economy;
Beware the Fed!

“January 2017 Monthly CPI Inflation Rose by 0.55%,
Pushing Annual CPI-U Inflation to a 58-Month High of 2.50%, with
CPI-W at 2.51% and ShadowStats at 10.3%

“January Monthly PPI Goods Inflation Up by 1.01%,
Construction Up by 0.26%, Services Up by 0.27%, Total PPI Up by 0.63%;
Total Final-Demand PPI Annual Inflation at a 29-Month High of 1.73%

“Inflation-Adjusted Annual M3 Growth Is Signaling an Economic Downturn

“January Nominal Retail Sales Gain of 0.36% Was Less than Inflation;
“Inflation-Adjusted Real Sales Declined by 0.19% (-0.19%) for the Month

“Real Earnings Contracted Quarterly in Fourth-Quarter 2016,
On Track for First-Quarter 2017 Annual and Quarterly Declines

“January Production Was Down by 1.11% (-1.11%) from Its Pre-Recession High,
Down by 2.00% (-2.00%) from Its One-Month, November 2014 Recovery;
Manufacturing Was Down 5.69% (-5.69%) from a Never-Recovered Pre-Recession Peak

“Despite Continuing Nonsense Volatility in Monthly Data and Revisions,
Smoothed Housing Starts and Permits Held in Non-Recovering, Low-Level Stagnation,
Down Respectively by 45% (-45%) and 43% (-43%) from Pre-Recession Peaks

“Broad Outlook of Continuing Economic Stagnation/Renewed Downturn Is Unchanged”

“January 2017 CPI, PPI, Industrial Production, Retail Sales and Housing Starts,” February 16, 2017,” Shadowstats.com

The Economy is **not** recovering.

Just as many official Statistics are Not Accurate (see Note 1), Inaccurate often also are Mainstream Media (MSM) Reporting of Major Financial and Economic Events.

For example, as former OMB Director David Stockman points out, The Fed’s 2008 Bailout Actions via TARP et al were basically a multi-hundred Billion Wealth Transfer from Savers and Taxpayers to the Mega Banks and other Financial Institutions. But the Mainstream Media certainly did not present it that way. Instead, they propagated the fiction that the Bailouts were necessary to “save the Financial System.”

"Then, when the Fed's fire hoses started spraying an elephant soup of liquidity injections in every direction and its balance sheet grew by $1.3 trillion in just thirteen weeks compared to $850 billion during its first ninety-four years, I became convinced that the Fed was flying by the seat of its pants, making it up as it went along. It was evident that its aim was to stop the hissy fit on Wall Street and that the threat of a Great Depression 2.0 was just a cover story for a panicked spree of money printing that exceeded any other episode in recorded human history….

"Because they stopped it in its tracks after the AIG bailout and then all the alphabet soup of different lines that the Fed threw out, and then the enactment of TARP, the last two investment banks standing were rescued, Goldman and Morgan [Stanley], and they should not have been. As a result of being rescued and having the cleansing liquidation of rotten balance sheets stopped, within a few weeks and certainly months they were back to the same old games, ***such that Goldman Sachs got $10 billion dollars*** *(from The Fed – ed.) for the fiscal year that started three months later after that check went out, which was October 2008. For the fiscal 2009 year, Goldman Sachs generated what I call a $29 billion surplus – $13 billion of net income after tax,* ***and on top of that $16 billion of salaries and bonuses, 95% of it which was bonuses****.*

*"****Therefore, the idea that they were on death's door does not stack up****. Even if they had been, it would not make any difference to the health of the financial system.* …

"The banks quickly worked out their solvency issues because ***the Fed basically took it out of the hides of Main Street savers and depositors throughout America****….*

"Well, once you basically unplug the pricing mechanism of a capital market and make it entirely an administered rate by the Fed, you are going to cause all kinds of deformations as I call them, or mal-investments as some of the Austrians used to call them, that basically pollutes and corrupts the system. Look at the deposit rate right now, it is 50 basis points, maybe 40, for six months. As a result of that, probably $400-500 billion a year is being transferred as a fiscal maneuver by the Fed from savers to the banks. They are collecting the spread, they've then booked the profits, they've rebuilt their book net worth, ***and they paid back the TARP basically out of what was thieved from the savers of America****." (Emphasis added)*

> ***David Stockman, Frmr Head, OMB & Member, House of Representatives, (1977-81) The Great Deformation: The Corruption of Capitalism in America, 2013***

The private-for-profit Fed's Ongoing Intervention in the Markets on behalf of their owners/shareholders, the Mega-Banks, is an old and ongoing story. Unfortunately, it is having several ongoing and worsening Negative Consequences (including those Stockman points out) on Investors, Retirees and Main Street in general.

Indeed, investors are increasingly losing faith in the Central Banks ability to "Save" the Markets. Many months of the private for-Profit Fed and other Central Bank Zero or near-Zero Interest-Rate Policies have certainly not saved the U.S. Economy or Markets, and indeed, the Negative Interest Rate Policies of Japan, Sweden and other have not saved their Economies or Markets either.

Indeed, Major Central Banks and Governments have long been intervening in virtually all Major Markets, creating extraordinarily damaging distortions and destroying honest Price Discovery. Result: Huge Bubbles, larger than 2008. We will address those later. And worse, they are intensifying their “War on Cash” in order to increase their power over the citizenry of Many Nations.

Therefore, it is essential to Monitor the Interventionals, as Deepcaster does, as well as the Fundamentals and Technicals for Investment and Trading Success.

Consider Nanex Market Analyst Eric Scott Hunsader’s View:

> *“MarketWatch this week published a profile of market data analyst, Eric Scott Hunsader of Nanex, in Winnetka, Illinois, who may have done more than anyone to expose the crookedness of high-frequency trading, quote stuffing, and spoofing on U.S. exchange and whose work has been crucially publicized by Zero Hedge. While it’s great that Hunsader should get such recognition of his service to the restoration of free and transparent markets, the MarketWatch profile unfortunately omits what may be his greatest service, his disclosure of U.S. Securities and Exchange Commission and Commodity Futures Trading Commission documents showing that Central Banks and governments are secretly trading all major U.S. futures markets…”*
>
> ***Gata.org, 02/06/2016***

And the interventions are not limited to the Equities Markets but extend to the Sovereign Bond Markets—Former Asst. Secretary of the Treasury, Paul Craig Roberts, has amassed considerable evidence that The Fed has Bought U.S. Treasuries through Belgium to support the Treasury Bond Market.

And Deepcaster and many others, including especially gata.org, have for years documented the Central Bank Suppression of Gold and Silver Prices to bolster the ostensible value of their (paper/digital) Fiat Currencies and (paper/digital) Treasury Securities (see gata.org).

Indeed, Recent Discovery in a lawsuit against Deutsche Bank revealed clear evidence that that bank had participated in suppressing the prices of precious metals!!

But in 2017, as Central Bank Policies are increasingly visibly Failing to revive Economies, Investors, Traders and the Public at large are increasingly seeking the Safe Haven of Real Money—Gold and Silver—despite Price Suppressive Banking Cartel (Note 1) Interventions.

After all, All Fiat Currencies in the History of the World have failed.

As we demonstrate, The Central Banks’ main goal is the protection of its Clients, the Mega-Banks, and not necessarily (or at all) the Citizenry at large. This is especially True in the case of the private for-profit Fed whose shareholders are the Globalist Mega-Banks themselves.

This explains the “Bankers Parasite Behavior” of which Jim Rickards speaks.

> *“Bankers’ parasitic behavior, … is entirely characteristic of a society nearing collapse. Wealth is no longer created; it is taken from others. Parasitic behavior is not confined to bankers; it also infects high government officials, corporate executives and the elite societal stratum….”*
>
> ***Jim Rickards,*** **The Death of Money*****, June 2014***

A Major Goal of the intensifying Mega-Bank Markets Interventions is arguably continued Mega-Bank Profits from (aka Parasitism on) the Economies which Support them. The following Factual Overview is essential to understand this phenomenon and to Profit and Protect.

First, Regarding Official Statistics, Headline, Mainstream Media and Government Agencies (e.g., BLS in USA and Chinese Agencies in China) support the Bogus /Spun View of Economic Realities.

That is, in order to Profit and Protect despite Cartel (Note 1) Interventions, it is first important to understand that Official Statistics and News Reports in Major Countries are often Bogus.

Considering the U.S., for example, Real Unemployment (January, 2017) is 22.9% and Real Inflation is 10.27% per Shadowstats.com which calculates the statistics the way they were calculated decades ago before the numbers became so politicized. (See the section “Indirect Manipulation” below.).

Not so well publicized is The Fed/Mega Banks’ ongoing interventions to Suppress the Prices of Gold and Silver (and boost the $US) because Gold and Silver are the Legitimate Competitor to the Fed’s (and other Central Banks) Fiat Currency(ies) and Treasury Securities.

And recently, former Asst. Secretary of the U.S. Treasury, Paul Craig Roberts, has exposed another Federal Reserve activity to disguise their continuing manipulation. Indeed, pointing out, many Central Banks actions are Covert. For example, The Fed is **not** really Tapering in 2013-2014:

> *“Is the Fed ‘tapering’? Did the Fed really cut its bond purchases during the three month period November 2013 through January 2014? Apparently not if foreign holders of Treasuries are unloading them.*
>
> *“From November 2013 through January 2014 Belgium with a GDP of $480 billion purchased $141.2 billion of US Treasury bonds. Somehow Belgium came up with enough money to allocate during a 3-month period 29 percent of its annual GDP to the purchase of US Treasury bonds.*
>
> *“Certainly Belgium did not have a budget surplus of $141.2 billion. Was Belgium running a trade surplus during a 3-month period equal to 29 percent of Belgium GDP?*

“No, Belgium’s trade and current accounts are in deficit.

“Did Belgium’s central bank print $141.2 billion worth of euros in order to make the purchase?

“No, Belgium is a member of the euro system, and its central bank cannot increase the money supply.

“So where did the $141.2 billion come from?

“There is only one source. The money came from the US Federal Reserve, and the purchase was laundered through Belgium in order to hide the fact that actual Federal Reserve bond purchases during November 2013 through January 2014 were $112 billion per month….

“Why did the Federal Reserve have to purchase so many bonds above the announced amounts and why did the Fed have to launder and hide the purchase?

“Some country or countries, unknown at this time, for reasons we do not know dumped $104 billion in Treasuries in one week….

“The Fed realized that its policy of Quantitative Easing initiated in order to support the balance sheets of ‘banks too big to fail’ and to lower the Treasury’s borrowing cost was putting pressure on the US dollar’s value. Tapering was a way of reassuring holders of dollars and dollar-denominated financial instruments that the Fed was going to reduce and eventually end the printing of new dollars with which to support financial markets. The image of foreign governments bailing out of Treasuries could unsettle the markets that the Fed was attempting to sooth by tapering….

*“**Washington’s power ultimately rests on the dollar as world reserve currency**. …*

*“**If the world loses confidence in the dollar, the cost of living in the US would rise sharply as the dollar drops in value. Economic hardship and poverty would worsen. Political instability would rise**.*

*“**If the dollar lost substantial value, the dollar would lose its reserve currency status. Washington would not be able to issue new debt or new dollars in order to pay its bills**….”*

“Fed Disguising QE by laundering it through Belgium,” Paul Craig Roberts, paulcraigroberts.org, 05/12/2014

Mega-Bank Market Manipulation extends to Boosting Prices (e.g., as above in Bond Markets) and Price Suppression (as for years in Gold and Silver Markets).

Even the August Financial Times of London ran a set of Articles revealing the Central Banks’ “Burgeoning Market Manipulation Support” which the website, Naked Capitalism, accurately summarizes as “Mission Leap” at The Fed. The Central Bank is moving unabashedly into price-setting, and stealth, or formally backstopping, of more and more Markets. — Do we have a move toward Marxist Central Planning here?

In this respect, the Globalist Right has much in common with the Cultural Marxist Left (see February 2010 posting at carryingcapacity.org).

These Interventions provide a Challenge to Investors, and a Threat to their Wealth, but also Great Opportunities to Profit and Protect Wealth provided one understands and tracks them, as we explain here.

The Gold Antitrust Action Committee has done a remarkable job in Exposing this price suppression in Gold and Silver Markets.

> *"Western central banks conceal their gold loans and swaps because information about them is 'highly market-sensitive and accountability about them would hinder secret currency market interventions by central banks, according to a confidential report by the International Monetary Fund obtained this week by GATA. …*
>
> *"This is, the explicit but secret policy of Western central banking toward gold is to deceive and manipulate markets, as GATA long has complained. …*
>
> **"*Secret IMF report: Hide gold loans and swaps for market manipulation,"***
> ***The GATA Dispatch, Gold Anti-Trust Action Committee, 12/11/2012***

Gold and Silver are the Metallic Canaries which, absent Price Suppression, would signal many Economic Negatives, including the Price inflationary effect of The Fed's and other Central Banks QE. The Fed et al have become increasingly desperate to conceal these Hidden Realities as the Cartel's (Note 1) dramatic April, 2013 Takedown shows.

> *"[O]n Friday, April 12, the Fed's agents hit the market with 500 tons of naked shorts. Normally, a short is when an investor thinks the price of a stock or commodity is going to fall. He wants to sell the item in advance of the fall, pocket the money, and then buy the item back after it falls in price, thus making money on the short sale. …*
>
> *"…with naked shorts, no physical metal is actually sold…*
>
> *"Consider the 500 tons of paper gold sold on Friday. Begin with the question, how many ounces is 500 tons? There are 2,000 pounds to one ton. 500 tons equal 1,000,000 pounds. There are 16 ounces to one pound, which comes to 16 million ounces of short sales on Friday.*
>
> *"Who has 16 million ounces of gold? At the beginning gold price that day of about $1,550, that comes to $24,800,000,000. Who has that kind of money?*
>
> *"What happens when 500 tons of gold sales are dumped on the market at one time or on one day? Correct, it drives the price down. Investors who want to get out of large positions would spread sales out over time so as not to lower their sales proceeds. The sale took gold down by about $73 per ounce. That means the seller or sellers lost up to $73 dollars 16 million times, or $1,168,000,000.*
>
> *"Who can afford to lose that kind of money? Only a central bank that can print it."*

"Assault on Gold Update," Paul Craig Roberts, Frmr Asst Treasury Sec'y Reagan Administration, PaulCraigRoberts.org

Roberts also explains one Major Reason The Fed is short selling bullion.

> *"The fact that the Federal Reserve is short selling bullion means that there is something desperate going on. I assume it is related to the USDollar.* ***If the dollar drops sharply in exchange value, the Fed cannot control the interest rate and the bond price, and so all of the bubbles would blow up.*** *All of the recent reports of countries moving away from the dollar to settle their international payments have most likely caused a great many countries to look at getting out of dollars. We not only have the BRICs moving away from the use of the dollar, but also China, Japan, and all of the East Asians. Recently we have even seen reports out of Australia that they are going to deal directly with China in their own currency. So this drop in demand for dollars when the Fed is creating one trillion new dollars every year means the exchange value of the US dollar is untenable." (Emphasis added –ed.)*

Dr. Paul Craig Roberts, quoted in "Global Money War Report," via Jim Willie, goldenjackass.com, 04/21/2013

This Ongoing Suppression of Gold and Silver Prices tends to legitimize and bolster the Ostensible Value of Major Nations' Treasury Securities and Fiat Currencies as stores and measure of value vis-à-vis Gold and Silver.

Remarkably, The BIS, The Central Bankers' Bank, advertised in June, 2008 that one of its "Products" was "Interventions" in the Gold Market, as well as Currencies.

The Price Suppression Scheme is International, involving many Banks as Mr. Rigaudy's characterization implies.

> *"Our Products – Forex and Gold Services > Interventions"*

The Bank for International Settlements (BIS): An Introduction
Jean-François Rigaudy, Head of BIS Treasury, June, 2008

Indeed, the aforementioned recent example of the Cartels Precious Metals Price Takedown shows The Cartel's (Note 1) increasing desperation and determination to hide the Negative Effects of QE from the Public. **But increasing purchases of Gold and Silver by, and Delivery to, China and India make it increasingly hard for The Cartel to maintain its Price Suppression Scheme.** Indeed, Deepcaster has forecast the timing of a Great Launch up of Gold and Silver Prices in its latest Letter and Alerts.

Further, it is essential to review several facets of, and Key Points in the History of and current record of Manipulation which are crucial to understand the variety of Effects, and how to Profit and Protect from them (and see e.g., Notes below). Consider…

Indeed, there are several Negative consequences of this Mega-Bank Cartel Market Manipulation for Investor Citizens around the World.

> *"We have had a Fed engineered serial bubble, that has created the appearance of wealth, that has caused people to consume beyond their means through borrowing, and that has flushed the income and wealth of our society up to the top, as a result of the Fed turning the financial markets into a casino. These are pure casinos, they are not capital markets, they are not adding to the productive capacity of our economy, they simply are a bunch of robots trading with each other by the millisecond as a result of the Fed giving them zero cost overnight money, and giving them all kinds of hand signals on what to front-run.*
>
> *"The Fed is destroying prosperity by funding demand that we can't support with earnings and production, causing massive current accounts deficits and the flow of funds overseas and the build up in China, OPEC and Korea of massive dollar reserves which is a totally unsustainable, unsupportable system, and we are coming near the edge of where that can continue to remain stable."*
>
> ***Stockman, December, 2010***

Indeed! The Debt and Equities Bubbles of early 2016 demonstrate the prescience of Stockman's comment.

Among the Mega-Banks holding huge Precious Metals and other Derivatives Positions are familiar names (JPM Chase held a Derivative Portfolio of some $70 **Trillion** Notional value in 2010, for example).

> *"This report (Q1 2010 Bank Derivatives report – ed.) contains more evidence that a flood of paper gold and silver instruments are being used to divert investor capital away from the purchase of the actual physical metals in order to suppress prices…*
>
> *"Two bullion banks, JPM and HSBC, continue to dominate the precious metals derivatives market with positions that are outrageously oversized compared to the underlying metals markets…"*
>
> ***"Manipulative Gold & Silver Derivative Positions Continue to Grow!"***
> ***Adrian Douglas, Marketforceanalysis.com, 6/26/10***

Other Negative Consequences of Massive Fed and other Mega-Bank QE (Money "Printing" and Credit Facilitation) were presciently identified by Bob Chapman (R.I.P.) and Warren Buffet.

> *"Banana Ben, like his equally pernicious predecessor, Easy Al, is trying to paper over declining US living standards by orchestrating asset bubbles. Ironically, …*
>
> *"Soon Ben will be at his Rubicon. He must then either monetize everything or allow short rates to explode higher. This of course would precipitate the dreaded debt deflation that solons have tried to avert."*
>
> ***Bob Chapman, International Forecaster, 12/18/10***

And indeed, short rates are exploding higher as we write this in February 2017.

And, we should add that Janet Yellen and her Fellow FOMC Members are doubling down on Banana Ben's Policies. Such has elicited a Buffet response.

> *"Charlie and I are of one mind in how we feel about derivatives and the trading activities that go with them: we view them as time bombs, both for the parties that deal in them and the economic system."*
>
> ***Warren Buffet, February 21, 2003***

The Fact that The Fed was **not** tapering when it said it was but rather was (and is) increasingly monetizing. This Phenomenon could reasonably be considered one of The Time Bombs to which Buffet refers. Yes, The Fed and other central Bankers are still Massively Monetizing (i.e. printing/digitizing Money and Buying) Sovereign and other Debt, and thus creating even Massive Asset Bubbles in the Treasury and Corporate Bond and Equities Markets as well.

For example, in the December, 2011 to February, 2012 period The ECB injected **One trillion Euros'** into the International Economy on top of all the Fed QE and other injections.

Thus, this Immense **and** Ongoing QE provides Great Profit and Wealth Protection Opportunities (see Notes 3 and 4) as well as **Great Systemic Threats**, as we explain.

Indeed, near the end of the Fall, 2008 Equities Market Crash (i.e. as of December 2008) there were about U.S. $548 **Trillion** in Notional OTC (i.e. Dark, **Not** Exchange Traded; thus traded mainly by Mega-Banks) Derivatives **still** outstanding worldwide.

Yet nearly nine years later (as of September 2016 – the latest BIS Report date) that total was at about $418 **Trillion** Notional Value of Interest Rate Derivatives **alone!** And $544 Trillion in toto for gold categories according to the Central Banker's Bank, the Bank for International Settlements Also reported were $338 Billion in Gold-related Derivatives (http://www.bis.org/statistics/derstats.htm > D5: D5.1 & D5.2). Consider that the entire world GDP is only about $70 Trillion.

Warren Buffet is surely correct to label such massive quantities of Derivatives as "Time Bombs" because the leverage inherent in them is both a threat to Investors and to the financial system.

Clearly, a Conclusion that Systemic Risk (generated by Derivatives Exposure which existed, e.g., at AIG prior to the Crash) has somehow been substantially lessened by the actions of the private for-profit Fed, the European Central Bank, the U.S. Government, or any other source, is wrongheaded. Indeed, Taxpayers bailed out AIG to the tune of $180 Billion to "save" the Mega-Banks and other institutions holding such, because AIG insured those Derivatives. A Giant Moral Hazard going forward.

In addition, there is the risk of the Trillions in "Dark (i.e., non-public) Derivatives".

Given the Massive Size and Impact of the over $700 Trillion in **Dark** OTC Derivatives, Investing or Trading without addressing the issue of ongoing and **prospective** Cartel* Market Interventions is a recipe for disaster.

Thus, we offer this Overview and Update regarding The Interventional Universe to provide a Springboard for the Profits and Protection Strategy which we outline here and in our Letters and Alerts. And we offer Buy Recommendations designed to profit from Forecast Mega-Moves. See Notes 2, 3 and 4 below, for example, re Buy Recommendations and Recent Profits Taken.

[This March 2017 Article is the Seventeenth in a series of Deepcaster's work originally entitled “Juiced Numbers”. It provides an Updated Overview and Summary of Market Intervention and Data Manipulation. It reflects Analysis of key recent Releases from (and actions of) the BIS (Bank for International Settlements – The Central Banker’s Bank), BLS (Bureau of Labor Statistics) and The U.S. Federal Reserve, as well as Highlights of recent Interventions, and updates regarding The Cartel* “End Game.” For the sake of Brevity, we refer to our earlier articles in this series.]

Bailouts and Stimuli have afforded The Cartel a whole panoply of additional tools for Market Intervention which they did not possess even ten years ago. These tools make tracking “The Interventionals” ever more challenging. In sum, this report provides even more evidence of increased Risk of Hyperstagflation and/or Systemic Collapse, and of the beginning of the attempted implementation of The Cartel’s Nefarious “End Game” (see “Saving Investments, Sovereignty, & Freedom from the Cartel ‘End Game’ (1/13/11) in the ‘Articles by Deepcaster’ cache at deepcaster.com).

Note that as of February, 2017 Real U.S. Inflation has risen to 10.27% (shadowstats.com).

The aforementioned provide evidence that the private for-profit Fed’s and its allied Mega-Banks’ Policies and Actions are the Primary Cause of the Economic and Financial Crises from which we suffer today.

Therefore, Deepcaster has a Systemic Solution and a Strategy for profiting and protecting from the Interventional Regime’s actions and policies, and coping with its ‘End Game’ Strategy for which the following is Essential Background.

The Covert Interventional Context – Overview

Deepcaster is periodically asked to explain, and provide evidence for, our view that a U.S. Federal Reserve-led Cartel* (apparently composed of the U.S. Federal Reserve, Major Central Bankers and key Primary Dealers—The Leaders of The Deep State) manipulates a wide variety of markets. [Apparently one “Operational Vehicle” through which The Cartel works is called “The President’s Working Group on Financial Markets” established by Congress after the 1987 crash, and which is often informally and widely referred to as “The Plunge Protection Team” or PPT.]

Essential to maximizing profits and to avoiding losses is to recognize that **the Fed-led Cartel** (Note 1) **manages two complementary Interventional Regimes – one quite *public*, and the other dark one, at least as powerful, *covert***. (A glimpse into this Covert Regime was afforded via the Partial Audit mandated by the Dodd-Frank Bill.) Thus, a critical key to profit and loss is tracking the "Dark Interventionals" (which often leave "Tracks" so to speak) as best one can, as well as the public ones.

Moreover, whether an Intervention is Overt or Covert is often a matter of degree. Overt Intervention often has a Covert aspect (e.g. how was that TARP Bailout Money used and who received it?), and Covert ones are often difficult to detect, but nonetheless can often be tracked using publicly available information. Consider for example, Paul Craig Roberts' Exposés of Covert Interventions above.

It is important to note also that by "Cartel Intervention" we do **not** (usually) mean that the Cartel totally controls prices in any particular market, at all times. Various markets are affected in varying degrees, at varying times, by Cartel manipulation attempts.

In markets such as the (relatively) Small Cap markets for Gold and Silver Bullion and especially Mining Stocks, Cartel manipulation attempts can have much more impact and are, at times, and for certain time periods, tantamount to control.

COVERT DIRECT INTERVENTION

Covert Direct Intervention to manipulate a variety of markets appears to be accomplished primarily via four categories of vehicles:

1) "Repo" Injections from The Fed (TOMO's & POMO's though POMO injections have become more widely reported recently)

2) Over The Counter (OTC) Derivatives (reported at www.bis.org, see above) as well as "Dark" Derivatvies

3) "Bailout" monies and Authorizations which Congress unwisely gave the Fed **without** requiring full disclosure or Oversight and, in particular, the TARP and TSLF (Term Securities Lending Facility) injections by The Fed and other Vehicles such as the Primary Dealer Credit Facility (PDCF)

4) Debt Monetization and Credit Facilitation by The Fed and other Banks such as the ECB and its $1 Trillion Dec. 2011, February 2012 LTRO Operation, or The Fed's covertly Purchasing U.S. Treasuries through Belgium in 2013-2014 (see above).

[For details regarding Cartel use of Repos, Derivatives, Bailout Monies and other Vehicles see the July, 2009 Letter at Deepcaster.com.]

The Challenge: Determining the Impact of The Interventionals

The challenge for Investors and Forecasters is to determine where (i.e. in what Sector/s) and how (immediately, in increments, etc.) the Repo-backed funds and/or TARP/TSLF/Bailout/QE/LTRO Funds and/or OTC Derivatives ("Interventional Funds") etc. will be employed. Deepcaster and those very few others, who monitor the Interventional Funding (and related Cartel and Allies' actions) **to the extent that is feasible**, make educated Forecasts as Deepcaster does, of where and how such funds are likely to be used based on patterns, tendencies, and judgments virtually all of which can be gleaned or inferred from publically reported information. But no outsider can know for sure.

Those who doubt whether the Cartel has the **capacity** to manipulate the markets (and especially the larger markets like the multi-trillion dollar currency and bond markets) are invited to inform themselves about the U.S. **Trillions** plus of OTC Derivatives (see www.bis.org Path: Statistics>Derivatives) at Fed Primary Dealer J.P. Morgan Chase, or those at Fed Primary Dealer Goldman Sachs and Fed Primary Dealer Citibank.

Indeed **both Opportunities for and Threats to Investors are generated by Cartel Policies and the Massive OTC Derivatives positions**. Consider:

> *"With Key Mega-Financial Institutions around the World claiming in 2008 that they risked collapse if they were not bailed out, one must ask which ones benefited from the $15* ***Trillion*** *plus* ***Increase*** *in Gross Market Value of their OTC Derivatives in the six months between June, 2008 and December, 2008 when the Equities Markets were crashing and Investors around the world were losing trillions? A logical Conclusion: Key Central Bankers and Favored Financial Institutions of The Fed-led Cartel*, quite possibly including the shareholders of the private for-profit U.S. Federal Reserve" (cf. BIS Data cited above)"*
>
> ***Deepcaster, May 29, 2009***

For further details see our July, 2009, Letter, and 12/23/09 Article at Deepcaster.com, Ibid.

INDIRECT MANIPULATION

Key Statistics continue to be gimmicked by Official Sources in Major Countries including especially the USA and China much to the detriment of American Citizens and Investors Worldwide. One result of this is that the extent to which Mega-Bank Policies result in the Confiscation or Devaluation of Investor Wealth, is hidden.

Investors and citizens-at-large are misled by Official Statistics which have been gimmicked in the USA, as shadowstats.com demonstrates. All of the following Real Numbers for the USA are calculated by shadowstats.com, which calculates them according to traditional methods used in the 1980s, and early 1990s, before The Political Adjustments currently being utilized began in earnest.

As the Real Numbers mentioned below demonstrate, the USA's ongoing economic and financial crisis is **not** merely a "normal" business cycle Recession, but an ongoing System-

Threatening Crisis. Indeed, we are on the Threshold of a Hyperinflationary Depression. (See below)

Bogus Official Numbers vs. **Real Numbers** (per Shadowstats.com)

Annual U.S. Consumer Price Inflation reported February 15, 2017
2.50% / 10.27%

U.S. Unemployment reported February 3, 2017
4.78% / 22.9%

U.S. GDP Annual Growth/Decline reported January 27, 2017
1.91% / **-1.81%**

U.S. M3 reported February 2, 2017 (Month of January, Y.O.Y.)
No Official Report / 3.59%(e) (i.e., total M3 Now at **$17.703 Trillion!**)

Knowing the Real Numbers facilitated Deepcaster's and others Investment Recommendations and his making five short (and subsequently quite profitable) recommendations to subscribers just before the 2008 Financial Crisis.

For example, knowing that Real Inflation is 10.27% (as of February, 2017) is immensely important for investors aiming to Profit and Protect.

To understand the motives **and Goals** for Fed and Cartel Policies and actions consider:

A Brief Anatomy of the "U.S." Federal Reserve

Indeed, the Profit Motive lies behind Fed Actions. Even the most causal student of Economic History knows that the United States' Federal Reserve system, or "The Fed" as it is called, is **not** a U.S. government owned or controlled entity.

Various international **private** banks, several of which are headquartered in Europe, own "shares" in the "United States" Fed. Moreover, this "United States" Fed leads a Cartel of Central and Private Banks* who collectively intervene in a wide variety of markets, as Deepcaster demonstrates here. All this is obviously quite financially incestuous, and, to the extent The Fed regulates these Banks, it is a clear Conflict of Interest.

These International Bankers, acting through their "U.S." Fed, profit both by creating money out of "thin air" and by collecting "interest" from U.S. Taxpayers on the Treasury Securities it has bought with U.S. Dollars (Federal Reserve Notes) it has created out of thin air. The Dean of the Newsletter Writers, Richard Russell, eloquently describes all this:

> *"I still can't get over the whole Federal Reserve racket…*
>
> *"The damnable result is that the Fed effectively controls the U.S. money supply. The Fed is …not even a branch of the U.S. government. The Fed is not mentioned in the Constitution*

of the United States. No Constitutional amendment was ever created or voted on to accept the Fed. The Constitutionality of the Federal Reserve has never come before the Supreme Court. The Fed is a private bank that keeps the U.S. forever in debt - - or I should say in increasing debt along with ever rising interest payments."

Richard Russell (RIP), "Richards Remarks," dowtheoryletters.com, 3/27/2007

[**Historical note**: recall that President John F. Kennedy was very unhappy with Fed policy and therefore caused U.S. Notes to be printed by the U.S. Treasury as Constitutionally Authorized and **as a substitute for Federal Reserve Notes**. The issuance of these U.S. Notes in early 1963 ceased shortly after President Kennedy's Assassination a few months later.]

The one **conclusion** that one can make from the foregoing is that the **failure to take account of the power, force and pervasiveness of Fed-led Cartel Manipulations (i.e. The Interventionals) is an invitation to financial and investment disaster** (see 12/23/09 Article, Ibid. See also Note 3 regarding Deepcaster's attention to Key Timing Signals and Interventionals and accurate statistics which has facilitated Recommendations which have performed well in the last eight months).

The Interventional Regime – Motive, Causes and Consequences

Clearly, The Cartel has created a Financial System subject to ever-greater Systemic Risk. Why?

Harry Schultz, the Eminent Guru of the Financial Newsletter writing fraternity, puts the question in this way when writing about the 2008 Financial Crisis –

*"what is the reason for this seemingly random monetary mess that multiplies its momentum every day? The answer, in one word, control. The elite/insiders already have control of the financial system, but they wanted more, much more…and **it was not random, it was planned**."* (emphasis added)

Harry Schultz, HSLetter

And as we indicated in our January 2017 Article, the evidence is The Globalist Cartel is planning another Crisis to harm the Presidency of the Nationalist/Internationalist President Trump

Since the cornerstone of The Cartel's power lies in maintaining the legitimacy of their Fiat Currencies and Treasury Securities, the last thing they want is to have Gold, Silver and Tangible Assets held by investors to increasingly be seen as the Ultimate Stores and Measures of Value rather than their Fiat Currencies and Treasury Securities, in other words, as money. Thus they will continue attempts at Takedowns of Gold and Silver and other Hard Asset prices.

For the following Sections, see the Full Article posted in earlier 'Articles by Deepcaster' at Deepcaster.com:

Cautions for Investors and Traders Regarding Interventions
Interest Rate Manipulation & The Bond Market
Increased Systemic Risk and "Earned" Liquidity versus "Borrowed" Liquidity
A Systemic Solution
The Cartel End Game
A Strategy for Investors & Traders

In sum, in addition to Physical Gold and Silver (**but in a certain form!!** See our Articles and Alerts) and quality Miners and certain Agricultural Enterprises (People have to have food), Key Tangible Assets **acquired at the Right Time** (see Deepcaster's recent Recommendations) are the Keys to Profit and Wealth Protection.

Also essential for Profit and Protection are **Short** positions put on at the right time (See Note 2).

Therefore, Deepcaster provides an extensive list of Sectors in which one should "Buy the Dips" or alternatively Short the Bounces, in his January 2017 and other recent Letters and Alerts on Deepcaster.com.

Best regards,

Deepcaster
February 22, 2017

Note 1: * We encourage those who doubt the scope and power of Overt **and Covert** Interventions by a Fed-led Cartel of Key Central Bankers and Favored Financial Institutions consider the substantial evidence collected by the Gold AntiTrust Action Committee at www.gata.org, including testimony before the CFTC, for information on precious metals price manipulation, and manipulation in other Markets. Virtually all of the evidence for Intervention has been gleaned from publicly available records. Deepcaster's profitable recommendations displayed at www.deepcaster.com have been facilitated by attention to these "Interventionals." Attention to The Interventionals facilitated Deepcaster's recommending five short positions **prior to** the Fall, 2008 Market Crash all of which were subsequently liquidated profitably.

Note 2: **Recent Profits Taken:** Our attention to Key Timing Signals and Interventionals and accurate statistics has facilitated Recommendations which have performed well lately. Consider our profits taken in the last six months in our Speculative and Fortress Assets Portfolios*:

- 105% Profit on P.M. ETF on February 21, 2017 after just 10 months (i.e., about 115% Annualized)
- 90% Profit on Gold Shares ETF on January 20, 2017 after just 9 months (i.e., about 150% Annualized)
- 55% Profit on P.M. Streaming Company on January 12, 2017 after just 16 days (i.e., about 1255% Annualized)

- 110% Profit on Gold Shares ETF on November 9, 2016 after just 7 months) (i.e., about 190% Annualized)
- 60% Profit on Precious Metals Mining Company on October 20, 2016 after just 33 months) (i.e., about 22% Annualized)
- 130% Profit on Precious Metals Mining Company on July 8, 2016 after just 29 months) (i.e., about 50% Annualized)
- 75% Profit on P.M. Royalty Streaming Company on June 28, 2016 after just 36 months (i.e., about 25% Annualized)
- 33% Profit on Precious Metals Mining Company on June 13, 2016 after just 28 months) (i.e., about 14% Annualized)
- 65% Profit on P.M. Royalty Streaming Company on May 2, 2016 after just 35 months (i.e., about 22% Annualized)
- 50% Profit on Long Bond position on February 19, 2016 after just 2 days (i.e., about 8810% Annualized)

Deepcaster's Profits Taken in the second half of 2015 included such successes as 80% in 6 days, 110% in 3 days, 265% in 57 days, as well as 65% in 2 days.

*Past Profitable Performance is no assurance of future Profitable Performance.

Note 3: If there were ever a year in which one Simple Investing and Trading Strategy is likely to be Successful, it is 2017.

Yes, Investors and Traders still need also to consider many Fundamental and Technical variables and Potential Black Swans.

Nonetheless, in 2017, one Simple Strategy (coupled with considering Variables and Potential Black Swans) is likely to generate both Substantial Profit and Wealth Protection.

To see The Key Strategy and Consider how it could be used profitably, just consider our **Forecasts** in our recent Alerts and Letters on Deepcaster.com.