

Precious Metals & Market Update

Posted August 17th, 2024 - By Chuck Coppes



*“With the exception only of the period of the **gold standard**, practically all governments of history have used their exclusive power to issue money to defraud and plunder the people.”*

Freidrich A. Hayek, Austrian Economist (1899 - 1992)

*“**Money** is the most important subject intellectual persons can investigate and reflect upon.”*

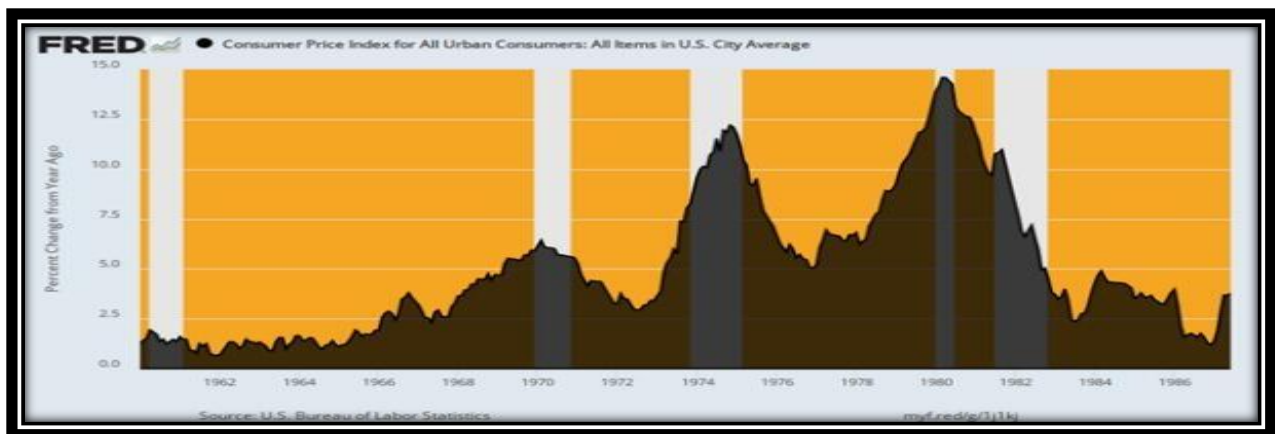
Robert H. Hemphill, President of Atlanta Federal Reserve Bank

*“Of all the contrivances for cheating the laboring classes of mankind, none has been more effective than that which deludes them with **paper money**.”*

Senator Daniel Webster (1782 - 1852)

Greetings to all,

As we are reminded in the quote above, money is important to think about. Old **J. P. Morgan** was right when he said that **gold and silver is money** and *everything else is credit*. This is our problem. We have too much fiat credit/debt in the monetary system. This leads to perpetual and persistent monetary inflation. Below is our **CPI** that is grossly understated with annual inflation running closer to 12%.



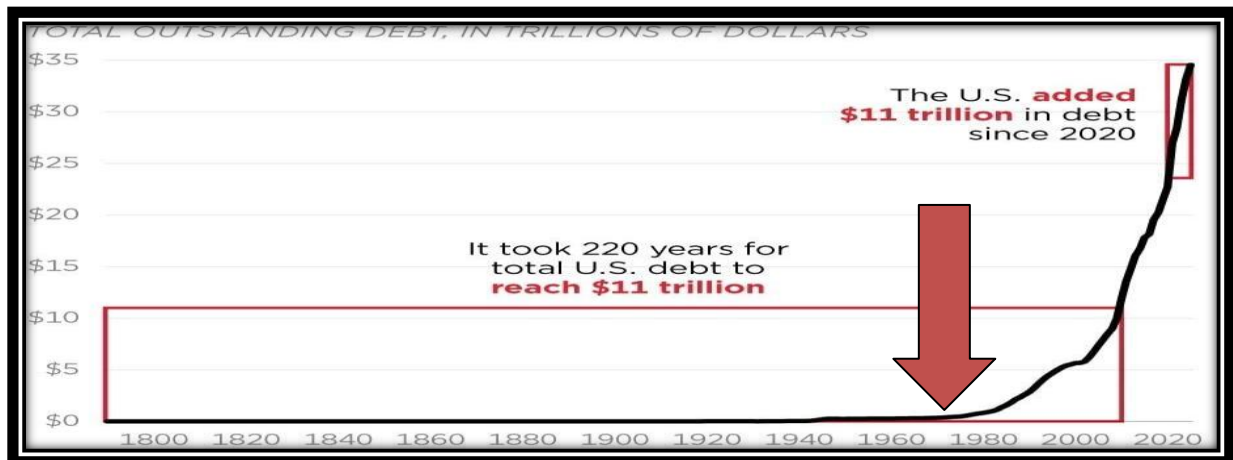
A recent study finds that in the past five years **97%** of wages have failed to keep pace with inflation while home prices have risen **56%**. The real culprit is the Fed that exploits our debt-based system that was created by *the banksters for the banksters and their clients* as **David Stockman** comments:

*What passes for **central banking** today is really a perverse form of Wall Street-pleasing monetary manipulation. It employs the vocabulary of central banking, but in practice it fundamentally undermines main street prosperity, even as it showers **the 1%** (the top wealthiest people) with unspeakable financial windfalls...Stated differently, virtually everything the Fed does for the alleged benefit of the American economy is both unnecessary and a ruse. The Fed has actually become a captive of the Wall Street traders, gamblers and high rollers, and functions mainly at their behest.*

If “the *love* of money is **the root of all evil**” (which it is, 1 Tim. 6:10), then we have an evil monetary system that will eventually impoverish most **Americans** and probably the whole world. The **US** is on an unsustainable path that is extremely dangerous. Consider the demographics of the baby boomers and **unfunded liabilities**. A recent article entitled [The Elephant in the Room: Unfunded Liabilities](#) notes how nobody is talking about these liabilities that are **500%** to **GDP** in the **EU** and it is equally as bad in the **US** as seen in this **chart below**. This looming crisis is what motivated me to [write my book](#).



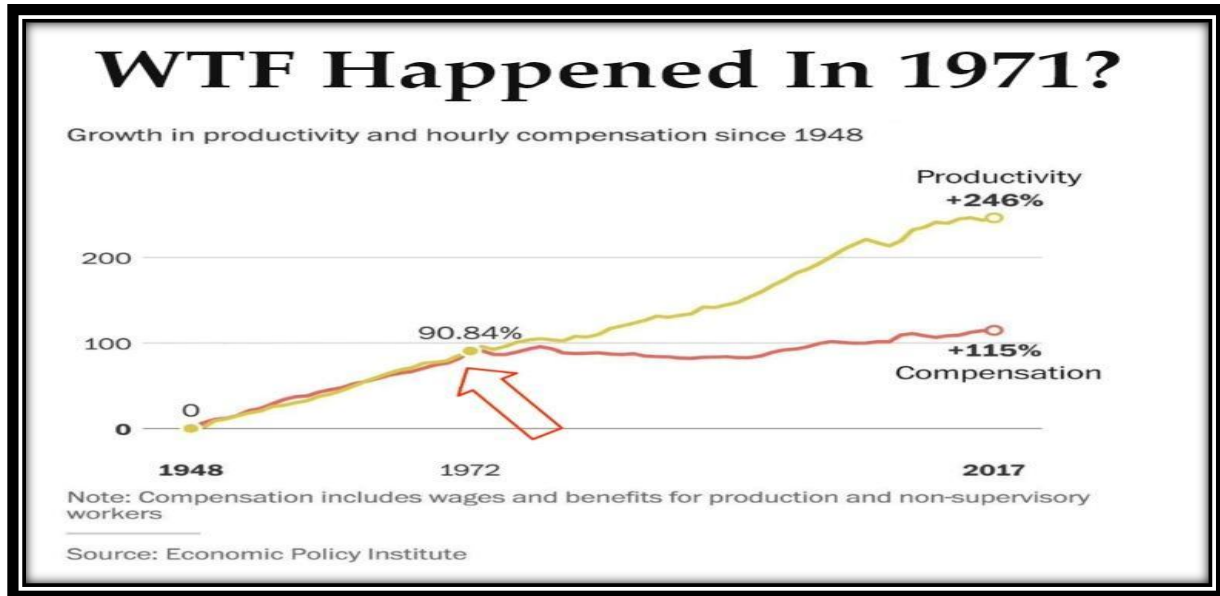
This article concludes, “There are hundreds of millions of people in the West who all hold the same delusional belief; that their pensions will be there for them when they finally retire. These pension plans are structural Ponzi schemes that will end in one of two ways; the markets these pensions are allocated to will correct as more people begin to retire en masse or governments and central banks will debase their currencies to the point of being worthless to fill the holes.” [The latter is what we are facing at an accelerated pace](#). Consider that we have added **\$11 trillion** in new debt in just the past four years that originally took **220 years** as seen in this stunning chart. [This is a fiscal train wreck!](#)



James Madison warned that there are two ways to destroy a nation. [The sword and debt](#). It seems that most people are indifferent to this threat. **Economist M N Gordon** [explains it this way](#):

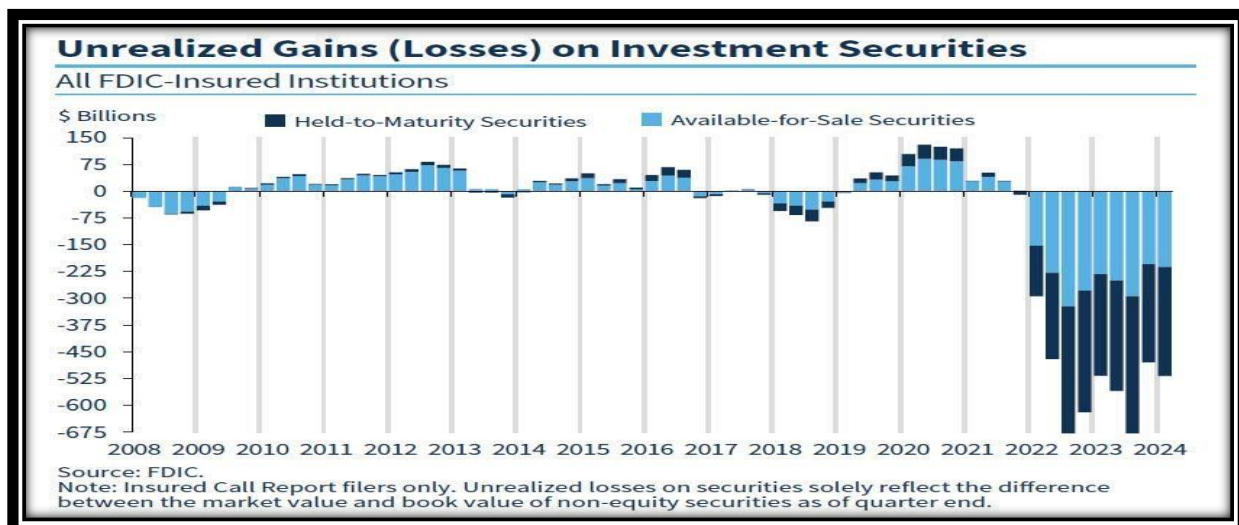
*What you must understand is this. Debt – public and private – has grown to such massive extremes that it will never be repaid. **But it will be settled one way or another. Through default or inflation, or a combination thereof. Moreover, the impending debt reconciliation will be legendary.** In the meantime, as debt has grown, it has distorted prices. This is the reason why housing prices and stock prices make little sense. And this is also the reason why consumer prices continue to rise. Federal debt recently eclipsed **\$35 trillion**. In practice, the Treasury is responsible for the abundance of debt that has been issued. However, the Treasury is merely funding the deficits dictated by politicians in Washington who are beholden to the vast cadre of special interests. Defense spending. Green energy bills. Farm subsidies. Pork projects. Social welfare programs. Foreign meddling. The endless collection of agencies and agency jobs, where staff show up every day and do fake work. No boondoggle’s too big or too foolish for Washington to fund. **The ability for the Treasury to finance deficits would have stalled out long ago had it not been for the system of debt-based paper money that makes the limitless issuances of dollars possible.** Of course, for every dollar of new debt that is issued there must be a lender. **In the U.S., the lender of last resort is the Federal Reserve.***

So there you have it. The Fed is the conduit to our own demise. And I need to draw your attention to the **chart above**. It was precisely when **Nixon** decoupled **gold** from our fiat currency on **August 15th, 1971** (53 years ago) that all this debt began to accumulate as also noted in [THIS](#) timely article.



What happened in 1971? By floating our fiat currency with no monetary discipline (gold) we have had nothing but debt, inflation and devaluation ever since. As a result, “this forced families to send both parents to work since the only way to increase income was to work more. It also led to a host of other problems including a more than doubling of the amount of time it takes to save to buy a house, an increase in income inequality, rising prices for electricity, food and fruit, and other social ills.” As I mention in **my book**, this spending is “a bi-partisan issue” by both parties in the **District of Criminals**.

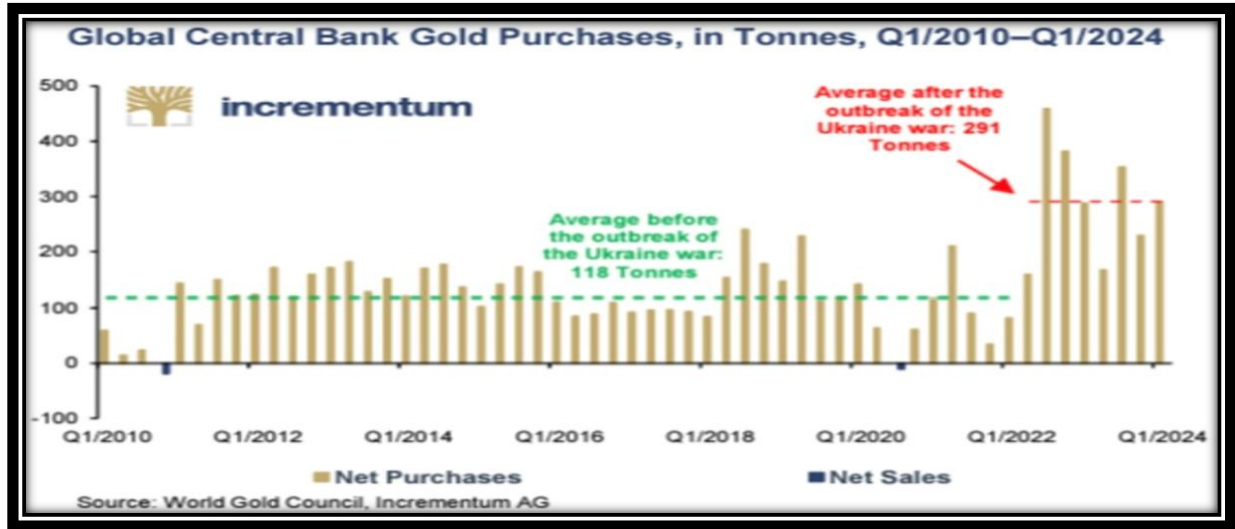
Adding to this trajectory is the near-term banking crisis in the **US** that is linked to interest rates and massive **unrealized capital loss** on the books. In other words, as rates went up low-yielding bonds in bank portfolios have become a liability. How big? According to the **FDIC** losses are **\$520 billion** and **67** of the **157** largest banks in the **US** have exposure to commercial real estate (CRE) non-performing loans (some are 500% to capital! – [LINK](#)). You are purposely not being told about this crisis.



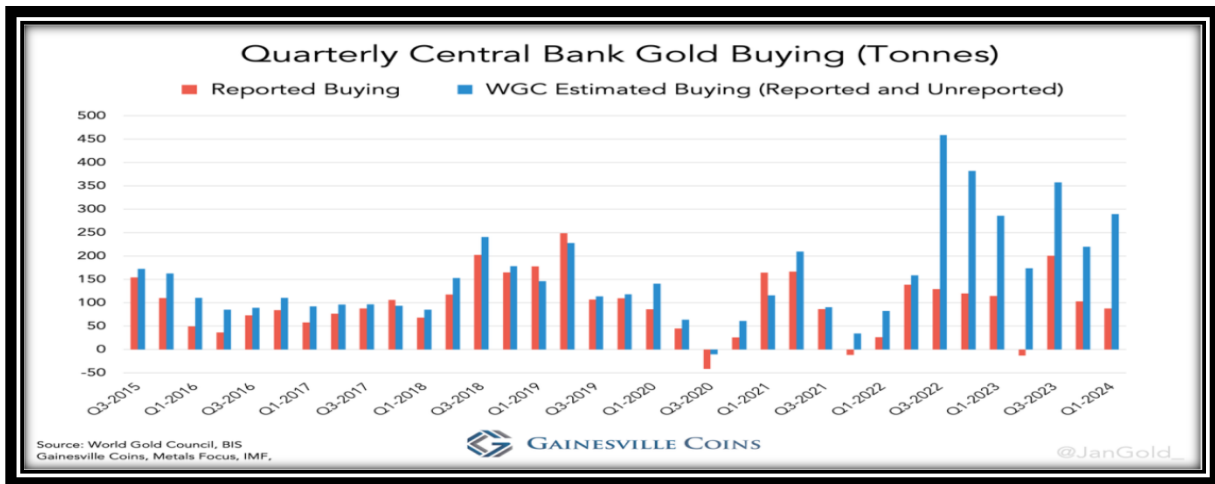
To make matters worse this banking crisis is a globally systemic issue. In his usual graphic manner **George Gammon** explains the dangers and worth your time if you have **20 minutes** to consider this.

George Gammon: The Global Systemic Banking Crisis

We should also remember that governments have issued almost **\$60 trillion** in sovereign debt (bonds) and most are going broke. Maybe this is the curious reason why **central banks** are buying so much **gold** these days? According to the **World Gold Council** they have added **483 tons** so far this year.



I saw [a report](#) that our central bank (the Fed) is the only central bank that is **NOT** buying gold. This is the hubris and mentality in the Eccles Building. There is something known as **Ferguson’s Law** which states that any government “that spends more on debt service (interest on the national debt) than on defense” will collapse. The **US is \$35 trillion** in the red and this does not even account for unfunded liabilities and so on. For perspective, the next largest sovereign debt is **\$9 trillion** in the **UK**. We can truly chant **USA** since we are Number One when it comes to incomprehensible reckless spending.



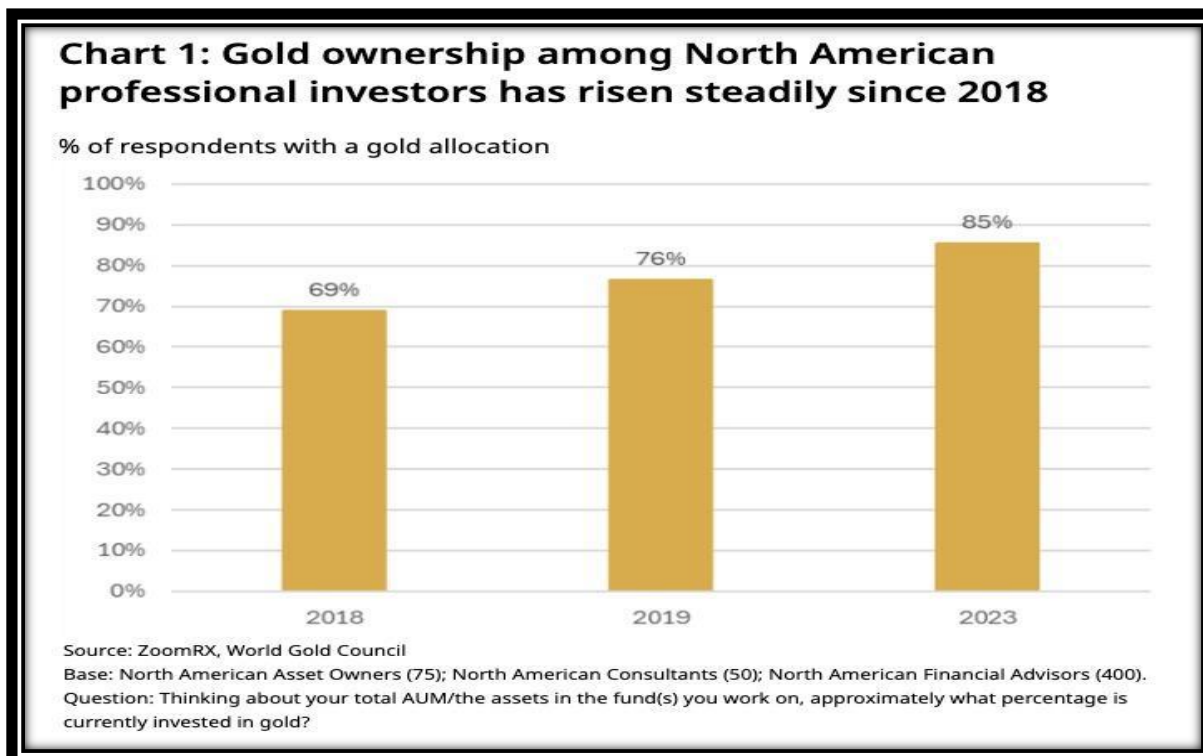
I think it is also important to point out that the **central banksters** have been acquiring **tons of gold** that is going unreported as seen in **this chart**. This is something that has developed in only the last couple of years and I think it reveals a certain level of *desperation* that the insiders have. Again, this, along with almost all **gold** activity, goes largely unreported in the financial media and this is by design.

So what is the endgame? In recent years there has been talk of a **monetary reset** to restructure global debt. This would require a “gold revaluation” (reprice) to be somewhere around **\$20k/oz.** or more. I think this is very likely, and the fact that the **BIS** has moved **gold** to a **Tier 1 Asset** among the GSIB banks and central banks is all you need to know. Here is a comment by the folks at [GATA](#):

Of course in the end gold revaluation, like the recent proposal for the Treasury to mint platinum coins with trillion-dollar denominations and turn them into cash at the Fed, is just legerdemain, accounting trickery to rationalize creation of money far out of proportion to national economic production. But that governments and central banks are so prepared for gold revaluation may be a reminder that the metal remains not just money but also the secret knowledge of the financial universe -- and that the nuttiest gold bugs of all are central bankers and the elected officials whose bidding they do, creating a world financial system so crazy that only gold may be able to save it.

In 1934, **FDR** used this accounting trickery to **reprice gold** and it will happen again. Soon. As **Daniel Lacalle** [says](#), “After years of thinking that money can be printed without limits and without creating inflation, monetary authorities are trying to return to logic and have more **gold** on their balance sheets.In an era of high correlation between assets and perpetual monetary destruction, **gold** serves as a low volatility, low correlation, and strong long-term return addition to any prudent portfolio.”

Gold demand has been robust this year. Not only among the banksters but prudent investors. In a [recent survey](#) by **State Street** it found that brokers and financial advisors have been allocating more to **gold** for their clients. Although some stock brokers licensed by the SEC, NASD and FINRA see the importance of **gold** you can be sure that most of this buying pressure comes from clients demanding **gold** (and silver) in their portfolio. In fact, this survey finds that **10%** of these financial professionals advise their clients *to have less* in precious metals, and **60%** said they recommend that their clients have *only 1% to 4.9%* of their assets in precious metals. The financial services industry in the US (and world) is mostly meant to serve Wall Street traders, gamblers and high rollers chasing profits.

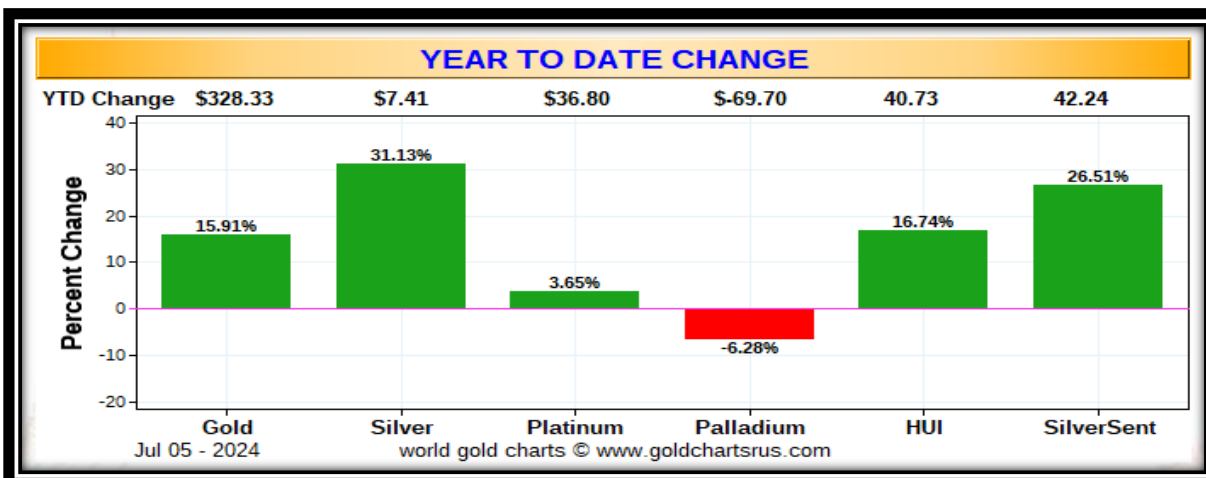


Warren Buffett says there are only two emotions in the market. Fear and Greed. We all remember that line by Gordon Gekko in *Wall Street* that “greed is good.” Indeed, free-market capitalism is based on what they would call “enlightened self-interest” that individuals further the interests of others to basically serve their own self-interest. And there is nothing wrong with this. Logically this is by design by our Creator and our implied property rights and the prohibition against stealing and coveting (Ex. 20). What we have today is **crony capitalism** that operates more like a casino and this is why people are becoming fearful. **Gold** is a classic hedge against inflation and uncertainty. **Gold** futures have just hit a new record high and even the greedy are taking notice. In my business we have a saying that **gold and silver** is not getting *expensive* – the currency is getting *cheaper*. Keep that in mind.

GOLD: KEEPING THE COMPLEX (TOO) SIMPLE?

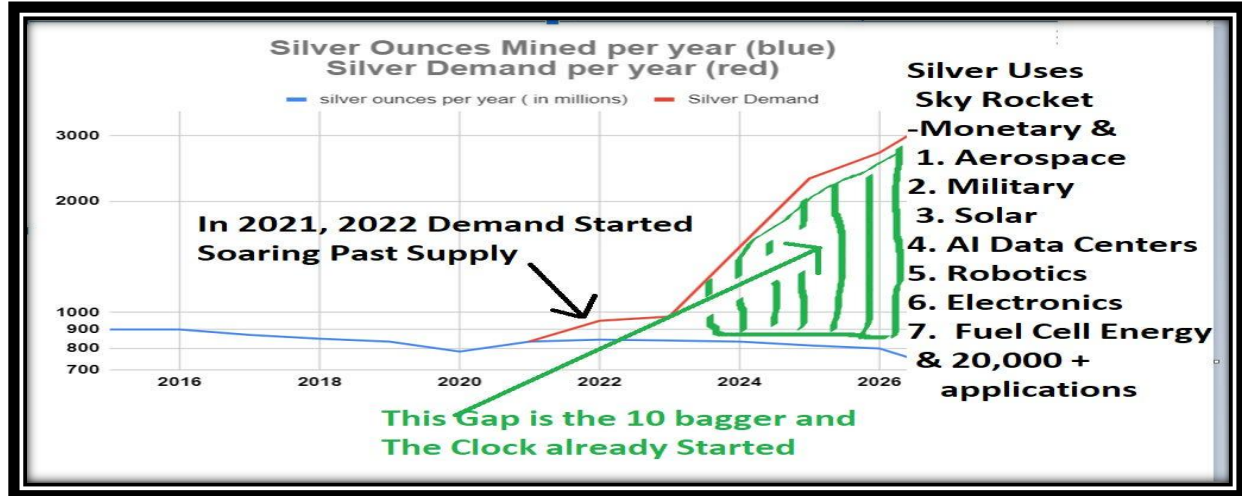
Year	Quantity	Value	Use
In 1920...	250 of these...	\$5,000	would buy you an average US home
In 2024...	250 of these...	\$500,000	would also buy you an average US home

Above is the simplicity and logic of having some **gold** (real money). **Gold** is currently at **\$2,500** and **silver** is around **\$29/oz.** after almost posting a high at **\$35/oz.** Below is the YTD change for metals and both gold and silver have exceeded the yield on the **S&P 500 Index** for **2024**. As you can see, **silver** has had higher gains this year and what is very different in this market is that **gold** is leading the way for **silver** which *always* pulls **silver** to much higher levels, which we will now consider.



Bullish Outlook for Silver in 2024 & Beyond

Based strictly on the fundamental laws of supply and demand the outlook for **silver** is historic. As indicated below, demand for **silver** started exceeding supply in **2021** and according to **The Silver Institute** this *structural deficit* is now **475 million** ounces or **15 tons**. That is half of what is normally mined each year! **Silver** has more industrial applications than any other metal on the planet. Demand for solar panels is expected to increase by **170%** by **2030** and by **2050** solar panel production will use approximately **90%** of all current global silver reserves. In addition, the growing tech sector keeps using more and more **silver** while **silver mines** are producing less with no new discoveries.

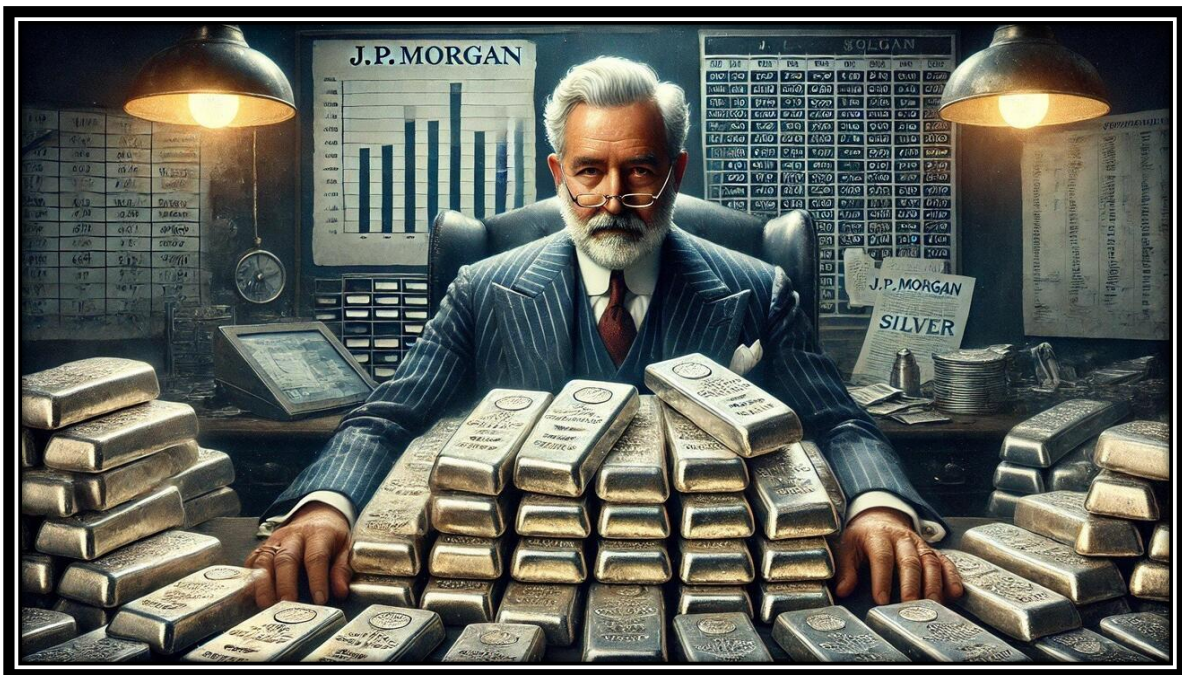


The demand for silver in 2024 is expected to be around 1.2 billion ounces of silver. These annual deficits are going to cause extreme upward pressure on **silver prices**. The market cap for **gold** is in the trillions while market cap for available **silver** is around \$100 billion. Industrial demand uses **55%** and jewelry **33%** leaving just **12%** for investor demand – this is a small market. And all of this begs the question, why is silver so low? I will address this in a moment. Below is the **silver/gold ratio** for the past 15 years. The current ratio is **86:1** and it was **30:1** back in early **2011** when silver almost broke **\$50/oz**. With gold at **\$2,500** that would mean **\$83/oz** for silver today. Historically, the ratio should be closer to **15:1** and some suggest even **9:1**, the ratio in which **silver** is mined against gold mining.



The biggest reason, if not only reason, why silver is trading so low and practically stuck in the \$25 to \$35/oz. range is by market manipulation and suppression schemes by the-powers-that-should-not-be.

I have been reporting on this for quite a while and there is a growing consensus that this criminal cartel is finally losing the battle to distort genuine price discovery for both silver and gold. The fake silver price is determined by the paper futures market that regularly trades 400 ounces on paper than COMEX or the LBMA have in physical inventory. As market analyst David Jensen mentions, “The fraud of this cash market shell game will be exposed as the demand for physical silver bars begins to exceed the capacity for delivery - as is starting to happen now. Market delivery default will then begin to occur and at that point the silver market will become truly physical.” When the demand becomes too great there will be a delivery defaults at these non-transparent warehouses. Technically, this is known as “force majeure” (French for superior force) to settle a contract. That superior force is now building like a tsunami. And I like to remind people that when the US closed the gold window in 1971, that was a massive delivery default. As Bill Murphy (GATA) has recently commented, the US government suppressed the silver price in 1965 when it removed some silver from our coins with the Coinage Act of 1965. The silver coins prior to 1965 are called “junk silver” today because they are not in circulation and sell for more than their face value – go figure! Murphy also points out that JP Morgan Chase has been acting as an agent for the US government and “has pleaded guilty to five felonies and has paid more than a billion dollars in government fines and civil lawsuit settlements, including a fine of \$920 million for manipulation of the monetary metals markets by some of its traders.” See why we call it a criminal cartel? Talk about desperation to gaslight the entire investment industry! This is also to maintain the status quo and delay the financial reckoning day that is coming.



JP Morgan is the custodian for the SLV-ETF. It is highly significant that they started accumulating physical silver after the bankers ambushed the silver peak in early 2011. They had a silver hoard of over a billion ounces of silver and now according to the late Ted Butler they have less than 500 million ounces. Ed Steer and his sources mention how JP Morgan has been adding to the SLV and COMEX to cover their short positions due to increased demand and a structural deficit in its fourth year. This is extremely bullish news for silver. We need to “decouple” JP Morgan from silver!

China and India are leading the way with huge **silver** demand for both solar panels and investment. As Ed Steer has stated, foreign countries have been well aware of the price management scheme in the **West** and particularly **China** and **Russia** which have significant leverage. Look at what **Ed Steer** says:

*They could pull the pin on this decades long price management scheme at any time of their choosing by halting exports. **China and Russia are the No. 2 and No. 5 producers of silver on Planet Earth -- and all that either one of them would have to do is hint at that possibility -- and Keith Neumeier's triple-digit silver price would be a reality within 48 hours....**Of course the repercussions of that would blow up a whole raft of banks, commodity trading houses and hedge funds in the West, which would reprice the entire commodity sector in very short order.*

Wow. **Neumeier** is the CEO of **First Majestic Silver (AG)** and has long argued for a **9:1** silver/gold ratio. All I can say is amen! If you would like more insight from **Ed Steer** (the heir apparent from Ted Butler) I invite you to listen to an excellent **30-minute** interview at [THIS LINK](#). Another source for silver research and commentary is **Bix Weir** at Road to Roota. In a recent interview he mentions the huge silver demand from **India** (due to gold tariffs) in addition to soaring industrial demand for solar. His conclusion is that the **silver fraud** is being exposed and will collapse by...this **November**.

[Bix Weir: The Truth is Being Exposed for the World to See](#)



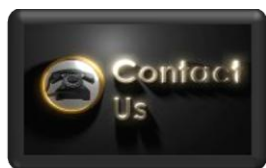
Finally, **Swiss** money manager **Egon von Greyerz** has issued another warning about highly leveraged capital markets and favors the monetary metals. “Gold and Silver are fundamentally and technically in a perfect position for substantial rises,” says **Egon**. “In the next move Silver is likely to hit \$50, probably pause there for a while and then move strongly higher. The volatility will be very high.” If and when **silver** breaks through the psychological barrier of **\$50/oz.** (going back to 1980) it will be a moon shot and **volatile** for sure. He mentions **\$3,400 gold**, but what if it is **\$10 or \$20k**? I think no matter what happens with **gold** we will see a **triple-digit silver price** and it will probably represent the largest wealth transfer in history (according to Mike Maloney, Weir, Rickards, GATA, etc.).

Summary & Conclusion. As Austrian economist Hayek said, “all governments use their exclusive power to issue money to defraud and plunder the people.” Money is important and the evil banksters have distorted what *real money is* (not fiat). They have created a world of **debt** and have become the **lender of last resort** to the welfare/warfare state. The impending “debt reconciliation” will be legendary as I have mentioned. We have been on this path since **1971**, and now we have hell to pay with a permanent wealth gap and attending social ills. We have become a socialist nation with too many collectivist agendas and entitlements like **Social Security**. “FDR knew what he was doing in enacting his socialist program,” writes **Jacob Hornberger** with [The Future for Freedom Foundation](#). “He knew that once he got people hooked on it, they’d never be able to get off it [and]...any society that lives under socialism cannot under any stretch of the imagination be considered to be a genuinely free society.” As **Reagan** once said, as government increases liberty decreases. We are living in a world of grave uncertainty and risky markets and I do hope you will find time to watch some of these **videos** I have linked. Gresham’s Law states that bad money drives out good money. [Money Market Funds have just hit a record high of \\$6.2 trillion](#) as people as people withdraw cash from the banks. I would lower your exposure to the banking system. If you have **silver** and **gold**, hang on. If you do not call me. People should have **20% gold** and **80% silver** based on current ratios. **Bix Weir** calls solar demand the central bank of **silver** – ha. I like that central bank! The best time to contact me is late mornings (PST) at **855-860-6800**. For the first ten callers I will send a free signed copy of my book.



Concluding, it is sad to see what **America** has become. In many ways we resemble the decline of ancient **Rome** with a devalued money system, military overreach, welfare, corruption and a modern deep state that operates like the Praetorian Guard to protect the elites. This is documented in **Joseph Tainter’s** book *The Collapse of Complex Societies*. On Monday the woke affliction of our nation will be on full display as the **DNC** begins their convention. The problems we have are not political. They are profoundly moral. **The Bible** says that “righteousness exalts a nation and sin is a disgrace to any people” (Pro. 14:34). What we need is a Biblical worldview and I refer you to [THIS LINK](#) on my website and I there is more in my book. “How much better it is to get wisdom than gold! And to get understanding is to be chosen above silver” (Pro. 16:16). I welcome new subscribers and pray you will find wisdom and understanding in my occasional mailings. Next one in about six weeks.

Until Next Time, Your Messenger from Sandpoint 🙏



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