



# Financial Survivalist Letter

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MAY 2019

**Economic displacement.** We appear to be entering a new economic/financial era. Nomura CEO Koji Nagai recently [stated that](#) macroeconomic "megatrends" have affected the industry as a whole and that **"There is no liquidity any more so the market is dead because of the central bank's monetary policy."**

Mr. Nagai's pronouncement puts the blame on zero interest rates.

In both Europe and Japan central banks have destroyed bond markets. Implications of this change are unknown, but potentially frightening.

One predictable result will be an avalanche of capital from those two geographical areas into the U.S.: principally U.S. stock markets. What to do about this is simple: if you took your money out of the Dow, consider putting it back.

A darker prediction is that affected governments will find it **increasingly difficult to function**. This development should not be taken lightly. We're entering an economic arena in which previous financial history is non-existent. Martin [Armstrong commented](#) that if the Fed decides to set benchmark rates for 2 to 10-year instruments, it will result in "the collapse of government bond markets on a global scale."

Across the pond, **Nigel Farage's** brand new [Brexit Party](#) began accepting applications for parliamentary candidates to stand in the next election. The party is looking for individuals who have worked and served in the real world. Politicians not welcomed. Polls show Brexit ahead in May European Parliament elections, with 30% of the vote and the Conservative Party somewhere between 3<sup>rd</sup> and 6<sup>th</sup> place.

Across the channel, Marine Le Pen is trying to make [EU election results](#) a referendum on French President Macron. And [Catalan Separatists](#) in Spain achieved their best ever election results.

TV comedian Volodymyr Zelenskii won the [Ukraine presidency](#) in a landslide. Zelinski said "I can say as a Ukrainian citizen to all the countries of the former Soviet Union: Look at us. Everything is possible."

Freedom proponents around the world, including [Ron Paul](#), are reacting against the **U.S. extradition** order for [Julian Assange](#). "As long as Julian Assange is in prison, we are all in prison."

This review of history by Pat Buchanan makes a [strong case](#) that **tariffs are what made America great**.

The inimitable **James Kunstler** suggests that William Barr is about to make kindling of [Democratic Party criminals](#), now that the Justice Department has replaced Mr Mueller in America's legal spotlight – with wild-and-crazy activity likely on into the 2020 general election.

## Destruction of the Capital Markets



If the central banks cannot return to a Normal market and are thus trapped by their own relentless **Quantitative Easing**, the future of the financial markets will be substantially different from the past.

What we face is extraordinary. This is beyond the text books. We have embarked on a whole new monetary experiment and we are the subject.

If governments can no longer borrow from the private sector thanks to this **Quantitative Easing** and **Negative Interest Rates**, then there will be **NOTHING** that remains familiar as we forge ahead.

## U.S. ECONOMIC HEALTH

**Employment.** Private payrolls surged by 275,000 in April, [the biggest increase](#) since July 2018. The official unemployment rate fell from 3.8% to 3.6%, the lowest since December 1969.

That, however is only [part of the story](#): in addition to the 6.2 million Americans who are officially unemployed are another 89 million categorized as “not in the labor force” and hence not counted by the government. These unemployed individuals have either given up looking for a job or they’re working in the black market.

McDonald’s is partnering with AARP to draw some of these seniors, needing income, back into the workforce—with a goal of hiring 250,000 Americans this summer. Meanwhile, [JOLTS reported](#) 17 million job openings.



**Retail sales** have gone south, with 6,000 stores having already closed through mid-April, [more than](#) the number shuttered in all of 2018.

Auto sales are also on the rocks, with [April’s 6% drop in sales](#) being the worst in 8 years.

**Home sales** [soared](#) in March as prices [stabilized](#) or fell. But new housing starts [collapsed](#).

**U.S.** economic data show a U.S. [manufacturing slowdown](#) getting underway.

**Freight brokerage** absorbed a major hit last month: Amazon announced its entry by undercutting prevailing prices by 30% in an effort to grab market share. [Amazon already has](#) an extensive network of trucking carriers that moves an enormous amount of freight across the country and this development was an obvious next step.

## INVESTMENT ASSETS

**U.S. stocks** moved higher: the Dow Industrials and S&P 500 Indexes closed April up 1.5% and 3.0% to 26321 and 2918, respectively. Why have U.S. stock markets been rising, in the face of fear and doubt? Because (1) Trump and Xi are slowly moving toward a trade agreement; (2) the Federal Reserve indicated it likely will not raise rates at all in 2019; and (3) corporations are racking up strong earnings in a strong economy. How much higher can they go? Much higher!

Principal April losers were [healthcare stocks](#), as Bernie Sanders and other socialists hammered the “Medicare for All” theme.

Martin Armstrong makes a point in [this article](#) that **diversification**—the holy grail of traditional investment management—is no longer a valid means for building wealth.

Armstrong notes that correlation between various financial asset classes has tightened: “What is being overlooked is that a major shift is underway, causing the risk of a LIQUIDITY CONTAGION whereby a loss in one asset class causes liquidation in all others to raise cash to cover losses.” This contagion “cannot be covered by diversification.”



**Treasury bonds** lost ground, as both 10-year and 30-year T-bond yields closed 11 basis points higher, at 2.52% and 2.92%, respectively.

**The dollar** (USD Index) strengthened further, closing April at 97.41, up 0.6%. Debate about what the Fed will do next included White House economic advisor Larry Kudlow predicting the possibility of the Federal Reserve having hiked rates for the “last time” in his life.

To which Martin [Armstrong replied](#) “What he is really saying is that Quantitative Easing has so destroyed the Keynesian model that there is now no other alternative for central banks to control the economy. If they raise rates, the budget explodes. We are witnessing the end of Keynesian Monetarist theory.”

Armstrong expects the dollar to continue to strengthen, to the point where it will “BREAK the economic system.”

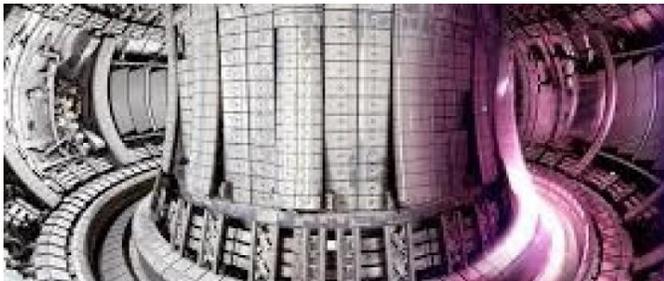
**Precious metals.** Gold slid \$6 to a 1284 close while silver dropped 38 cents to 14.73, sending the gold/silver ratio sky-high to 87:1.

**Mining stocks** (measured by the XAU Index) tumbled 10% to 68.77. Contrary to popular belief, mines around the world are [becoming “smart,”](#) using automation, drones, GPS, 3D imaging and even monitoring devices on workers.

**Commodities** (GCC Index) slid 1.5% to 17.75. President Trump tweeted that the first \$100 billion in tariffs being collected from China will be used to [buy agricultural goods](#) from U.S. farmers. The produce can then be shipped to struggling countries in the form of humanitarian assistance.

**Energy.** Crude oil (WTIC Index) rose another \$3.50 to 63.60/barrel. WTI now appears [set for a decline](#), as U.S. crude stockpiles are at two-year highs and production continues to set new high-water marks.

**Electric cars** may not be the key to a [green future](#) after all. Turns out a mile in a Tesla produces 156-180 grams of CO<sub>2</sub>, more than the emissions of a Mercedes diesel. The main reason is the pollutants produced by mining and processing the lithium, cobalt and manganese needed to produce Tesla’s batteries.



Researchers at Princeton and Harvard are collaborating on the application of artificial intelligence to [nuclear fusion](#) reactors to solve control problems. Implications of success would be vast: virtually **unlimited free electric power** using sea water as a fuel.

**Cryptocurrencies** rise looks likely to continue into June, as Bitcoin closed May at 5328, 28% higher.

*Detailed information on cryptocurrencies is published in our weekly Crypto Report.  
To receive this report, send an email to [wayne@waynepeterson.net](mailto:wayne@waynepeterson.net).*

## **WINDOWS into the FUTURE**

### **AI/Robotics**

1. SpotMini is a 66 pound robot dog that performs tasks. Here’s a video of 10 of them [pulling a truck](#).
2. A robot named Colossus played a key role in [saving firefighter lives](#) at the Notre Dame inferno.
3. Cornell scientists have created [living machines](#) that eat, grow and evolve.
4. Watch [micro-robots](#) so small that thousands of them fit side-by-side on a single silicon wafer.

### **Defensive alerts**

1. [Amazon records](#) everything you do at their stores—including Kindle, Whole Foods and Ring.
2. Alexa (Amazon assistant) records your interactions even when you’re [unaware](#) of being recorded.
3. Here’s more insight on what your [smart home](#) devices may be recording.



4. Even if you disable GPS and turn off your phone, Google and the NSA can [monitor your location](#).
5. Google is helping the government conduct [warrantless searches](#) of your phone.
6. Retail stores are now tracking not only where you shop, but also [where you sleep](#).
7. Vampire cops are now forcibly [drawing blood](#) from drivers in at least nine states.
8. In a class by itself, the SEC blessed MasterCard's idea of [terminating](#) right-wing customers.



The winner of April's **disinformation award** is the United Nations—with its [species extinction](#) report. (The article is worth a read if you attribute any credence whatsoever to "sustainability," Agenda 21 or any of the other programs by which the international elite mean to control us.)

**5G.** Here's yet another [disturbing article](#) about the oncoming rollout of the next generation of wireless technology, and the potentially frightening consequences to humanity.

**Good news** for the month: Kutztown, PA barber Jon Escueta pays kids \$3 to put away their cellphone and [read while getting a haircut](#)—to promote literacy.

### ***PATRIOT CORNER – part 1***

**The U.S. Constitution** is the law of the land and what it actually says is "*This Constitution and the Laws of the United States which shall be made **in Pursuance thereof**; and all treaties made ... shall be the supreme Law of the Land...*" "In Pursuance thereof" means that just because the federal government develops an interest in an area or does something there does NOT automatically give it supremacy.

The "Supremacy Clause" really conveys the concept that federal laws NOT made in pursuance of the Constitution are NOT supreme. They're void. And they should be treated that way. Over 200 years ago James Madison advised states to simply withdraw support for unconstitutional bills to which they do not agree. And for 170 years, the Supreme Court agreed that the federal government CANNOT require states to use their resources or personnel to help the feds carry out their programs.

Somewhat like a boycott. A store can't stay in business if people don't shop there. And today, most federal programs can't stay in business without help from the states. Refusing to help the federal government is smart strategy. It's constitutional, an easy argument, and it works.

### ***TWILITE ZONE***

**UP IN SPACE.** Astronomers announced a better fix on how close to Earth the "God of Chaos" asteroid will come. **Apophis** is an [1100-foot-wide asteroid](#) that NASA says will pass within 19000 miles of us on April 13, 2029, as close as some of our orbiting spacecraft. Odds of a collision are 1 in 100,000, but it promises to be a great observing opportunity for Earth-based astronomers.



**Toutatis** is MUCH larger and potentially closer, but is not due to reappear for 45-years. There are however many smaller ones—some 19,000 known [near-Earth asteroids](#), with an average of 30 new ones found each week. Considering the risk of catastrophic strikes from large asteroids, governments around the world are starting to make plans ... just in case.

There is also a very interesting **royalty-free patent**, registered in 2017, on a technique for [deflecting asteroids](#). The electromagnetic field generated by the technique is also suitable for deflecting huge solar flares, according to credible extraterrestrial researcher Linda Howe, who posted the information on [her website](#). Linda voiced an opinion that this may be a "**gift from friendly E/T's.**"

**MIND OVER MATTER.** PhD, professor and prolific [author Dean Radin](#) cites extensive laboratory experiments which confirm that **consciousness forms physical matter**. People even IMAGINING that they are observing an experiment can affect its outcome. "There is something happening in consciousness that is changing behavior in the physical world. You can see its effects in laboratories under highly

controlled conditions.” How strong is this scientific validation? According to Radin, it’s at a 6-sigma level, meaning that the chances of it being random is 1 in a billion.

Information provided by Radin is not unique: similar conclusions come from a number of sources, including Eastern and metaphysical religions. But in the modern world, greater analysis is now possible...The implication of these findings is huge: it means that **individuals can control their physical conditions** and experience. If you don’t like the condition of your body, you can change it with your mind. More importantly, if you’d like to enhance your life circumstances—it’s also possible. **Your belief affects the outcome!**

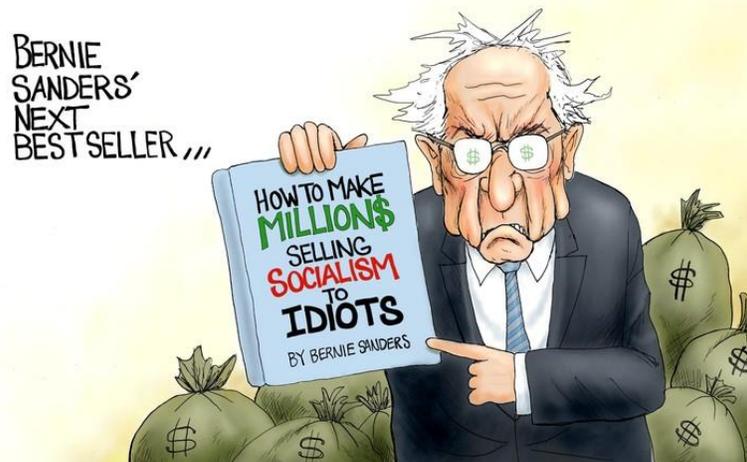
Radin was a presenter at a recent conference moderated in New York by Rick Stack, who has become keeper-of-the-keys to assure the survival of 20<sup>th</sup> century [Seth material](#)—in my opinion, the granddaddy of metaphysical information.

## FUNNIES



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**Thanks for reading. Hope you continue to experience a happy, healthy and successful 2019!**

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