Title: Good read…
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>History never repeats itself, but it does often rhyme. - Mark Twain

Hello everyone. I'm back and I've got some stuff to share with you. Mainly how I believe we are on the greatest crash course to global destruction we have ever seen...ever. How "helicopter" money printing and a lack of consideration for the consequences have led the global financial system to an irreversible meltdown. And how I think that we are very close to witnessing it all unfold.

How it all started

The Great Financial Crisis of 2007-08 was one that literally shook the world. The Lehman Bros collapse triggered a chain reaction of cross-defaults that crippled the global economy. Liquidity was in high demand. The very reason for the first domino to fall. Banks lost confidence in one another which led to them not lending and sparking great demand for "pristine" collateral. I've read lots of versions of the story. Watched documentaries on repeat. I've studied the GFC inside and out. One thing I must say, I'm definitely getting '08 vibes lately. The news articles. The YouTube vids of "analysts" saying don't worry, buy the dip. Especially [this clown.](https://twitter.com/JimCRAMER) We all know how his Lehman Bros prediction turned out... Now of all my research of the GFC, I never really understood how we just picked up the broken pieces and went on like it never happened. Some people say that the GFC wasn't allowed to happen like it should. Some say that it never finished. That's where this all gets really interesting...

Money Printer Go Brrrr!!!!

Sound familiar? That's because it's a trick we still use today. QE. Quantitative Easing. To break it down, basically it's liquidity being pumped into the system by the Federal Reserve/Central Bank of the US. The Fed creates what are called "Bank Reserves" which are then used to create cash on the balance sheets of those who hold them. These "reserves" are merely money being printed into existence. Much like the $120 Billion per month of purchases that the Fed is currently making. To pull us and the rest of the world out of a recession, the US began what's known as 'QE1' by injecting liquidity into the banking system, reinsuring confidence and allowing business to resume in the banking system. That's actually a mild representation of what really happened, but I don't wanna beat off a dead horse (or however that goes) because most of you likely know the story. If not, I suggest you read up on the 07-08 financial crisis.

The Dilemma

So as you all know, there's a lot of things going on in the stock market that doesn't make any damn sense. Something that has caught my eye was a fundamental contrast in the FX market (foreign exchange) and the US stock market. You see, generally a stronger Dollar would result in falling equities and also softer commodity prices. That's not at all been the case. $DXY is an index that tracks the USD relative to a basket of other currencies. When the index rises the dollar strengthens and vice versa. $DXY has been on a gradual, albeit a volatile, upward trajectory all year long. So what gives? First thing I done was go back in time and read [The Everything Short](https://www.reddit.com/r/GME/comments/mgucv2/the_everything_short/) by u/atobitt and tried to make a correlation. Then I read it again. At first I thought maybe a short squeeze on $DXY and after searching for short interest, I found very little that led me to believe that there was actually someone shorting the dollar...kinda.

Swap Lines

What is a swap line?

> Swap lines are arrangements between two central banks to keep currency available for their member banks in the reciprocal countries.1 These agreements stabilize markets when markets become stressed. They reassure banks that there won't be a run on a specific currency that they won't be able to meet. Swap lines keep plenty of currency available during times of stress.

[Swap Lines: Definition, Purpose, Examples (thebalance.com)](https://www.thebalance.com/swap-line-definition-purpose-examples-3305966)

Essentially, a swap line is a cash injection into foreign and sometimes domestic banks that is intended to instill confidence in the banking system. Seems like we're getting somewhere now. Swap lines are merely loans much like you would get if you went to your bank and borrowed money. The difference between a swap-line and a basic mortgage/loan is that in a swap, the counter-party would offer their currency in exchange for the USD rather than some other type of collateral. An example would be if Europe for instance needed a large amount of USD then the ECB would make an arrangement with the Fed to exchange Euros for USD at the current FX rate. This isn't restricted to just the EU either. These swap-lines are available to any central bank or anyone who uses the Euro Dollar system (basically the entire world.) Euro dollars are not to be confused with the Euro. These are two totally different currencies. The euro dollar is just the dollar that is transacted by parties outside of the US.

We gotta save the world!!!

" The Federal Reserve on Wednesday announced the extension of its temporary U.S. dollar liquidity swap lines with nine central banks through December 31, 2021. These arrangements were first announced on [March 19, 2020](https://www.federalreserve.gov/newsevents/pressreleases/monetary20200319b.htm) to ease strains in global dollar funding markets resulting from the COVID-19 shock and to mitigate the effect of such strains on the supply of credit to households and businesses, both domestically and abroad. Extensions to the facility through March 2021 and later through September 2021 were announced on [July 29, 2020](https://www.federalreserve.gov/newsevents/pressreleases/monetary20200729b.htm) and [December 16, 2020](https://www.federalreserve.gov/newsevents/pressreleases/monetary20201216c.htm), respectively. A further extension of the temporary swap lines will help sustain improvements in global U.S. dollar funding markets by serving as an important liquidity backstop."

[That's a lot of 0's](https://preview.redd.it/97zps7zp21r71.png?width=1906&format;=png&auto;=webp&s;=424228b89fce8e831b49565cb5f0437e64c7338c)

So what does this all mean? That's a *very* good question. One that I've been trying to figure out for weeks now. Basically these loans have expiration dates, much like any other loan. But what happens when other countries are printing boat loads of money and inflation is running "above target" for "some time" and the deadline to pay is approaching? Well, you devalue your currency to pay back your debt. This is where the magic happens. I'm sure all you EuroApes are already well aware of the inflation that is going on across the pond so I will be using Europe as my example throughout my explanation.

Inflation

This is something that I would assume everyone knows about so I won't do an ELI5 on the matter. Just know that money creation without the production of goods and services is an inflationary action. QE is exactly that. It's a constant stream of cash being injected into the system without having the goods in circulation to back the liquidity. This is where I became lost. If money printing is inflationary and J. Powell has had his foot on the money printer throttle, then WHY IN THE FU%K IS THE DXY RALLYING? Fairly simple. Because everyone else is being forced to print *more* money in order to repay those US denominated treasury debts. That's right. The entire world is at the mercy of the Fed. Foreign currencies are tanking while the dollar rallies. The energy crunch is only going to cause this to become much worse. The only way to curb inflation is essentially to raise interest rates and stop the helicopter money printing.

The Bond Market

Most of you probably know a little bit about bonds. Boring. "Safe-haven" assets that pay out a laughable ROI (when inflation isn't running wild) and are traded globally between other governments and investors. Bonds are basically an I-O-U agreement that says "I wanna borrow this money from you and I'll pay you X% rate as a coupon when the contract expires." The Fed essentially has control over the interest rates. The lower the rates, the more growth that can be expected from the economy because money is cheaper to borrow and people are more willing to borrow to start businesses etc. There's another way to control interest rates, however. One that can essentially be done by retail investors. That happens by purchasing bonds. You see, the bond market works inversely to the equity market. When investors buy bonds, the yields drop as to where in the stock market, equities rise. So by the Fed buying $120 billion in treasury securities a month, no wonder interest rates are pegged to 0. In fact the real rates on the US10Y bonds have been negative for quite some time. This is extremely inflationary. At this point, the only way to curb inflation is by raising rates. This is where shit gets messy.

The Rate Hike

Sooooo...... The US has gotten itself in somewhat of a "pickle". We've found ourselves backed into a figurative corner. Now we have only 2 options. Let inflation run wild and crash the global economy or raise rates and crash....the global economy. I'm gonna dive into both and why they're equally disastrous and why I think that we're effectively closer to to a global catastrophe than we've ever been before. First off the US debt to GDP is at an astounding 140.72% according to usdebtclock.org which means that the prospects of "growing our way out" of debt is basically naught. US national debt is at $28.828 trillion and rapidly growing. GDP is at $22.896 trillion and US federal tax revenue is at $3.864 trillion. The interest on the debt is calculated by multiplying the face value of outstanding Treasuries times their interest rates.■ Treasury bills have short durations ranging from a few days to 52 weeks. Notes are sold in two-, three-, five-, seven-, and 10-year durations. Bonds are for 15 and 30 years.■ Short-term debt has lower interest rates than long-term debt because investors don't demand as much of a return when lending their money for a shorter period. I figure that the US will become insolvent if rates were to hit 3.75% on the long end. This is why the Fed has had their foot on the gas buying up all the treasuries, holding the rates down. They literally can't help it.

[Total public debt](https://preview.redd.it/gyri3cmnj1r71.png?width=1909&format;=png&auto;=webp&s;=3c828a182fc241fc270f83d3eb7abb3531b1a677)

So how does all this matter?

I've kinda went on a tangent here and I'm truly sorry. Attention Deficit Disorder... But it all matters, I promise. Back to the strong dollar and hyper-inflation. The Feds actions have undeniably caused turmoil in the markets all across the globe. From shipping/supply problems leading to shortages to the labor crunch we're seeing today. The Fed and the money printer is responsible for it all, whether directly or indirectly. With countries around the world devaluing their currency to meet demand for the US dollar, this is creating a huge problem. Countries are beginning to stare down the barrel of insolvency as they scramble to print money to pay debt. This led me to a man named Brent Johnson, founder of the *Dollar Milkshake Theory.* I did a little write-up a while back that was rushed and very low quality so I, like Dr. Burry, deleted that shit. [Here is a video of him explaining his theory.](https://www.youtube.com/watch?v=PWVRWUkm54M) Essentially, what he says is that the US has issued so much debt to other countries that the demand for USD will push the dollar higher. Why is this so dangerous? Commodities. Oil/Gas, Gold, Silver, Copper, etc. they all react to movement in the dollar. Typically a stronger dollar would mean that commodities would fall. But in this scenario where supply chain issues and the ongoing crisis in China, Oil is surging. This is bad for the Fed because they've been tasked with 2 objectives that we've heard over and over again. Stable prices and maximum employment. Well both of those are in grave danger with oil prices surging. In order to tamper inflation down, the Fed must raise rates. On the other hand, a rate hike would be detrimental to the state of the economy and the US equity markets. Jobs would be lost with a market crash and with the number of unemployed already high, risking further unemployment would be a very daring move by the Fed. The question remains. Does the Fed do nothing and crash the world? Or do they do something and crash the world anyway? The cracks are starting to show. In fact [Jamie Demon of JPM Chase](https://neonnettle.com/news/16854-jpmorgan-chase-ceo-warns-america-prepare-for-catastrophic-u-s-credit-default) is warning Americans of an impending "catastrophic default" by the US. Seems like he is having '08 vibes too, eh Jamie?

[picture of Jamie Dimon probably lying to congress](https://preview.redd.it/bemmjtazp1r71.png?width=1911&format;=png&auto;=webp&s;=18fdcf272cf4edb3d781359608d5723f40827cfa)

I know this has been somewhat of a random post but the fact that this is playing out just like Brent predicted 3 years ago tells me that he's got some insight that most people don't see and that there's a good chance he is right about the fall of the rest of the world. The only way out of this is if the debt is paid off and we all know that won't likely happen. Another way out would be through defaults which would only put more pressure on the dollar as the demand doesn't go away, only the debt and dollars associated with the debt. Meaning less dollars in supply. This is literally a short squeeze on the dollar. Directly caused by money printing. This means that the fuse is burning a whole lot faster and they're running out of time while simultaneously drowning the banks. This is causing the banks to be flushed with excess cash, causing them to seek shelter in the ON-RRP facility to avoid getting a collateral call. The strong dollar also lessens the chances of banks loaning money, which is their main source of revenue. Long story short the banks are drowning and Powell has his foot on their head. The global economy is moments away from the biggest meltdown in history. This will lead to margin calls and eventually trigger a flash crash like we've seen in the past as the algos turn to selling mode. The only safe place to be right now, in my opinion, is GME. I believe the end is near and everyone on WallSt is screaming for help. Buy HODL and DRS. I'm doing my part. I hope you all stay safe through these next few weeks. Prepare for the worst. Food, water, and daily necessities. Stay strong guys. I'll see you on the moon!