

Title: A wide ranging and rambling analysis of where we are. Part II.

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So now let's look at GME. Don't want to repeat all the DD, which seems true, that GME represents a company that refused to die as expected. Thus it was nakedly and abusively short sold, creating many more 'shares' than were ever officially issued. How many more? Don't think anyone knows for sure, but probably several hundred percent. Leading to the squeeze in January, which was aborted, not unwound. All the evidence suggests the majority of the naked shorts have not covered, but instead 'doubled down'. The 'crime' has been hidden by complex rules allowing market makers to reset FTDs, perverse rules at the DTCC allowing near infinite cheap share borrowing etc. So what is the problem?

Enforcement. First there is no one willing to admit the above, investigate it to prove it and haul the culprits to court or force them to 'put it right'. I think the above explains why all the analyses of T+x settlement dates, Elliot waves, cyclic repeat patterns etc have failed to materialise.

There is a further complication: abusive naked short selling is now a staple part of the overall market system / plumbing. It is not just GME. The 'hole' represents the stupefying sums that have been extracted by the insider parasites and their multiple enablers. So closing the GME loophole means restructuring the entire market. No wonder no one wants to know!

So is MOASS possible? To my mind, only by forced closing of the naked shorts, and that means margin calls. So the Prime Brokers, who are also mostly 'banks' would initiate that. Which means the banking system has effectively collapsed. So now we must ask 'what event will cause a systemic global banking crisis?' My guess remains crypto.

Why NOT China? Let's be clear: China rescued the world's economy between 2000 and today. I am 62 yrs old and started to worry about the global economy since the early 2000s. I expected Armageddon a long time ago. I was wrong, because - China. The astonishing growth of China's economy provided the sponge that absorbed the wasteful excesses of the West and allowed the USD to remain the world's reserve currency by absorbing USDs printed out of thin air. There are two problems with China's economy: it is essentially closed, not open. The second is that the Chinese authorities have allowed a property / domestic asset price bubble to mimic prosperity, just like the Japanese did between 1986 and 1991. The Chinese property bubble will collapse and like the Japanese, the Chinese face a world of domestic pain. The Japanese property / asset bubble collapse did NOT cause a global crisis and nor will the Chinese bubble collapse. It will remain a 'domestic problem'.

What matters is the exposure of the rest of the world's financial system / economy to Chinese debt denominated in foreign currencies (mainly USD) rather than Renminbi. What 'haircut' will be applied? Here, I believe the sums have been done, the damage is containable and has been 'priced in'.

On silver & gold: I expected these to soar a long time ago. The 'sponge' that is China allowed the monetary authorities to continue to suppress the place of gold in the world financial system. That will end in the wake of the coming global collapse. The problem will be getting your hands on the physical stuff and trading it. To my mind, some physical silver / gold = long term preserver of wealth for when the dusts settle. Maybe 3 to 5 years after collapse.