Gold Value Up as Faith in Banks Deflates

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Some news filter in the Anglo-Saxon press about the difficult rescue of the Italian banks.

Summary of previous episodes: after the bailout of Monte Paschi di Sienna, two Venetian banks are in perdition **-** Popolare di Vicenza and Veneto Banca.

The Italian government wants Italian banks to save their two sisters by finding € 1.2bn.

According to the*Financial Times*, The maneuvers of the Italian government have failed. The Italian banks have not been sufficiently cooperative, except the two remaining large ones: Unicredit and Intesa Sanpaolo. At the end of this week, the latter is expected to make a takeover offer, the price of which will not jeopardize its dividend policy or its equity ratios, according to its manager.

The financial crisis is resuming in Europe. Never have debt ratios been so high in history and never have rates so low.

As the financial situation of governments and banks worsens, policies become more destructive to savings: artificially low rates, outlawing*cash*, Forced bankerization, devaluation of currency by monetary creation to try to resuscitate the inflation tax, additional taxation, control of capital, nationalization of pension funds or part of private savings ...

You can check all items in this list. They have already happened or are happening. The last two elements have not yet become generalized.

Of all the elements of this list, the favorite of the authorities is inflation, the method of spoliation the easiest to pass.

Catastrophe! The fall in oil prices moves away any near-term recourse to inflation tax. If energy prices go down, the prices of everything that needs energy to exist remain wise. As a result, inflation expectations are falling in the United States and Europe.

The financial situation of over-indebted welfare states will further deteriorate and their policies become even more destructive. This is called "political risk".

The traditional hedge against such a risk is gold.

At this point, you are seeing a strange phenomenon: the price of gold is currently low and far below what it was in 2011.

This morning, a dispatch*Bloomberg*Had an intriguing title:

The yen and gold rose against a background of crude oil.

This type of dispatch tries to capture day by day the foam of the waves of the market and to explain relative movements.

Usually, the reflex reasoning of such comments is that the fall in oil keeps inflationary threats away and favors the decline of raw materials (which is energy-intensive), including gold. In this logic, if oil falls, gold should fall.

Why the*Bloomberg*Does he have a different reasoning this morning of June 22, 2017?

"*The rout of oil increases the chances that inflation is more difficult to bring* ***, Which raises doubts about the biggest influential central banks*** *. The decline in crude and other raw materials contradicts the Fed's argument that low inflation rates are only temporary, even though the economy shows few signs of worrying. "*

Gold is rising because there is no inflation.

Gold is rising because there are doubts about the soundness of the policies of the big central banks.

According to the logic of central banks and economists in court, inflation is a sign of heating the economic engine that they know so well regulate. No inflation = danger of recession.

According to our logic, without the inflation tax no way to gnaw the debts that are unsustainable. The financial situation will become unmanageable.

Especially since insurers and pension funds can not forever live in a world of zero rates, which is a crime against savings - which is their raw material.

*Bloomber*G has just suggested that gold would rise without inflation because confidence in the central banks vanishes.

It is perhaps a turning point in this crisis because the monstrous pyramid of debts and credits rests only on trust. Remove the confidence, the certainty that the credits will be refunded and everything collapses.

Are the doors of the hell of deflation - bankruptcies, destruction of bad credits and therefore the corresponding currency - opening up? This is what B suggests*loomberg*

Consider buying your insurance premium against the fires of hell. Gold, but not just any ...

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