Don't Let Your Financial Advisers Buy These...

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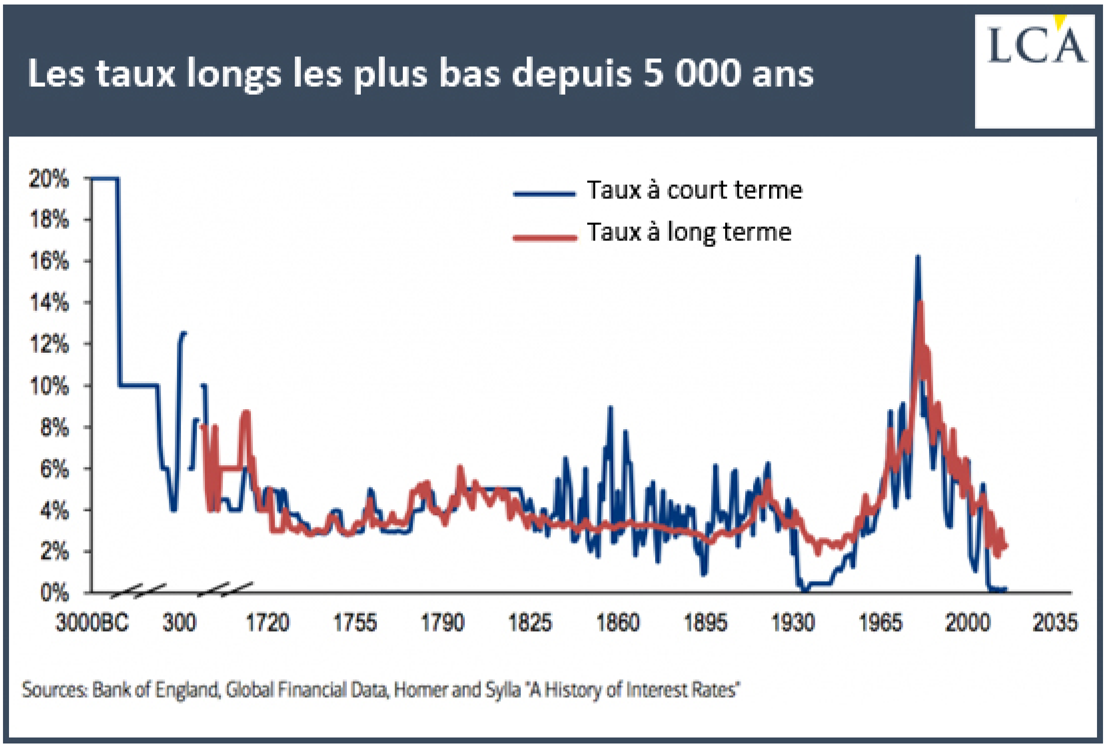
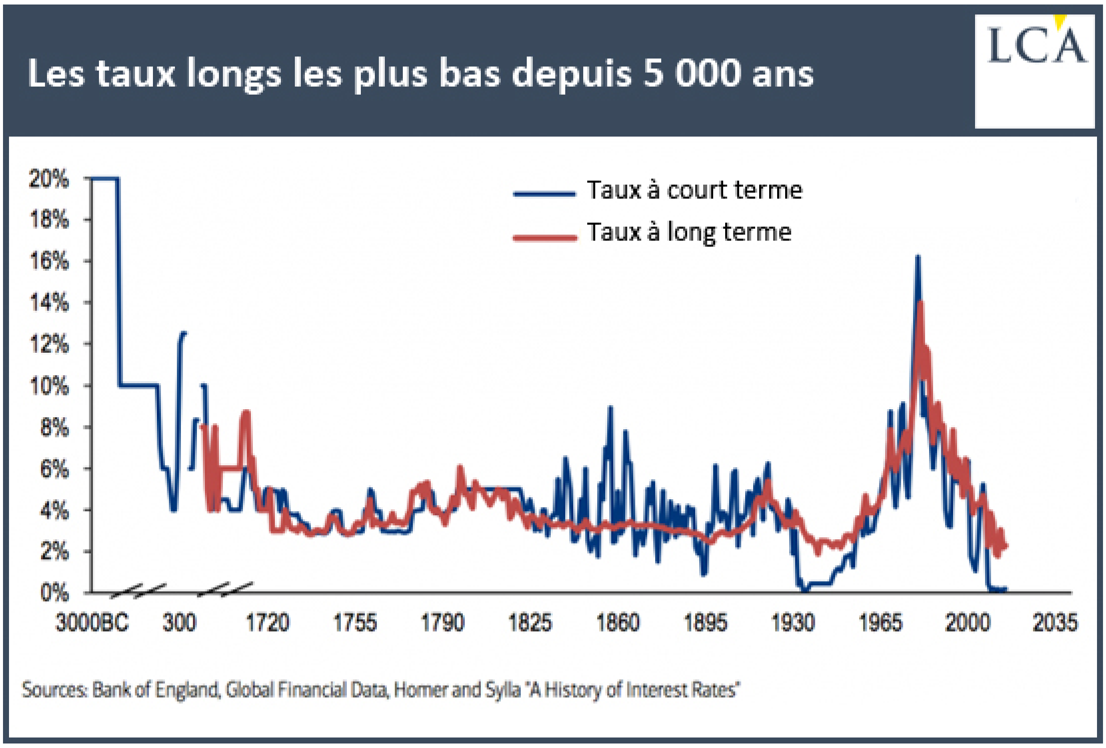
100-year sovereign debt finds buyers. This is - with negative rates - the sign of the degeneration of the financial system.

Several countries recently issued debt at 100 years: Argentina, Austria, Ireland, Belgium ...

Why not, why bother? Interest rates have never been so low in 5,000 years. Therefore, it is a good deal to go into debt at 2% over 100 years.

Here is a fun graphic that goes back to the dawn of time and gives the evolution of interest rates for 5,000 years.





Under Hammurabi, about 2,000 years BC, the oxen served as money. The wear rate was 30% and the normal rate was 20%.

As the young people say, "it calms down."

Those who have followed us for a long time know that the consecration of gold and silver as currencies was the first major event in financial history (about 600 BC).

The second major event occurred some 2,500 years later: the link between gold and the dollar was cut in 1971 with the end of the Bretton Woods agreements.

To calm the resulting inflation game, Volcker, the then president of the Fed, had to return almost to Hammurabi rates. Then everything returned in order, more or less, because the financial crises follow one another at a faster and faster pace ...

Money mostly exists only in the form of credit and therefore of debt. There is no longer any material limit to the creation of credit (and therefore of debt). The only limit is intellectual - faith in this system.

Today, after 10 years of almost zero rates, all institutional investors, zinzins and private investors know that the bond and equity markets are over-inflated to levels never before achieved.

"Zinzins" buy debt at 100 years

If those who issue debt at 100 years have their reasons and follow a logic, what is the buyers?

Egon von Greyerz, a Swiss fund manager, has his idea:

"Buyers are institutions that manage the money of others, such as pension fund managers, who will be delighted to get a 2% return compared to negative returns in the short term or just above zero for other thing. These managers all hope to be gone in time before anyone realizes the disastrous decisions they have made with the money of retirees.

But the danger for them is that the bond becomes worthless long before the 100 years are gone. That could happen within five years. [...]

These managers will not be blamed for their catastrophic performance. [...]. They are protected, despite their poor performance, given that they have done what all the other managers do: impoverish the pensioners.

The average institutional fund is managed on the basis of 'mediocracy' - it is never worth taking a risk and doing things differently than your peer group. For if you do the same thing as your peers, you will be rewarded even if you lose almost all the money. "

To buy debt at 100 years of age, you have to be both incompetent and irresponsible. Incompetent not to foresee the turnaround of rates and irresponsible because these people do not risk their own money. No sound-minded bipedalist would put his retirement savings into a 100-year debt and a fiduciary currency that no one knows if it will survive the next crisis.

A few strikers deny the system and denounce its dangers

All managers are not incompetent and irresponsible, however. Some resigned, arguing that monetary policies led by central banks prevented them from doing their job honestly.

Two stars of bond management, Bill Gross and Mohammed El Erian of the American Pimco fund, resigned respectively in September and January 2014.

A troubling truth emerges from reading the articles by Andrew Balls, an expert on the issue, in*The Financial Times:*Mohammed El Erian wanted to commit the fund to the derivatives market to recover a bit of return, as it was crushed by the Fed's zero rate policy and its bond buybacks. Bill Gross was opposed and Mohammed El Erian resigned.

Then, realizing that the exercise of his trade (to find a return and to assure an income to his insured) had become impossible with these zero rates and that normalization was not for tomorrow, Bill Gross would have followed.

Some other managers also had the courage to resign afterwards.

One would think*Strike*, of Ayn Rand. This novel describes the resignation of key entrepreneurs in the face of the socialization of the economy, the rise of irresponsibility and incompetence.

An honest manager should today refuse your money

Most pension funds (Perp, Madelin ...) are managed by insurers. Even in France, where the so-called "pay-as-you-go" principle is imposed and mandatory, the collection of life insurance is not denied: the French are well aware of the limits of the collective system of distribution.

An insurer is not like a bank. It uses no leverage, no recourse to debt to create returns. Its commitments must be 100% covered by the deposits. Otherwise, it is technically and legally bankrupt.**To be able to serve the annuities that it owes, by commitment, to pay in the future, an insurer relies on a bond portfolio**. If this portfolio pays less than the contract he signed with his insured, the insurer is in danger.

At almost zero, savings no longer grow and most pension funds are massively undercapitalized.According to a study by the World Economic Forum, the difference between savings and expected retirement income could exceed $ 400,000 billion in 2050.

Do you really know what your manager is doing, exactly what he is investing in?

There is no, there is no longer a loyal and honest collective solution to the management of your savings. Your future should not depend on ready-made financial products, managed by incompetents.

"*The challenge of retirement savings is at a critical point and we must act now. [...]*

*There is no magic cure to solve the pension deficit issue.**Individuals must increase their individual savings and financial literacy**, while the private sector and governments should provide programs to assist them. "*

Jacques Goulet, President of Health %26 Wealth at Mercer, who produced the report of the World Economic Forum.

I do not know what Jacques Goulet thinks about government assistance programs. I am not sure that the aid comes from this side, on the contrary.

In the end, all this is only the consequence of the credibility which is nothing but "financial socialism".

- Currencies without any anchoring in reality;
- Controlled by States;
- In the service of public debts, which are no other than the nationalization of economies;
- Disseminated by banks living annuities and privileges granted by the States.

Your first defense, as we are tirelessly repeating, is to return partially, privately, to the currency that has proved its worth for 2,500 years (and that the central banks still retain): gold.

Your second defense is actually to increase your financial culture to be able to invest profitably.

The value is not created from scratch. For compound interest to enrich you, the underlying must retain its value (and nothing is less certain with current obligations). To realize a real added value in the real estate, you have to improve yourself your property and have managed to choose a wise location. To choose an action, one must understand the added value of the company, from where its benefits come ...

Credulity nurtures credi- tism. Refuse "financial socialism" and cultivate your own financial independence.[Editor's note: How to estimate fairly the value of a property, land or a share of unlisted company? Whether you have to invest, go out of an undivided, organize a transmission, this problem arises frequently.This report gives you all the methods, including those used by the tax authorities, to help you*good*Evaluation.Click here to receive it today.]

* The law of Hammurabi,Bulletins and Memoirs of the Society of Anthropology of ParisYear 1910 Volume 1Number 1pp. 500-511