

The Trump Train Is Stopping in France on Friday

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Trump arrives in France ...

We are just a few days away from July 14th ... and Macron has a guest expected ... the President of the United States, Donald Trump ...!

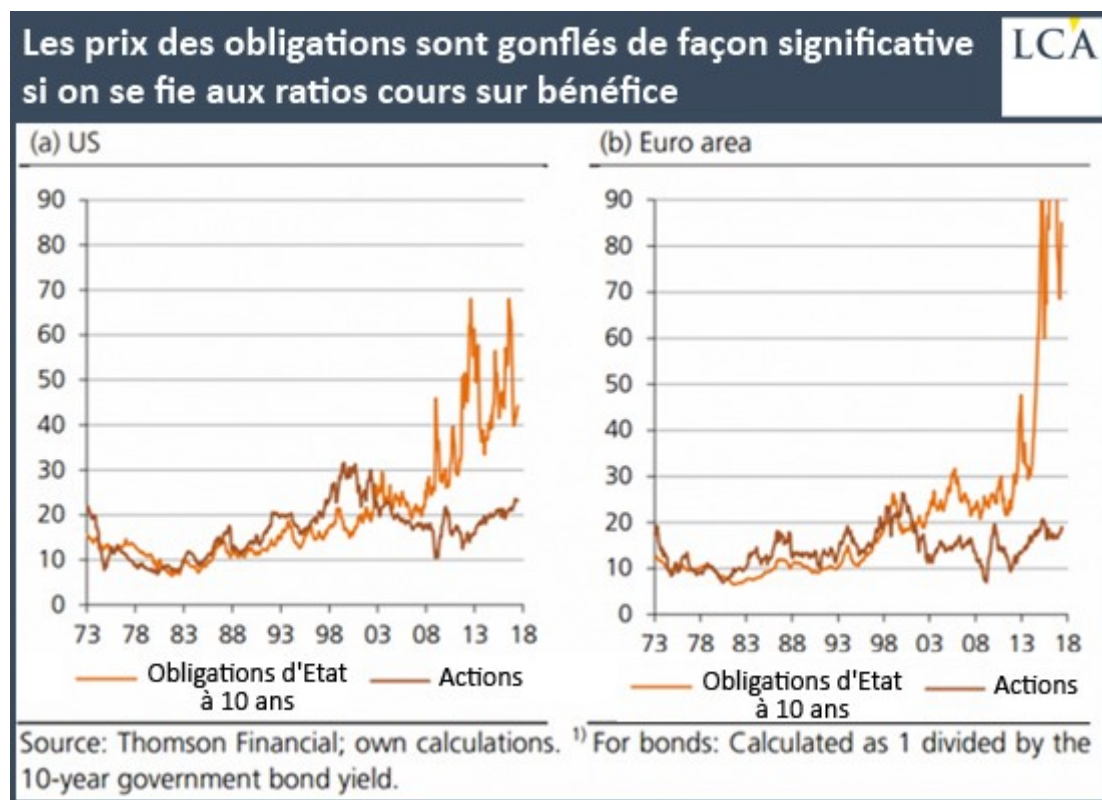
As *Paris Match* explains , we have not had this kind of guest in 30 years:

"The last presence of an American president in the parade goes back to 1989, for the bicentenary of the French Revolution.

"George Bush [father] was there, along with German Chancellor Helmut Kohl and British Prime Minister Margaret Thatcher, at the invitation of François Mitterrand."

"What does that mean...?"

My colleague wanted to know "the meaning" of this graph (I shared it last Thursday) ...



"Simple," I replied ... "the price of bonds climbs ..."

"Okay," he urged me, "but what does that mean ...?"

"Is not it good if they climb?"

"After all, if they climb, then it means our debt finds buyers ..."

Of course, on the one hand, our debt is rising because people want it ... the market buys it ...

On the other hand, the market does not want it for "healthy" reasons ... "

On the contrary, the market buys them because the ECB promises to "guarantee" these assets in the future ...

"Yes," I replied, "but the ECB must buy more and more ... otherwise the price collapses ..."

But my colleague continued: "So what? What prevents him from doing so ...?"

"And then, for the price to fall, the ECB should sell its assets ... and it has no interest in doing so ..."

Where is the problem ...? After all, why can not the ECB buy as much debt as it wants ...? How does that represent a "danger" to the system ...?

In principle, what the ECB is doing should lead to inflation ...

With the infusion of money into the system, inflation should explode ...

However, the rate of inflation does not move ...

Why?

Most analysts say that buying debt does not change the situation ...

In fact, when the ECB redeems the assets of banks, it pays with "reserves," which are like ECB bonds ...

In other words, the bank exchanges one asset for another ... and, ultimately, the economy does not feel the effect ...

Why then does the ECB commit to this program ...?

Well, when the ECB redeems these bonds, the states continue to reimburse them ...

However, the ECB can "make" money ... and does not need income ...

What does she do with all this income?

Well, the ECB gives them back to the states--

Yes: The State pays interest to the ECB, and the ECB pays it back ...

Amazing, is not it?

In other words, the role of the ECB is to put money in the coffers of the State ... as if the state itself was turning the money ...

Our leaders spend this money just like yours ... like the one you earned through your work ...

"Yes, but then why does not inflation start ...?"

Well, inflation is climbing when this money is in the hands of the people who spend it ... which is driving up prices ...

On the other hand, this money goes mainly to banks ... and investment funds ...

These, of course, do not spend it ... but use it to buy bonds, stock market shares, and real estate ...

You recognize the three types of assets that have exploded in value in 10 years ...