

The Real Culprit Behind the Texas Flood

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And the Lord said unto Noah, "Come thou and all thy house into the ark; for thee have I seen righteous before me in this generation.

"Of every clean beast thou shalt take to thee by sevens, the male and his female: and of beasts that are not clean by sevens, the male and his female.

"Of fowls also of the air by sevens, the male and the female; to keep seed alive upon the face of all the earth.

"For yet seven days, and I will cause it to rain upon the earth forty days and forty nights; and every living substance that I have made will I destroy from off the face of the earth." [...]

And all flesh died that moved upon the earth, both of fowl, and of cattle, and of beast, and of every creeping thing that creepeth upon the earth, and every man:

All in whose nostrils was the breath of life, of all that was in the dry land, died.

And every living substance was destroyed which was upon the face of the ground, both, and cattle, and the creeping thing, and the fowl of the heaven; and they were destroyed from the earth: and Noah only remained alive, and they that were with him in the ark.

POITOU, FRANCE – And so it came to pass that a hard rain fell upon the Earth... in buckets did it come down.

More than had been seen since The Flood.

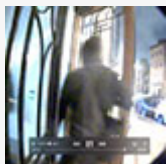
Cedar Bayou in Texas reported more than 4 feet of water... more than ever recorded in the continental U.S.

How could the heavens hold so much water? people asked. What miracle kept it aloft? And why did it then suddenly fall? of God-fearing Texans?

What sin had these people committed? What stain was on them that needed to be washed away by such a tide?

In the next 1,000 words, we aim to think about it. And we offer a warning: Houston has more trouble coming.

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[Did Wall Street try to "Watergate" Agora Financial?](#)

This is surveillance-cam footage of [a recent midnight break-in](#) at Agora Financial's Baltimore quarters. But what's even more shocking is WHY it's believed they broke in... Think "Wall Street" and "Watergate" and you'll be on the right track. [This shocking story](#) could affect the entire Agora Financial readership, and even you. To find out exactly how, [click right here](#)

Unlimited Financing

The immediate problem now is not the rain coming down, but what to do with it.

Where can all this water go?

There was a time when it sank into the swamps, grasslands, and bayous... eventually draining into the Gulf of Mexico. But that was before the feds provided cheap flood insurance and bailout protection.

With taxpayers from coast to coast behind them... and the feds' fake money providing what seemed like unlimited financing... Texas developers built out the whole floodplain, just as they had done in New Orleans.

A complicated system of reservoirs, drainage ditches, and government financing allowed Houston to expand.

Like so many things made possible by central planning and fake money, the secondary and tertiary effects were ignored. It was all very well to pave a parking lot and send the runoff into the bayou. But in a really big downpour, the bayou will overflow its banks. So will the reservoir you made to hold the excess water.

Which is what happened last night. For the first time ever, the banks of Addicks Reservoir in Houston overflowed. *The Washington Post*:

The U.S. Army Corps of Engineers confirmed Tuesday morning that water was spilling from the north end of the Addicks Reservoir, which has been overwhelmed by extreme rainfall from Hurricane Harvey. Officials said they expect the Barker Reservoir, to the south of Addicks, to begin overflowing similarly at some point Wednesday.

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The following presentation contains investment information from a source in Silicon Valley – a former vice president of a key Apple iPhone supplier – regarding the expected September launch of the new iPhone...

All the insights and predictions shared are 100% legal. This exclusive briefing should not be construed as “insider trading” in any way. But because of the nature of the relationship between this expert and his inside knowledge of the Apple supply chain...

[VIEWER DISCRETION IS ADVISED.](#)

No Skin in the Game

Water, like money, has to go somewhere. You can divert it. You can dam it up. You can control it... but only to a point.

Everyone likes to look at the good money can do – vacations, luxuries, and insurance against nature's foul moods. Here at the *Diary*, we look at the other side – the downstream consequences... the negative feedback loop that floods your trailer park.

That is what has happened in Houston. Too much money made for too much building in too many places that were too low.

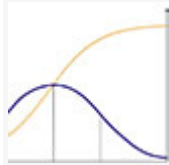
This was done because the feds provided subsidized flood insurance... reduced the price of credit... and goosed up Houston's economy.

As our friend Nassim Taleb ([mentioned yesterday](#)) would say, the people making these decisions had no “skin in the game.”

Yes, money was at risk. But the skin came off the hides of people from Oregon, Kentucky, and all over the U.S.... people who lived hundreds of feet above sea level with no particular interest in subsidizing malls and split-levels on low-lying land on the

Texas littoral.

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[Hidden Wall Street Pattern Flashing Major BUY Signals](#)

Experts call it the “Rogers Pattern”... famous for predicting the rise of today’s trophy assets:

? Apple’s **32,742%** climb...

? Amazon’s **62,689%** surge higher...

? Microsoft’s mind-numbing **107,350%** growth...

And today, the “Rogers Pattern” **is flashing major “BUY” signals**... on an obscure market far from Wall Street. Over 900+ companies are poised for a massive breakout... Already, some early investors have collected **538%, 621%, 835%, 3,500%**, even an astounding **37,286%** in the past 6 months alone... And one Goldman Sachs insider says prices could rocket **4,900%** higher or more in a few short years, setting the stage for massive gains in the days a. [Click here for the full story.](#)

Boom Town

Houston has the distinction of being America’s number one Oil Town. The black goo was discovered in the area in 1901.

That elixir turned the city into a boom town. But in recent years, like so much else in the U.S. economy, the boom has had an ersatz quality... like a cowboy hat on a city slicker.

Money has to go somewhere. In the period from 2010 to 2014, the Fed and other central banks brought forth a deluge of it – about \$15 trillion.

Much of it went into Houston’s major industry – oil. The price of a barrel of petroleum was so comfortably above \$100 that analysts could not imagine it would ever again trade below \$75... let alone below \$50. They were thus aghast when it dropped to \$29 in January 2016.

But there was good news. Or so they said. The oil industry used cheap credit to revolutionize U.S. production.

In particular, the engineers, machinists, and day laborers who filled Houston’s suburbs, shopping malls, and parking lots had revitalized the shale oil industry. And now they were producing so much oil that not only would America be self-sufficient in oil, but also it would soon be exporting the stuff.

“Together, we are going to start a new energy revolution,” announced President Trump earlier this year. It will be “one that celebrates American production on American soil.”

But the revolution was fake.

Since the crisis of 2007–09, most of America staggered and slumped, with little real recovery. But money rolled over the mountains, across the plains, and down the rivers – to Houston.

The city serviced the oil industry with rigs, drills, hoses, and tanks. Then it loaded the petroproducts on ships in its port.

Shale Oil Ponzi Scheme

Cheap or expensive oil – and cheap credit – kept Houston growing. In 2014, *Forbes* magazine counted 14 Houston billionaires.

But there were secondary and tertiary effects. When economic researcher Chris Martenson examined the shale oil industry, he found it was never profitable... not when oil was \$100 a barrel... or when it was \$40 a barrel.

It was an industry created by artificial credit priced artificially low. And it produced an artificial industry that never made a dime of profit. Martenson:

The bottom line is this: *The U.S. shale industry resembles a fraudulent Ponzi scheme much more so than it does any kind of "miracle."*

How do I know that? Because, collectively, U.S. shale companies have lost cash in every year of their existence. [They] burned through cash when oil was \$100 – and again when it was \$90, \$80, \$70, \$60, \$50, \$40, and \$30 a barrel. They burned through cash in 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016.

You don't have to be a finance guru to appreciate or understand that any industry that persistently burns through cash is a bad deal. Especially one whose prime product – shale wells – principally deplete (~85%) in roughly three years.

If you've been in business for nine years drilling wells that mostly run out in three years, and you haven't managed to produce positive cash flow at any point along the way, then it's time to admit that your business model simply doesn't work.

Unlike art galleries and design studios, you get little status from having oil stains on your overalls.

And when the next downpour comes, you should expect a washout in Houston's oil businesses. Marginal producers will get out. And marginal workers – attracted to Houston by the hope of higher wages – will move out.

As always, we urge readers to stay on high ground.

Regards,