Market & Precious Metals Update

Posted February 16th, 2025 - By Chuck Coppes

Precious Metals Brokerage, IRA, Depository Accounts

IDP Consulting Group

Investor's Diversified Portfolio

"With the exception only of the period of the ***gold standard****, practically all governments of history have used their exclusive power to issue money to* *defraud and plunder the people.*"

Freidrich A. Hayek, Austrian Economist (1899 - 1992)

"***Money*** *is the most important subject intellectual persons can investigate and reflect upon."*

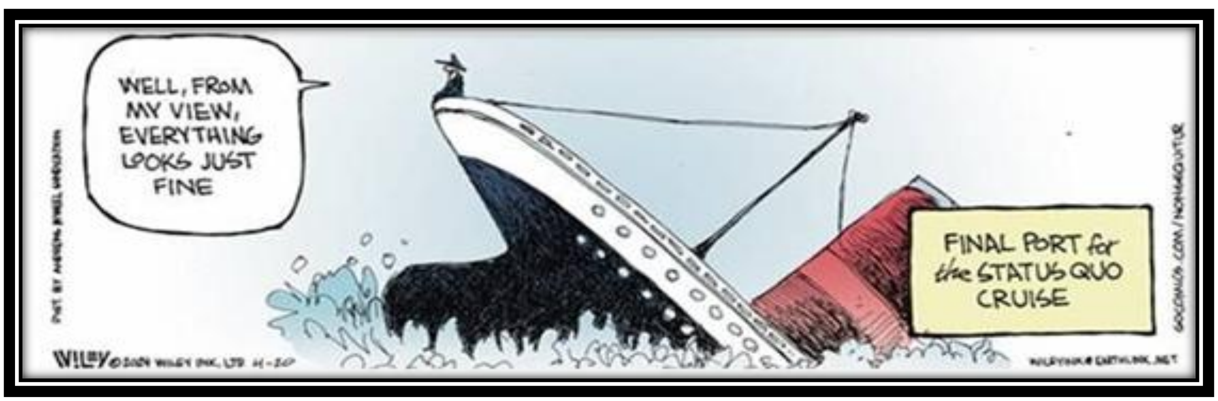
Robert H. Hemphill, President of Atlanta Federal Reserve Bank

"Of all the contrivances for cheating the laboring classes of mankind, none has been more effective than that which deludes them with ***paper money****."*

Senator Daniel Webster (1782 - 1852)

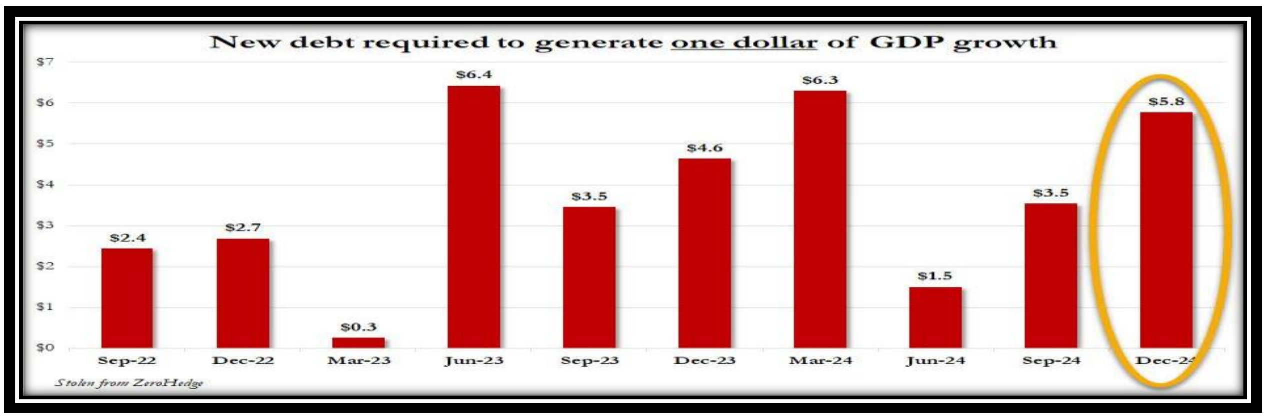
Greetings to All,

Lately, we have been hearing a lot about the new **Department of Government Efficiency** (DOGE) and efforts to cut waste, spending and corruption within the ***438*** federal agencies. Of course, we are just getting started and the defenders and beneficiaries of **the status quo** are wailing and gnashing their teeth as we expected. Since **WWII,** the **welfare-warfare state** has been firmly institutionalized and represents the majority of "fixed mandatory spending" every year. This leaves very little room for spending cuts and we can only hope that recommendations by **DOGE** will be taken seriously.

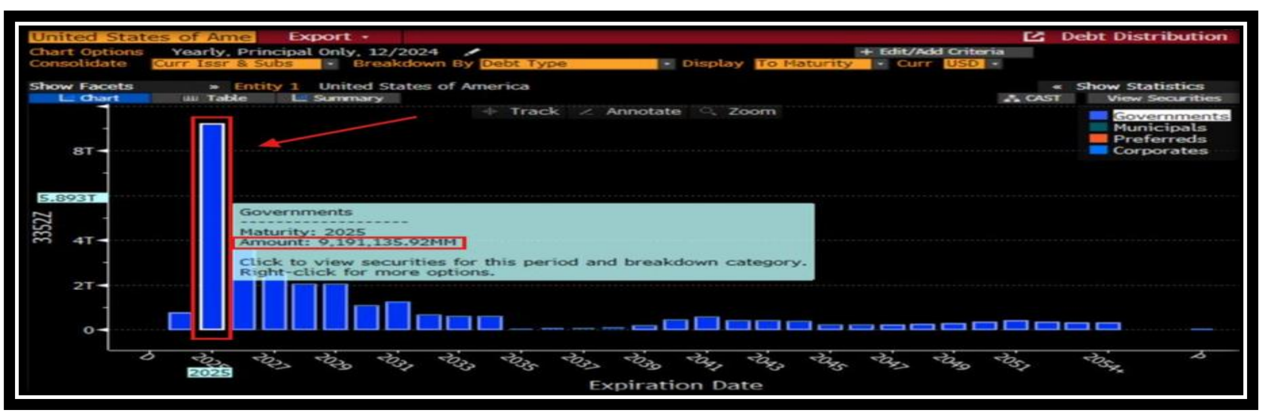


So, how did we get into this mess? Unfortunately, our **central bank** has enabled the growth of the **US** government and this is generally missed on the American people. The **Trump** administration supports the status of the dollar or "king dollar" as part of their "America First" policy, but **The Mises Institute** offers this perspective. "It may seem noble to attempt to reinforce the reserve status of the dollar, but defending **the Fed**, the fiat dollar, and global reserve currency status are the economic equivalent of defending death by strangulation just because it's slow**.** This currency system supports the bloated **welfare-warfare** functions of the government. It has hollowed out American industry by financialization - and the fact that dollars can be created out of thin air to pay for goods and services domestically and abroad. This tremendously undercuts genuine production and wealth generation."

[This article continues](). "Because this system creates such an unnatural and unproductive economy, and though this economy has such pernicious effects on society, collapse is inherent in the system sooner or later. The longer the system lasts, the more rot sets in, and the worse the eventual collapse will be." As they say, you can only create wealth through savings and production not ***debt and spending***. The only reason we have survived this long is because the **status quo** has allowed us to kink the can down the road and now the dead end sign is in sight. **David Stockman** (my favorite bean-counter) refers to the **Fed** as a doomsday machine. And it is. "Obviously, the sprawling Federal government and its prodigious expanse of spending and debt literally defies easy comprehension and graspable solutions," says **David**. "After all, the current annual budget of $7 trillion amounts to Federal spending of nearly ***$20 billion per day*** and $830 million per hour. And when you talk about the 10-year budget outlook, comprehension literally fades away completely at *$85 trillion*." Perhaps we have become too familiar with the term "trillion" (sixteen zeros) since it first appeared in **1980**, but since you know I like **charts** the following illustrates just how unsustainable the **status quo** really is with our current debt levels.

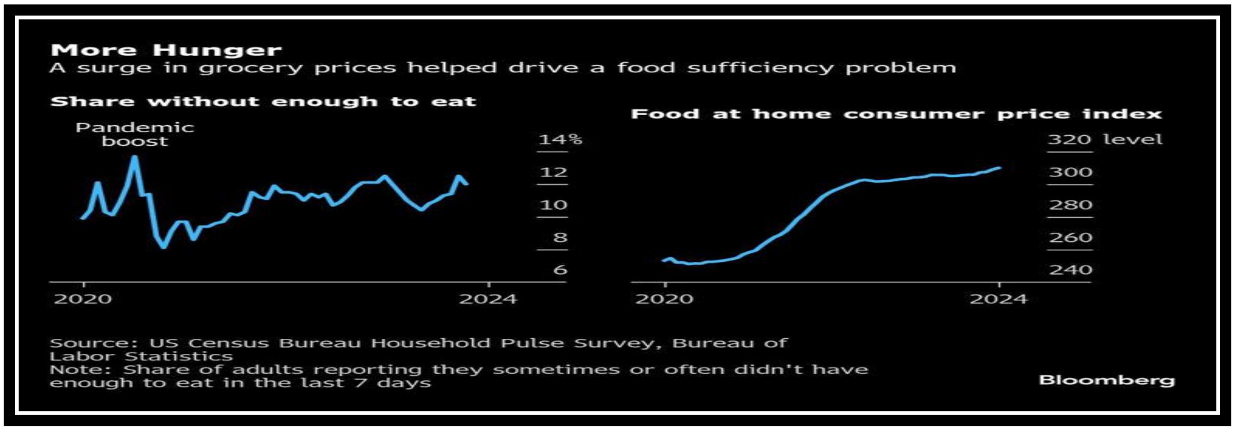


Government spending (waste) accounts for **34%** of our **GDP**. However it takes almost *six bucks* to create one buck in growth! "So good luck to Trump and Elon and DOGE if they hope to slow down the firehose of US debt issuance," says **Zerohedge**. "They may be successful, but they better have a plan for how to deal with the **deep recession** that will be immediately triggered as a result."

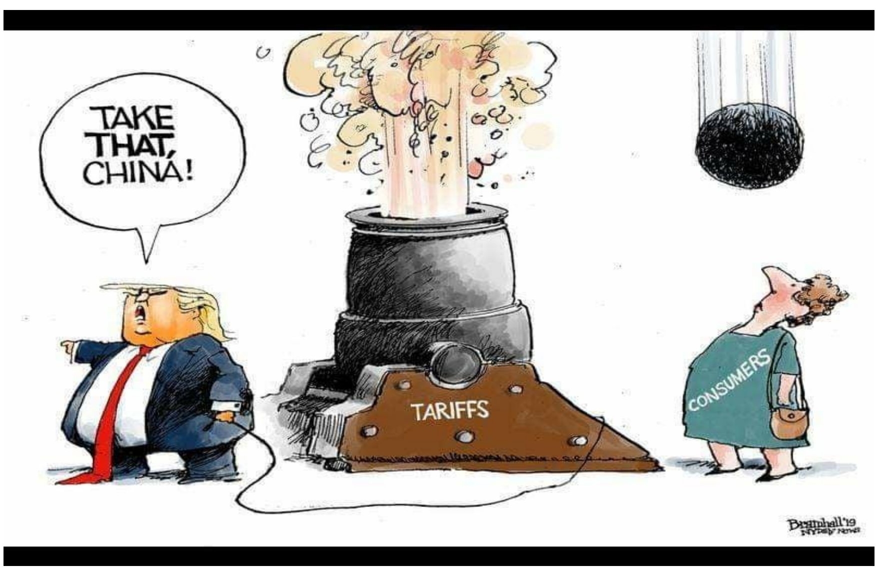


And then we have this additional problem in the **bond market**. Our public debt is **$36.2 trillion** and as you can see above **$9.2 trillion** of this debt will either mature or need to be refinanced *this year*. In other words, **25.4%** of our outstanding debt will have to be refinanced at a higher rate and this is many times higher than normal! No wonder there is talk of converting our bonds to **50-year bonds** or maybe even **100-year bonds** like the **Japanese** are being forced to consider! As mentioned above, collapse is inherent in the system and the **status quo cruise ship** is sailing into some dangerous waters.

Let's remember that **77 million** people voted for **Trump** because they are very concerned about the economy and their personal household budget - to be specific the high cost of living. As **Wolf Richter** notes, "Trump understands – since he ran on that platform and won in part based on it – that Americans *hate, hate, hate* inflation, that they're tired of price increases and tired of high prices, and that this is a serious issue, not something to be brushed off by a President, and that they're blaming Presidents for it, such as Carter and Biden. And he understands that there is one entity whose explicit job it is to fix this: The **Fed**. And if the **Fed** doesn't fix it, that's where the blame goes." I seriously doubt that the voters will be blaming the **Fed** for anything and all they will remember is that **Trump** said he would fix things. A recent survey by **Bankrate** finds most people living paycheck-to-paycheck and unable to raise **$1000** for an emergency. According to the **Census Bureau** food banks are being overrun and food insecurity is on the rise as food prices have risen **25%** in the past five years.

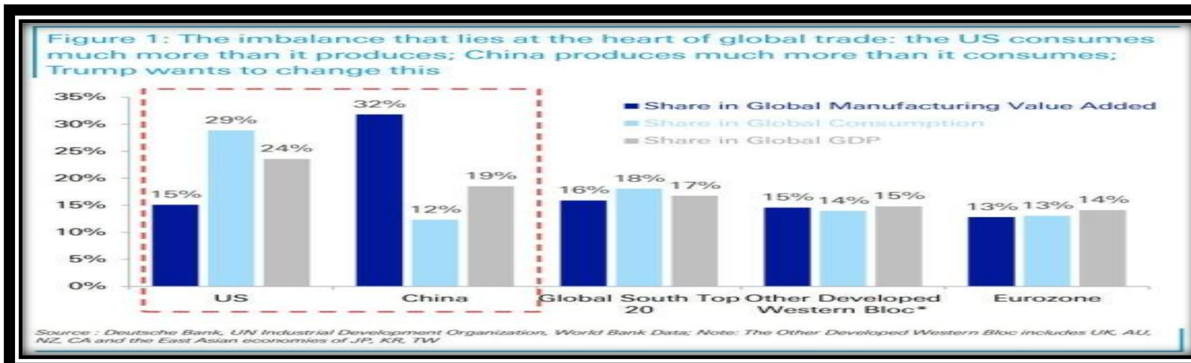


Latest data from the **BLS** indicates that employed older Americans has increased **33%** since **2015** and the majority of these are working out of necessity "because Social Security checks can't sustain them." This is the new normal and things are about to get much worse with the **Trump tariffs** and this also needs some perspective. We are told that **tariffs** will protect industries, create jobs and raise revenue.

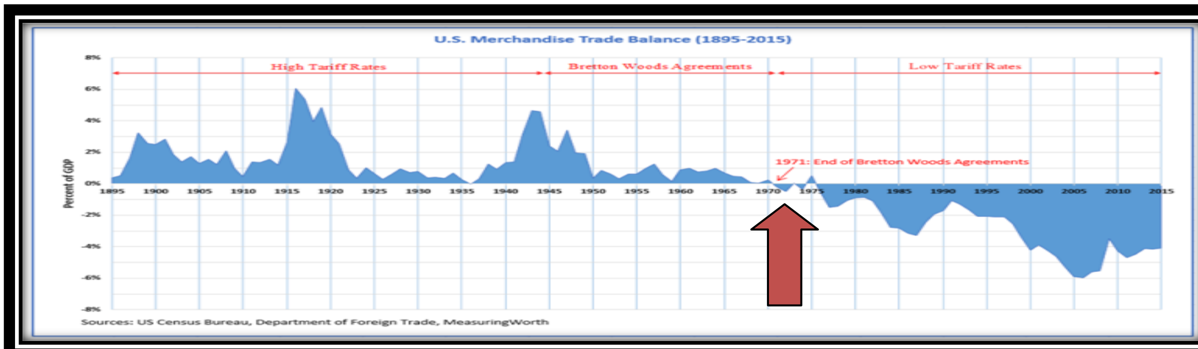


Unfortunately, a tariff is a **tax** and this is mostly passed on to **the consumer** (they leave that part out). **Trump's** adviser **Larry Kudlow** (FOX) concedes there will be some price inflation "…but **Trump's** economic plan will reduce regulations, boost energy and offset any negative effects of import tariffs.

Is this true? Maybe. But **Connor O'Keeffe** (Mises Institute) is quick to respond. "The hollowing out of middle America did not come about because Americans have had the freedom to buy some foreign goods and resources." Right! As I said in my last newsletter, we have a **trade deficit** because it is too difficult to do business in the **US** (taxes, regulations, laws, unions, etc.) and companies have off-shored their manufacturing. "This failed diagnosis drives protectionists to embrace raising import taxes," says **O'Keeffe.** "But doing so can only hurt the people they claim to want to help." So, there you have it.



As seen above, the **US** consumes much more than it produces. **Trump** blames foreigners. They are abusing us he insists. So, we need to punish them with **tariffs**. As he shared with **The Economic Club of Chicago**, "tariffs are the most beautiful words to me in the dictionary." In another outburst on **FOX News, Trump** said the **US** is "not that rich right now. We owe **$36 trillion**. That's because we let all these nations take advantage of us." ***Say what?*** What does our reckless bi-partisan spending have to do with other nations? The **US** has had a trade deficit since **1971** because we removed **gold** from our currency and have exported *fiat dollars* in exchange for *real goods* from other nations (**see below**):



These **inflated/devalued dollars** are *taking advantage* of other nations! It's easy to blame other nations when we have mismanaged our own nation. The **US** established the **Tariff Act of 1789** to fund **90%** of the government. A small excise tax was added and this remained the same until the **Civil War** in **1865**. As I cover in **my book**, a tiny tax was imposed to pay war debts but it was uniformly based on the census (Art. 1, Sec. 2, 9.3). Direct taxation was illegally adopted in **1913** and **FDR** established executive power to impose tariffs in **1934** (which still remains). **Trump** has boasted that we can fund the government with tariffs. **Economist Jeffrey Tucker** reminds "the federal government in **1885** spent in inflation-adjusted dollars about ***0.05 percent*** of what it spends today. Even then, people believed that it was too big and wanted it cut back to size." It would be better if **Trump** got his advice from the **Mises Institute**. According to the **CBO**, **Trump** tariffs in **2018** raised $**80 billion** in revenue and tariffs in **2025** might net **$110 billion**. Which according to **David Stockman** , would fund the **US** federal government for…...*five days*. Let's now discuss future alleged tariffs on **gold and silver**.

Historic Gold Prices & *New Worldwide Demand!*

FINANCIAL TIMES

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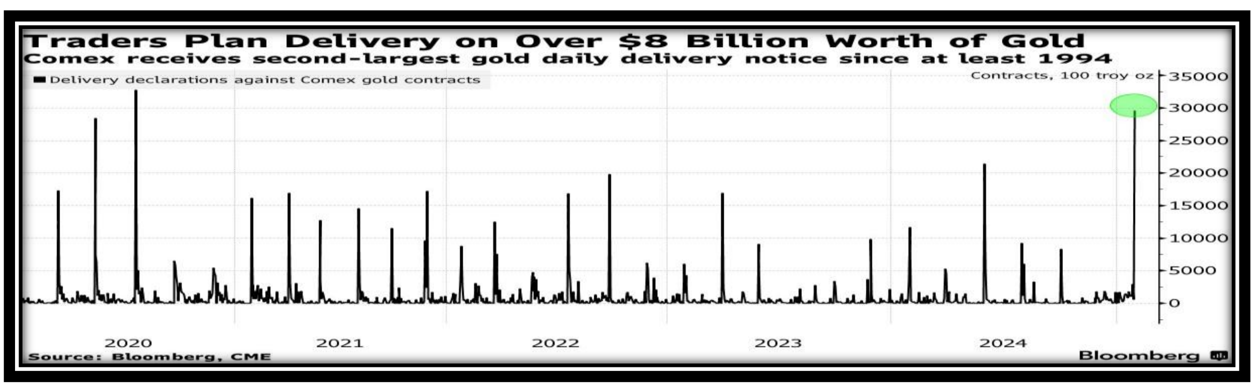
Gold + Add to myFT

Gold stockpiling in New York leads to London shortage

Wait to withdraw bullion from BoE rises sharply as fears of Trump tariffs drive shipments to US

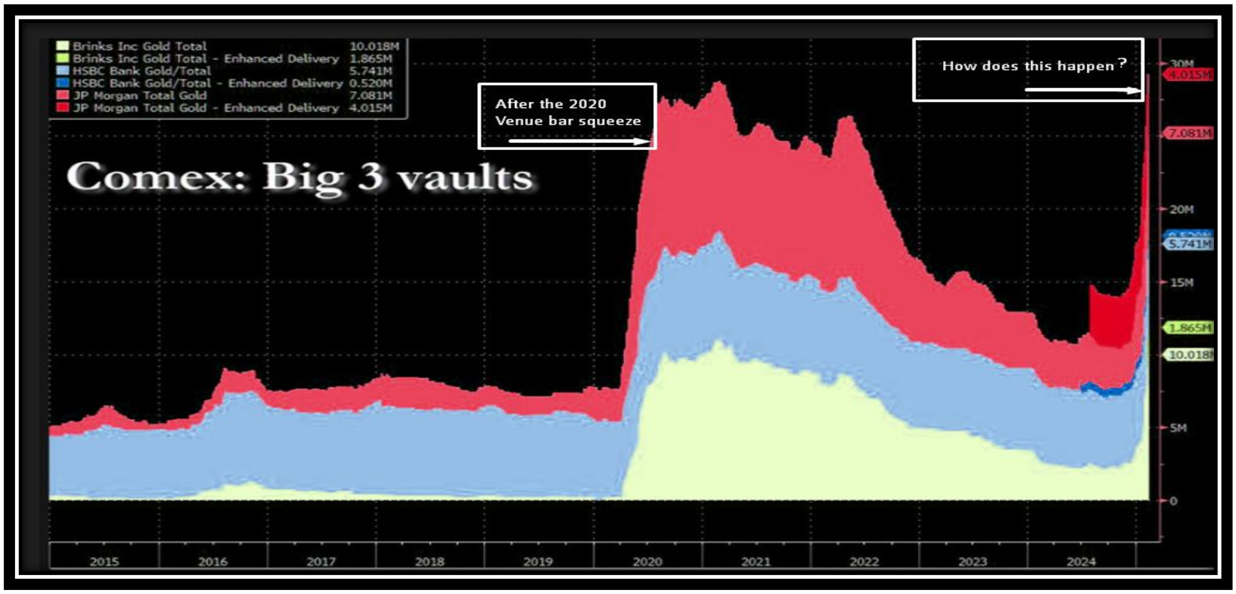
Perhaps you have been hearing how "fears of Trump tariffs" is causing some stockpiling in **NY**. At first glance you might fall for this, but something far more **secretive and urgent** is happening behind the scenes. *The Wall Street Journal* states, "While it isn't clear whether any tariffs would affect gold directly, the price spread widened after Trump unveiled broad-based aluminum and steel tariffs this week." It goes on to say that "the situation is very profitable in the short term for some players." So, it's all about speculation and **gold** traders can make some cash. That's about it, right? Analyst **David Jensen** has been watching this **gold demand** for months and offers a better explanation for things.

*For decades, **the LBMA has repeatedly stated that the London cash/spot gold market standard was first two days and then later 3 days for physical delivery after demand and implied that the London spot contracts were as good as gold.** The delay of a few days was for paperwork or delivery from Switzerland to London. Mundane logistics. All good. **Now we see effectively an admission by the FT that the wait is now not 2 to 3 days but 4 to 8 weeks - not just from BoE vaults, as the FT states, but from all London vaults! That length of time for parties that have sold promissory note spot contracts into the market to source physical gold tells us they don't actually have gold for delivery but need 4 to 8 weeks to find adequate gold elsewhere followed by a couple of days transport to London.***



This sudden surge of **gold** shipments from **London** to **Comex** in **NY** is historic and *delays of up to two months* strongly suggest that "they don't actually have gold for delivery." **Gold** hoarding at **Comex** is up by **75%**, or **$82 billion**, and the **London LBMA** only has **36 million ounces** against **380 million ounces** in promissory claims! For more you can read **Jensen's** full report at **THIS LINK**.

<u>This is fast becoming a short squeeze crisis for the **evil banksters** in **London** and **Crimex** in **NY**</u>. The last time we saw a short squeeze like this was when the **Covid hysteria** disrupted and delayed **gold** shipments in early **2020** (see below). Now we are being told *potential tariffs* have caused this demand since late **2024**. If so, why didn't we see this in **2018** or other times with import **tariffs** to the **US?**

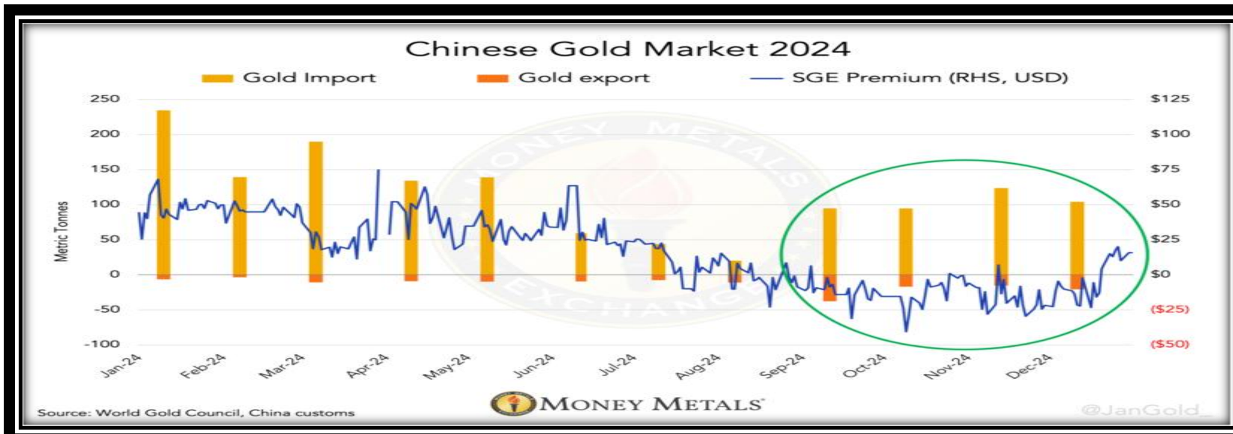


<u>**The bankster narrative is breaking down**</u>. **Crimex** is a "paper futures trading operation" with **133** contracts against every physical ounce of **gold** (musical chairs). In **London** the **LBMA** banksters have re-hypothecated and leased their **gold** with promissory notes and now the jig is up. "Just as aircraft can gently enter a death spiral with everything seeming normal to the pilot at first but then quickly decaying into violent rotation downward, central bankers are going to gradually - then suddenly - recognize that much of the physical sovereign gold they have leased into the market for returns of pennies on the dollar will not be returned due to growing insolvency of those who have borrowed the metal," <u>so writes</u> **Jensen**. Two weeks ago, **Chris Powell** at <u>Gata.org</u> immediately debunked the **tariff** headlines. First of all, he argues that **gold is money** not just a commodity or consumer good.

<u>*The second problem with the tariff scare scenario is that U.S. bullion banks and traders lately have had no trouble using New York Commodities Exchange futures contracts to obtain gold in London via the "exchange for physical" and "exchange for risk" mechanisms of fulfilling futures obligations*</u>. ***The bullion banks do gold business in both cities and gold can be sold for cash in London and the cash wired back to the United States.*** *Third, the reports say the **Bank of England** has been desperately lending metal from its vaults -- presumably its own metal and the metal of other central banks -- to help the bullion banks get metal for shipping to New York. But typically gold lending is a paper transaction in which IOUs, not actual metal, change hands. **The IOUs are treated as the real thing but ordinarily the underlying metal never leaves the vault.** <u>For several years gold's big trend in central banking has been repatriation of metal out of London and New York as nations don't want to risk having their foreign-exchange assets frozen or confiscated by the United States or its allies.</u> **<u>What central banks vaulting gold at the Bank of England these days would be giving permission for their metal to be moved even more distant from their control</u>?"***

<u>**Chris Powell** then concludes with this **all-important question**</u>: "If the fraudulent, derivatives-based Western gold market was breaking down at last, *would it look much different than the situation reported in London this week?"* <u>I don't think so</u>. <u>And you can also read his post at</u> <u>THIS LINK</u>.

So, **tariffs** have not affected **gold** like this in the past, **gold** is not simply a commodity, **banksters** can sell in **London** and simply wire funds, most countries don't trust the **US** to hold their **gold** and it is no secret that **China, Russia** and others are hedging in **gold. China** is the largest producer/importer of **gold** and they bought more after the election when premiums dropped (below). They export very little.



The **Chicoms** are well aware of the price rigging and manipulation of the **gold** (and silver) price in the **West**. For now, they are going along with these artificially lower prices. **China** officially says it has **2,280 tons** of **gold**. It is more likely they have ***30,000 tons*** and the **Shanghai Gold Exchange** (SGE) could become the new benchmark for pricing **gold**. In other words, we could be seeing the end of the collusion between **London** and **NY** to "manage" the fake **gold** price. This is from **Zerohedge**:

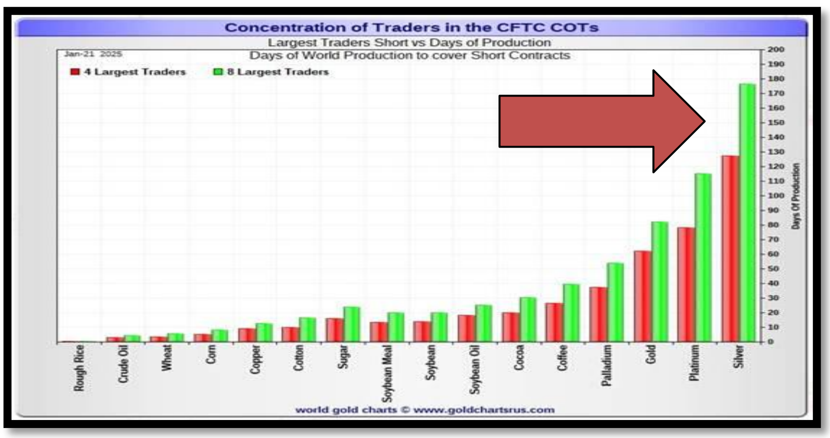
At the core of the issue is whether London's gold market can continue operating under its traditional centralized model*. Some argue that the LBMA is simply managing someone else's short-term panic,* ***while others believe the ongoing delivery constraints expose a deeper systemic flaw—one that U.S. repatriation has now laid bare****. Regardless of whether the issue is logistical constraints, limited free float, or both, one reality is clear: the outdated response of centralized institutions to* ***rising gold demand*** *stands in stark contrast to today's decentralized access to gold via blockchain, regional trade networks, and alternative settlement systems. The rise of BRICS, the shift toward multipolar financial structures, and gold's official return as a Tier 1 asset under Basel III—an event that unfolded within the very institutions that once dismissed gold's role—signal a fundamental shift. The LBMA's challenge is not just about logistics—it's about adapting to a financial order that no longer revolves solely around London or New York.*

This is a rather big moment and one that **Chris Powell** and others have waited **30-50 years** to see! We have delays in **London** but that stockpile in **NY** is because entities are "standing for delivery" and this will lead to **delivery defaults** (*force majeure*). These delays and delivery constraints are exposing a "deeper systemic flaw" in the rigging scheme and meanwhile they are blaming it all on the **tariffs**.

FORTUNE

Traders are moving so much gold from the Bank of England to the U.S. to avoid Trump tariffs that the waiting time has reportedly octupled

It is reported that "open interest" for delivery of **physical gold** is up **750%** at **Comex**! We have not seen this since the **London Gold Pool** failed in **1968**. **Craig Hemke** rejects the logistical crisis theory caused by tariff talk. "Instead, just as in **1968**, the rush to exchange dollars for gold is breaking the pricing scheme. Demand for physical gold outstripped the eight countries of The London Gold Pool, and demand for physical gold is breaking the NY/London Gold Pool today." It's hard to overstate the importance of what is going on right now. Metals expert **Dave Kranzler** notes the stress in **London**, the **Bank of England** gold inventory and the **Comex** in **NY**. "This dynamic is layered on top of the fact that, in reality, both the LBMA and the Comex are fractional reserve bullion ecosystems - more so the Comex than the LBMA. This of course mirrors the fractional reserve banking system, in which banks are required to hold just $1 for every $10 loaned. Similarly, though it can't be proved because inspection of the vaults by third-party auditors is intentionally not permitted, the Comex and LBMA hold far less gold and silver than the amount of gold and silver that could potentially be subjected to removal and delivery requests by the rightful owners of those bars. It's quite possible that the run on LBMA bars has broken the **50-year** fractional reserve gold banking system in London and NYC."

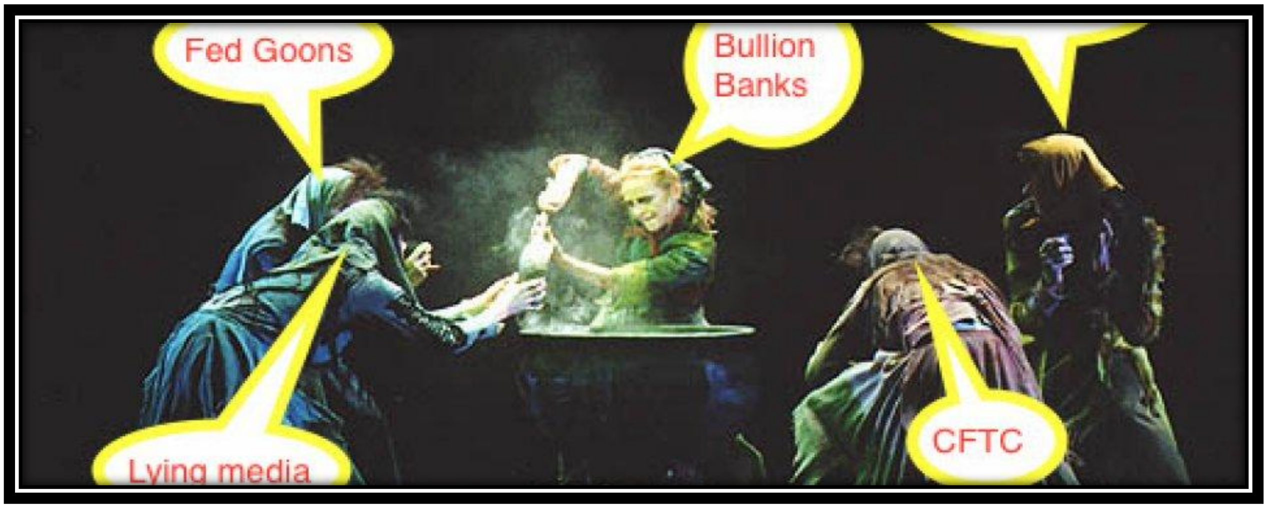


This is truly amazing. I have been watching these markets for **30 years** and it does look and feel like the fraudulent, derivatives-based Western **gold** market is breaking down. This is especially important for **silver.** As **seen above**, the largest short positions at **Crimex** are on **silver** and this has largely been led by **JP Morgan Chase** who also acquired *a billion ounces of silver* since **2011** as custodian of the **SLV ETF**. According to the late **Ted Butler** most of that **silver** has now been *depleted* as documented by **Ed Steer** (his heir apparent and board member of GATA), and here is what he has to say:

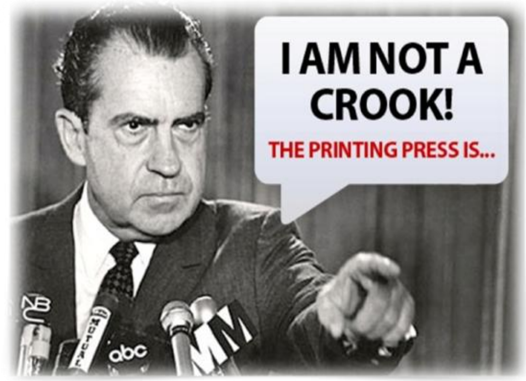
I suspect that all the silver flown into the COMEX from London so far this month, came from their stash. *The physical demand in silver at the wholesale level continues unabated -- and was beyond ginormous again this past week. The amount of silver being physically moved, withdrawn, or changing ownership continued without letup. With global demand for physical gold now off the charts, any attempt by the 'da boyz' to engineer prices lower by any amount, will be met with a massive wave of bargain hunters that will no doubt demand delivery . It's a lose-lose situation for the shorts of whatever stripe.* ***The financial powers-that-be can't afford to let a market-clearing short covering rally of Biblical proportions to take place in the options of futures markets.*** *In order to save themselves from utter ruin, closing the exchanges is their only option and allowing the precious metal, along with the rest of the commodity complex to trade without options or futures attached.* ***When this event does transpire, there will be no precedent for it in history, as it will be a non-linear event for the ages. How the world's financial system and western governments will react when this unfolds, can only be imagined. We are living through a pivotal moment in history -- and there's no way to know when the end will manifest itself, or what form it will take.***

I have never heard Ed Steer, Powell, Hemke, Kranzler or others like Jensen talk like this before. **Ted Butler** documented the criminal conspiracy to suppress metals for **30 years** and sent all of his findings to the **CFTC** "regulators" (banksters) and even the board of **JP Morgan Chase** accusing them of fraud and he was never charged with liable. I have always said that it would take **market forces** to overcome the "fractional reserve bullion ecosystems" in **London** and **NY** and that day is soon coming. This is especially true in the relatively **small silver market** since it is *severely undervalued* (for now). **Jensen** estimates that the **LBMA** has **4-6 billion** ounces of fractionally-backed **silver** promissory notes that will default if this demand continues. This is equivalent to **4-6 years** of **silver** mining production on paper! Talk about a shell game! You can read his latest on this at THIS LINK. I would also invite you to listen to this insightful **40-minute interview** if you have time in which they discuss these matters and how the evil banksters demonetized **silver** from the monetary system with the **Coinage Act of 1873** (also known as the **Crime of 1873**) to concentrate their grip with the **Gold Act of 1900**.

Silver Default: Craig Hemke Interview with David Jensen



So, it's beginning to look like the moment has arrived. The moment of truth. The **evil banksters**, captured regulators, cronies, **Fed** goons and lying financial media is doing everything it can to delay, obfuscate and avoid **the day of reckoning**. It is a **murky cauldron** of greed, lies, *ledgerdemain* and criminal deeds going back to the first fractional reserve central bank in **London** (1694). As **Kranzler** says, the entire precious metals network mirrors the fraudulent fractional reserve banking system and this is why **gold and silver** is like **kryptonite** to them. They know the global monetary system is based on fragile confidence (they are con-men). As **one blogger** puts it, "We're heading toward a perfect storm where industrial demand, monetary instability, and physical market tightness converge. When people realize how poor a store of value cash and bonds have become, just as in the 1970s, they'll flood into precious metals. But this time, with silver's critical industrial role and the structural supply deficit, the upside could be **truly historic**." Another says, "While past squeezes were largely speculative, today's is grounded in *real-world scarcity* and propelled by the influence of large industrial nations. It is time to sound the alarm…. We're one supply shock away from **chaos**." And one more comment, "In summary, retail investors are overwhelmingly bearish on silver at the moment, distracted by the allure of speculative cryptocurrencies and tech stocks. However, for contrarian investors—the smart money—this widespread negativity is a strong indicator that **silver's best days are still ahead**…I am confident that when the world inevitably returns its focus to fundamentals, these timeless assets of silver and gold will richly reward those who remain steadfast in their belief." All I can say is amen and again I will have more to say about **speculative cryptocurrencies** in my next mailing so stand by.



Summary & Conclusion. As you can see, I wanted to hurry and get this news out to clients and subscribers. As I cover in **my book**, we desperately need to understand what "money" is - it is **NOT** paper money! "The evils of paper money have no end," said **Thomas Paine**. "It is a swindle upon the people, and the foundation of all other swindles." Our debt-based banking system depends on inflation and **currency devaluation**. It is theft. A swindle. **Nixon** severed the final link to **gold** in **1971,** and this has enabled the **Fed** to create the welfare-warfare state that is now facing an eventual collapse. Foreigners had nothing to do with our **$36 trillion dollar debt pyramid** or ***$200 trillion*** in unfunded liabilities! Slapping tariffs on other nations is just shifting blame or as they say, when you **point a finger** there are three pointing back! Instead of protecting industries and creating jobs it will do *the opposite*. The emphasis on **financialization** since **1990** has "hollowed out American industry" and I again refer you to **Connor O'Keeffe** (p. 4) who concludes thusly, "The path out of our national mess lies in gutting the burdensome federal bureaucracy, calling off Washington's global imperial project, abolishing the laws and regulations that warp the economy to benefit the politically connected rich, and returning the control over the monetary system to the American people." The **DOGE** effort is *long overdue* and we must do this (and abolish the Fed) or the **status quo** will sink our national ship in a sea of debt.

According to **The Survey of Consumer Finances 40 million Americans** have a net worth of a million dollars (12%) and most of this is inflated home equity. For the rest these are hard times because of the wealth gap and currency devaluation (inflation). The "wealth effect" does not raise all boats. And this is why we need **real money**. We have a saying in my business that **gold** and **silver** is not really getting expensive – *the currency is getting cheaper*. This awareness is driving the demand for metals today. The derivative-based Western **gold** market is in a panic and this centralized scheme is facing a death spiral. As **Ed Steer** states, we need **genuine price discovery** for metals free from the trading pits of **Comex** and **LBMA**. **Gold** should be repriced to **$20-30k/oz**. and the **silver/gold ratio** should not be **90:1**, but closer to **15:1** or **10:1**. This will be a "pivotal moment in history" and I will have more to say on this in my next newsletter. In the meantime, you might share this with your friends and as always if I can assist you with **precious metals** let me know. This is the calm before the storm but recent events are making waves and it's time to be resilient, discerning and have faith in the **Lord** (Pro. 16:16).

Until Next Time, Your Messenger from Sandpoint