Interview with Jim Sinclair by Greg Hunter.

Where are we right now?

Present day, the general demand for money has been stopped.

The virus was convenient.

The repo market was supplying $350B/day to keep interest rates from rising significantly, on the short end. All levels of interest levels affect all other levels of interest rates. Simultaneously, the Euro Dollar – which is NOT the euro – the euro dollar is (US) dollars in Europe on deposit… they are in the repo market in Europe very similar to here, short-term lending in liquidity… The euro dollar market was starting to show signs of the same crisis going on in the repo market.

The virus came at a fortuitous time from the monetary science standpoint. We were about to have a major worldwide, global monetary collapse.

Two ways to take care of short term lending market:

1. Pump in as much money as you can to meet the demand and prevent rising rates.
2. Stop the demand for the money. (this is more effective but harder to do)

The lockdown shut down global business, and shut off loan demands and short term money.

The economy was on the brink of major collapse, larger than 2008… then covid…

The covid shut down the demand for money, which shut down the economy.

Supply or demand are the two ways (pick one) for offsetting these factors.

We have very little latitude for creating additional liquidity when we’re at zero rates.

Had the economy shutdown not happened when it did, we would have hit an economic crisis greater than 2008, but would not have had the tools to counter it.

“We were in the midst of modern monetary theory and the tail end of the management of perspective economics, which is a market which has nothing to do with the equation of value and worth.”

Had the repo market blown up when it was headed for such in September, we would have been in a worse position. Even though we wouldn’t have had the vast number of unemployed had that happened, it would be headed inevitably that direction without the ability to prevent it. We were at the beginning of a serious debt based crisis late fall 2019 without any ability to fix it.

[Greg speculated it was more like a controlled demolition.]

The demand for money stopped the explosion of interest rates, by coming out of the shortest interest rates and working their way through the thirty to hundred year ones.

Greg pointed out that they’re calling for zero or subzero rates right now and asked Jim where we go from here…

We aren’t going to make a recovery – it’s not going to be a V by any means. The stock market could be a V. The stock market has very little to do with reality. It has more to do with algorithms than it has to do with economic rhythms. While we might see a resurgence in the stock market, but as far as business is concerned, very serious damage has been done to the infrastructure of the business equation.

Many employers are gone. Major corporations have significant readjustments to move forward. Supply lines and logistics are being redefined. We used to get everything from China. We’re at a major political and economic worldwide adjustment. Our supply lines and supply sources have been sent overseas in mass, and were rewarded by having everything made in the cheapest place possible. Our supply lines have been based in the Silk Road.

Sinclair’s projection: Should the pandemic end really soon, the stock market will go wild on the upside because it manages perspective economics whereby the control of the market is considered to be the control of market psychology consumption-wise. The figures indicate the possibility of a slow down.

[Market used to be moved by the M numbers but are now moved by the D numbers – those who died with the virus. As long as the D number declines, the market climbs. If the numbers turn around, the opposite is the result. The only thing steady is gold. The change this brings about is a continual reconstruction of the basic business foundations. It’s a start over – not just a slow down. He referenced the restaurant business, the car lot inventory, retail seasonal clothing stores, etc. These are game changers.]

He says the change will be more like an L. (than a V) We’ve come straight down and now we’re going to go sideways. A V would assume there was no virtual impact on the basic business structure itself, which he finds to be false. There has been impact. Many businesses will not reopen, rent will be in arrears, debts are not going to be able to be repaid.

If demand rises again like a V, you go right back into monetary crisis in the repo and euro dollar markets, which would implode, and then a sharp rise in interest rates. We are in the ultimate rock and hard place.

“To get out of this in one piece will take a great deal of intelligence, patience, and proper application. We’re moving from monetary stimulation to fiscal stimulation. You can expect to see roads being built all over the place… which is the only tool left. (infrastructure) And that also will require creation of money, but you’ll notice there’s been a type of merger between the Treasury and the Fed…. (which) gives the Treasury more latitude in the process of creating money. This is a spring back. The cartridge fired will be in the area of fiscal stimulation.”

He compared fiscal stimulation to monetary stimulation – said in 2008 we did monetary stimulation by derivatives and that benefitted the banking system, not the people. Fiscal stimulation is slower, more like a bubble up than trickle down. They will hire more people, buy more machinery, major building companies make a lot of money… But the cool thing about this is the larger part of the money that comes from fiscal stimulation finds its way to the average person. At this time, the average American will be reluctant to spend this money on extra wants, but will instead spend it on needs. Jim said we will have increasing costs on that which we need: food, medical supplies, medicine, etc. and a coming inflation. Everything we need will increase in price. Everything we don’t need will lose its value.

He says we’re better off with a freezer full of fine cuts of lovely beef than a brand new Tesla…

Economy won’t start up – L – interest rates is the determinant.

At 17 minutes he describes what the world looks like at this point and the factors involved including how they will use politics to try to control the recovery of the economy.

He says we cannot rev up the economy too fast or we’ll have spiked interest rates and a straight line down.

Greg asks: “How do we get out of this?”

Sinclair: a careful dance by a “ballerina economist who is not overcome by the recent modern monetary theory and …. respect for economic law” – stop using psychology for business structure. Must have good investment foundation…

He referenced that our manufacturing and logistic lines of supply are not here, in the U.S. He said we’re in economic war with China.

Around 20:40, they begin talking about POTUS overseeing the biggest bankruptcy reorganization in the history of the world. And who better to do this??? Sinclair called him a master of this. He said we have a balance sheet problem, which means we have to get rid of what is bleeding us, that is a liability, and build up our assets to get out of bankruptcy. Trump excels at this.

This upcoming global bankruptcy will bring two resets. He called it a long term positive economic environment – he mentioned June 2020 for the start and 2022-2025, ending in 2032.

22:40 GOLD talk…

Sinclair has accurately predicted the price of gold for decades. He said gold’s role in this is huge.

He explains that gold is an asset behind the used reserve currency.

You can figure it out this way: what is the total debt of the reserve currency? What are the total assets of the reserve currency times the price of gold to equal the same. Gold will balance the balance sheet.

Sinclair: “I challenge anyone watching to do the math themselves. It’s just that simple. Take the amount of gold that the United States says it has. Take the amount of U.S. debt that exists. Find out what price of gold would be required for the two to balance to zero.”

Greg asked him what the price of gold would have to be today to balance the U.S.

Sinclair: “Low end, $50,000. True price $87,500.”

“And a reset in the currency system. And a new currency. A new currency which will only be traded between central banks, which would be a Cipro currency but not anything anybody else can buy and sell. Gold will act this time not as a convertible item, because anytime you make gold convertible you know what happens. It converts, and that screws the system up one more time – maybe 20 years later but you know it’s coming.”

He gives an analogy next about what draws the attention in a ballroom. He uses Melania Trump as an example, and how every eye fixes on her for her beauty. But he says then Ruth Buzzi (from SNL) walks in dressed as she does, dragging her pocketbook. But now every eye turns on her. Why? Not because she’s beautiful, because she’s not – she’s unkempt. But because she has the Hope Diamond on her neck.

He uses this analogy to explain monetary science in allegory that the country with the most gold will have the strongest currency. “It will be looked on like the Hope Diamond. Around the common share of the country it represents its currency. This is why China and Russia have had a political policy to accumulate as much gold as possible. That’s not an investment… they’re not looking to sell that at $3500… they’re looking to rule the roost… to shift economic power to them. We are at economic war right now with tariffs…”

[I disagree with his perspective on the virus…]

Apparently all airports in China were shut down except Wuhan, which continued to fly internationally but not other Chinese airports. He deducts that we’re at economic war with China, and they are our logistical line of supply, and all manufacturing. He said the first thing to get hit is our ability to supply product to the market. There’s plenty of beef, plenty of pork – but we only have four major meat packing plants for production and one of those is owned by the Chinese, one by Brazil, and two by American entities.

You can’t have a V recovery without a debt explosion (which was starting to happen pre-covid) . He thinks the market may have a V recovery because it’s run by computers (absent of fear or greed – based on numbers).

Moving toward globalism he calls a “spider’s web of derivatives” tied to the cost of money. Tighten up the repo and euro dollar markets – would send rates across the board higher, but the demand for money isn’t because global business has been shut down.

At 33:40 Greg asks about jubilees…

Sinclair says the system is being held together presently “tenuously” and that we already have jubilees because student loan debt has been halted and unemployment is being paid – but I would disagree with this, as it’s both temporary and not all inclusive. I think his definition and mine of a jubilee are different.

He does say this: “One man’s jubilee is another man’s disaster.” And that is very true.

He says the bankruptcy will take place in the form of a change of currency system and a change of the role of gold in that currency system.

Two resets in 2022 and 2025:

1. **Rebuild the currency system.** By the elite geniuses involving a separate currency for central banks only traded by central banks – which was the purpose of letting the crypto currencies to go on “to raise it up the flag and see how it worked” … Gold will take its new place as the value for currency
2. **Greater function of gold within the new currency system.** The return of the forces of the marketplace would set the price for gold… maybe China or Russia… The price of gold gets fixed by the market.

Before those resets, Sinclair thinks gold is going to hit around $3500 for awhile to try to manipulate the fix. When that fails, the resets come.

At about 45 minutes they discuss the political ramifications for the reset. They speculate whether the government will try to confiscate American’s gold again. Sinclair doesn’t think they will confiscate US Eagles, but he thinks they will confiscate out of country gold coins.

He thinks you may be able to barter with your coins, but not within the system. (You can’t buy a car from a dealer with gold coins, for example.)

“Silver is gold on steroids. When silver goes, it goes faster than gold.”

But silver does not have the staying power because it’s too industrial. It will rise faster than gold, but won’t sustain. He thinks silver will trade in the hundreds when gold is in the 3500s. It will rise faster and fall faster.

Gold will go up and not come down. When it hits the second reset it will be fixed. (the market/demand will fix the price)