

# Iran Sanctions Conducive to Weak Dollar and Spiralling Gold Prices

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We are trying to figure out the best way to describe the banking and oil sanctions against Iran, which are blatant acts of war. Just look back in history at similar situations and you will see what we are referring too. It is simple incompetence or is the allied plan a false flag feint in order to distract attention away from debt problems?

A month ago when the US was trying to terrorize Syria and Iran with oil and banking sanctions we said they did not have a chance of winning. Iran's nations that are friendlies, such as China, India and Russia are major nations that will assist in the circumvention of some 70% of those sanctions. As we predicted all the excitement in the Strait of Hormuz was just that, another distraction. This week the USS Abraham Lincoln, an aircraft Carrier, went through the Strait, which tells us as we said earlier, it was all just a game. That relieved pressure of financial markets in Europe, the UK and US.

Most people forget an agreement has been in place for more than a year between Russia and China, so the precedent has been set and it works. To simplify things India wants to use gold in exchange for oil, a very simple and novel idea.

What does all this add up too? The basic common denominator is a growing existence of the US dollar and of the world financial system. What Washington has done has expedited the end of the US dollar as the world's reserve currency. Worse yet for the dollar deals like this are in the works all over Asia. Alliances are forming as we speak and it is only a matter of time before it happens. We believe this will take place over the next two years, accompanied by higher interest rates. These countries are proceeding at their own pace and will soon have major agreements in place.

The movement toward an alternative trade, a monetary and financial system is underway and the US is trying to force dollar usage on everyone, like it or not. If the US doesn't come up with an alternative soon they may be ejected out of world trade, because few will want their currency. These engineered events just make the US look weaker in the long run. Foreigners are already euro sellers and T-bill buyers.

Again, we return to the unnatural and unbalanced trade situation between Germany and the remainder of the EU. The gap in competitiveness between the industrial north and the south is enormous.

If the EU and euro zone had been properly set up as a political and fiscal union that might have succeeded. There was no political union – only a financial and trade union, which we wrote in 1992, could never work and it did not work as we are observing. What this has

turned out to be and we predicted it, and that is an unending transfer of wealth from the north to the south. If you look at the pluses and minuses Germany should exit the euro zone. The euro has been used to stay close to France due to the experiences of the past. That is very difficult because the German culture is much different than that of other countries like France, England or the US. You have to live there in those countries and speak their languages to truly understand how they think and why they are the culture that they are.

In addition to culture problems we have a group of Illuminists, who always happen to be appointed to the positions of power to further the aims and goals of world government. Today Mr. Draghi at the ECB is a prime example. All that was accomplished by previous ECB management has been cast to the 4-winds – a complete turnaround by following orders from London and NYC to crank up money and credit creation. This obviously is the only way these elitists know how to temporarily make an economy run. All they have done has saved the financial sector and done little for economic recovery. Why should anyone expect any different result?

Italy is buried in debt, as is Spain and they are uncompetitive. Spain's real estate collapse is worse than that of the US. In Spain you also have to too big to fail syndrome, which means bank nationalization in both countries, as in England and in other various European countries. Spain has to go bankrupt. Real estate has not as yet hit a bottom. Spain and Italy are already caught up in a deflationary debt spiral and will eventually have to default and leave the euro. There was no vigilance. Few paid attention to their performance and plight, and now you are seeing the result of that.

We are now faced with tremendous deficit spending, that money and credit being supplied by the Fed, which, of course, will never be repaid.

While euro squabbles over the euro and sovereign debt the US is finding out that he who has the gold makes the rules. Rumors abound that India may pay for part or all of its oil purchases from Iran with gold. If this does become reality it will end up being negative for the dollar.

Iran is to be punished because they supposedly want to make nuclear weapons. These sanctions are on oil and its sale to others and being shut out of the world banking system. From our viewpoint these sanctions have already been a failure. These moves by the US, UK and Europe have only served to put more downward pressure on the US dollar. The petrodollars have been on their way for sometime but actions such as these two embargos will prove to be even more disastrous for the dollar. It shows the use of dollars can be circumvented. That also means those countries that had been buying US Treasuries may start to reduce buying and other currencies and perhaps gold will be used as alternatives. That has been happening over the past few months. Obviously, America's problems are having a cumulative effect and those dollar sales are moving to other currencies and are a reflection of a staggering world super power. America no longer deserves its dollar reserve privileges – it has squandered them away. We see, zero interest rates for three years, QE 3 on the way and the Fed lending \$1 trillion, or is it a fractionalized \$10 trillion. The situation is not getting better, but getting worse and that means we have a solid three years or more of climbing gold and silver prices.

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