

Market Uncertainty: Gold, Oil and the US Dollar

"Gaps" will lead to the Truth!

By [Bill Holter](#)

Theme: [Global Economy](#)

Global Research, February 04, 2015

As mentioned in my previous piece, the last hour of trading on Friday was ominous and leads me to believe we will see "gap" openings in all directions very soon. Since then, the markets have bounced back but unconfirmed on extremely low volume. Zerohedge had a neat chart depicting the dichotomy of the markets <http://www.zerohedge.com/news/-2015-02-03/do-not-show-jim-bullard-chart> versus the real economy, ignore this at your own risk!

First, what are "gap" openings and why should they occur? A gap is when a market opens up and begins with a higher price than the previous day's high, or in reverse, it opens down and lower than the previous day's low. We saw this in spades when the Swiss just two weeks ago removed their peg with the euro. In this instance, the Swiss rose and the euro fell in the neighborhood of 30% within minutes, NO trading even occurred for the first 15% or more of the move.

Before speaking of what I believe we are about to see, please keep in mind some of the ramifications of these "gap openings" should or when they occur. A gap opening means there is NO TRADING between "here and there", meaning you are stuck with your position until the market actually opens and you have no way to correct a mistaken position. Gaps will lead to huge gains for some and huge losses for others. Think of it if you will as a transfer of wealth with a caveat. As I have mentioned so many times before and as we just recently saw with the franc/euro cross, sometimes the moves are so big that some participants go bankrupt. If you have traded with a partner who is bankrupted ...you will not be able to collect YOUR winnings! It is just this phenomenon which I believe is about to take over ...everywhere and in all markets!

Because the system is now more leveraged than ever before in history, "volatility" will spawn more volatility. This is because everything financial on the planet is being carried with margin (leverage). Margin is a good thing if you are positioned correctly, it is a killer if you are not. If a market goes against you (especially if it "gaps" against you) while you only have 1% or 2% margin carrying a position, you can lose EVERYTHING and then some (maybe even your net worth) without even being able to trade! Market participants on the wrong side will be "forced" into either buying or selling to close their positions.

Leverage (derivatives) have been used to "price" markets and "make" the reality. Derivatives have been used to push interest rates down (many even negative), hold up stock markets, and in general paint a picture that all is well. What if "all isn't really well" and assets, currencies, etc. are all mispriced? What if Mother Nature's pricing of assets is really far away from current pricing? I believe this to be the case. In a recent [interview of Jim Willie](#), he speaks for an hour about this and other topics. He sees the dollar dropping 30% or more, gold moving higher by five or sixfold moves. He sees some bonds going

bidless until much higher interest rates are found. He also believes that banks, brokers and insurance companies will fail ...with your savings and investments going down the drain with them! This barely scratches the surface of what he spoke of.

OK, some of you may say “none of that can ever happen, Jim Willie is a sensationalist with no evidence whatsoever”. Well, I personally believe most of what he says is correct. I do believe we will have major gaps, market and banking closures, new currencies and massive defaults. Most of what he is predicting stands to reason because of the leverage and lack of collateral in the system. Geopolitically speaking, the world is already fracturing away from the U.S., the dollar and “non settlement” ...and toward real settlement, toward truth and toward gold.

Maybe he (and I) are not 100% or even 80% correct. What if we are mostly wrong and only 20% of what we see coming actually does come to pass? What then? In my opinion, if only 20% of what we see coming does actually come to pass, it will be the equivalent of the Great Depression of the 1930's. If what comes to pass is only 50% of what I expect, it will be hell on Earth and for quite a long time.

We have already seen one major “reset” between the euro and Swiss franc come in the form of a gap. I firmly believe we will see a huge gap higher in both gold and silver in reaction to what is to come. I believe we are about to find out “it has all been one big and all encompassing lie”! The economic numbers are clearly a lie. The stock and bond markets are where they are because of freely printed money leveraged by derivatives to force pricing. GATA has provided reams of evidence that central banks are in all markets, all the time. Using simple 2+2 math tells us that Western gold cannot be anything close to what is claimed because the East is importing too much of it. What do you think this “truth” would spawn?

The East only wants “truth”. They want fair trade and real settlement which is why they are converting dollars into gold. Whether it be Greece or some other trigger to uncover the truth, it's coming and may already be knocking on the door. Puny Greece is only \$350 billion worth of debt but levered it is in the \$ trillions yet it will not take even a fraction of this to tip the system over. We have gone 6+ years where “mark to market” has been abolished, this is truly what Greece is all about. If their bonds were to become marked to reality, the banking system implodes. Currently, Greek bonds are considered tier one capital, clearly this collateral is bottom shelf swill which cannot and will not ever perform.

Once the process of re set comes to pass, Gold and silver will be seen as the ultimate tier one capital with no risk whatsoever of default. The West either has the gold or we do not. Betting that we do and finding out this is also part of the lie (it is the very core of the lie!) will be a disaster. The most important “gap” to your well being is not “being” in a position where you nor any of your assets can default. The truth, when it does come out will come quickly, most likely faster than you can move. The world has seen “lies” in the form of fiat currencies and asset bubbles many times before, but never one that completely encompasses the entire world. Each and every single time the truth came out, “honest money” was the ONLY place to be for safety. I assure you, “this time is not any different”! Markets beginning to gap in various directions will be your guide that the re set is in progress!

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Bill Holter](#)

About the author:

Bill Holter writes and is partnered with Jim Sinclair at the newly formed Holter/Sinclair collaboration. Prior, he wrote for Miles Franklin from 2012-15. Bill worked as a retail stockbroker for 23 years, including 12 as a branch manager at A.G. Edwards. He left Wall Street in late 2006 to avoid potential liabilities related to management of paper assets. In retirement he and his family moved to Costa Rica where he lived until 2011 when he moved back to the United States. Bill was a well-known contributor to the Gold Anti-Trust Action Committee (GATA) commentaries from 2007-present.

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca