

The Great Credit Unwind! Deepening Weakness of Real Global Economy. Financial Failure, COMEX and the Gold Market

By [Bill Holter](#)

Theme: [Global Economy](#)

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The action in nearly all markets worldwide changed on a dime since January 1st. I am not sure "what or why" the change coincided so closely with the calendar year but the rate hike by the Fed is the leading candidate. As for the real global economy, there is certainly evidence the weakness of late last year has deepened significantly. The pace of collapse has shifted gears as evidenced by trade, earnings and even central banks. Japan's new policy of negative interest rates followed by new Fed trial balloons of same speak volumes about "stress".

Another area of stress is change in the action on COMEX. I have documented over the past year several delivery months where there were more contracts standing than registered gold available for delivery. The current Feb. contract has gone past first notice day with 13.3 tons of gold standing for 4.5 tons of registered gold. A very good synopsis of this was done yesterday by Craig Hemke at TF Metals [Connecting The Comex Dots](#) I encourage you to read this as Craig documents the recent shell game with inventory.

It is important to understand there are huge changes going on at COMEX. First I need to correct something I wrote last week. I said "it doesn't make sense for the shorts to not deliver on the first or second day of the delivery period and wait until the end of the month". This is absolutely correct, but I wrote this in late Jan. ... so the deliveries we saw were some FIFTY PLUS days after the delivery period began on Dec. 1st! Are they really allowed to wait 55 days to make a delivery? Just to make it clear, it make no sense whatsoever to not make a delivery on day one or two because the storage costs must be paid. I absolutely stand by the most obvious reason not to deliver is because the gold was not available. "Waiting" to deliver earns NOTHING and costs money, Wall Street does not work this way!

We are also seeing another VERY BIG change in this delivery month. While we saw very few "serves" early in delivery months in the last couple of years, this has changed. We saw 58 on Monday, 546 Tues., and 158 on Wednesday. It is my opinion we are now seeing serious rebellion in the queue! It has been contended which I firmly agree with, "cash settlement" with premium has been prevalent on the COMEX for quite some time. I now believe there are some standing and DEMANDING delivery and refusing cash. This I believe is evidenced by gold in backwardation all the way out to October. I won't spend the time to explain again why here, but backwardation CANNOT exist in gold in a correctly functioning market and one where the rule of law actually exists.

No matter how big of an apologist you are, it cannot be argued that a situation where more

gold standing for delivery than is claimed to exist is a “good” thing. This is a VERY dangerous situation of potential default and one where by hook or by crook has been avoided to this point. Is it this delivery month where delivery fails? I do not know. I do know we live in a world where China is importing every single gold ounce produced on the planet leaving nothing else leftover for the rest of the world. This situation can only last or continue as long as vaults have gold and the owners are willing to fill the deficit between supply and demand. I will say this, the global financial system will completely seize up and close for trading once gold delivery fails. This will only take 48 hours after a failure, and the ability to procure metal, sell stocks and bonds, or do anything else financial will not be an option.

Liquidity is drying up and no Ponzi scheme can survive without “new juice”! A very basic and core problem with no solution other than resetting, rebooting and revamping the system itself! We are living a global margin call that cannot be met. The system is clearly broken and you do not need to be a rocket scientist or even have higher than an 8th grade education to understand this. No matter what you look at, it is clear something is very very wrong. I have written I believed a force majeure will occur within the gold and silver complexes. I have written of “truth bombs” being dropped by Mr. Putin [The Ultimate “Truth Bomb” – The East Knows The West Is Bankrupt](#) and the Chinese holding a silver “Kill Switch” in China

http://www.silverseek.com/article/kill-switch-13503?quicktabs_most_popular_tabs=0 .

A financial failure larger than any and all past crashes will end in social unrest all over the world. When credit ceases and breaks down, it will be felt first and foremost in “distribution”. The distribution of everyday and necessary goods will be interrupted. Empty stomachs will fan the flames of angry mobs. Those who have lost the fruit from their life’s work will be more interested in their next meal versus wealth. I stand by everything I have written on these topics. The greatest credit unwind of all time is unfolding right now before your very eyes!

I am sure this article will fan the flames in “troll town”! Please attack the logic, do not say “it will never happen because it has not”. Do not point at the prices of gold and silver and say “see, you are wrong”. The manipulation of markets, all markets is so obvious even an idiot can see it with very dark sunglasses on! I expect we will see “gap” openings in nearly everything very shortly ... Please do something, anything, to protect yourself and loved ones!

Standing watch,

Bill Holter

Holter-Sinclair collaboration

Comments welcome, bholter@hotmail.com

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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.

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