

Market Update

From: Mike Sullivan

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Subject: Follow the Yellow Brick Road? What May Happen to Money in 2016?

Few people know that that classic childhood favorite, 'The Wizard of Oz', was a political allegory on society and monetary policy in the 1890s, including strong messages about the evils of central banking.

Fondly you may remember Dorothy and friends skipping down the Yellow Brick Road with the aid of her ruby slippers. The road of course symbolized gold, in particular its strength and security. Her slippers in the original production were made of silver, also symbolic of monetary strength. And her destination was the Emerald Kingdom, symbolic of 'greenbacks', fiat paper money (like we have today) that can be conjured at will. Greenbacks provided the illusion of happiness and prosperity but in reality were nothing more than smoke and mirrors spun by a wholly deceptive wizard (a central banker).

Author L. Frank Baum was not only a rather educated economist, he was quite the activist and spread his message, a warning after one too many episodes of booms and busts created by private bankers that sought to profit by the control the money of the nation. Baums activism came on the heels of banking crises that included the failure of Alexander Hamilton's 'First Bank of the United States launched in 1791 (deeply opposed by Thomas Jefferson and James Madison), the failure of the Second Bank of the United States (deeply opposed by Andrew Jackson who labled the bankers 'A Den of Vipers and Thieves'), and numerous crashes. The crashes, many of which were widely known to have been orchestrated by the banking community to increase their power at the expense of the nation, occurred at the pace of nearly one per decade. After the crash of 1893, Baum had seen enough and in 1900 the Wizard of Oz sang its songs.

Then, the public was widely educated about the folly of bankers running economic boom and bust cycles for their own benefit and those of their major industrialist giant friends, the Wizard of Oz played to an informed audience. Today, despite the advent of the internet and information instantly available, the public knows next to nothing about the monetary system and those who abuse it for their own benefit.



Characters represented the major figures of the day with the Scarecrow personifying William Randolph Hearst and his media empire, the Cowardly Lion representing populist William Jennings Bryan, and the Tin Man attributed to either John D. Rockefeller and his oil empire, or the industrial workers in the steel industry. Ironically, while Oz was playing to packed houses, the Banking Crisis of 1907 erupted, enabling a power play for a new central bank. Clearly this childhood classic was much deeper than is recognized today.

Today, we reside at the mercy of most recent central bank, the Federal Reserve which arrived in 1913. Like its predecessors, it has presided over booms and busts that distorted economic cycles and took wealth disparity to record levels. The top class is dominated by bankers, industrialists, politicians and their insider friends. The rest of the country finds itself heavily weighed down, their reality vastly different than the distorted data reported to them. 2016 may be a watershed year for financial assets. Understanding the history of money and monetary abuse may prove to be not only interesting, but extremely helpful.

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As the Federal Reserve strains what is left of its credibility, global economies around the world are collapsing under the limits of this historic money-printing facade.

Japan has failed for the umpteenth time to drive growth in the homeland. It is now in its third 'lost-decade', simply the latest one to embark on a 'moar' money printing strategy. As the Japanese citizenry finds its quality of life increasingly strained, Japanese leaders struggle to decide whether they will embark on yet another money-printing episode, the last one dubbed QE-zilla (Quantitative Easing).

China, which out-printed the Federal Reserve / United States over the past several years, is somehow surprised that they cannot back away from their ever-expanding money scheme without collapsing their economy. Go figure ... who woulda thunk that their pace of 'growth', driven by all of those empty cities they build over the past several years, could not be sustained? And outside of China, its suppliers are crumbling.

Europe, despite staring economic failure straight in the face in Greece, Portugal, Spain, Italy and elsewhere, is desparately trying to figure out how to restructure its political arrangements so that it too can print 'moar' faster. Many observers recount that the end-game of the Eurozone was originally predicted to be a 'one-Europe', as its age-old nation states were forced to surrender sovereignty to a group of unelected banking bureaucrats like the European Central Bank. Since we just watched Europe take over Greece without firing a bullet, it is hard to imagine that the final act looking to achive that 'one-Europe' end result may not soon be in full swing. Certainly the refugee / immigration chaos sweeping Europe now might accelerate the pace of crisis, yet another crisis to be 'saved' by the very bankers and bureaucrats who have caused all of the disasters they will now self-nominate themselves to 'fix'. In the words of the all-wise yet somehow embattled mayor of Chicago, Rahm Emanuel: 'You never let a crisis go to waste'. That includes of course any crisis you may just happen to cause yourself.

The list of struggles by debt-saturated, money-printing nations goes on and on. In Venezuela, Brazil, Ukraine and many more nations, these policies are failing left and right. But the spotlight this year will be squarely on the United States,.

In December, despite signs of rising economic weakness, the Fed proclaimed that things were going swimmingly enough to raise interest rates. Their banking bretheren at the major Wall Street banks instantly raised the rates they charge borrowers, but withholding any rate increases for the depositors who essentially lend their own to the banks ... an instant 0.25% profit margin for the banks.

In published statements, the Fed has essentially indicated that it may raise rates just so it has the ability to turn right around and lower them ... which they will have to do before they can justify their next round of money-printing. Many market followers, including us, think this is precisely their game plan. In other words, just like the Wizard, the Fed is simply putting on a show, pulling levers and throwing out smoke and mirrors to its entranced audience.

That the system has worked for the 'Federal' Reserve from 1913 (when the bankers successfully captured their third privately owned central bank in a Christmas Eve vote at Jekyll Island, South Carolina) until now means very little in the eyes of history. History does show the same cast of benefactors though, and it will be history that determines whether they are just the latest den of vipers and thieves.

So, it is time to be extra vigilant in 2016. If you find yourself so inclined to sing 'Somewhere, Over the Rainbow' to yourself, have at it! And do not be surprised if not too far down the Yellow Brick Road, we see that the future once again holds within it a rescue necessitating that historically special item so often found at the end of the rainbow: a pot of gold.



We may have yet another rally in early January, but we are skeptical that the Fed will pull this off long-term. Under the hood, the markets are quite weak. If we can be of further assistance to you in these interesting times, please do not hesitate to call us at (614) 734-WLTH (9584). Visit our website for links to more information on The Wizard and other topics. And, best wishes for a Happy and Healthy 2016!