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Current Events Summarized In Brilliant Art

Posted by : [George Washington](#)
Post date: 12/16/2011 – 14:16
A picture is worth a thousand words

Debt is Endemic In Our System... And the Deleveraging Will be Brutal For Businesses and Investors Alike

Posted by: [Phoenix Capital...](#)
Post date: 12/16/2011 – 20:44
To put US household debt levels into a historical perspective, in order for US households to return to their long-term average for leverage ratios and their historic relationship to GDP growth ...

MeXiCaN EURO WRSTLING NiTe!

Posted by: [williambanzai7](#)
Post date: 12/16/2011 – 13:27
WW-WTF!

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Guest Post: Why You, They And — Hell — I Might Just Buy That Parabolic Move In Gold...



Submitted by [Tyler Durden](#) on 12/14/2011 18:44 -0500

[Guest Post](#) [Hyperinflation](#) [Price Action](#) [Reality](#) [St Louis Fed](#)

Submitted by [Gresham's Law](#)

Why You, They And — Hell — I Might Just Buy That Parabolic Move In Gold...

It may be just me, but it seems like majority of market participants are terrible at dealing with one of the rudiments of life as a human being; *time*. It is almost as if the herding man lives in constant contempt for his former self and dogmatic surety about his current convictions (whether they relate to past, present or even the future). If this hunch happens to be true, then it doesn't take much to see the folly – for surprise surprise; *as time passes the much-loved present conviction joins the realm of past regrets*. So to thwart the arrogance of the gold bubble-top callers and the long-for-the-sake-of-being-long speculators here I outline why you, they and — hell — *I* might just buy that forthcoming parabolic move in gold.

Apologies if I sound like a broken record – but *nothing about the future is obvious*. However, given that the typical 21st century futureologist has a tendency to look at the past to guide his actions – gold may be regarded as particularly perplexing. For whereas equities have never (ever) met the widespread expectation that characterises its top (i.e. a 'permanent plateau' of abundant delight – a cornucopia), gold *has* frequently met the widespread expectation that envelops its market top; *hyperinflation*. Gold, widely regarded as the objectification of worryment, has no precedent of *not* meeting the expectation held at its market top. Unlike most other assets on the radar of the speculator, the currency price of gold has often *never returned to the levels traded on the eve of the bull run*.

So regardless of your current convictions about your future self, I suspect that the great question that will haunt you will be this; what if this is one of those times? Pictorially speaking; will it be this:

New Feature:
 Live Audio Market Commentary
Free live audio market commentary, news headlines and more from Talking Forex and Zero Hedge

RanSquawk News The Fly On The Wall
12-16 16:57: RANSQUAWK AUDIO CLOSED FOR THE WEEKEND; THE DESK WILL REOPEN MONDAY...
12-16 16:27: Caterpillar (CAT) says approved

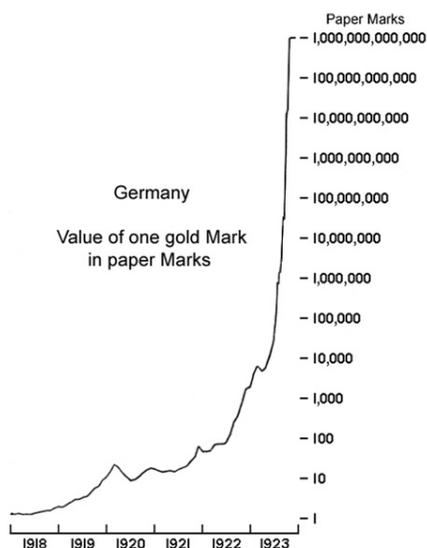
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- DealBook
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- Gains Pains & Capital
- Global Economic Analysis
- Gonzalo Lira
- Hedge Accordingly
- Implode-Explode
- Infectious Greed
- Investing Contrarian
- Jesse's Cafe Americain
- Market Folly
- Max Keiser
- Minyanville
- Mises Institute
- Naked Capitalism
- Of Two Minds
- Oil Price
- Shanky's Tech Blog
- TF Metals Report
- Testosterone Pit
- The Burning Platform
- The Daily Crux
- The Economic Populist
- The Mad Hedge Fund Trader
- The Market Ticker
- The Technical Take
- The Trader
- The Underground Investor
- Themis Trading
- Value Walk
- Wall St. Cheat Sheet
- Wealth.net
- When Genius Prevailed



The gold price's ascent and descent during the 70s & 80s.

Or this:



The paper mark price of gold... still waiting for it to come back!

The man who takes the time to peruse the history books has the comfort of knowing that the expectation associated with stock market tops has never before come to pass. However with gold there is no such luxury!

The Point:

So why do I mention this? And why now?

You may have guessed the reason but nevertheless I'll spell it out – recent price action in gold may invite premature I-told-you-so's from the gold-skeptics:

- extension of current repurchase...
- 12-16 16:27: US EQUITY WRAP
- 12-16 16:27: EUR/USD manages to hold the key 1.3000 level heading into the weekend...
- 12-16 15:54: White House says talks on Payroll still very fluid but cautiously...
- 12-16 15:54: CFTC says net EUR short position was USD 19bln as of Dec 13th,...
- 12-16 15:54: Italian PM Monti package wins final passage in chamber of Deputies,...
- 12-16 15:54: US NYSE Imbalances – USD 700mln buy side

New Comments Today's Top Stories

- 12-17 10:26: you just nailed it. (falak pema)
- 12-17 10:26: Oh...hi Mr. Sits In His (Jumbotron)
- 12-17 10:25: You (almost) saved me a post, (smore)
- 12-17 10:24: No freaking way. The debt (centerline)
- 12-17 10:24: When paper money fails, (mayhem_korner)
- 12-17 10:23: Everything is 'relative' to (PD Quig)
- 12-17 10:21: RM : Please give us an update (falak pema)
- 12-17 10:20: "an evil exists that (marcusfenix)
- 12-17 10:19: White Guy? Lulz (GMadScientist)
- 12-17 10:19: European nobility who paid (Rodolfito)

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Suggested Reading:

Make sure to read our "How To [Read/Tip Off] Zero Hedge Without Attracting The Interest Of [Human Resources/The Treasury/Black Helicopters]" Guide
It would be very wise of you to study our disclaimer, our privacy policy and our (non)policy on conflicts / full disclosure.

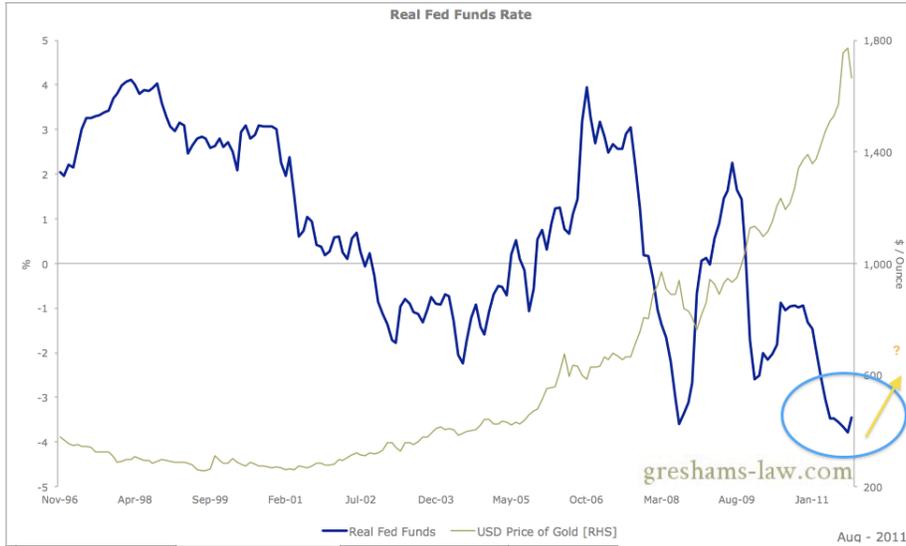


Daily Gold Futures Chart as of 14 December 2011 – Click to enlarge. Source: FINVIZ.com

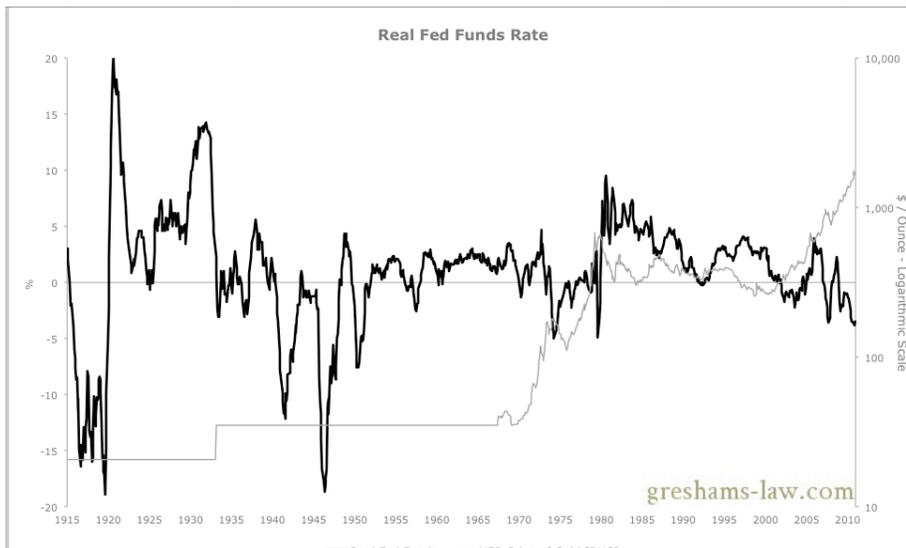
Consider the musings of the gold top callers — after a decade of popping bubbles they’ve made a note to themselves and said ‘ Aha! I know how this works now! All I have to do is call a bubble whenever the price of a financial asset rises!’. I would argue that they have no idea about the environment that characterises a bubble-like top in an asset like gold. With the usual irony that is witnessed in the speculative arenas of life; they seek signals that do not correspond to the reality that they deal with (or so I presume). As I mentioned above – *the future is not obvious*. One implication of this is that it is *never* ‘easy’ as such to accurately call the top of a bubble! To call a bubble top right now really has few consequences – prices today aren’t wildly different from yesterday and all you might miss out on is opportunity. This kind of thinking may make a little sense when you’re shuffling paper titles to assets – but I would argue that it doesn’t apply so strongly to gold. *Try calling a bubble when the implication could be that you lose virtually everything just by the ‘risk free’ asset; cash!*

The arguments of the gold bubble callers aren’t the only ones that are contemptuous towards gold – another set of peculiarities comes from the ‘long-for-the-sake-of-being long’ speculators. Some bizarre communities of investors (MMTers ahem!) really don’t believe that central bank balance sheet expansions debase currencies. But that’s not all – they nevertheless are friends (or perhaps ‘frenemies’) with the long gold trade. The reasoning goes that others foolishly believe in the fairytale that fiat currencies can be debased, therefore they buy gold and so you front-run them. While I admit that the *degree* to which the market discounts the debasement of fiat currencies (via the bidding up gold) can be extreme – I scarcely acknowledge the premise! Anyway, leaving this strange mode of thinking aside for a second, the implication is that these people think that they’ll just ride the bull market to the top and then get out. As I said above: – *try doing that when you would really (really!) pay for that decision.*

And now let me mention the final reason why I’m posting these thoughts right now: these attitudes may have the platform to gain ground over the coming months. We may have reached an inflection point in one of the indicators that people consider to be very important when dealing with gold (note: we don’t necessarily agree 100%) — the real interest rate:



An upward move in the real fed funds rate? – Click to enlarge. Source: St Louis Fed



Of course the longer-term picture remains unconvincing for positive real rates on the short-end of the curve

Average:



Your rating: None Average: 2.2 (18 votes)

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 +1 4

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 Chart of The Day: [The Slippery Slope of Sliver](#)
[Is A Physical Silver Shortage Spike Imminent?](#)

Bill D. Cat Wed, 12/14/2011 -
 For a second there I thought someone gave the keys to this place to ace .
 18:52 | [1981069](#)
[Login or register to post comments](#)

Pladizow Wed, 12/14/2011 -
 WTF was all that about?
 19:04 | [1981111](#)
[Login or register to post comments](#)

s2man Wed, 12/14/2011
 I dunno. I thought he was on a roll, then seemed to go in a couple of different directions. Maybe its me, but I reread it a couple of times and didn't get the point.
 - 19:22 | [1981200](#)
 Is it, You can't call a top or bottom? I can say that in seven words.
[Login or register to post comments](#)

Oracle of Kypseli Wed,
 It seems to me that there is a paragraph missing at the end, starting with: "Therefore,"
 12/14/2011 - 20:05 | [1981411](#)
[Login or register to post comments](#)

TheSilverJournal Wed,
 That gold run up until 1980 didn't even start until the Fed started raising rates. Once the malinvestments are show, that inflation genie suddenly pops out and doesn't like to be put back in the bottle. I can't even imagaine how high gold will go from here if the malinvestments are exposed.
 12/14/2011 - 20:59 | [1981594](#)
[TheSilverJournal.com Q&A](#)
[Login or register to post comments](#)

Freddie Wed,
 Speaking of the inflation genie and Weimar - tonight I saw something creepy. I try to watch prices in the grocery store to get a handle on what is going on with pricing. Same stores and make mental notes. Almost everything is up. Christmas lights, bleach, you name it.
 12/14/2011 - 21:38 | [1981753](#)
 Cereal is a shell game where they have all sorts of

box sizes to confuse you. You can usually get 16 to 17 oz of certain brands for just under \$3. Well on a bunch of brands that price tonight gets you just over 12 ounces. One brand has 9 ounces though the boxes do not look smaller. Yeah - we need to worry about deflation when the fed is printing like there is no tomorrow.

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Wed,
12/14/2011
- 21:44 |
[1981780](#)

TheSilverJournal



The people aren't worried about deflation. The people enjoy deflation because it makes what you buy cheaper. It's the bankers and politicians who don't want deflation..not necessarily in the sense that deflation is bad, but if the deflation goes to the point where it breaks the banks, then hyperinflation will quickly ensue as faith is lost in fiat and then they'll no longer benefit from controlling the printing press. Yes, the deflation trade can work for a bit, but it is just a trade and the long term solid play is to expect massive inflation and a steep rise in gold and silver.

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Wed,
12/14/2011
- 22:36 |
[1981972](#)

trav7777



well, anyone who was a silverbug is getting a LOT less cereal for their precious stack

[Login or register to post comments](#)

Wed, 12/14/2011 - 23:05 | [1982051](#)

Hi Ho Silver



I sold at 46 and then again at 48 and used the fiat to buy a farm. I've been broke ever since fixing up the farm but at these prices it's time to start stacking the shinies again and start growing my own cereal.

[Login or register to post comments](#)

Thu, 12/15/2011 - 02:54 |
[1982376](#)
Ahmeexnal



Hmmm....did JPig just offload it's short positions on silver at \$28?

[Login or register to post comments](#)

Wed, 12/14/2011 – 23:20 | [1982086](#)

[i_fly_me](#)



@trav7777: We weren't the ones selling. Try to keep up.

[Login or register to post comments](#)

Wed, 12/14/2011 – 23:49 |

[1982155](#)

[DeadFred](#)



I don't think he gets it. Try speaking sloowly and use simple words.

[Login or register to post comments](#)

Thu, 12/15/2011 – 01:22 | [1982282](#)

[Manthong](#)



When I started driving, gas was 34.9.

I've got a silver Washington quarter and a Roosevelt dime that are worth over two gallons of gas today.

Those same two coins will convert to more than a gallon of gas as long as I live.

[Login or register to post comments](#)

Thu, 12/15/2011 – 04:00 |

[1982420](#)

[Dugald](#)



When I started it was just nine pence per gallon.....

[Login or register to post comments](#)

Thu, 12/15/2011 – 10:21 | [1983182](#)

[Banjo](#)



Only if you put ALL your life savings in at the peak AND realize your loss by selling immediately on price declines. My average price is \$24

I want more gold and silver real physical not rehypothecised paper. In this context deflation is great! I did actually buy more gold yesterday.

NOTE: I have purchased gold and silver at their highs \$1920 and \$49.5 I was thinking damn wish I had more free cash at the time. With the belief we had reached some sort of event horizon on the fiat paper front.

Also I don't trade in and out not smart enough to do that and I always get my grubby hands on physical :)

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Wed,
12/14/2011
- 22:25 |
[1981941](#)

BeerBrewer09



It's going to hit the dumbest of sheeple very hard when they can't buy their favorite junk food, soda, baby food, diapers, etc at what they did a few months prior

Here's what I have noticed:

1. At my job we have been preparing our budget for a 40% increase in paper (magazine printing) for next year. We will be struggling with the new rules of the post office and their potential demise. Our parent company has already press released Q1 furloughs and potential layoffs.
2. My friend owns a restaurant. the \$9.99 jar of mayonnaise he's been buying at CostCo for 11 years just recently went up to \$12.50. He just got quoted by his food distributor on how many percentage points everything is increasing in price for the new year. At least 10%, if not more, across the board. Beef will be 15% higher.

Can't wait to see what happens when gas goes over \$5.

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static Wed,

BB 12/14/2011
- 23:01 |
[1982044](#)



...who do U work for? just curious...I worked for RRD. for 23 years ...closed our plant in 2009...

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Wed,
12/14/2011
- 23:48 |
[1982154](#)

Thunderlips



Speaking of Mayo, I can't find a brand where the first ingredient isn't Estrogen-mimicking Soybean Oil. Now I'm making it at home from eggs and olive oil. Not only is the price going up and the package getting smaller, it's full of package-shrinking ingredients.

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Thu, 12/15/2011 - 01:06 | [1982289](#)

pavman



I knew there was a reason I've never liked Mayo...

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Wed,
12/14/2011
- 22:31 |
[1981956](#)

Herkimer Jerkimer



I concur. I'm one of those gold, guns, and food nuts.

Well, actually I just think there's going to be wild inflation after listening to Beck for several years, (I was just a little kid in the early 80's, but I lived through the 24% rates and put \$1000 in of Grammy's money, in a bond for 5 years, @ 19.75%. I think he's right with the information he's presented and what I see in my grocery store in Toronto. I'm not a real finance guy. I never even stayed in a Holiday Inn! But I do know that I've watched food prices going up over the last couple of years. A large tin of Folgers used to be, within the last couple of years, about \$5.99.

I bought 36 last spring, when it was on the last sale at that price, of that size (that's a sneaky trick that is a good tell that inflation is happening when they change the sizes. Oh, not bigger but smaller... So you get less, just in case you were curious.

Well, those tins of Folgers are now regularly \$10.99 at my store and \$13.99 at Costco.

I don't know much about finance, but anytime I can double my money, I think that's a bargain.

I'm buying all I can of everything that can sit on a shelf. As I say to people, "I hope you can all sit around and laugh in 5 years, because everything will be wonderful. But if it turns out that it's not, you're all going to be in big trouble."

Herkimer

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Wed,
12/14/2011
- 22:57 |
[1982033](#)

TheFourthStooge-ing



Freddie, next time you're in the grocery store, take a look at the half-gallon cartons and jugs of orange juice, grapefruit juice, etc.

If you look closely at the size on the labeling, you'll discover that it's not a half gallon anymore. It's some bullshit like 58 or 59 ounces.

You just know that some fucking ripoff artist marketing consultant got paid \$800,000 to figure out the most that the size could be cut

without anyone noticing.

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fuu Wed, 12/14/2011 - 23:15 | [1982074](#)



the space management folks.

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He_Who Carried ... Wed, 12/14/2011 - 21:59 | [1981842](#)



That gold run up until 1980 didn't even start until the Fed started raising rates. Once the malinvestments are show, that inflation geenie suddenly pops out and doesn't like to be put back in the bottle. I can't even imagine how high gold will go from here if the malinvestments are exposed.

Its all about perception of real and not-so-real dangers right now it therefore won't matter in the near term... Fact is: Dollar up, Oil and Gold that have moved in tandem over much of the year – down! Cash is king. Expect no definitive answer by markets before mid February. That's how we trade this, wade in and out carefully.

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Spitzer Wed, 12/14/2011 - 22:30 | [1981955](#)



fact is not dollar up, oil and gold down.

Remeber August ? When gold shot up while the dollar went up and oil went down ?

Another US downgrade is coming.

[Login or register to post comments](#)

Jendrzeczyk Wed, 12/14/2011 - 21:04 | [1981606](#)



Thanks all, thought my brain had fused.

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Centurion9.41 Wed,



Actually, 12/14/2011
the
nothing - 21:20 |
1981678

is missing.

Everything one needs to know about the piece can be surmized by noting the first two charts.

First chart, an almost 30 year period, is drawn on a non-log scale.

Second chart, covering only 5 year period, is drawn on a log scale.

If you dont understand the importance of the point, then keep buying the BS being fed to you by the Wall Street scumb, and the scumb that like to make money off of calling Wall Street scumb.

I find this much more interesting, and telling...
http://youtu.be/hulXs_05H5E

In most things in life, it's always best to go full physical. But only at the right time. Otherwise one ends up going full retard. Never go full retard.

[Login or register to post comments](#)

Oracle of Kypseli Wed, 12/14/2011



- 22:33 |
1981962

Thanks for pointing that out, but not everyone understands charts and their hidden (or obvious to some) meanings. This article being for our information is well appreciated as long as it is made simple for some of us to understand. And I am not the only one with that opinion.

Many of us @ZH are physical holders anyway.

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Thu, 12/15/2011
- 17:05 |
1985145

Centurion9.41



Oracle, if what I pointed out in those two charts did not immediately jump out at the reader....then the reader is truly playing dice with their capital.

The fact is, log vs non-log is a prime indicator of whether or not the writer &/or reader really understand, or are truly ignorant of, basic applied mathematics.

Btw, how can information that is not understood for the truth and misconceptions it contains be "well appreciated"?

Occam's Razor, it's a biach.

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Thu, 12/15/2011

- 17:09 |
 1985154
Centurion9.41

 Oh yes, funny, but the humor parading as truth is a major factor why the world is where it is...
<http://www.youtube.com/v/kO8x8eoU3L4> ;)

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dizzyfingers Thu,
 12/15/2011
 - 07:55 |
 1982606

 He's been drinking too much coffee. Like his enthusiasm but calm down.

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Kingbingo Thu,
 12/15/2011
 - 05:21 |
 1982469

 That is 3 minutes of my life I'm never getting back.

Article Fail

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Thu,
 12/15/2011
 - 18:14 |
 1985381
Centurion9.41

 You actually watched more than 30 seconds....
 Did you notice his T-shirt...

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LongBalls Wed, 12/14/2011
 - 20:24 |
 1981479

 DUDE.....don't confuse me with your confusion!?!?!? This would have been the proper headline.

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I think I need ... Wed, 12/14/2011
 - 21:05 |
 1981611

 it'll be overnight...period

[Login or register to post](#)

comments

He_Who Carried ... Wed, 12/14/2011

 *WTF was all that about?* - 22:12 | [1981891](#)

Dude, someone who was betting that Gold would go up indefinitely in a deflationary environment is worried and on the defensive right now... The market has topped despite massive central bank buying...

What was that Mr. Sprott? Miners should hold back their produce? That line could have been from Chavez of Venezuela urging OPEC to hold back production!

[Login or register to post comments](#)

tmosley Wed, 12/14/2011 -

 I know I will, I've seen me do it. 18:52 | [1981070](#)

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trav7777 Wed, 12/14/2011 -

 we know you will too. And you will shamelessly pump it on the internet, costing some people 40% of their life savings after telling them to "back up the truck" and "buy with both fists" at \$49. 22:39 | [1981983](#)

How does it feel to be such a loser?

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topcallingtroll Wed, 12/14/2011

 Give it ten years. - 23:13 | [1982069](#)

I am willing to bet the return on silver bought right at the top will beat a savings account.

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tmosley Wed, 12/14/2011

 I see my cost average still hasn't penetrated that thick skull of yours. \$18, bitch. 23:21 | [1982088](#)

You must have had a black grampa.

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Dangertime Thu, 12/15/2011

 Doesn't change that buying at \$49 was still stupid. - 08:58 | [1982811](#)

Remember all that bashing you gave me for buying slv puts? You still cannot admit it was the right call at the right time. And that is the hallmark of a loser.

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Burnbright Thu, 12/15/2011

 Trav didn't you say oil was going to go up or something? Price at the pump seems to be about 50 cents a 00:07 | [1982179](#)

gallon cheaper than 8 months ago. Why are you a ignorant braindead racist?

[Login or register to post comments](#)

achmachat Wed, 12/14/2011 -



well... from 1980 to 18:53 | [1981072](#)
1997, there was a market that wasn't mathematically absolutely broken.

today we have smoke, mirrors and illusions.

I pick the weimar chart.

[Login or register to post comments](#)

OliverTwist Wed, 12/14/2011 -



Of topic but I wanted to 18:54 | [1981075](#)
point out one thing which is not mentioned here very often:

LIFE IS BEAUTIFUL!

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johny2 Wed, 12/14/2011 -



I agree. As long as 20:15 | [1981453](#)
you have food, shelter and not too much contact with other humans.

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topcallingtroll Wed, 12/14/2011 -



How can anyone 23:17 | [1982079](#)
downrate that?

Prepare if you feel the need.

Learn to grow a garden mainly because it is fun.

Fuck a lot.

Laugh a lot.

Find your emotionally supportive social group. Support them to.

[Login or register to post comments](#)

OliverTwist Thu, 12/15/2011



Hey - 06:03 |
Topcallingtroll! [1982486](#)

Actually I put the message on because I wanted to see how many + and - it gets. Let's call it a social experiment to check what kind of people are here on ZH.

It is interesting, I should try it on a gardening website on a ZEN-website, teenager-dating website too. And publish the results.

By the way dating and teen-ager! I find your answers really interesting. We like the same things ... gardening, laughing ... and what was the other one?

I mean ... are you a girl? how old? ... maybe we could grow some ... corn?? - mainly because it is fun (I liked this one)!

;))

Have a nice day!!!

[Login or register to post comments](#)

mrgneiss Wed, 12/14/2011 -



I think I'm in 18:54 | [1981078](#)
love.....with this article.....I need some alone time.....

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pakled

Wed, 12/14/2011 –

19:00 | [1981093](#)

My take on this post and others along the same vein today (subject to change as I learn more):

- 1) gold (& silver) are stores of value. Always have been and always will be (until alchemy perfected. Remember that old Twilight Zone episode?).
- 2) gold (& silver) can be traded for goods/services, but [favorably] only under certain circumstances.
- 3) therefore 50% of my emergency–double–secret dystopian crash bag of tricks is FOOD, and the means to cook it. (and supplies and medicine and seeds)
- 4) some of that 50% are redundant quantities to be offered for barter
- 5) must not forget dangers of relying on only gold (&silver). Possible scenario:
 - a) government makes gold (& silver) illegal to own. Perhaps confiscates for the patriotic purpose of backing a new currency
 - b) lest you try and barter with gold (&silver) on the grey/black market, government offers reward to your neighbor for turning in such a 'terrorist'. Reward is an offer the neighbor 'can't refuse', like increasing their food ration. How so? Monthly threshold on their safeway (albertson's, ralphs, costco, kroger, et al) will be bumped. How so? All food purchases, do to shortages, and to be 'fair', will require these cards. No hoarding! That is an act of terrorism and we have a place for such types.
- 6) No way around accredited grocery stores because all mom/pop farms will be illegal (we are actually just about there now on that one).
- 7) Go ahead and protect your stash with a gun, if you so choose....but you damned well better have walked through that scenario and be absolutely clear you are prepared to take a life to protect you and yours... or you would be better off trading the gun for food/supplies. Gun or no gun, keep your mouth shut about your stashes, whatever they are, and do some favors for your neighbors, starting now.
- 8) inflation vs deflation: I refer to some rules I have learned in the school of hard knocks: a) to the degree you are absolutely, positively sure it is going to be 'A', by that same degree it will more likely turn out to be 'B'. b) the longer a prediction is in effect, and the more people that buy into that prediction... the less likely that prediction will manifest as predicted.
- 9) Inflation: Printing money (monetary inflation) does not in and of itself cause price inflation. The trillion dollars you print in your basement (if u could) has zero effect on inflation if it stays in the basement. It must circulate. A key factor to price inflation (or deflation) is 'money velocity'; how often money exchanges hands in a finite period of time. This is why Helicopter Ben has threatened to circumvent the I–don't–trust–you–enough–to–loan–you–money banks, and hand the money out directly. You must get people to spend.

Hyperinflation is more a psychological event than a monetary/political event. It happens when a critical mass of the populace become fearful that they must spend TODAY, because prices will be higher TOMORROW. Once at critical mass the fear feeds on itself until the currency is fully consumed. I have a Zimbabwe 100 Trillion dollar bill on my mantle to remind me of that. Best as I was able to figure it bought 2–3 loaves of bread at the end.

But, timing is everything! We will likely get both, but in which order? Inflation is an unstoppable force meeting an immovable object (deflation). The grand tug of war. We can take a good guess at the end game, but we don't know how this will play out in the meantime because there are too many moving parts. For example, if people stop spending will we enter spiral deflation, or will direct government spending on food stamps and war overtake the downward momentum of trillions of dollars in derivatives and loan defaults unwinding? I

personally am planning for biflation; the things we absolutely need will cost a lot more... and the things we don't absolutely need will call cost a lost less. But as a wise old man once said, "Difficult to see the future is. The dark side clouds everything".

Whatever we do let us be sure we are prepared for the endgame. Don't let this day-to-day crap throw you off your game (gold (& silver) seem to thrive in either environment (inflation/deflation) in terms of purchasing power, so it seems they should be part of a complete breakfast regardless).

And, even the end game is uncertain. We may be living at the most 'interesting' time in this round of human civilization. We are rolling over to a new age, and that means that past history may be less of a guide then some people think.

On top of everything else we must try to convert our fear to love, as we are able (fear is the 'mind killer'). Those are the two options that are REALLY in play here.

 PS - All of the above could be wrong. That is why I picked the avatar that I did. I look to ZH to 'make me smart'... 'make me strong'.

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bill1102inf	Wed, 12/14/2011 -
	'Store of value' my ass on a crappy day. Hows your 'store of value' done since 9/1/11??? Lost ALOT of value eh? Meanwhile, my WORTHLESS FIAT has earned me a PREPOSTEROUS amount of REAL profit in the same time period.
	19:07 1981122
	Login or register to post comments

Pladizow	Wed, 12/14/2011
	Hey dum-dum, a store of wealth implies a longer time horizon then 3 months!
	- 19:15 1981159
	Login or register to post comments

oddjob	Wed,
	Jobless folks treasure cash. It is natural.
	12/14/2011 - 19:40 1981287
	Login or register to post comments

Ahmeexnal	Thu,
	Mathman is back!
	12/15/2011 - 03:07 1982391
	Login or register to post comments

He_Who Carried ...	Wed,
	Hey dum-dum, a store of wealth implies a longer time horizon then 3 months!
	12/14/2011 - 22:06 1981865
	... and what is he going to eat over the next three years? Where is the pricing power of say Coca Cola in your Gold trade? Does owning loads of shiny rock still pay you a

dividend when it goes down?

I don't mind having some Gold in my personal portfolio but it does not earn money!

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pakled Wed, 12/14/2011

 9/1/11? I've been accumulating since 9/11/1. Would you like to compare your preposterousness with mine? On second thought, who cares?

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bill1102inf Wed, 12/14/2011

 Anytime

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RockyRacoon Wed, 12/14/2011

 You wrote a fine piece up there. Those who will denigrate your thoughts are usually those who have none of their own. They trash your words on the basis of their shortsighted, short term, fiat paper based theology. I welcome your future comments.

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pakled Thu, 12/15/2011

 Ah. a veteran. You honor me sir. Darn, now I have to go to iTunes and see if they have the song because the tune is playing in my mind. Still recall most of the lyrics, but got a hankering to hear them set to music.

cheers

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pakled Thu, 12/15/2011

 Oh wait. Have you seen this!?

<http://www.youtube.com/watch?v=nucSvl7VXVM>

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pakled Thu, 12/15/2011

 Oh wait. Have you seen this!?

<http://www.youtube.com/watch?v=nucSvl7VXVM>

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DeadFred Thu, 12/15/2011
 - 00:14 | [1982193](#)



@pakled
"accumulating"
"preposterousness"

You need to speak to him sloowly and use simple words, simple words.
 Hope that helps

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pakled Thu, 12/15/2011
 - 00:50 | [1982263](#)



I take your guidance sir....
 Mr. Fred he-who-comes-late-to-the-party-with-always-something-wise-to-say. Or ask. Always tuned into your comments.
 ;>

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peekcrackers Thu, 12/15/2011
 - 00:58 | [1982277](#)



@pakled well said
 .. Most only think about wealth gian in the moment.

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GoldBricker Thu, 12/15/2011
 - 02:49 | [1982370](#)



Lessee, we're down to 1560 as I write this. That takes us back to what, July 10th? Helluva tumble, eh? How many Japanese wish they could get back the prices they paid for stocks and property in 1989?

It's a good thing that US stocks, bonds, and property don't fluctuate that much.

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Fake Jim Quinn Wed, 12/14/2011
 - 20:18 | [1981460](#)



Gold is a store of value. For all the recent fall off it is back to the same price it was a few months ago. Hardly catastrophic. The point of gold is not to get rich; it is to maintain your purchasing power over the long run. It is at its shiny heart an insurance policy. Like most insurance policies, you really don't want to die or have your house burn down. Should gold steady or fall in the long term, it means (against all odds) the economy has stabilized, interest rates are rising and currency dilution is over. Frankly, I hope that's the case since the majority of my (and most people) accumulated assets are not precious metals -- just a good sized nugget (pun intended).

Don't fret the gold actions. Short term perturbations are

meaningless. And frankly, I'd rather a loss in gold holdings than have a dystopia around. In that case the preferred metals are lead, wrapped by a full metal jacket.

And remember -- in a depression, the winner is he who loses the least.

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RockyRacoon

Wed,



Gold has 12/14/2011
systolic and - 23:34 |
diastolic [1982120](#)

moves, just like anything else. As of this time gold is "down" a minor percentage in the long view. That's not even half a heart-beat. Those looking for the tragic heart attack should perhaps get something better to do. Gold is healthy as a horse as long as morons run the government, financial institutions, and banks. That should cover the foreseeable future.

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Thu,

12/15/2011

- 00:12 |

[1982188](#)

DoChenRollingBearing



I'm back in town and going shopping tomorrow Rocky!

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DeadFred

Thu,



Yet 12/15/2011
there is - 00:31 |
usually a [1982225](#)

clear reason for the corrections. This one is perplexing. Gold goes down either because they holders (of paper) don't want it or because they have to sell. The only reason I can think of for why they wouldn't want it is because they are front running some unseen deflationary event or margin rise.

Margins are unchanged so the only reason I can see for the holders being forced to sell is an acute need for cash. Why? Euro banks are about to fail? France is about to be downgraded? Someone found the tungsten bars in the GLD vaults? Iran is about to be attacked?

Someone is front running something big and I can't puzzle it out. Something is up.

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Al Huxley

Thu,



Margin calls 12/15/2011
on paper - 00:48 |
speculators, same as 2008. [1982256](#)

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Tompooz Thu, 12/15/2011
 It could be people getting out of paper gold (due to the re-hypothecation scare) but not yet ready for the mental switch to physical.
 Anybody has the figures on cash leaving GLD?

– 03:37 | [1982407](#)

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The Man in Room Five Wed, 12/14/2011
 The value of gold hasn't changed, only its price.

– 21:21 | [1981680](#)

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comments

JohnG Wed, 12/14/2011
 Well said.

– 21:36 | [1981746](#)

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JoBob Thu, 12/15/2011
 Bill Before you trash intelligent comments you need to learn that there is no such word in English as "ALOT". It is two words: a lot.

– 07:05 | [1982534](#)

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beaker Wed, 12/14/2011 –
 Don't forget that the government does not have to confiscate gold. All they have to do is pass a law to tax all you evil speculator negative people out there at 50% on any sales. Game, set, match.
 Or maybe announce that they are going to do it in 2 months. Imagine what that will do to the price!
 Timmy G will be singing "Come to Papa!"

19:29 | [1981227](#)

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to post
comments

pakled Wed, 12/14/2011
 Indeed.

– 19:46 | [1981322](#)

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to post
comments

peekcrackers Thu, 12/15/2011
 I look at like this... central banks are hording gold because its worthless
 The zionest bath in it.

– 01:03 | [1982286](#)

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HoofHearted Wed, 12/14/2011



And in those days just before the taxation

- 20:31 | [1981500](#)

measures, guess who would be buying like muthafuckers. And then guess who would be taking his gold across the border with him...

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erg Wed, 12/14/2011 -



Is that you Reginod? 19:45 | [1981313](#)

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delacroix Wed, 12/14/2011 -



you can't make love out of fear, but with love, you can turn fear into determination

20:02 | [1981397](#)

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DoChenRollingBearing Thu, 12/15/2011



+ 1 I love my kid. I

- 00:15 | [1982194](#)

will turn any fear I have, in a determined manner, to buying gold.

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Killer the Buzzard Wed, 12/14/2011 -



Mr. LaForge can program the replicator to manufacture all the gold I want. You are not smaaaart.

21:12 | [1981632](#)

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pakled Wed, 12/14/2011



Sukath, his eyes uncovered!

- 23:08 | [1982058](#)

; >

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Quisat Sadarak Wed, 12/14/2011 -



I can say without any doubt, that fear *is* the mind killer!

21:30 | [1981724](#)

; -)

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Fedaykinx Thu, 12/15/2011 -



First post here. And that was well said, sir. Even though I *hope* things won't get out of hand, I think there is a really good possibility that things could go very badly... so in addition to my more

03:39 | [1982408](#)

conventional investments I also own food, ammo, guns, PM's, etc. I also happen to live in a small neighborhood, in a rural area where I have lots of family. Neither me or my wife farms or gardens, but with wild game supplementing our diet we could last quite a few years on what we have, obviously less if we have to support anyone else, which is probable. I also do know any number of people that will have produce to barter. Aside from total strangers on the internet, I don't talk about my preps to anyone but close family, and even they think I'm kinda thrown off, I reckon. Way I see it, they're the ones that are crazy for ignoring all the warning signs that seem, to me at least, to be everywhere these days. And not in a crazy cooter "signs" way either, plain old geopolitics does it for me just fine. Closing platitude: The only thing worse than being overprepared is being underprepared.

Also: Dune references ftw

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OliverTwist

Thu, 12/15/2011 -



Good post but you broke your own rule 7. "Keep your mouth shut about your stashes ..."

06:23 | [1982491](#)

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Uber Vandal

Wed, 12/14/2011 -



Lets suppose that someone bought gold and silver at their recent highs.

19:03 | [1981108](#)

Silver at \$48.70

Gold at \$1,895.00

Even with today's market Monkey Hammer, you still lost *less* money than anyone who bought [NFLX](#) at \$304.79, or Uncle Warrens [BAC](#) at \$15.31

And, gold/silver is still worth a bit more than 10,000,000 shares each of Circuit City, Borders, Pets.com, Enron, etc.

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bill1102inf

Wed, 12/14/2011 -



Wow, thats a great comparison, not. Lets compare those that SOLD NFLX SHORT at \$304.79 vs holding gold long from \$1900 since everyone wants to cry about 'pricing everything in gold' I DO, AND IM KILLING IT, BY NOT OWNING GOLD!!!!

19:06 | [1981116](#)

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ForWhomTheTollBuilds

Wed, 12/14/2011



Right on! The think what Zero Hedgers never

- 19:16 | [1981155](#)

remember is that every *single* one of them bought *all* their gold at \$1960 (they used the Asian markets to lock in prices that were never available in North America).

Don't let them feed you some cock and bull story about year over year performance relative to the stock market. My senile grandfather is the only one concerned with what happened over eleveln freaking months ago. Some of them want to go back 2, 5 and 10 years as if that could be relevant somehow.

I could name a few people here who were *pretending* to own gold a few years back. Shamefully pathetic trolls all of them.

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shorebreak Wed, 12/14/2011 - 19:46 | [1981317](#)

 Me: 12/14/2011 - 19:46 | 100% of my stash in 2006-07, not an ounce bought or sold since then. I'm 42.

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Wed, 12/14/2011 - 19:51 | [1981346](#)

ForWhomTheTollBuilds

 I hear you. Just blowing off some rhetorical steam.

I have enjoyed gold since 08 myself (managed to buy at that time's counterpart to \$1900).

What worries me these days about the gold bugs though is their whole "paper will divorce from physical" and "they're gonna start QE3 any day now ANY DAY NOW!!!!" schtick hasn't really materialized yet.

<http://finance.yahoo.com/q/bc?t=5d&s=PHYS&l=on&z=l&q=l&c=gld>

You can see here that GLD has done better than PHYS once again during this latest selloff (ok, so its only very slightly, but still).

It really seems like the central bankers are standing back now and, other than making sure US dollars are available for a high price in an emergency, letting the chips fall where they may. I'm not sure why gold is gonna go zooming up to \$2K in, say the next month or so in this environment...

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Wed, 12/14/2011 - 23:42 | [1982133](#)

topcallingtroll

 I was buying gold and silver heavily since 1999. I made my mom buy silver bats 10 oz at 65 bucks.

But no one rides a bull market all the way. Steadily accumulated then sold it all around 1325 and 21.

I am not a gold bug. I bought a tiny bit recently

close to the top for diversification and insurance.
So little that it could go to zero and i wouldnt care.

I have been trading a little but sitting mostly in cash. Looking for the next big thing. I doubt it will be gold this next decade. It might be value stocks or emerging market stocks or bonds.

If I were gonna guess it will be emerging market corporate bonds with a rating of baa average and duration ten plus years.

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