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The Solari Report

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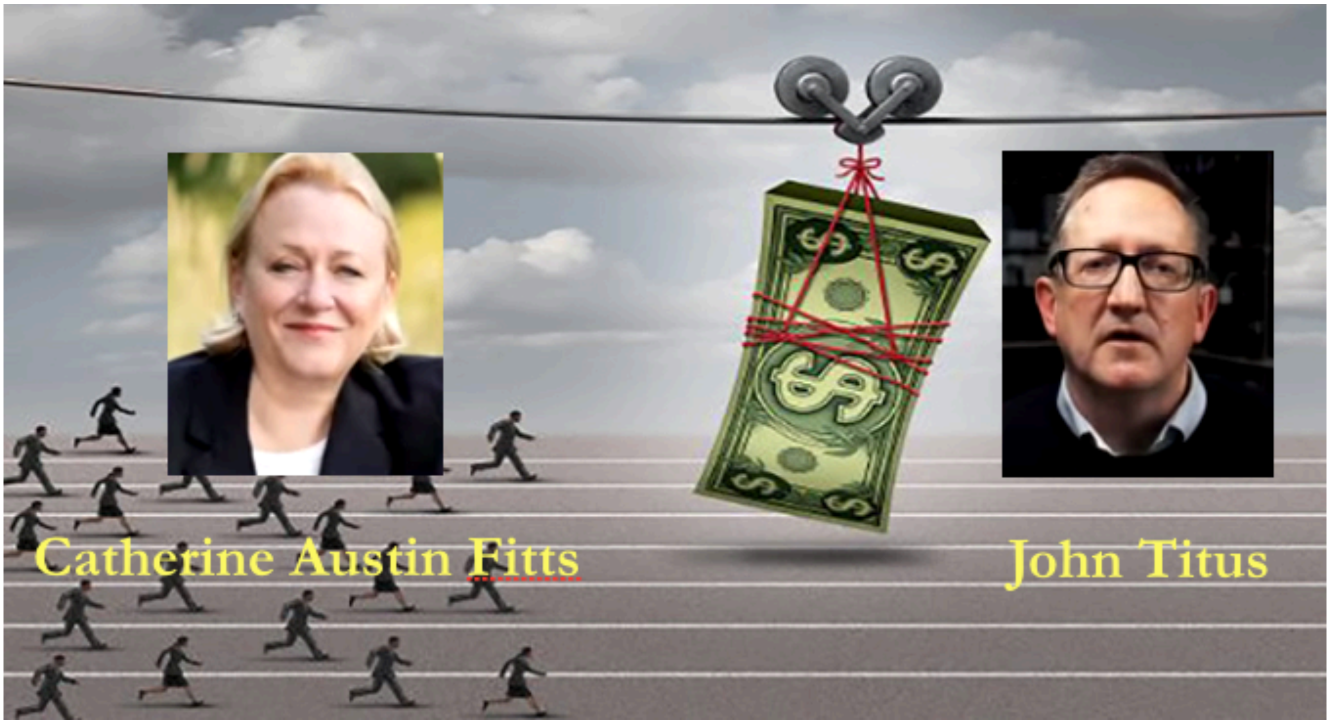
Money & Markets with John Titus



Guest: John Titus
WebPage: BestEvidence

BIO:
John was a successful attorney in Chicago when shocked by the bailouts in 2008-2012. He started publishing his commentary with his own videos—and the rest is history. Still a practicing attorney, John started a new round of videos when the Fed started rolling out Quantitative Easing 5.0. He has become one of the best "go to" voices on what the Federal Reserve is really doing—and what it means to you and me. Check out his channel; you will not be disappointed.

THEME:

Fed Watch: The Money Moves in on Places with Invasion of 100+ Places

– Fed Balance Sheet with John Titus
– Covert operations: Engineering false flag U.S. race riots
– Letting out prisoners; financing protestors; setting up fires, bricks, military drones; is MS-13 in?
– New Solari state tracker of Covid deaths & riots
– Vulture fund and real estate plays
– CMBS Insurance: How are the residential and commercial markets going to handle this?
– California deficit ($105 B): What will happen to municipal services and employment?
– Illinois taps Fed for $1.2 billion emergency funding
– A plan to end local police?
– Markets enjoy Fed put – Goldman predicts equities will drop 18%
– Fed program for small business—coninsurance—it worked so well for FHA
– Fed, Blackrock, and ETF positions
– Skidmore update on Missing Money & Treasury market
– House passes another $3 trillion bailout bill
– Chester, PA: Here come the piratization vultures
– U.S. Dollar Index
– What happens if Bear Trap eases?
– FT: Money moving out of long Treasury market
– FT: $13 trillion RMB bond market performs well
– U.S.-China trade deficit – airline squabble

C. Austin Fitts: I did something new this week. I invited John Titus to join me for *Money & Markets*. I thought, "Let's shake it up a bit."

John is doing an outstanding job of Fed watching. What we are watching right now is the central bankers reengineering America and the global economh. This is being driven out of the central banks; it's being driven out of the Bank of International Settlements; it's being driven out of the Bank of England and the Anglo-American Alliance; it's being driven out of the Fed and the people who own the banks who are the members of the Fed.

This is a governance high-level reengineering of everything by the central banks. If you haven't watched Aaron Russo's video of *They Want Us All Chipped*, he 'nailed it' years ago.

Because this is being driven by the central banks and because, arguably, the most important thing is they are financing the takeover, think of this as an invasion – almost World War III.

John Titus has joined me, and I am going to encourage him to join me regularly.. As you know from our interview with him, the Fed has been unbelievably active. If you look at all the events that are going on, the Fed and the central bankers are right at the heart of it.

John, thank you for joining me on *Money & Markets*, and let's cut to our discussion.

John Titus: Thank you for having me, Catherine.

Fitts: So, the Fed has been very busy. Why don't you tell us about it?

Titus: Let's just talk about the balance sheet expansion since March 11th. That's a good starting point because it's such a broad headline number.

The Fed has expanded its balance sheet in the last three months – or a little less than three months – by $2.8 trillion. That's a huge increase because as of that time, on March 11th, the balance sheet was sitting at $4.3 trillion. So, it has essentially added 60-70% to its balance sheet in the space of 11-12 weeks.

So they have added $2.8 trillion to that balance sheet, and all that money – because the Fed is the bank of issue and it issues new money to expand its balance sheet – is propping up asset valuations for people who are interested in having those valuations propped up. It's the 0.1% of society, basically.

By doing that, the headline story is, "We are responding to this pandemic. We are responding to the virus," but if you have reason to question that whole story – as you should – after watching nobody get arrested for not social distancing during riots, then evidently there is no risk of virus transmission when one is rioting. That undermines the entire narrative, as do many other little 'tidbits and nuggets' we have gleaned along the way, including the powers that be ignoring lockdown measures. They say that they are locking down, and they are actually going out on barbeques and bike rides and sleeping with their married mistresses and whatnot. They are not locking down. They don't believe it, and they all know that it's a lie.

Given that fact, you have to look at what the Fed is doing as having nothing to do with the virus, but it has everything to do with this artificially-imposed lockdown. So, they know that this artificially-imposed lockdown is destroying Main Street businesses, and it is going to have plenty of collateral damage with it. So, the Fed is stepping in to protect asset valuations; it has protected those valuations to the tune of $2.8 trillion.

Most of that money is Treasurys, but much of it is mortgage-backed securities and any other number of assets that would otherwise be taking a hit due to the lockdowns, but that aren't taking a hit because the Fed has intervened. So, that is really the headline and the '40,000-foot view' of what the Fed has done over the last few weeks.

There are several other things they have done along the way. When you get into the granular detail, you realize that the horror story is actually materially worse than what I just mentioned. For example, I'm sure you've kept up with BlackRock, right?

Fitts: Right.

Titus: So, the Fed is now going in and buying exchange-traded funds, but it's not doing it alone; it is having BlackRock do this. They are somewhat of a manager of this program. They are going to end up buying hundreds of millions of dollars of exchange-traded funds where the underlying asset is bonds.

BlackRock is managing this. And right in the contract with BlackRock, there are concerns such as, "Isn't this a conflict of interest because BlackRock itself sells exchange-traded funds? How can they go in and independently manage the exchange-traded funds and manage the ETFs when BlackRock sells ETFs? Isn't that a problem?"

BlackRock's answer was, "We have Chinese walls, and we have isolated the people," but they admit that in the contract with the Fed there are managers within BlackRock who have access to both sides of the alleged Chinese wall. So basically, it is legalized front running. That is what the BlackRock situation is.

Fitts: Some people will not know what 'front running' is. Why don't you explain that?

Titus: Front running is, for example, when I know you are going to buy 1,000 shares of small-town stock on the stock exchange, then I get in front of you, and I buy 1,000 shares first. So now you are going to come in and 'kick up' the price. You do, and then I sell my shares. It's a guaranteed way for me to make money.

BlackRock is in there front running, and they know ahead of time which ETFs they are going to buy because they are selling the ETFs. They can front run their own trades. Really, they are the Fed's trades.

Fitts: Or they can make cross-deals with other people.

Titus: It's true usury. In other words, it is risk-free money being handed to BlackRock. There is no risk because they are in control of the trade, and they make a trade ahead of the trade that they know they are in control of.

Fitts: Right, and there are multiple ways to skim out fees and profits in this deal.

Titus: You would know that better than I, but I know a rigged deal conceptually when I see one, and that is rigged.

Fitts: Just to make sure that everybody knows, BlackRock is one of the largest managers of money in the world. They and Vanguard are one of the largest managers of index funds, and therefore, ETF funds managed with index. So, they are one of the biggest players in the market, and this just puts them in the 'catbird seat'.

One of the advantages, of course, is that no one knows when BlackRock is trading or if it's the Fed or BlackRock.

Titus: . BlackRock has $6.5 trillion under management. To put that in perspective, the US budget is on the order of $20 trillion. BlackRock is huge; they are a planet-sized company.

Fitts: One of the challenges is if you look at all the money that is going out, I would like to read some of the list that you made. You listed many of the facilities. We have:

> Paycheck Protection Program Liquidity Facility (PPPLF)
> Corporate Credit Facility (CCF)
> Money Market Mutual Fund Liquidity Facility (MMLF)
> Primary Market Corporate Credit Facility (PMCCF)
> Commercial Paper Funding Facility (CPFF)
> Primary Dealer Credit Facility (PDCF)
> Secondary Market Corporate Credit Facility (SMCCF)
> Municipal Liquidity Facility

It's almost as if anybody who shows up on an institutional basis and asks for money can get it.

Titus: They won't automatically get it, of course. It's whether you are on the friends and cronies list.

All those programs that you just listed are all programs done under, what is called, the Section 13(3) authority of the Fed, which means emergency. That means that whenever you see Section 13(3), the Fed needs to evade a law or two and has come up with a way to do it.

For example, let's look at buying mortgage-backed securities. That was from 2009 during the great financial crisis. What the Fed is supposed to do--its remit is to only buy securities that have the full faith and credit of the United States government. The theory there is that the US government has already issued the Treasury anyway. We are already on the hook for that money, so if it is government-backed the way a US Treasury bond is, what does it matter if it's on the Fed's balance sheet?

So when the Fed invokes its emergency authorities, it is often because it wants to buy something other than a full faith and credit security. For example, a mortgage-backed security or exchange-traded funds.

So, when you see 13(3) authority or you see a special purpose vehicle or any of these other number of devices that the Fed deploys, it is because the Fed is trying to evade the law. That is what they are doing.

Fitts: Let me point out one thing: It's only been $2+ trillion since March. If we go back to September, presumably we could find much more. We don't understand everything that went in the repo market, but, in my opinion, when you look at this, there are two pieces of information that are seriously absent, and those are: Who gets the deals? And what evidence do we have that the deal was made at market price?

For example, if you are a bank and you are holding commercial mortgage-backed securities or multi-family mortgage-backed securities or residential mortgage-backed securities and, in fact, if you look at what has happened with COVID-19, the value of that paper has decreased tremendously for credit reasons.

I think I sent you one estimate: If you take all the US shopping malls, in April, they only collected 25% of their rents. So if you are buying that paper at par, some bank is getting a phenomenal inside deal.

Titus: Oh, yes! That is what went on with mortgage-backed securities. The Fed was buying mortgage-backed securities, some of which the last time they had traded, they were at $0.05 on the dollar. The Fed was buying them not only at par, but oftentimes, above par.

All of these emergency programs that have these 'crazy' acronyms are run by the New York Fed, not surprisingly. The New York Fed will periodically release statements with the CUSIP numbers and all this other detail. If you are willing to track it, you can find out some of the information that you are after. The problem is that disclosure by the New York Fed, is they are going to tell you what they want to tell you.

Fitts: So, the Fed is required by law to turn over its dividends – its net profit – after expenses to Treasury every year. So, in fact, if they are buying things above market price or if it's worth $0.05 on the dollar but they are paying par. It is simply a way of skimming those dividends back out – through the back door.

Titus: Exactly. It artificially raises their costs and cuts the dividend to the tax payer.

Fitts: They've been doing incredible public relations to persuade people that the Fed is now helping Main Street.

Titus: Oh, please.

Fitts: As a PR matter, I think it's amazing. I don't know if you've ever read JP Morgan's Social Responsibility and Community Development Program, but can I tell you something? It's better than *Mad Magazine*; it's so funny if you know what the truth is.

Whoever has done JP Morgan's Social Responsibility page has clearly been doing the Fed's. So, I think they've done a brilliant job.

One of the things they tout is this facility to help finance or coinsure the banks doing small business. What that means is the big New York banks, after the riot, can go in and pick and choose winners and losers and play all sorts of games, and the Fed is going to underwrite 85-90% of their position against skimming our dividends out the back door. So, this is going to give the big banks incredible power to take amazing positions in all sorts of speculative real estate around the country.

Titus: Every depression that I've looked at in the US – and I've looked at four of them recently as part of a video I'm researching and working on right now –is intentionally caused, and it is intentionally caused for exactly the reason that you say, for the monetary powers that be. They can go in and pick up assets for pennies on the dollar and get what they want, and get perfectly viable businesses that have simply been upset and toppled by the depression that was caused by the very financial powers that are now coming in, swooping in, and grabbing assets.

Fitts: Let's turn to the municipal lending. The Fed said they were going to do $500 billion of municipal lending direct to the municipalities – which is quite extraordinary – and they've done their first deal with arguably the least noteworthy credit in the country. Have you had a chance to look at it yet?

Titus: I have not.

Fitts: It's $1.2 billion with the state of Illinois. The state of Illinois will need a trillion by the time this is over.

Titus: They're just 'sticking their toe in the water'!

Fitts: So there is $1.2 billion with the state of Illinois, which is not enough to keep Illinois going for very long. I don't know to what extent they are financing current operations versus assets, but one of the things that I do know is that if you look at the deals that the central bankers, the IMF, and the World Bank have made with municipalities and countries that are in serious financial stress, the terms are absolutely frightening and draconian.

Titus: I would imagine so.

Fitts: Which means that if you are the state of Illinois, you have general obligation bonds, you have dedicated fund revenue bonds, and now you have the central bankers. The question is: In a default situation or in a bankruptcy situation, which creditor is going to control? I have a hard time believing that if the Fed made a $1.2 billion loan they're not going to be in a position of extraordinary strength.

Titus: Of course, that is what the Fed does; it lends against collateral each and every time. It doesn't do nonrecourse loans unless you're a friend or a crony. So that program – the municipal lending facility – was announced on June 3rd. It is $500 billion. What the Fed is getting in return is called a Tax Anticipation Note, a Revenue Anticipation Note, or a Bond Anticipation Note. In other words, they are given that $1.2 billion – which they printed out of thin air – to Illinois. Illinois gets that money, but they have to sign a note and say, "We are good for it."

The question is: What are the terms of that deal? That I don't know.

Fitts: What we do know is that all the states have been in a squeeze because the Fed can print money and debase the currency, and at the same time, the Federal government is demanding more and more requirements from the municipality of what they do. So, they are constantly in a financial squeeze because they have to balance their budget, they can't print money, but the Fed can. Now COVID-19 has wiped out their tax revenues.

The interesting thing is if the Fed accepts a TAN (Tax Anticipation Note), and if you look at what is happening with employment and unemployment, the Feds have basically wiped out many of the state and local revenues.

Titus: Of course, that was one of the points of the lockdown.

Let me refer to something you said about the municipalities not being able to print money. They can't print US dollars, but in the Great Depression, many municipalities, including Detroit and Pittsburgh, printed scrip. So, they would print their own type of money for purposes of paying local taxes and duties and fees and whatnot. That was a means and a step that many municipalities took during the Great Depression because they had to do something. But now it's interesting because the Fed comes in with this municipal lending facility as if to prevent the municipalities from tearing a page out of history and doing that again.

In other words, a city like Chicago would be better off printing their own scrip than going the draconian terms they are going to sign with the Fed.

Fitts: At the height in the Great Depression, I was told there were 3,100 community currencies, and right now there are a little more than 3,100 counties in the country. So, it's the equivalent of every county having its own currency.

What I wanted to mention was not that many years ago – maybe five or six years ago – California announced that they were in a real budget squeeze, and they were going to issue scrip. JP Morgan Chase refused to take it. They put them in a corner, and they had to do a big borrowing from JP Morgan Chase.

Titus: I didn't know that, but it makes total sense.

Fitts: You should look up that story because basically, JP Morgan Chase was saying, "As your correspondent bank, we will not allow you to do that."

Titus: That was really the whole point of all these non-prosecutions of these banks when they would admit to committing crimes and the Justice Department saying, "Well, there are collateral consequences." That was the formal recognition that big banks like JP Morgan had a 'gun to our head', and it was the open acknowledgement that banks like JP Morgan and Jamie Dimon are sovereign.

For someone to step in like JP Morgan and say, "You can't print your own scrip," is exactly the kind of behavior that led to the American Revolution back in 1775 and 1776.

Fitts: Remember the Greek Finance Minister who wrote the book about their renegotiation with the European Union? It was *Adults in the Room,* and I did a book review of it.

Titus: Right. Yanis Varoufakis.

Fitts: Yes. So they were planning on issuing their own currency. They discovered that the IT systems that controlled their tax flows were all controlled centrally by the European Union, and they couldn't acquire their taxes.

Titus: Right. They were electronically locked out.

Fitts: So the question is: Who does the IT contractor report to?

Titus: I don't know but I can venture a pretty good guess; it might be Lockheed.

Fitts: It turns out that I had one subscriber report to us that not long ago, California said that its deficit was $54 billion. She said that now it's up to $105 billion, and both the Bank of China and Deutsche Bank have turned them down for a lending facility.

It will be interesting to see if they go in next. With the fiscal year ending June 30, the question is: What happens then?

Titus: I don't know. The other question is: $54 billion? That's a large amount of 'scratch'; the whole program is $500 billion.

Fitts: Well, you have 50 states.

Titus: I think that program is limited. There is some sort of cap on things, although the caps could change as you go. There are a certain number of counties, and it is limited to cities and counties.

Fitts: There are two other things that I want to bring up. On one hand, what I see – which is the primary move – is the Fed and the financial community and the big banks moving in on the state and local governments as they are dealing with implosion of various kinds as a result of COVID-19. So, you see the Feds moving in to, what I would call, 'an entrapment move'.

As a remarkable coincidence, we have riots breaking out in many of these places.

Titus: It's a most curious confluence of events.

Fitts: Right! We did a *Wrap Up* a couple of months ago on the 'Go Local' theme, and it was all about the movement of developers into redeveloped real estate, particularly in the cities, for the 'smart cities', and bringing technocracy the last mile with the new technology. So, I find it very remarkable that we suddenly have highly organized violent movements in many of these places, particularly places that in the long run, have potentially very valuable real estate. There is plenty of interest in those places to be reengineered.

It is inconceivable that this is not the central bankers coming from both sides, although it looks very different.

Titus: Absolutely. Let me look at that another way. If you look at the lockdowns, or the curfews: I'm right now in Raleigh, North Carolina, one of the most law-abiding places. Raleigh is the big city version of Mayberry, but it's a rather big city. It has over 500,000 people, so it qualifies under the Fed's municipal lending facility because it has more than 250,000 people. The qualifications are 250,000 in a city and 500,000 in a county. Raleigh meets that.

There is no need for a curfew here because the city is very law-abiding, very peaceful, very wealthy, and very educated. But you have the curfew anyway. I would love to see the correspondence between the curfews around the country and the 250,000 threshold to the minimum requirement to qualify for the municipal lending facility.

In other words, the curfews are having a tendency to push people into this municipal lending facility. So it is the bankers.

Fitts: It's like you are being herded into the slaughterhouse.

Titus: Absolutely. So now that you have to go to the Municipal Liquidity Facility, which just happens to coincide with these riots. They announced this yesterday (June 3rd). When did the riots start? It was less than a week ago.

What an amazing coincidence. And the Fed is right there, ready to go with this Municipal Liquidity Facility to the tune of half a trillion dollars. We don't know the terms of those things, but the point is that the Fed is lending the money. As a lender, you have all the control, and as a creditor, you have all the control. You can call that loan at any time. You have all the leverage. That is exactly what is going on. I totally agree with you.

Fitts: We had a $3 trillion stimulus package. The House just passed another one, which is unlikely to pass the Senate before the election, but it's waiting there on the table. You have significant amounts of Federal stimulus, including the emergency money and the care package.

Between the Treasury and the Federal executive branch and the Fed and the central bank, you have the centralizers showing up on Main Street. On one hand, they are making all these different rules that shut down your business and constrain your income, and on the other hand, they are financing a group of mysterious people (we don't know who) who have trillions of dollars to buy you out cheap.

Titus: In other words, they are both the creator of the problem, and they are there to solve the problem, too.

Fitts: It's just like the person with the snake oil; it was WC Fields with the snake and the snake oil person.

It's so complicated, and it is very challenging for most people to see the game. How do we help them see the game?

Titus: That is one of the things that I try to do. My answer to that is basic storytelling, which is what I try to do on my YouTube channel. I try to break these things down; everything comes down to a story.

The Greeks invented the recipe 2,000 years ago. It's setup, conflict, resolution. The most important part of the story is the conflict. What is the central conflict? That is the only way I know.

You're right. You have to know so much these days to figure out what is going on that by the time you figure out what is going on, you are too old to revolt.

Fitts: It was really interesting because Skidmore (Mark) came out with a new report. I don't know if you've had a chance to look at it.

Titus: I've glanced at it. I've looked at it enough to know that I have questions.

Fitts: One of the things that he shows is if you look at the rollovers and the redemptions in the Treasury market, it certainly looks like they may be floating much more paper than they say is outstanding.

Titus: That was a shocking thing. I want to delve back into that. It wasn't just a little more; it was like 20 versus 90.

Fitts: My guess is that it is a much longer conversation, but I have many, many incidents and reasons to believe that the amount outstanding is significantly greater than what is shown on the official balance sheet.

Titus: I would have to agree. I think that the last time we talked, we mentioned that one little story – kind of like a tearing back of the curtain back in 2009 with the two Japanese men with all of those bonds. They had $134.5 billion in their luggage. I first read that story, and was thinking, "How big was their luggage? Were they carrying around a train car?"

This was in denominations where 136 of them were $500 million, and they had a handful of billion-dollar notes. There were crazy numbers!

Fitts: Somebody had fun with Original Issue Discount way back when. That's what it looked like to me.

One of the other things that I want to bring up to you was we just saw India downgraded by Moody's. They've been downgraded to Baa3, so they are one notch above junk. We also saw the Chinese *Financial Times* write an article about the Chinese bond market, which is about $13 trillion now, holding up very well and performing well. I thought that was an interesting signal for the *Financial Times* to give.

At the same time, they also published an article saying that money was leaving the long-term Treasury markets, and rates are going up. The US dollar index, which had run up a lot, has dropped back to almost flat for the year.

One of the issues that I have is every time I look at this list of what the Feds are doing, I say, "Oh, the Feds are buying the market." The Fed is literally holding up most parts – certainly of the dollar market globally.

Titus: They have cut back on Treasury purchases quite a bit.

Fitts: So the question is: Is there any signal or sign that the world is losing face with Treasurys?

Titus: There is not a clear-cut sign to me yet.

Fitts: That, to me, is the amazing thing about all of this.

Titus: The clearest signs are the crazy, hysterical reactions from the US powers that be. The real aroma of panic is in those overreactions, not so much in the numbers themselves, which I don't trust.

Fitts: I don't know if you've been looking at some of the official responses to the riots. It's hard to read them because the lies are just compounding.

I looked at Obama's initiative, but basically looked at what politicians – both on the right and left – are saying, and the lies are compounding up. It appears to me like there is a group of people who are seriously trying to build some kind of basis to throw Trump out before the election and put Obama in as acting President.

I was thinking, "Oh, I'm not going to say that because it sounds so out there." Then Sibel Edmonds did a podcast and said, "This is a financial coup. They are trying to put Obama in as acting President." So I thought, "Uh-oh!"

Titus: I believe that is a strong bet against any kind of coup against Trump. The powers that be are perfectly happy with Trump. He is a great distraction. He is the best 'chew toy' they've ever had. You just throw Trump into the middle of something while there is a financial coup going on. They gnarl and snarl all over him, growling and biting, and they miss the fact that $1.7 trillion has just vanished.

Fitts: Here is my concern: I think that if you look at that game, it is astonishing that the Fed is pumping out this much money, and there is very little attention to it.

Titus: There is hardly any coverage on it.

Fitts: It's rather astonishing. The only question I have is: If the dollar gets in serious trouble, is there going to be a move? That is the only reason I considered why Obama might do something.

Titus: I don't see it in trouble because the other currencies are debt-based and are just as bad. What are you going to replace it with? The euro? Really?

Fitts: There is no place to go.

Titus: That's it exactly.

Fitts: That has always been why the dollar is so dangerous and dominant; there is no place to go.

Titus: There is a gigantic military behind the dollar.

Fitts: If you look at the de-dollarization movement that was started last year, it wasn't one thing, but there was a consensus of the BRIC nations to unite and try to put together formal mechanisms, but it wasn't done and it was still early. So, I agree with you that it is dangerous and dominant. If you look at what COVID-19 has done, it's been an enormous booster of the dollar.

One last thing before you go, you did a great presentation. It was the Mafiacracy secrecy where you went through the Fed's projection of employment, and then you showed me some of the employment numbers. So tell us what the Fed said in March, and then let's talk about what is happening with unemployment now.

Titus: On March 24th, the St. Louis Federal Reserve, which is headed by James Bullard, released a note. It wasn't a serious research paper; it was just a note saying, "We can expect really bad unemployment as a result of this pandemic." They actually penciled out these back-of-the-napkin calculations and said in this note, "You can expect to have 47.05 million people lose their jobs by the end of the 2nd quarter."

Well, the end of the 2nd quarter is June 30th. Today (June 3rd) on *MarketWatch,* a story came out and said, "The total number of unemployment claims is now 47 million."

Fitts: What a coincidence!

Titus: Wow! You people are good!

Fitts: Here is the interesting thing: If you look at the statistics, were they counting all the self-employed in that? Because part of the swing in the unemployment numbers is you have all these self-employed who obviously don't get fired, but their income is destroyed.

Titus: I don't think so. In that note from March 24th from the St. Louis Fed, – this is what 'blows' me away, and I'll get into this later – they assumed a labor force participation rate that was constant throughout the 2nd quarter. They were saying, "We are going to lose 47 million jobs, even with a constant labor force participation rate."

So, they weren't fully counting everybody because there is no way that the labor force participation rate stays constant. In fact, it's down to 60% now. It's as low as it has been since 1973. In the next report that we get tomorrow (June 5th), we are going back to *Leave it to Beaver* territory.

Fitts: So, you are the person who Mr. Global is turning to for his plans on how he is going to handle this. So you've done the COVID-19 thing.

I was going to tell you that I tried to get the statistics on the US-China trade deficit. I told you that it dropped dramatically in March, and I was waiting to see April because there is one rumor that China is refusing to take dollars, so they are trying to bring it down very, very quickly.

The trade deficit numbers were announced by commerce. I went onto their website, and the place-based numbers for trades with different countries, and they reported that they are not announcing it now. They are going to announce it in four days.

I thought, "How strange is that!" So I don't have those statistics.

So, you are the person, and Mr. Global is looking to you for the plan. You did COVID-19, and that worked well. It was fraying, so now you've done the riots. What do you do next if you have 50 million people unemployed?

Titus: You keep them at home, and you keep them from taking to the streets. I don't know.

Fitts: I don't know either.

Titus: I'm out of the prediction market now. All of this is just shocking to me.

The most shocking thing to me is that people's reaction to it is so complacent. Basically, we are under an order now, "Put your muzzle on, and go to your room."

"Put your muzzle on, and go to your room," is curfews.

Fitts: You have to understand that *The Solari Report* group is a little more fractious than that.

Titus: It is just astonishing, and I wouldn't have predicted any of this. I wouldn't have predicted the people's reaction to it – that people would go along with it so complacently. In part, I think people are in shock because we are in an unprecedented depression, and people are not coping with reality.

I don't know what this insane maniac who is doing these things will do next. They could microchip us or vaccinate us or universal basic income through a chip implant. I don't know. I wouldn't put anything past these people.

Fitts: If you look at what has been going on in Washington, there is no doubt that some people would like to move to a universal basic income.

Titus: For sure. Then you have total control over people. You think the wrong thought, and your money gets cut off.

Fitts: For the people listening or reading this, the question is: How do we build resiliency in this environment?

Titus: Be close to your food source.

Fitts: Are you in Raleigh seeing your rancher?

Titus: I'm in Raleigh now, but I'm going to be in northern Indiana soon.

Fitts: Before you go, do you have any other thoughts about what is going on in the market this week? Gold has had a very good year so far.

Titus: Yes, and I would expect that, and I would expect it for silver, too.

My thought is this: Back to the hypocrisy of this whole thing and the inconsistency of all this, it's amazing how the media endorses the riotous protests over George Floyd on the one hand, but on the other hand, when people went out and protested the lockdown itself, those people were demonized. They were 'dangerous' and they were spreading the virus. But yet when protests are for the 'right reason', all that rationale just goes out the window.

The whole thing is a shame. That is my last thought.

Fitts: Right, but the thing that is interesting is that over the last three months I've seen more intelligent, competent people leave the matrix. It's almost as though as the middle of the road shrinks, they have to go to one side or the other. We are starting to see more and more very capable, experienced people say, "You know something? I'm leaving the matrix. It's just too impossible to stay in it any longer."

Titus: What do you mean by 'leaving the matrix'?

Fitts: They also accept that the official reality is a scam and that the media is a scam.

It's very inconvenient to face the fact that the system and the health system are this corrupt, but you reach a point where it is more exhausting to pretend that they are not than to say that they are.

Most people don't want to have to face the fact that they are going to have to home school or they are going to have to grow their own food or they are going to have to find all the local farms and completely reengineer where they get their meat.

Titus: Right, or that the police aren't going to protect them.

Fitts: They have to get to know their sheriff, and they have to stop paying attention to the Presidential election and get to know their sheriff and the people on the local council. You are going to have to learn how the money works around you in your neighborhood.

There are all these things that we all know we probably should do, but we are too busy. Now the time has come where you say, "You know something?: I can't trust the schools; I can't trust the food in the grocery store; I can't trust the government; I certainly can't trust these contact tracers who think they are going to get on my kids."

So they are saying, "The time has come when I have to go through the long, slow, hard work of completely reengineering what I'm doing and how I'm going to do it. But I'm ready to do it."

I was talking to one of our teammates. She is my assistant who runs everything in Hickory Valley. I've been telling her for years, "We have to grow our own food."

About six months ago she said, "Oh, you are right. I should have listened." Now she is. We have a garden, and we are doing all sorts of things. So, we've been working on it for years, but suddenly, what I'm seeing is a very dramatic realization that the time has come to take action. I believe the only way forward is when you get a critical mass of people who are taking action, and I hope that we can get that critical mass. We will just have to wait and see.

Titus: It was Samuel Adams during the Revolution who said, "It doesn't take a majority of people to win; it takes a serious minority of people keen on setting brushfires in people's minds. It's a tireless act of the irate minority."

Fitts: He's right. My favorite quote was John Adams who said, "The Revolution was not the war; that was the consequence of the Revolution. The Revolution was in the hearts and minds of the people."

Titus: Exactly.

Fitts: Okay, when is your new Mafiacracy going to be ready? I don't want to pressure you.

Titus: It's always more difficult when traveling. I'm going to 'shoot' for next week, but please do not hold your breath on that.

Fitts: Okay, we will wait until we have you the next time.

Thank you, John. Have a great one!

Titus: Thank you so much.

Fitts: Goodbye.

That was John Titus. It was great to have him with us.

Let me run through the numbers this week (June 4). The US dollar index has fallen off, so right now it's approximately flat for the year, but it's up a little.

It's interesting if you look at the extent to which money has moved out of the Long Treasury market with rates up. It's a more upward sloping yields curve. As John said, even though we are looking weaker, everybody is looking weaker.

I mentioned the *Financial Times* article on the strength of the RMB bond market, and that is true. That is an initial test of the job the Chinese have been doing to build liquidity in their markets, and it absolutely is holding.

The spread widened tremendously against Treasurys as everybody was seeking safe haven, but the performance in the Chinese market is an initial test. It looks like they passed it with 'flying colors'.

It is very important to watch what is going on in Asia because right now, the dollar, to a certain extent, is depending on a bear trap in Asia. Of course, China has so much debt, and I tried to get the trade numbers. Even though they announced the overall deficit, they didn't give the country specific numbers. They said that they would publish that on the 8th, and that is going to be very interesting. My big question is: Is China refusing to take dollars?

That is one of the reasons we are watching the effort to dramatically reduce the economy in a way that will significantly lower imports from China.

The ATF is up 18% for the year, so it's basically cut in half of where it was at its peak. The intermediate is up almost 10%. These are phenomenal numbers for the bond market.

The Bond Aggregate ETF is up 4.25%. So clearly, corporate is underperforming the Treasury Market, and then junk has improved significantly. It's still down 6.15% for the year. Obviously, the market is counting on the Fed put. As John said, they are clearly floating and supporting asset prices, no expense spared.

Equities are now down 5.17% for the year. Interestingly enough, Goldman Sachs announced that the stock market was going to drop another 18%, so there is a correction coming.

It's interesting. The market responds to unemployment. There are 47 million unemployed. So basically, you have 50 million people out of work, and the market's response is positive about the fact that they are not going to be looking at serious labor inflation.

Of course, energy is way down. That is the larger cost to business in large corporations, not labor.

Homebuilders are now down 6%, but housing prices are up. So, can you imagine 50 million people unemployed, but housing prices are trending up?

The European ETF is now down almost 15% for the year. Germany is down a little more than 10%. Developed markets minus North America are down 12.25%, and the China large caps are down 9.8%, almost double what the S&P is. Then emerging markets are down 13.67%. You can really see the tensions with China. China is not respecting the trade deal; the US staying in the agricultural area.

Now the US is saying that they are not going to open to the Chinese airlines. I think we're not seeing half the story in the press. There are very bitter, hard feelings behind the scenes.

Finally, emerging markets are down 13.67%. That is the emerging market ETF.

I talked with John about my belief that you are watching with a significant move, to grabbing hold of and reengineer cities and urban real estate across the country. If you look at what is happening with the riots, to a certain extent, COVID-19's story was breaking down. I think that the other thing is if you look at what COVID-19 is doing to state and local finances and to Main Street, if you don't proceed to move in and start to radically reengineer, you are going to hit an implosion.

So what I see is a very aggressive move. If you are in a city where this is happening, you need to understand you have a couple of layers. The first thing you have is crisis actors. Then you have paid organizers – Antifa or Black Lives Matter – but these are people who are on political payroll, and they have an agenda. It's a bit like Mao sending out children in the cultural revolution to destroy the infrastructure.

So you have paid crisis actors, you have paid organizers, and then you have professional mercenaries. In these situations, the professional mercenaries and the organizers are delivering Molotov cocktails; they are delivering bricks, and they are delivering all sorts of materials that the general looters and the paid organizers can use to start fires, loot buildings. On top of that, you have professional mercenaries. From what I can tell, their job is selected targeting – of businesses, of local leaders, and there are absolutely police being targeted.

So, you have professional mercenaries landing in US cities, and they have a job to do. One of those jobs is to kill or seriously physically harm local police and local leaders. If this is happening in your city, you need to be careful and stay away. Don't think that this is necessarily some nice protest you can go to and that it's a way to get out of the house after COVID-19. Be very, very careful because there is a war going on, and these people are serious.

You have people involved who are there to destroy small business and kill people. So this is a war zone.

I appreciate that every place is different, and we are seeing cities where there is very peaceful protesting going on. It depends on your place, but the time has come when you need to understand who your sheriff is. You need to know who your local enforcement is. You need to be in communication with them, and you need to think very, very clearly about if we are going into a covert physical war in America – which we clearly are in some places – how you are going to handle that.

If it's not going to be a physical war, it could be a Katrina or a power outage, but we are talking about serious physical disruption in what is a covert war or covert disaster capitalism – whether it's the fires in California or what has just happened in New York.

I've been watching some very significant videos of police being targeted and run over by cars and looting happening in New York City. It is very, very scary. We are watching multiple scenes that you normally don't see except in 3rd world countries. You need to take this very, very seriously.

One of my concerns as I talked with John is that we are going to watch deals behind the scenes where the Feds and others can come in and establish control through creditor rights. If we see cities and states thrown into bankruptcy, then all bets are off. So, one of the things that you want to do is if you are thinking of moving, you want to get to a state where the debt is low and the pension funds are fully funded, and that state is not necessarily at the mercy of the creditors.

If you are in a state that is at the mercy of the creditors and you see very aggressive targeting of this kind and aggressive institutions of contact tracing and trace force, you are potentially in a very dangerous situation.

One of the goals appears to be what we are seeing in Minneapolis and several of the other places, is a call to cancel the local police. They want to shut down the local police force and go to a 'community friendly' security arrangement. They are very vague on what that is.

Let me tell you something: This is the worst thing that could happen. The local police force is a group of local people. They may not be perfect, but they are dedicated to enforcing the law, and they are responsible to the local officials or voters. So, the sheriff is usually voted in. A subscriber wrote in and explained that they recently cancelled sheriffs in Connecticut. Don't let that happen.

You want a local police force that directly or indirectly is responsible to the voters. If you let go of that, what you are going to get are real estate developers and private billionaires coming in and large corporations. They will have drones within five to ten years and are going to have robotic soldiers. There is going to be no local police force between you and those who are dedicated to enforcing the law which are loyal to the local voters. You cannot let go of that.

Whatever you do, fight hard to keep your local police. If you can't, then if there are places that are keeping their local police and their local sheriff, you need to get there. Without the local police and a local sheriff, you are completely without the protection of the Constitution.

In the absence of any local troops with guns – whether it's the sheriff, the police, or the militia – you are at the mercy of two forces. One is the billionaires and their private mercenaries and their security forces, and the other is the Federal government and their intelligence agencies.

Right now, if you look at how the riots are playing out on both the Republican and the Democratic side, you will see that neither one of those teams are on our side. On any given day of the week, I prefer one side to the other, but it is incremental. If you look at the big differences, they are both on the pro-centralization team.

Somebody sent me an email just recently, and they said, "The Republicans are loyal Ziocons, and the Democrats are loyal to the Bolsheviks, and they are both going to kill us". That is an oversimplification because there are many great legislators.

I once said that there was a great legislator on the Democratic side, Marcy Kaptur, but she just signed up as a cosponsor on the Trace Act. It's unbelievable to me.

What you have to understand is that you cannot have a well-armed army between you and the Federal troops, whether they are from the private side or the government side. They are not your friends. Do not let the local police get cancelled or reengineered into something community and 'groovy', because then you are in real trouble.

The House passed another $3 trillion bailout bill. I think that has almost no chance of getting passed by the Senate before the election. Whatever stimulus some people would like to send through, it's not going to be there, which is going to accelerate the tensions in the cities and in many communities. With 47 million people unemployed, – and I think that number is low; I think the real number is actually higher – you have many hurting communities and many people in 'real hurt'.

The commodity index is now down 27% for the year, but Gold is doing fine; it's up 12%. Silver is flat. Oil, of course, is down. Depending on which index you are using, it is down 50-80%.

As far as food prices, every indication is that they are up strongly. I'm going to 'bang the drum' again: Start growing your own foods, start connecting with people in your local area. It's not just a matter of price. I think increasingly, there will be real safety issues in the stores.

I have a question from a subscriber:

> I am hearing voices talking about a possible 'Debt Jubilee' coming to the rescue. Any insight on that and the possibility of one coming?

Here is what I wrote, which I posted in the subscriber input, and I put this in *The State of Our Currency*. I have the first half up on the web presentation, and I'm hoping to finish it shortly. I was using this as an example of how you have to be careful in these things because the 'devil is in the details':

> Proposals for a debt jubilee that are not specific about who and what will benefit have similar shortcomings. What is the point of further enhancing the power of the coup leadership at our own expense? Let's take a look.
>
> A small Group A steals $60 trillion through governments and central banks. They use the money to buy up all the real assets – gold, real estate, weapons, and spaceships. To finance this, they sell most government bonds to Group B's pension funds and retirement assets. Then they announce that to give relief to Group B, "We need a debt jubilee." That sounds great, right? With the jubilee, all of Group B's pension funds, retirement assets, and even some insurance holdings are wiped out since they were stuffed full of the debt used by Group A to finance their financial coup.
>
> In other words, Group A just doubled down on their winnings by tricking the body politic into a debt jubilee. But the game is not over yet because then Group A comes in for the kill and buys all of Group B's assets at fire sale prices – using the money stolen from Group B!

So properly engineered, a debt jubilee could be a good thing. Engineered in the way that the central bankers are likely to engineer it, it's going to destroy a significant amount of the rest of the assets of people on Main Street. We have $25 trillion in the pension funds, but you could wipe out half or more of that with this type of debt jubilee. So, you could significantly increase the power of the pro-centralization team.

I have a few more stories that don't relate to the central bankers printing several trillion dollars and using it to invade America and burn some of its neighborhoods down. There has been a study leaked from Germany from their interior ministry. It was a panel of scientists, and it's quite damning.

Our hero this week is Stephen Cohen, who is the very brave government official who leaked it. It essentially said that there was no reason to lock down or do any of these restrictions.

The more that comes out from the scientists and the doctors, the more you realize it was a hoax. I'll give Trump credit. Although he may be working for the Ziocons, he did try to warn people that it was a hoax. He didn't want to play the game. Unfortunately, he has played the game, and the campaign ads are all going to blame him for shutting down and destroying the economy. They will try to say that Trump ruined the economy.

The German study came out and basically proved that the whole thing was a hoax. It wouldn't surprise me if it had something to do with the fact that we've shifted out of talking about COVID-19 and into riots.

It's comical. You keep reading and hearing the dialogue about what is going on, "Why do we have to social distance for COVID-19, but if it's a protest, you don't need social distancing?" There are many, many laughable comments about this.

We also see the UN Turkey-backed troops moving in with a local warlord to take Tripoli. Watch what is happening in Libya because they may be looking to 'pour' in a large number of refugees through Libya and Turkey into Europe. It is going to be very interesting to see.

The restrictions are coming off in Europe, and we are seeing big protests in France and Italy. It's being portrayed in some cases as Black Lives Matter, but I think that many of the protests are real frustration over the restrictions and what has been going on, and what it has been doing to people's livelihoods.

One subscriber wrote in and referred to life in 'Smashville', the idea being that Main Street is being smashed. They were from Nashville, so maybe it was a play on Nashville. It was rather funny – life in Smashville.

Remember the African-Americans used to refer to this as the 'beatdown'. So, the beatdown is now from sea to shining sea.

There was a very interesting piece in *Kiplinger* that I want to mention on the future of education. It talked about how much effort was going to be put into doing online education. I think that is a terrible thing to have happened, but there it is.

If you are in education, I would really make an effort to look at what is being planned out, and think about whether or not – if you are teaching at a university or teaching in a government high school or locally-financed government educational institution – you might want to start to network with parents who are dissatisfied with the restrictions and the curriculum in the traditional education. See if you can't do something more entrepreneurial.

If you look at the way the formal education is seeming to go, I think that you are not going to be comfortable with what is going on, and you may want to get out now. Make an effort see if you can jump the curve in terms of doing something more entrepreneurial.

There is tremendous pressure on companies and organizations to continue to do much more remotely. Whatever is going on with the trade deficit, they will do everything they can to bring down the cost of importing you-name-it. That even includes energy. There is going to be real political pressure to go to 'remote this' and 'remote that'. I'm not saying that we will go back to a village society, but don't be surprised if a workplace that wasn't open to you doing more things remotely, wouldn't shift. If you are interested in pushing for remote for your situation, now is probably a good time to do it.

I've been saying this for years on *The Solari Report*, and I will say it again. I'm really going to 'beat the drum': The more you can do for yourself and build local capacity – either in your own household or locally – you want to do it. The direction of what is happening in the marketplace is that if you can reengineer large companies out of your financial statements and balance sheet, you are probably going to be economically better off.

MODIFICATION

Transcripts are not always verbatim. Modifications are sometimes made to improve clarity, usefulness and readability, while staying true to the original intent.

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