July 30, 2020

2nd Quarter Wrap Up
Equity Overview & Rambus Chartology
C. Austin Fitts: Hello and welcome to *The Solari Report*. Today is the 2nd Quarter Equity Overview & Rambus Chartology. I hope you have had a chance to view the Rambus Chartology in the web presentation for the 2nd Quarter 2020 Wrap Up. I would also ask you to review as soon as you can the 2nd Quarter 2019 final presentation on the *State of Our Currency*. We will be talking about it soon, and the reality is that everything that is happening in the financial markets is playing on the platform of the reengineering of the currency system and, what is called, the ‘global reset’. So, I would encourage you to take some time to digest both web presentations for the theme for 2nd Quarter 2019 and then the Equity Overview on the 2nd Quarter.

The charts for Rambus Chartology are on the web presentation. If you go to the commentary for this *Solari Report*, you can link through to the web presentation. When you go to the 2019 web presentation, you will have to log in again with your *Solari Report* sign-in.

Our theme for discussion of the financial markets now is ‘Planet Equity Buys the World’ or, as I should really say, ‘Central Banks Buy the World’. You are watching an insider/outsider game. We’ve been watching that for 20 years since the financial coup started, but it is really accelerating where the central banks print money, and that money is used essentially to buy up and establish central control and reengineer the planet into a technocracy. This time, though, they have shut down the Main Street economy, both in the emerging markets and the first world. As I’ve said many times, this is the ‘mother’ of all debt entrapment.

I covered plenty of material in the 1st Quarter Equity Overview, including a section called ‘Don’t Lose Money’, and I would really recommend it. It’s as relevant today as it was then, and many of the successful tactics for the world we are in and going into, and it is very important not to lose money. If you look at how people do lose money, many of those can be avoided if you think very, very strategically about what you are dealing with. The transcript for the 1st Quarter Equity Overview is on that commentary. I strongly recommend you access the web presentation for the 2nd Quarter 2020 and the 2nd Quarter 2019 and 1st Quarter Wrap Up as well.

Let’s quickly look at the 2nd quarter and the year-to-date performance. Essentially, we saw that in March, the Treasury market – which is $20 trillion
and represents the spigot – melted down, and that followed the scramble on the oil deal and the oil markets crashing now. It’s great for denying revenues to the people who are dedollarizing, but essentially, the dollar is on an oil standard. We started to watch a very significant meltdown. With that, it looked like everything else was melting down. Then, sure enough, we get the pandemic.

The explosion of US Treasury and government debt has been instrumental to basically establishing tremendous central control globally and in the US. I put some statistics in my notes. In July 1985, the US national debt was 42% of GDP, and in July 2020, it is 123%. Not surprisingly, in July 1985, the 30-year Treasury was 10.5% and in July 2020, it was 1.2%. So, as we bring interest rates down and savers lose access to that return, we print more government money. As we slowly squeeze and shut down Main Street, more and more of the economy and individuals in the economy become dependent on government checks. Of course, if you look at what is being proposed with the universal basic income, it is about to get much worse.

Let’s just step back and look at how the market is. If you look at all the equity charts, with rare exception, all the equities melt down with the US Treasury market. Then as the market and the Fed and the stimulus packages pump out, it’s a coming back of them. It’s somewhat of a volatility when you have this much of a bubble.

The big question in March, of course, was after many, many years of being overdue for the 20-35% major correction, was it going to be a major correction or a turn to the bear? Of course, it was a major correction. We see a tremendous spike back up.

The strongest markets for the year are precious metals. Silver is now up 46% for a 12-month period, and for the year, up 35%. Gold is up almost 30% hovering underneath a 2,000 line. Treasury is coming off the basement now up 26% for the year. Of course, if there is one thing that is down, it’s the dollar. The dollar is starting to finally fall as the markets reflect the printing.

I will read down the total return year-to-date. So, the silver ETF SLV is up 35%; gold ETF up 29%; the 20+ year-long Treasury TLT ETF is up 26.5%; home construction is up 17%; the aggregate bond is up 11%. I’m reading high to low-
homebuilders ETF up 10.75%; the bond aggregate is up 7.56%; Switzerland, interestingly enough, is up 4.55%. If you look at the PE’s in the Swiss markets, it is levitating even way above the US market and has for many years.

Muni bonds are now in the black, up 3.61%. The short Treasury ETF is up 3%. Germany is now in the black, up 1.7%. The China ETF is still down, the India ETF is still down, and the S&P is about 3% into the black, still outperforming most of Europe – but not Germany, and certainly outperforming China. So, the wealth of the central bank stimulus is clearly maintaining that lead we’ve seen since the financial crisis of the US equities outperforming.

If you look at where their real outperformance was, it was in the FANG stocks. You really see it when you look at the NASDAQ. Of course, if you read my piece on currencies in the 2019 Wrap Up, State of Our Currencies, you will see that many of those are really building out the utility train tracks for the new crypto system. So, it’s not surprising.

The fact that the precious metals have done as well as they’ve done are clearly indicating a major inflation problem coming. Technology can be very, very deflationary, but this is going to put a real squeeze on commodities, and it is going to put a real squeeze on basic household income. If you look at the Chapwood Index, the basic household inflation came down about a percent. So digesting the shutdown, I absolutely believe that the Main Street shutdown was engineered to offset the incredible inflation that the central banks were going to undertake. It’s will roll back in, and one of the questions Rambus asks is: Are we going to see a new bull market in commodities? I think will be a bit of ‘hunt & peck’, depending on how technology works.

It is interesting that in the United States, we have not felt the sting as much as you would think. One reason has been a moratorium on rental evictions and on mortgage payments. Forbes just published an article pointing out that 14 million renters are behind in their rent, and they estimated that 11 million evictions are coming. There is no doubt that in combination with the looting and the defunding the police, the big real estate opportunities are coming. I don’t think that is an accident, as you know from our discussions about some of the maps we’ve been showing of the looting patterns and the Opportunity Zones area.
If you look at the hacking that we are taking every time we point those out, I would say that we are ‘hitting the nail on the head’. But if you are not an insider, your biggest challenge ahead is inflation of basic goods at a time when incomes are being squeezed and shut off. I think it is one of the reasons there is going to be pressure for universal basic income. Now that the banks can do crypto – which I will talk about later – the Democrats are going to make a big push to make sure that everybody can only get paid in crypto. Yes, it is going to be linked into the injectable credit card. We will talk much more about that next week.

There is no doubt that the $20 trillion market for US government debt is the thing to watch because it’s what is driving the spigot. As you know, FASAB 56 really helped keep that spigot going, but it started to fall apart in March, and it could happen again.

It is very important as you look at all the assets that you hold and what is happening in the markets, that you understand the leverage across the whole bubble is enormous, and I think that all the central banks plan to mark the equity up. The global reset is not a markdown of the debt; it’s a mark-up of the equity if they can engineer it. If you look at the latest Fed communique that came out this week, it’s the same message, “We will do whatever it takes.”

The stimulus package in the US is still being negotiated for the next round. The question is: How badly will they shaft Main Street? I think the insiders will be taken care of.

There is a new proposal to bail out the commercial mortgage-backed security industry for a little more than half a trillion dollars. Again, that would benefit the insiders, not the people who can’t pay their rent.

Europe agreed to a long-term budget and a major stimulus package last week, and we talked about that on the last Money & Markets.

The leader in the equity market has been the FANG stocks and the NASDAQ. Part of that reflects the fact that new technology is very much driving what is happening, and that includes who has access to AI and who has access to all the data that is being ‘scarfed up’ in a way that is highly destructive of our privacy.
I will read you a section from Rambus because I think he did a great job in this quarter’s *Rambus Chartology* of pointing out the tech that is driving Planet Equity and could drive Planet Equity for a long, long, long time:

Everybody knows the FANG stocks now like the back of their hand, but I can assure you that there are going to be new FANG type stocks that are just being born right now as we speak, but very few investors have a clue of who they are right now. As time goes on, they will start to emerge from the darkness one by one until they become a household name. The key is to understand the new technology that is going to change our lives in ways we can’t comprehend right now.

Our current secular bull market is now over 10 years old, and we should start to see the emergence of some of the companies that are going to lead us into the future. The last secular bull market was the birth of technology, which had a profound impact on our everyday lives. The current secular bull market is also going to change our lives in ways we can’t even imagine yet. Artificial intelligence, robotic, super computers, to name just a few. Then there is the biotech arena that is going to find a cure for cancer, heart disease, and extending the average lifespan, again to just name a few. There will be new technologies that we can’t even comprehend right now.

I agree with Rambus. Some of those companies I love, and some of those companies I want nothing to do with. As I said in the ‘*Just a Taste*’ excerpt that we used from the last *Equity Overview*, I don’t believe in financing my own prison, but I think there are also will be many great companies and many very interesting things going on.

Let’s talk more about how you keep bubbles going. The next bubble is underway. Very quietly, just a week ago, the OCC, one of the US bank regulators, put out a letter to one bank unnamed which basically said that banks could now hold and provide custodian services and other services on cryptos. That is the beginning of integrating the crypto system into the banking system and working out the details of how it is going to work. In the meantime, you
have, of course, Gates’ effort to try to get the injectable credit cards going.

If you look at the OCC letter, plus what the GAVI Alliance is doing in Africa with MasterCard, you are going to get a sense of how these different operating systems work. The operating system throughout the vaccines and these different efforts will come together.

In the currency piece, I have also put information about the BIS Fed partnership with innovation hubs around the world. So, the ‘train tracks’ are very quietly starting to be built so that the crypto prototype can be moved into the banking system under the control – very centrally – of the central bankers and the big banks. This has the potential to keep the bubble floating in many extraordinary ways.

The spigot is strong, although it is causing the dollar to fall. So the spigot is strong, you are moving the crypto in, and all of that gives you extraordinary bubble capacity. You are using an engineered pandemic as the air cover so that you don’t have to tell people that you are giving another round of $50 trillion to the banking system and doing a leveraged buyout of the planet.

But I want to turn to one of the most dangerous parts of what is going to be happening under the cover of the bubble, and that is the insider game. The insider game is very much going to revolve around private equity. I think that the disaster capital and the dirty tricks are why Harvard went dark, and why you see the SEC now asking that hedge funds be in much smaller amount in terms of assets under management, which can be dark. That is their flotilla of armies that can play this game.

I think that the disaster capitalism game is going to get very, very ugly. That is why we have been showing the maps of Minneapolis, Portland, and the Opportunity Zones. The way to prototype the smart cities and to acquire real estate cheap is to play the game with the looting and the protests, as we’ve described.

If you combine the stimulus being pumped out – whether through the Fed or through the Treasury – and with the ability of the riots and defunding the police to mark assets and cities down in price, you then create unprecedented powers
to ‘rock-n-roll’ and redevelop with things like the New Green Deal. The combination is remarkable as to how much money can be made, particularly on the real estate. It’s the dark side of the debt entrapment. You are basically busting Main Street’s income and squeezing them out, particularly with the riots.

Suppose you look at a prosperous small business that was on Lake Street in Minneapolis, and you see what has been done to it, you are essentially talking about bankrupting it and stealing its assets cheap in a very, very ugly way, particularly if the money that was used to purchase it was bought with inside information or stimulus money. So, you basically have taxpayers financing a machinery that is destroying them and their businesses, and then stealing their assets. I know all about it because this is exactly what was done to me. I’m watching the Hamilton Securities story engineered on scale.

It’s another reason to map your local ecosystem. That is where you are going to start to see the game and get the political leverage to pay back. The reality is that as this goes down, there will be real estate opportunities for those who don’t mind being patient and living with the risk. Remember, if we get 11 million evictions in the United States this year, there is going to be a tremendous amount of opportunity.

It’s very interesting to think – and you can’t not think – about what it means to the equity markets and the real estate game if the Democrats win. There is no doubt in my mind that if the Democrats win, let alone if they get a full sweep and grab the Senate as well, I think you are going to see the radicals and the Marxists with a front seat, and that front seat is going to engineer an insider game.

So, if they get the White House, the Senate, and the House with the Democrats and Biden in the lead- I can’t imagine Biden will be the President for very long and it’s going to fall to his #2.

The disaster capitalism people are going to have Marxism fronting for their lawlessness, and it is going to be a major, major ‘pork fest’. The challenge for anybody who is living in an area that they are targeting is: How are you going to deal with it from the ground? As you can see with what they did to Minneapolis or any area like that, you are looking at a game that can come in and basically
destroy your income, create tremendous expenses out of thin air, and then pick your assets off for cheap. It’s a dangerous game, and it’s exactly why I said at the beginning of the year in the *Annual Wrap Up* that the question before us is: How are we going to deal with the Beck brothers, the Beck brothers being the guys who play dirty, particularly in stealing other people’s assets and land?

Well, here we are. The only way I know how to fight back is by starting mapping out your local ecosystem and using intelligence to get real leverage in the process. It can be done, but it will take some organization and it is going to take an investment of time.

Planet Equity is in a global bubble. What is interesting is if you look at the big tech companies – social media and tech – that are being used to build those train tracks, we are watching explosive increases in value. You can really see inflation by watching Apple and Amazon hit a trillion dollars. Now Apple is $1.65 trillion, Amazon is $1.5 trillion, and both are likely headed to $2 trillion. I still wouldn’t touch them personally because I think there are better companies around, but there is no doubt that it will show you the extent of the inflation.

If you look at the Planet Equity scenario that I’ve been talking about since 2014, there is a tremendous amount more to securitize. Think of it this way: The central banks print money, and then they run around the world and get all the assets of the world securitized. The more you securitize, the more you can get it into a system run with technocracy; it’s not a market system.

If you go back and look at our *Megacities Wrap Up* on real estate, there is a huge amount more to securitize. There is very little real estate globally that has been securitized, and they want to bring most of that into the Planet Equity world. The way to do that is to provide the lowest possible cost of capital for the insiders who are leading the planetary LBO (leverage buyout). The cheapest way is to print and buy. I hate to say this, but mind control makes it so much easier.

If you haven’t looked at the *Megacities* analysis or the stocks, I recommend it. I think that real estate is one of the biggest plays going globally. It looks different in different parts of the world, but I think the major prize Planet Equity is looking for after tech, is the real estate. The real estate and the tech are going to be so much more integrated as their vision with the smart cities and smart grid.
Let’s look at your choices in this environment. As you can see (on the charts), until we get a 35% or greater down, then on silver we get an 80+% up, on the NASDAQ a 56% up, and you have to live with that kind of volatility. One of the things you need to decide if you are going to be in the public markets is: Can you live with that kind of volatility, and how do you manage it? Of course, the way to manage it on the equity side is with hedges, but hedges are expensive in a world of low yields. The only way to not use hedges is to only put money in that you can live with the volatility. The other issue is that there are many great companies, but it takes plenty of time to find them, underwrite, and pick them. So, you either have to have a manager who can do that, or you are in a situation with indexes, and I don’t like index because I end up having to put a large amount of money in things I don’t want my money going into.

Your big questions are: 1) Do you want to play in equities? 2) Are you willing to live with the volatility? 3) Do you want to use a hedge? 4) Where are you going to find a great manager who won’t put your money in ‘crap’?

Your most important choice is yourself. Your best investment is your health. I went into this a great deal in the 1st Quarter Equity Overview, so I’m not going to go through it again, and I would encourage you to go back and listen to that audio or read that transcript. Your health is so important, and this is an environment where, if you significantly invest in your health and take care of your health, – whether it’s food, detoxing, preventative healthcare – it’s the best investment in the world, and you can’t afford not to make it your top priority. The cost of not making that your top priority is extraordinary, particularly if you are in the United States because you are dealing with such a government-controlled and corrupt healthcare system.

Your education, and a high learning metabolism, particularly with accelerating technology and change, are essential. Do it yourself. It is much cheaper to do everything yourself in many respects, depending on your community, your family, and where you can organize, than going into the marketplace, earning money, dealing with the regulations, paying taxes, and then coming back and trying to pay somebody else to do it.

The economics of doing it yourself keeps getting better and better. Part of
education is getting the training and skills you need to do it yourself. Doing your own information systems, and doing your own building and construction and doing your own gardening all leads to the more resilient you can make your operation, the better.

Despite all the risks and all the headwinds, I still think that having your own business or businesses that you can trust are the best. If you look at the effort to centrally control through access to employment, it’s only going to get more that way.

Pay down your debt. This is not a good time to have debt. I understand that debt is very cheap, but pay it down and get rid of it. You don’t need that back door into control.

Another thing is to refinance trustworthy family and friends out of their debt. I keep telling the story of one person who I hadn’t seen for a while. He walked up to me and said, “I refinanced four kids out of their mortgages, and I’m not getting the benefit of the stock market value, but I sleep at night and I’m getting a great yield.” It was quite funny.

One of the great opportunities as a financial matter is local equity pools. If you see the insiders, they are lining up to take advantage of all of them. Of course, that is land and real estate. The politics of that are deep and difficult, so you need good organization. But for those of you who are comfortable managing real estate, there is going to be plenty of real estate opportunities in this environment. Of course, it is dangerous because you can also get clocked by the disaster capitalism coming through. Just ask the people in Paradise, California; they know.

In precious metals, I said at the beginning of last year and this year that this was going to be a good year for precious metals, and as expected, it is, and I think that is going to keep going. That is not to say that it won’t be volatile, but these people are committed to printing.

As the sting comes through with the moratorium lifting, we have considerable pain to digest on Main Street. If you look at the numbers on precious metals, the institutional buying and the ETF buying is up, and the retail buying has been
down. I think that reflects the pain in the general population.

More on equities; you want equities in real things. There are plenty of equities that are not in real things, and there are many great companies. This one one of the benefits of what I do because I’m doing an ESG screen, and I’m constantly looking at great companies all over the world and numerous new companies. As Rambus said, the number of new companies dealing with new technology, we can’t even imagine.

Again, the question is: Who is going to take the time to monitor and pick? It’s a very time-consuming job in this market. The next question is: Can you find a good manager? Yes, they are out there, but just remember that 23% of managers outperform the index, and you have to find one of those 23%. Then the final question is: Do you want to hedge or not? Much of that depends on your unique situation and you. You pay a large amount to hedge, but you will sleep much better when the volatility gets the way it was in March and April.

Because of the environment we’re in where real assets are what work, it is very, very important that whatever you do you are comfortable with it, you understand why you are in it, and you are patient. This is an environment where if you get scared and pull out, you are going to get killed – buy at the top and sell at the bottom. This is not a world where you can afford to have fear porn. Fear porn and hope porn are just going to get exponentially more expensive. You cannot play it that way.

I’ve gotten many questions over the last quarter about US retirement vehicles; IRAs and 401k’s. The reality is that I have several pieces in the library. If you go to www.Home.Solari.com and click on ‘Library’, there are old pieces that explain why I don’t have a 401k.

I had half a million dollars in a 401k when the Feds came after me. They threw my 401k into an audit so I couldn’t use it to finance the company. When they tried to put numerous bogus contract compliance expenses on me and put me in the corner, and I busted it and paid $225,000 in taxes. I used it to do the contract compliance. Then when I won the litigation and my CPA said, “Let’s refund the 401k,” I said, “Nope. I’m never going to put money in one of those things again. The US government is a completely untrustworthy partner. I want
nothing to do with it.”

When I was doing investment advisory for individual clients, I saw many situations where they were in a very different position than I was. It made tremendous sense for them to keep some money in a 401k and do the riskier things in that 401k than in money that wasn’t in one of those vehicles. The tax benefits and the employer benefits can be tremendous, but there is no doubt that the political risk is rising dramatically. I fear that you will wake up one morning and they will be turned into an annuity or into something that has to buy Treasurys.

One thing to understand is if you are physically in a jurisdiction, everything that you have – whether it’s precious metals, real estate, or a 401k or IRA – one way or another, they are all in the system. So, it’s very hard to tell given your personal situation, but I would say that the political risk is going up, and if you are going to keep using them, my suggestion is to use them for your riskiest and most volatile assets. If you are uncomfortable with equity, that is a place to continue to do the equity.

You need to find custodians and managers that you are really comfortable with if you have the option to do that. Of course, in an IRA you can do physical precious metals, and that is a way – from a custodian standpoint – to somewhat get it out of the system.

If you are in IRA’s, I would take a serious look at converting to a Roth now. Pay your taxes now while taxes are low because there is a chance we may get a Democratic victory in the White House and even a Democratic sweep. If we get Democrats running the Senate, the House, and the White House, we will get some unbelievably radical ‘stuff ‘going on. Whether or not it is going to be good for the equity markets is hard to say. Some people think it could be terrible. I think that the insiders are going to have a ‘pig fest’.

The Marxists will basically remove all rules for them to have a ‘pig fest’ at the local level, so I think you are going to have an insider ‘pig fest’, the likes of which you’ve never seen. I don’t think it’s going to end up being bad for the equity markets, but you could easily see corporate taxes go back up – which is not such a bad thing. Obviously, that will have a dampening impact on the US
There is much that can go wrong in the Planet Equity scenario. I have always believed that ultimately, if you look at what is happening with the global reset, the chances of the Midianite thing (reference Thomas Meyer Report) tearing it apart are very, very real. That could have a devastating impact on global equity markets, either for a period or permanently. I don’t think that is a bad thing. I really don’t want to live in a world where every child I know is subject to an injectable credit card. That is not a world I want to live in.

The tricky thing for me when I look at the equity markets is: How can I pick and choose individual equities so that I’m betting for a winning scenario for the human race and not betting to make capital gains on something that ultimately is going to turn me into a slave and I use my capital gains profits anyway?

So, that is it for my comments for this quarter. Again, I would strongly recommend you go to the 2\textsuperscript{nd} Quarter 2019 \url{www.Currency.Solari.com/currency} and read \textit{The State of Our Currency}. That is the big, deep backdrop to everything that will be going on in our world, whether it’s pandemic or the financial markets. I really believe if you have that map, you will be much more successful at navigating everything from the pandemic to what is happening in the equity and financial markets over the next five to ten years.

Of course, it will be a continuing discussion because, in addition to running the bubble on the coming off of the Treasury market and the dollar reserve currency, you are now going to start to integrate crypto and expand that bubble dramatically, and you are going to explode the technology as we go.

We are looking at unprecedented printing and unprecedented technology and unprecedented change all together. It helps to see them as an integrated basis with the other headlines occurring in the world. We live in interesting times, and if you look at how much more the central bankers could print and how wild the insider game could get, particularly if the Democrats get control of the White House in the United States, ‘get ready, get ready, get ready because here it comes’; change is upon us.
Ladies and gentlemen, it has never been truer: Do not ask if there is a conspiracy. If you’re not in a conspiracy, you absolutely have to start one. Goodbye, and good luck.

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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