



CLUES in the NEWS **SPECIAL REPORT:**

How China and Russia are Conspiring to Dethrone the U.S. Dollar



The Future of Money and Wealth



Clues in the News

Everyday headlines provide important insights into many of the dynamics affecting the future of your money and wealth.

Because the U.S. dollar has been the world's dominant and reserve currency since 1944, it affects nearly every worker, saver, investor, business, and country on the planet.

Therefore, any discussion about the future of money and wealth starts with the dollar ... and the key factors impacting its strength and role in both the world and YOUR life.

Here are just a few of the MANY articles we've collected over the last several years ... with some excerpts and comments we trust you'll find useful.

The articles focus on news reports and commentary about **key factors**:

- Developments and trends affecting **demand for dollars**, including the rise of viable alternatives
- The effects of changes to the dollar on **interest rates, inflation, and asset values** ... things which affect Main Street consumers and investors.
- Clues about the reality and timing of a **global reserve currency “reset”**

Before we dive into a tour of headlines, let's create some additional context based on the aforementioned key factors ...

Demand for Dollars

Dollar demand comes from primarily four places:

1. Dollar denominated debt. To service or retire dollar debt, you to either earn or buy dollars.
2. U.S. taxes. Taxpayers needs dollars to pay taxes. So they work and trade to earn dollars to pay both dollar-denominated debt and dollar-denominated taxes.
3. Oil. It's long story, but after the U.S. defaulted on the dollar's gold-backing in 1971, they quickly set up a system with the help of Saudi Arabia where Middle Eastern oil (the bulk of the world's oil) was only sold for dollars.

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4. Foreign exchange reserves. It's a fancy name for a nation's savings. So when China or Saudi Arabia have excess trading profits, they don't put them in a bank ... they buy U.S. Treasuries.

Interest Rates

Interest rates, inflation, and asset values are all functions of open market trading ... and it comes down to supply and demand.

Interest rates are the “bid” on money.

If you have really good credit, an eager credit card company might “bid” 0% for the first year along with a high limit to get you to spend your money through their credit card.

If you have so-so credit and apply for a credit card, they issuer might “bid” 18-24% interest and a lower limit. You're riskier, so the issuer bids a lesser deal to you.

Bonds, which are debt obligations (IOUs) from the issuer to the buyer, are the similar.

So when a bond issuer (borrower) “bids” to attract money from a buyer (lender), they set an interest rate (“coupon”). A “triple A” rated (really good credit) bond will pay less than a “junk” (bad credit) bond.

Here's where it gets a little tricky ...

The most important bonds are U.S. Treasuries because they are considered the safest in the world. In fact, they are referred to as “risk free” because the issuer (the U.S.) can simply print dollars to pay the bondholder back.

Of course, this begs the question, if the U.S. can simply print dollars, why does it need to borrow them?

At least three important reasons are ...

1. To influence (manipulate?) interest rates in the “open” market. So rather than print dollars directly and flood the market with them, the Federal Reserve prints and buy Treasuries at auction, effectively bidding up or down interest rates according to their “target”.
2. To give foreigners a place to “save” their excess dollars. If they spent them on U.S. goods, they'd bid the prices up and cause painful inflation for U.S. citizens.
3. To create a liquid asset which can be used as collateral in global trade, which in turn creates additional demand (and power) for the U.S. dollar.

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Back to the role of bonds in interest rates ...

Interest are determined by buyers and sellers in the marketplace. So here's a super-simplified explanation:

When bonds are offered to the market place, they have a coupon rate, which is like the "offer". It's what the bond holder would like to pay.

So a \$100,000 bond offering a 5 percent coupon is offering \$5,000 per year interest to buy \$100,000 of capital.

But if the lender (buyer) wants higher interest ("yield"), they bid LESS for the bond.

Here's hyper-exaggerated math to explain the concept:

If the lender (buyer) want 10% yield, they'll only bid \$50,000 for the \$5,000 coupon ...
 $\$5,000 / \$50,000 = 10\%$.

Of course, the actual math is far more complicated in the real world because of things like "net present value" and "discounted cash flows", but the basic concept is this ...

Bond *values* and bond *yields* move inversely to each other.

So when lots of bond buyers (lenders) are bidding bonds UP, yields (interest rates) go DOWN.

Conversely, when there are too few bidders for lots of bonds offered, bids are DOWN ... and yields (interest rates) go UP.

Clear as mud, but important for identifying clues about the health of financial markets and currencies.

The challenge is bond markets are overtly manipulated by central banks, like the Federal Reserve.

That's why you see paper asset investors obsess over the Fed almost on a daily basis. Real asset investors can take a more relaxed approach, but still need to pay attention.

The 2008 financial crisis was born in the bond markets.

Inflation

Another enormous but important concept. Inflation directly affects the value of every dollar you earn, save, invest, or spend.

In short, inflation is when too many dollars are chasing too few goods.

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A simply illustration is in a small economy of ten people where the only product is a bottle of water.

If each of the ten people have \$1 and no means to borrow from or pool with others, even if they pledged their entire net worth, the maximum anyone can bid for the water is \$1.

But if we print money out of thin air and pass it out to all ten people, so now each person has \$10 ... the maximum bid could go all the way up to \$10.

That's because the supply of money grew ten times faster than the supply of goods.

Of course, in the real world, the free money isn't distributed equally. And the amount of goods is dynamic.

But the macro-concept is when money is printed too fast, inflation is the result.

It's also VERY important to note that in terms of real wealth (water), the economy didn't grow at all. So using prices to measure growth can be deceptive.

This brings us to ...

Asset Values

When the value of things like stocks, real estate, Bitcoin go up or down, there are three primary factors:

Supply and Demand

When there's a lot of supply and not much demand, prices depreciate (fall), and when there's a lot of demand, and little supply, prices appreciate (rise).

Inflation / Deflation

When the money supply grows faster than the amount of things to buy, prices go up (inflation). You pay more for the same things.

When the money supply shrinks or grows slower relative to the amount of things to buy, prices go down (deflation). You pay less for the same things.

Sounds simple, but there's a twist.

When the things you're buying are consumer products, low prices make people richer. When you can buy more stuff for less, you end up with more stuff (abundance).

Most folks would say lower prices make you richer.

But when the things you're buying are investments, like stocks, bonds, real estate ... most people want those to go UP. So higher prices make you richer.

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So perhaps obviously, inflation makes consumers poorer, while it makes investors richer. So consumers who don't own assets are the biggest losers to inflation.

Leverage / Deleverage

Leverage is just another way to say financing. The buyer leverages a stream of future payments into a lump sum of cash today.

This effectively pulls purchasing power from the future into the present, where it can be used to bid UP the price of anything being financed.

Lower interest rates allow a fixed monthly payment to borrow more, pulling even more purchasing power from the future into the present.

Of course, no one gets in a time machine to retrieve the money from the future, so where does it come from?

Loans get funded from two places, and they're VERY different.

First is savings. Someone goes out and produces more than they consume, thereby creating excess. They put their excess in a bank to save it for future use.

The bank is a market maker between savers and borrowers. So it loans out the saver's money to the borrower for an interest more than it pays the saver. This is the bank's profit.

That's easy to understand.

The other way is more complicated, but it's where most loans come. So in overly simplified terms ...

When a bank loans someone money, it creates it out of thin air. The money is literally born when the loan is made.

Conversely, when the debt is paid off, the money dies. That's de-leverage.

Leveraging and deleveraging causes the "money" supply to grow or shrink, which of course affects the inflation dynamic previously described.

So the value of assets in an economy fluctuate based on a complex dynamic which include these three factors.

Traders just move in and out of positions quickly and skim profits from small moves.

Long-term investors, whether paper or real, ride long-term trends ... and try not to get bucked off when markets get choppy ... or stuck in a time warp where their investment of choice stagnates for a decade or more.

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But both types of investors can and should have a fundamental understanding of key market dynamics, so they can recognize clues in the news and make course adjustments along the way.

Overloads and Mulligans

Every once in awhile systems overload and need to be reset.

It's happened a few times, and while the world goes on, the transitions can be disruptive and painful for the unprepared.

In 1913, the U.S. Federal Reserve was created. By the 1920's excess money created a huge stock market bubble which popped at the end of the decade.

The resulting Great Depression and the various responses to it culminated in a major reset when in 1933, the U.S. government made it illegal for Americans to own money (gold and gold backed dollars).

By law, the government forced the citizens to sell the government all their gold for \$20.67 in paper currency. A year later, the government reset the price of gold to \$35, which effectively devalued the paper issued to the citizens.

Meanwhile, across the pond ...

In the early 20th century, decades of imperial expansion and a costly World War, left world super-power Britain in a financial mess.

Meanwhile, the upstart United States was growing stronger in terms of production, savings, and military might.

It's a long story you should study, but the short of it is Britain's reign as the financial center of the world formally ended in 1944 when the United States dollar took over for the British pound sterling as the reserve currency of the world.

The "Bretton Woods" agreement, as it's called, called for the U.S. to back the dollar with gold. So countries who accumulated dollar profits in international trade would redeem their dollars for physical gold.

Being the issuer of the world's reserve currency gave the U.S. something called "exorbitant privilege", which can be thought of as a REALLY big credit line.

By 1971, the U.S. had printed WAY too many dollars, inflation was growing, and foreign nations (led by France) were VERY concerned about the weakening dollar.

So rather than hold dollars, they were turning them in and taking home gold ... and the United States' gold savings was in danger of running out.

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Remember, at that time, and even today for most of the rest of the world, gold was and is money.

So to stop the “run” on U.S. gold holdings, President Nixon abruptly cancelled the redeemability dollar for gold. The U.S. defaulted.

This was disastrous for the dollar, the stock market, and the American economy. Alert investors made fortunes. Most lost over two decades before they recovered.

To save the dollar, the U.S. took several radical steps ...

The Petro-Dollar

In 1973, the U.S. made a deal with Saudi Arabia to use their clout in the Middle East oil cartel to sell oil only in dollars.

This was the birth of the “petro-dollar” system and created global demand for dollars.

Nations who dumped dollars because it was no longer as good as gold, had to buy it back in order to get the oil they needed to operate their economies.

Denominated in dollars, oil quadrupled. This created hardships for consumers but made oil investors a lot of money.

High oil prices added to production and distribution costs everywhere. Energy is a very important component and cost of economic activity. Higher energy costs mean higher prices.

Of course, higher prices also soak up excess dollars.

High Interest Rates

To further vacuum up excess dollars, the U.S. jacked up interest rates to over 20 percent. Treasury yields went from over 6 percent to over 15 percent.

These high yields attracted buyers who paid in dollars. So this is how interest rates are used to strengthen the dollar.

Of course, high interest rates slow economic activity, so businesses and their stocks struggled.

Cheap Labor

Higher energy and interest costs put upwards pressure on prices. While policy makers like a little inflation, too much creates rebellion among consumers who get squeezed.

Nixon opened up trade relations with China, and while there many have been many reasons he did it, but one of the outcomes was access to cheap labor.

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This not only meant that American consumers had access to less expensive products made with cheaper labor overseas, but also American manufactures could now build things off shore for less ... lowering prices and boosting profits.

Of course, the longer-term ramifications of trade with China had a profound impact on the global economy and geo-politics right up to this very day.

Interpretations and Preferences

It's really hard to describe historical events without interjecting personal interpretations and preferences.

That is, when talking about monetary policy (what central banks do) and fiscal policy (what governments do), you're combining two taboo subjects ... money and politics.

Toss a little religion in and it's a powder keg.

Our purpose here is to create a baseline of understanding of fundamental concepts as we understand them ... as context for various media reports and commentary on related events.

You may agree or disagree and that's fine. It's about stimulating thought, paying attention, and learning from each other and what's happening around us.

Peter Schiff says, "Good economics is bad politics, and good politics is bad economics. That's why you so often get bad economics from politicians."

Yet, every day politicians and their policies impact the world we're all trying to live, work, save, and invest in.

Most of the time, it's a lot of chatter, with some occasional chop. But every once in awhile something big happens, and there are big winners ... and big losers.

The problem is we never know when those occasional resets will occur. So we always need to watch the weather reports ... even while we're enjoying the sunshine.

Tomorrow's History in Today's Headlines

So, with all that said, let's look at some recent history in headlines.

They're laid out in chronological order, so the topics bounce around. Most have to do with China's nearly 9-year plan to wean itself from the dollar.

There are also articles about the role of gold, oil, Treasuries ... even cryptos ... in both demand and value of the dollar, and in providing alternatives to it.

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As you peruse these articles, keep in mind these basic concepts and principles.

The dollar is a commodity and its value varies relative to other currencies ... and to other commodities and monetary assets such as oil and gold.

The dollar is the world's reserve currency, which means it's not just used in the United States but is used all over the world.

About 63 percent of international trade is settled in dollars. Sovereign nations store their surplus (savings) in dollar-denominated U.S. Treasuries (bonds).

Dollar denominated loans are made all over the world, which means borrowers all over the world need to trade their local currency for dollars to service their dollar-denominated debts.

Since the mid-70s when the petro-dollar system was established, the vast majority of international oil trades are settled in dollars.

Although Americans and U.S. institutions don't give much credence to gold, the rest of the world does. Gold makes up an important part of many nations strategic reserves.

Crypto-currencies are perhaps as much as symptom as they are a cure. Their meteoric rise in both price and popularity clearly signal the world is looking alternative to banking as usual.

And it seems like officialdom's responses to cryptos fall into the stereotypical patter for first ignore, then belittle, and then finally, attack.

Whatever the reasons for WHY individuals and governments behave as they do, it's important for concerned investors to pay attention to WHAT is happening today ... and how it might affect the future of the money and wealth we all work so hard to earn, invest, grow, and protect.

Specifically, we're watching the dollar, gold, oil, debt, and technology ... especially blockchain, robotics, and artificial intelligence.

China hopes U.S. keeps deficit to appropriate size

Reuters¹ - Nov 8, 2009

"Chinese Premier Wen Jiabao said ... 'I hope that as the largest economy in the world and an issuing country of a major reserve currency, the United States will effectively discharge its responsibilities ...'"

¹ <https://www.reuters.com/article/us-china-usa-financial/china-hopes-u-s-keeps-deficit-to-appropriate-size-idUSTRE5A714920091108>

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“Most importantly, we the United States will keep an appropriate size to its deficit ...”

“The premier had expressed concern ... that massive U.S. deficit spending and near-zero interest rates would erode the value of China’s huge U.S. bond holdings.”

The U.S. budget deficit peaked in 2009 at \$1.4 trillion and fell to \$438 billion in 2015, before trending back up again to \$665 billion in 2017 ².

But apparently, it was too little too late, and China decided to do more than hope ...

China-Russia currency agreement further threatens U.S. dollar

International Business Times³ - Nov 24, 2010

*“This latest move -- **a continuation in a series of efforts by both countries to move away from U.S. dollar usage** in international trade -- further threatens the dollar's reserve currency status.”*

*“The dollar reserve currency status **allows the U.S. to run up high deficits** and have its debt be denominated in the U.S. dollar, which in turn **enables it to print unlimited dollars and inflate its way out of debt**. America, understandably, wants to protect these privileges.”*

“In fact, some allege that the U.S. wants to protect this status so badly that it invaded Iraq because the country began selling oil in euros instead of dollars. Now, the U.S. is allegedly threatening Iran because of the country's desire to use euros or Russian rubles in oil transactions.”

“... China and Russia are gradually revolting against the U.S. dollar.”

China, Russia quit dollar

China Daily⁴ - Nov 24, 2010

² https://www.usgovernmentspending.com/federal_deficit_chart.html

³ <http://www.ibtimes.com/china-russia-currency-agreement-further-threatens-us-dollar-248338>

⁴ http://www.chinadaily.com.cn/china/2010-11/24/content_11599087.htm

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*“Chinese experts said the move reflected closer relations between Beijing and Moscow and is **not aimed at challenging the dollar**, but to protect their domestic economies.”*

“The two countries were accustomed to using other currencies, especially the dollar, for bilateral trade. Since the [2008] financial crisis, however, high-ranking officials on both sides began to explore other possibilities.”

“[Chinese Premier] Wen said ... the partnership between Beijing and Moscow has ‘reached an unprecedented level’ and pledged the two countries will ‘never become each other’s enemy’.”

“‘China will firmly follow the path of peaceful development and support the renaissance of Russia as a great power,’ he said.”

In short, concerns about the dollar in the wake of the 2008 financial crisis drove China and Russia into a tight coalition to gain independence from the dollar.

Between then and now, there’ve been MANY reports of various steps which have been taken by China to both reduce dependence on the dollar and to internationalize their yuan (aka renminbi).

There are lots of components to the United States’ grip on global financial dominance.

They include the world’s largest gold hoard, a large economy and military, a robust banking system, a huge bond market, and being a very important customer to the world.

China is well-reputed to be skilled at building things designed by others, and it seems this extends to becoming a pre-eminent financial power ... by systematically replicating the infrastructure that led to America’s dominance.

Germany Repatriating Gold From NY, Paris 'In Case Of A Currency Crisis'

Forbes⁵ - Jan 16, 2013

*“... the move is ‘preemptive’ in case a ‘currency crisis’ hits the European Monetary Union. ... repatriating gold is a clear indication of public loss of confidence on foreign central banks and the integrity of the monetary union. **Over the past few years, Venezuela, Libya, and Iran have also repatriated their gold holdings.**”*

⁵ <https://www.forbes.com/sites/afontevicchia/2013/01/16/germany-repatriating-gold-from-ny-paris-in-case-of-a-currency-crisis/#4dcf9dc62e3e>

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Does China plan to use gold to internationalize the yuan?

CNBC⁶ - Feb 12, 2014

*“authorities may possibly be moving in the direction of **using gold in a plan to make the yuan an international currency.**”*

China Looking To Dominate Gold Market With International Shanghai Gold Exchange

Forbes⁷ - May 27, 2014

*“Not only is China the **world’s top gold-producing and consumer nation** but according to media reports, the country now has **plans to become a major player in market pricing.**”*

“The Shanghai Gold Exchange is the largest gold exchange in the world ...”

China launches new AIIB development bank as power balance shifts

Reuters⁸ - Jan 15, 2016

*“Chinese President Xi Jinping launched a new international development bank seen as **a rival to the U.S.-led World Bank** ...as Beijing seeks to change the unwritten rules of global development finance.”*

*“**Despite opposition from Washington, U.S. allies ... have agreed to join the Asian Infrastructure Investment Bank (AIIB) in recognition of China’s growing economic clout.**”*

*“Luxembourg Finance Minister Pierre Gramegna said the establishment of the AIIB was ‘further **proof of the rebalancing of the world economy**’.”*

Stampede to Join China’s Development Bank Stuns Even Its Founder

New York Times⁹ - April 2, 2015

*“... considered **a major victory for China** in a rare showdown with the United States, which opposed the bank ...”*

⁶ <https://www.cnbc.com/2014/02/12/does-china-plan-to-use-gold-to-internationalize-the-yuan.html>

⁷ <https://www.forbes.com/sites/kitconews/2014/05/27/china-looking-to-dominate-gold-market-with-international-shanghai-gold-exchange/#6da83f2220e4>

⁸ <https://www.reuters.com/article/us-asia-aiib-investment/china-launches-new-aiib-development-bank-as-power-balance-shifts-idUSKCN0UU03Y>

⁹ <https://www.nytimes.com/2015/04/03/world/asia/china-asian-infrastructure-investment-bank.html>

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“The avalanche ... was set off by Britain, one of the United States’ most trusted friends, which concluded that China was such a large ... market ... it could not afford to stay on the sidelines ...”

Moscow and Beijing join forces to bypass US dollar in world money market

South China Morning Post¹⁰ - Mar 17, 2017

*“Russia is preparing to issue its first federal loan **bonds denominated in Chinese yuan.**”*

*“... the two countries agreed ... to **issue home currency-denominated bonds in each other’s markets**, a move that was widely viewed as intended to ‘dethrone’ the US dollar.”*

Gold is Back as Dollar’s Reserve Currency Status Questioned

Barron’s - Mar 26, 2017

*“The U.S. dollar has long enjoyed the status as the world’s reserve currency, but the greenback’s esteemed standing is increasingly being challenged as **China and Russia show their eagerness to diversify away from the U.S. dollar.**”*

Jamie Dimon calls bitcoin a fraud

CNN¹¹ Money - Sep 12, 2017

“Dimon said ... the digital currency was a ‘fraud’ and that his firm would fire anyone at the bank that traded it ‘in a second.’”

“Dimon warned that bitcoin prices will remain very volatile and could be hurt if countries crack down on their use, as China has recently done.”

“Dimon also alluded to the fact that bitcoins have been associated with criminal activities as well.”

¹⁰ <http://www.scmp.com/news/china/diplomacy-defence/article/2079648/russian-central-bank-opens-first-overseas-office>

¹¹ <http://money.cnn.com/2017/09/12/investing/jamie-dimon-bitcoin/index.html>

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Petrodollar end looming as China & allies dump it in oil trading

RT¹² - Sep 15, 2017

*“Beijing has announced plans to start a crude **oil futures contract priced in yuan and convertible into gold.**”*

*“As China is the world’s biggest crude buyer, the new contract may allow exporters to **avoid US sanctions** by trading oil in yuan. Such countries as Russia, Iran, Pakistan ... are interested in that.”*

*“When US dollar replaced the pound sterling, there was no one really going around trying to do it quickly. But now you have **major economies: Russia, China, Iran and others – very much want this to happen.** So, it will happen faster,’ [said Jim] Rogers ...”*

China establishes yuan-ruble payment system

Reuters¹³ - Oct 11, 2017

“It marks the first time a ... system has been established for trading the yuan and foreign currencies ...”

*“... plans to introduce ... systems for yuan transactions with other currencies based on China’s Belt and Road initiative, and complying with the process of **renminbi internationalization.**”*

*“Russia and Central Asia are considered top-priority oil and gas sources for **China, the world’s top energy consumer.**”*

Cryptocurrency companies forced to bank outside UK

Financial Times¹⁴ - Oct 22, 2017

“British banks are shunning companies that handle cryptocurrencies ...”

“... banks are keeping their distance, worried by the fact that cryptocurrencies are commonly used by criminals to trade illicit goods on the ‘dark web.’”

*“Jamie Dimon, chief executive of JPMorgan Chase, predicted earlier this month that **governments ... would ‘crush’ bitcoin** before long ...”*

¹² <https://www.rt.com/business/403465-dollar-end-china-crude-rogers/>

¹³ <https://www.reuters.com/article/us-china-yuan-rouble/china-establishes-yuan-ruble-payment-system-idUSKBN1CH0ML>

¹⁴ <https://www.ft.com/content/3853358e-b508-11e7-a398-73d59db9e399>

The Rise Of The Petroyuan

OilPrice.com¹⁵ - Oct 26, 2017

“China is aiming to overthrow the U.S. dollar as the currency of choice for the oil market, a move that could have far-reaching consequences.

An oil futures market based in yuan will stimulate demand for the Chinese currency, which China believes will lend it strategic clout. That money is also more likely to be recycled back into the Chinese economy.

*The U.S. has been able to run huge budget deficits, borrowing money at **extremely low rates** because of the demand for its currency. Petrodollars continuously flow back into the U.S. economy, **creating investment and economic growth that might not otherwise occur.***

*“Without some major countries participating, like, say, **Saudi Arabia** or **Russia**, it will be difficult to create a market that is deep and liquid enough to make a difference.”*

Vietnam bans Bitcoin as payment for anything

The Register¹⁶ - Oct 30, 2017

“... virtual currency ... is not lawful means of payment in Vietnam ...”

“Virtual currencies represent a threat to command economies that such regimes find hard to tolerate, as China's shuttering of Bitcoin exchanges and Russia's attempts to do likewise demonstrate.”

Jamie Dimon says he regrets calling bitcoin a fraud and believes in the technology behind it

CNBC¹⁷ - Jan 9, 2018

“‘The blockchain is real,’ Dimon tells Fox Business.

“... remains concerned about how ‘governments are going to feel about bitcoin when it gets really big.’”

¹⁵ <https://oilprice.com/Energy/Oil-Prices/The-Rise-Of-The-Petroyuan.html>

¹⁶ https://www.theregister.co.uk/2017/10/30/vietnam_bans_bitcoin_as_payment_for_anything/

¹⁷ <https://www.cnbc.com/2018/01/09/jamie-dimon-says-he-regrets-calling-bitcoin-a-fraud.html>

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Art Berman: Like it or Not, the Future Remains All About Oil

Peak Prosperity Podcast¹⁸ - Jan 23, 2018

Chris Martenson did a really interesting interview with oil expert, Art Berman.

A key point in Berman's comments is that while the United States oil production is strong today ... rivaling Saudi Arabia and Russia ... the U.S. is depleting existing oil reserves faster than they're developing new ones.

If this continues, Berman says the United States' strong oil production capacity could slow down far sooner than many think.

Meanwhile, because the United States believes it's less dependent on Saudi Arabia, they've left the door open for Russia to gain more influence.

Sure enough, a March 5, 2018 report from CNBC confirmed Russia and Saudi Arabia have made a deal (referenced later below) to align their oil interests.

Arizona Senate Votes to Accept Tax Payments in Bitcoin

Fortune¹⁹ - Feb 10, 2018

*"Accepting payment of income taxes in cryptocurrency has profound symbolic and practical significance. Historically, **the use of government-issued currencies for the payment of income tax has helped guarantee those currency's widespread adoption as a payments medium.**"*

Gold-backed cryptocurrency aims to entice investors back to precious metals

RT²⁰ - Jan 24, 2018

"Australia's biggest precious metal refinery, Perth Mint, is developing its own cryptocurrency backed by physical commodities like gold."

Bitcoin Ban Expands Across Credit Cards as Big U.S. Banks Recoil

Bloomberg²¹ - Feb 2, 2018

"JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc. said they're halting purchases of Bitcoin and other cryptocurrencies on their credit cards."

¹⁸ <https://www.peakprosperity.com/podcast/113680/art-berman-not-future-remains-all-about-oil>

¹⁹ <http://fortune.com/2018/02/10/arizona-bitcoin-taxes/>

²⁰ <https://www.rt.com/business/416859-gold-cryptocurrency-australia-mint/>

²¹ <https://www.bloomberg.com/news/articles/2018-02-02/bofa-to-decline-all-cryptocurrency-transactions-on-credit-cards>

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“JPMorgan, enacting the ban Saturday, doesn’t want the credit risk associated with the transactions ...”

“Banks also are required by regulators to monitor customer transactions for signs of money laundering -- which isn’t as easy once dollars are converted into digital coins.”

“Discover Chief Executive Officer David Nelms was dismissive of financing cryptocurrency transactions during an interview last month, noting that could change depending on customer demand. For now, “it’s crooks that are trying to get money out of China or wherever,” he said of those trying to use the currencies.”

Virgin Money joins ban on buying Bitcoin on credit cards

BBC²² - Feb 5

“Virgin Money has joined Lloyds Banking Group in banning customers from buying Bitcoin and other digital currencies with their credit cards.”

“Prime Minister Theresa May recently said that action against digital currencies may be required ‘because of the way they are used, particularly by criminals’.

“... intends to ... bring virtual currency platforms into anti-money laundering and counter-terrorist financing regulation.”

China Enlists Its 'Great Firewall' to Block Bitcoin Websites

Fortune²³ - Feb 5, 2018

“China will reportedly block anyone in the country from accessing websites that offer cryptocurrency trading services or initial coin offerings (ICOs).

“Advertisements relating to Bitcoin and other virtual currencies have also been scrubbed from search engines and social media in the country.”

CBA bans crypto buying on credit cards

Business Insider²⁴ -Feb 14, 2018

²² <http://www.bbc.com/news/business-42940728>

²³ <http://fortune.com/2018/02/05/bitcoin-china-website-ico-block-ban-firewall/>

²⁴ <https://www.businessinsider.com.au/cba-ban-credit-card-purchases-bitcoin-cryptocurrencies-2018-2>

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“The Commonwealth (CBA), Australia’s largest retail bank, has announced that it will no longer allow customers to use its credit cards to buy virtual currencies such as Bitcoin.”

Venezuela Is Jumping Into the Crypto Craze

Bloomberg²⁵ - Feb 20, 2018

*“Even for a government known for magical thinking, the idea was pretty rich: By starting **the world’s first sovereign cryptocurrency**, Venezuela could **overcome its dire economic problems**, from soaring inflation to cratering economic growth and perhaps the biggest drag of all, **a raft of U.S. sanctions** cutting it off from the global financial system.”*

Bank of America is worried about the threat of cryptocurrency to its business

CNBC²⁶ - Feb 23, 2018

“Cryptocurrencies pose a competitive threat to Bank of America's business, the company said in a regulatory filing ...”

“... banned its ... financial advisors from buying bitcoin-related investments for clients ... customers cannot use its credit cards to buy cryptocurrencies.”

The SEC filing also noted that digital currencies limit the bank's ability to track movement of funds and comply with laws such as anti-money laundering regulation.

32nd gold backed cryptocurrency also establish a private central bank on the Blockchain

The Daily Coin²⁷ - Feb 25, 2018

*“... take the Blockchain to new heights by creating not only **a gold backed currency** payment system, but also **a ‘private central bank’** for the purpose.”*

²⁵ <https://www.bloomberg.com/news/articles/2018-02-20/venezuela-is-jumping-into-the-crypto-craze>

²⁶ <https://www.cnbc.com/2018/02/23/bank-of-america-worried-about-threat-of-cryptocurrency-to-its-business.html>

²⁷ <https://thedailycoin.org/2018/02/25/32nd-gold-backed-cryptocurrency-also-establish-private-central-bank-blockchain/>

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“... where the attributes of money, gold, cryptocurrency, and a private central bank are all integrated under one roof, and where the model be utilizing the Blockchain platform to ensure security and transparency.”

Russia overtakes China in gold reserves race to end US dollar dominance

RT²⁸ - Feb 26, 2018

*“Over the last 15 years, Moscow and Beijing have been aggressively accumulating gold reserves to **cut their dependence on the US dollar.**”*

“... more than doubled the pace of its gold purchases ... Russian gold hoard has increased by more than 500 percent since 2000.”

*“**Reserve diversification** is one of the primary reasons Russia buys gold, according to the CBR.”*

JPMorgan Chase Admits Cryptocurrency Is a 'Risk' to its Business for the First Time

Fortune²⁹ - Feb 27, 2018

*“...the big bank is now **taking cryptocurrency very seriously—**acknowledging the blockchain-based technology as **a veritable threat to its future.**”*

*“... recognizing the digital currencies as new forms of competition that could, **quite literally, give the bank a run for its money.**”*

Big Business Giants From Microsoft to J.P. Morgan Are Getting Behind Ethereum

Fortune³⁰ - Feb 28, 2017

*“Thirty big banks, tech giants, and other organizations—**including J.P. Morgan Chase, Microsoft, and Intel**—are uniting to build business-ready versions of the software behind Ethereum, a decentralized computing network based on digital currency.”*

“J.P. Morgan is responsible for developing the basis of the blockchain tech for the alliance.”

²⁸ <https://www.rt.com/business/419820-russia-outpaces-china-gold/>

²⁹ <http://fortune.com/2018/02/27/cryptocurrency-jp-morgan-risk/>

³⁰ <http://fortune.com/2017/02/28/ethereum-jpmorgan-microsoft-alliance/>

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Saudi-Russia oil deal leads to bigger Russia role in Middle East

CNBC³¹ - Mar 5, 2018

*"The agreement between Saudi Arabia and Russia to cut back on oil production has **boosted oil prices** and is now the **foundation for a broader relationship**."*

*"The partnership with OPEC, led by Saudi Arabia, allows Russia to strengthen its hand in the Middle East at the same time **the U.S. role has been diminished...**"*

Offshore holdings of China gov't bonds rise in February for 12th straight month

Reuters³² - Mar 7, 2018

"Offshore holdings of Chinese treasury bonds grew 5.8 percent in December and 10 percent in January."

*Offshore investors now account for 5.7 percent of total holdings of Chinese government bonds, the **highest-ever** proportion."*

*Offshore investors have increased their holdings of Chinese bonds amid **expectations of yuan appreciation** and relatively high yields."*

China's yuan has gained around 2.8 percent versus the U.S. dollar so far this year, adding to a 6.8 percent rise in 2017."

Dollar Decline Rekindles Reserve Currency Worries

Reuters³³ - Mar 7, 2018

"The U.S. dollar's nosedive over the last year - only exacerbated by the recent threat of trade wars - is rekindling concerns that the greenback's standing as

³¹ <https://www.cnbc.com/2018/03/05/saudi-russia-oil-deal-leads-to-bigger-russia-role-in-middle-east.html>

³² <https://www.reuters.com/article/china-bonds-offshore/offshore-holdings-of-china-govt-bonds-rise-in-february-for-12th-straight-month-idUSL5N1QP08M>

³³ <https://money.usnews.com/investing/news/articles/2018-03-07/dollar-decline-rekindles-reserve-currency-worries>

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*the premier global reserve currency is at risk, but data compiled by Reuters suggests **such fears are overblown.***

“... would take years to materialize given its commanding share of global reserves and a relative paucity [scarcity] of alternatives.”

“There are warning signs: China and Japan, the two largest U.S. creditors, have cooled on owning U.S. government bonds.”

Bond Traders Haven't Been So Leery of U.S. Auctions Since the Crisis

Bloomberg³⁴ - Mar 11, 2018

“... over the past two years, the drop-off has been unmistakable ... demand for 10-year notes has fallen to the lowest since October 2009.”

Rates on US Treasury bills rise at weekly auction

ABC News³⁵ - Mar 12, 2018

“Interest rates on short-term Treasury bills rose in Monday's auction to their highest levels since the fall of 2008.”

Another Oil-Backed Cryptocurrency Launches

OilPrice.com³⁶ - Mar 12, 2018

*“... launched a **cryptocurrency backed by oil and gas reserves** in what it says is the ‘world's first globally compliant’ oil-backed digital currency.”*

Google will ban all cryptocurrency-related advertising

CNBC³⁷ Mar 14, 2018

“... ban any advertising about cryptocurrency-related content, including initial coin offerings (ICOs), wallets, and trading advice ...”

³⁴ <https://www.bloomberg.com/news/articles/2018-03-11/bond-traders-haven-t-been-so-leery-of-u-s-auctions-since-crisis>

³⁵ <http://abcnews.go.com/amp/Business/wireStory/rates-us-treasury-bills-rise-weekly-auction-53695043>

³⁶ <https://oilprice.com/Energy/Energy-General/Another-Oil-Backed-Cryptocurrency-Launches.html>

³⁷ <https://www.cnbc.com/2018/03/13/google-bans-crypto-ads.html>

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“Google's hard-line approach follows a similar ban that Facebook announced earlier this year.”

President Trump bans deals in Venezuela's crypto-currency

BBC³⁸ Mar 20, 2018

“President Donald Trump has signed an executive order barring US companies and citizens from dealing in Venezuela's crypto-currency, the Petro.

“Mr. Trump said the currency - which was launched in February - represented an ‘attempt to circumvent US sanctions’.”

Death of US dollar? China launches petro-yuan to challenge greenback's dominance

RT³⁹ - Mar 26, 2018

“the petro-yuan launch is seen as a blow to the US dollar that has been weakening in recent months ...”

“The greenback will get weaker, as soon as other nations have a real credible alternative to it, [says] Ann Lee, Adjunct Professor of Economics and Finance at New York University and author of the book ‘What the US Can Learn From China’”

*“It is more of **a game changer for the US**. ... other nations ... can dump dollars and switch to the yuan which **can spark a dollar crisis**. If that happens, not only will there be inflation from the tariffs, but also from the flood of dollars,” said Lee.”*

Steel and Aluminum? Let's Talk About Gold

Wall Street Journal⁴⁰ - Mar 25, 2018

This op-ed by a U.S. congressman calls for a return to gold-backed currency ...

“... take control of the money supply away from the Fed and give it back to the American people—in other words, to return to the gold standard.”

³⁸ <http://www.bbc.com/news/world-us-canada-43466465>

³⁹ <https://www.rt.com/business/422314-petro-yuan-futures-dollar-death/>

⁴⁰ <https://www.wsj.com/articles/steel-and-aluminum-lets-talk-about-gold-1522005011>

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“... introduced a bill that would return the dollar to the gold standard.”

Twitter to ban cryptocurrency ads from Tuesday as online crackdown widens

Reuters⁴¹ - Mar 26, 2018

“Twitter will start banning cryptocurrency advertising ... joining Facebook and Google ...”

“... also ban ads by cryptocurrency exchanges and cryptocurrency wallet services, unless they are public companies listed on certain major stock markets.”

China oil futures launch may threaten primacy of U.S. dollar: UBS

Reuters⁴² - Mar 26, 2018

*“China’s launch ... of its crude futures exchange... could **threaten the international primacy of the dollar** ...”*

*“Hayden Briscoe, APAC head of fixed income at UBS Asset Management ... ‘This is the **single biggest change in capital markets, maybe of all time** ...’”*

“... Asia’s largest refiner ... has inked a deal ... to buy Middle East crude priced against the newly-launched Shanghai crude futures contract.”

*“This helps cement the exchange’s viability and **challenges the petro-dollar** system, in which oil deals are executed in dollars. This would **decrease demand for the greenback and boost U.S. inflation.**”*

While you can (and should) come to your own conclusions about what these various events might mean for the future of YOUR money and wealth, we trust we’ve stimulated your interest.

When you consider the amount of time, effort, and energy you put into earning, saving, managing, and investing money ... isn’t it worth the extra effort of studying its future ... and its effect on yours?

⁴¹ <https://www.reuters.com/article/us-crypto-currencies-twitter/twitter-to-ban-cryptocurrency-ads-from-tuesday-as-online-crackdown-widens-idUSKBN1H222H>

⁴² <https://www.reuters.com/article/us-china-oil-futures-dollar/china-oil-futures-launch-may-threaten-primacy-of-u-s-dollar-ubs-idUSKBN1H227E>

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Lastly, we encourage you to invite others to study and discuss these critical issues ... mastermind about strategies and solutions ... and be proactive about taking practical steps to prepare yourself for a variety of outcomes.

It's always good to have a plan B.

Meanwhile, stay tuned to *The Real Estate Guys*TM Radio Show for ideas, information, perspectives and resources about real estate and real asset investing.

To your informed, prepared, and prosperous future!

Russell Gray

Co-Host

*The Real Estate Guys*TM Radio Show

P.S. For information about viewing all twenty video recordings of *The Future of Money and Wealth Conference* featuring Robert Kiyosaki, Peter Schiff, Simon Black, G. Edward Griffin, Chris Martenson, and MANY others, [click here now](#).