Currency Crisis

This message is as short as we can make it, so for those wanting a short version all we can say is that this isn't the time for short measures, and you do need to understand fully what is transpiring, because you won't get any information from the news outlets, until it's happened of course.

The first thing you need to know is **this isn't a stock market crisis**; **this is a currency crisis** and therefore a **banking crisis**. UK Government Gilts have fallen 30% for 10 years bonds and will lose further value as interest rates rise and inflation keeps on going up.

We informed all our clients nearly two years ago that the country was entering **hyperinflation** due to a collapse in the fiat monetary system.

Over a year ago we informed our clients that **inflation would cause energy and food shortages** and to consider storing a months' worth of food with some heating and lighting.   Now bakeries are closing and green houses, because energy costs are too high, food inflation has exploded, and this is a global problem.

We sent out a message over a year ago about the **Bank of England bail in white paper**, to be implemented by 2022 at the latest, this is now in action with banks sending out new terms of conditions covering restrictions on withdrawals, charges and giving the banks permission to take your money to bail them in the event of banking crisis. **We would recommend you check your terms and conditions for your bank – personal and business.**

We informed our clients that **Silver and Gold were always sound money**, a term derived from the high-pitched ping created when the coins were knocked together; you can get an app for your phone that will listen for that tone and inform you if you have real Silver or Gold. A lot of our clients have diversified their portfolios with mining stock and/or physical metals; we expect these clients to reap the benefits when the banks look to cover losses.

So, how on Earth did Lazenby's see so far in advance? Easy, we don't watch the news. Instead, we listen out to what is happening in different markets across the world, such as the collapse last year of China's property market, and the fact the BRICS nations (Brazil, Russia, India, China and South Africa) are leaving the Western Central Banking system for good this year. BRICS members are known for their significant influence on world affairs and formed in 2009. Taking notice of real occurrences, rather than the current news narrative has ensured we understand the risks and are able to inform our clients well in advance. I would advise you all to ignore your traditional outlets, and look to small independent journalists, they are the journalists of old, they report events that are important. Look at the news on each channel and paper, it's all the same stories, isn't it?

The question nobody is asking on tv, is **why are all the Western currencies tanking?** The **Russian Ruble is 40% up since February, they have lowered interest rates and prices have fallen**. However, all you hear is about a war in Ukraine.

In 2008 we saved the banks with our taxpayer's money, we didn't let them fail because depositor money would have been lost, and that's because the FSCS (Financial Services Compensation Scheme) has less than £1 Billion to cover all our deposits, it worked with a small Icelandic bank, but not for one of the big 6. **The Government then proceeded to print money, calling it QE, or Quantitative easing**. If either of us made money from nothing we would never get out of prison, but the Central banks and our governments did and that has destroyed the savings you have by creating more and more money from nothing. Every time the government borrows more money, it's created backed by our good will and taxes; it came from nobody's vault, it came from a computer at the Bank of England.

The banks way of thanking us was to pay themselves huge bonuses with our money and have a good laugh, protected by the government and able to make all the same mistakes over again. Here we are, trying to blame Coronavirus and Russia for inflation, when inflation can only be created by governments printing new money, as per the world-renowned economist, Milton Friedman. This is the governments doing, over many years, and they're working overtime to deflect attention and blame on everything under the sun.

Five simple truths embody most of what we know about inflation: Inflation is a monetary phenomenon arising from a more rapid increase in the quantity of money than in output (though, of course, the reasons for the increase in money may be various). In today's world government determines - or can determine - the quantity of money. There is only one cure for inflation: a slower rate of increase in the quantity of money. It takes time - measured in years, not months - for inflation to develop; it takes time for inflation to be cured. Unpleasant side effects of the cure are unavoidable. — **Milton Friedman**

No central banker would disagree with the proposition that inflation is primarily a monetary phenomenon. Not one of them will disagree that every inflation has been accompanied by a rapid increase in the quantity of money and every deflation by a decline in the quantity of money.
— **Milton Friedman**

So, what exactly is happening, and what should we do about it?

First instinct for inexperienced investors will be to sell and take the loss. There are obvious problems with this, least of all the potential for either taxation or creating a real loss from a paper loss.

You must understand that banks at the moment are in a worse situation than in 2008, the difference is Robert Peston hasn't told you about the bank run, like he did with Northern Rock. There is no bank bail out this time, we just don't have the capacity with over £2 Trillion in debt. That's why they are looking to **bail in banks with your money**, as we warned our clients last year, **so banks are not a safe**

haven for your cash as they have been in the past. The cost to insure against other banks' lending money to the bank Credit Suisse, is now greater than it was in 2008, that's a fair warning. All fixed rate products have been pulled in the UK and The Chase Manhattan Bank in America has announced it's closing its $5 Billion credit card business with immediate effect. They're running out of liquidity.

First, we must state, **we do not know which of our banks in the UK is stronger than the other**, or who has the worst balance sheet. I do know that they're better prepared than their European counterparts, so that's something. So, we can't tell you which institution would be the best place, or if it's safe. You could check their terms and conditions regarding withdrawals, as they have been updated, we think that's the best guide at the moment.

So, what's the fix? There is no stock market crash, this is a crash in the value of currency and since the stock markets based on the fiat currency that's creating huge inflation, its reaction is understandable; they just don't know what the future holds with ever increasing interest rates and inflation that can't be controlled by higher interest rates. The higher rates create a depression in the markets, and that's showing in the forward valuations, although profits are currently holding up and unemployment is still very low indeed.

If you recall, when Coronavirus hit, we informed our clients that this was a singular issue and not a trend, and markets would recover, and they did. This is the same in the context that this is a currency issue that cannot be solved with higher rates because they just keep increasing the borrowing, further adding more notes to the system, and losing you more purchasing power.

The BRICS nations are solving this, and they are forcing the hand of the West to follow them. This explains a great deal of the tension in the world at the moment, as they have now introduced Argentina, Iran and soon Saudi Arabia to the basket of currencies. This will be backed by precious metals and possibly oil and gas, not the taxpayer. This starts in October with a new precious metal exchange in the East which will end the dominance of London and New York for metal trading and cause serious issues with the derivative markets there; they will only trade in the physical metal, not paper. If we do not follow them and back our money with Gold or Silver, and not the taxpayer, then we will no longer be able to trade with the part of the world we get most of our materials and a large portion of our food from.

So, Lazenby's expects the credit crunch to come in to the open in October or November 2022, and **access to cash will likely be difficult** as it was in 2008. The difference this time is the **banks will be allowed to fail and also allowed to access deposit money**, just as they did in Cyprus in 2013. This time there is a solution that doesn't involve us, they have all bought vast quantities of gold due to Basel 3 rules. If they go back to the gold standard, they left in 1971 it would make it expensive to borrow money, impossible to offer credit cards to the masses, but it would kill inflation cold. There is no other thing they can now do, other than to bring confidence to the system by going back to sound money. Once markets can see that the currency is stable, investments will rebound because they can predict future profits.

The housing market in the UK and the USA will revalue back to 3 times income, and you will only be able to get a mortgage from a building society, and it won't be cheap. This will stabilize our economies and force them off the property binge and to focus effort and resource to other areas. This is a great thing for your kids and grandkids.

So, panic won't help in any way. This isn't anything you have done wrong, it's nothing the people managing your money have done wrong, it's simply the government printing press went wild. This can only be solved by a change in currency and the sooner the better. There is no such thing at the moment as risk free. Currently our client's OWN assets in profitable companies, they cannot take this off them. The value of these assets is based on many factors, but at the moment its inflation caused by too much currency. Our clients are very well diversified, and yes, we have no doubt that investments will fall further. **To move from a real asset to a bank account moves the risk of price volatility to hoping the bank has sufficient liquidity to manage on its own two feet.** This like all crises will pass, this isn't 1929 again because this is a different situation and time. This is caused by government and only they can fix it, and they have very little time left.

A last thing to consider, the government are full of millionaires, they have just lowered taxes. They want growth and that's the right way to go about it, more money for us in our pockets, not theirs. Do you think that these rich people will allow the BRICS countries to make them the new Africa? They have no choice but to follow suit, and little time to do it.

This is a lot to take in, if you have concerns, please don't hesitate to give us a call at Lazenby's Financial Services, things will become more concerning before this currency crisis is averted, but it always takes time for vested interests to give way to survival. Our contact details are on our website: www.lazenbysfs.co.uk