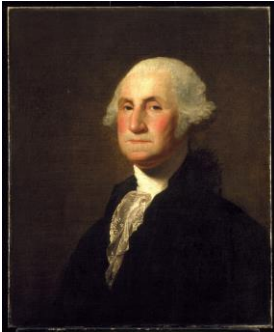


Alps Precious Metals Group

Monthly Commentary and Update

March 2019

It doesn't matter 'til it matters



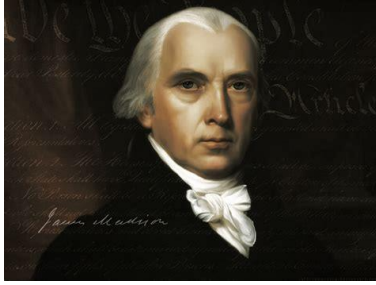
As a very important source of strength and security, cherish public credit...avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts, which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden, which we ourselves ought to bear.

George Washington



"I sincerely believe that banking establishments are more dangerous than standing armies, and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale."

Thomas Jefferson



I go on the principle that a public debt is a public curse and in a republican government more than in any other.

James Madison

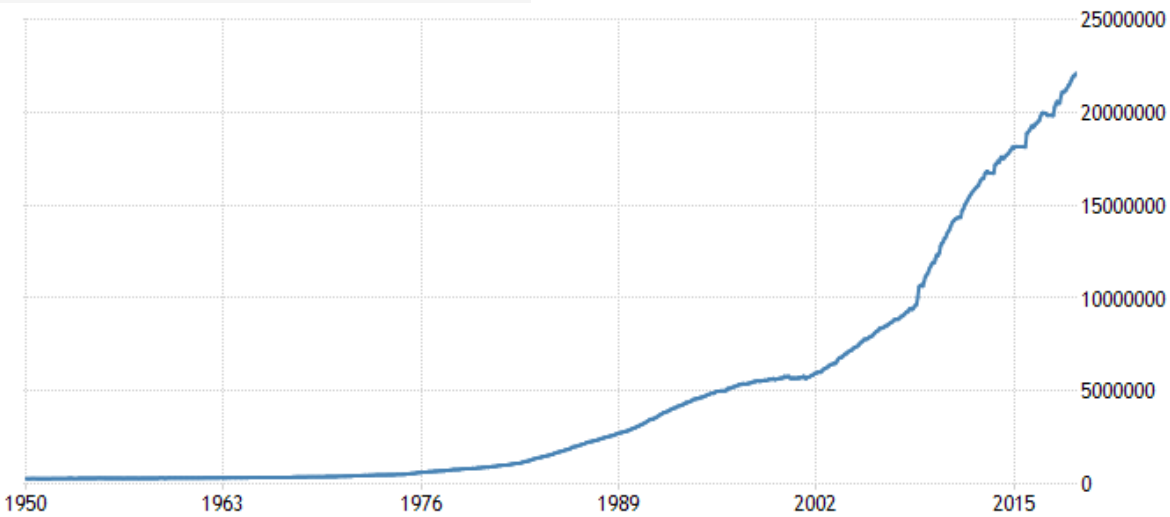


In the distance, I see a frightful storm brewing in the form of un-tethered government debt. I choose the words -“frightful storm” - deliberately to avoid hyperbole. Unless we take steps to deal with it, the long-term fiscal situation of the federal government will be unimaginably more devastating to our economic prosperity than the subprime debacle and the recent debauching of credit markets that we are working right now so hard to correct.

Richard W. Fisher, President of the Dallas Federal Reserve Bank, 2005-2015

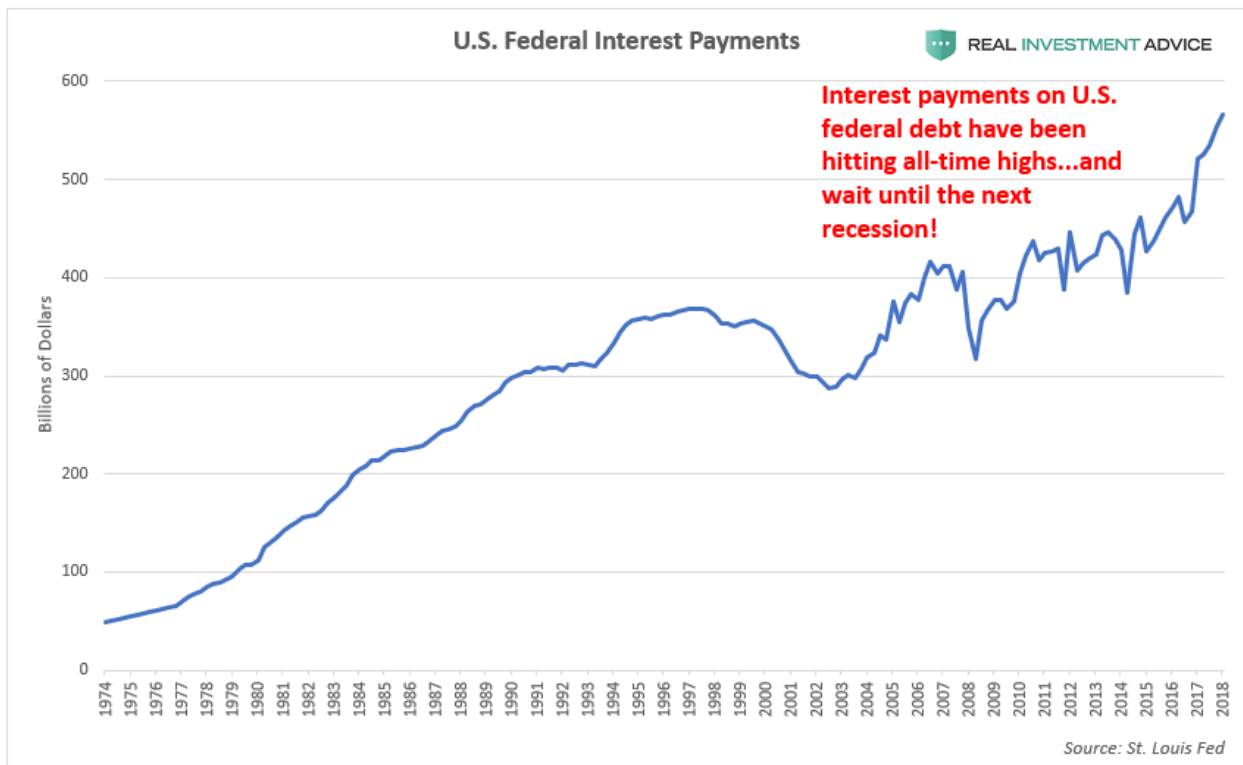
Since the inception of these monthly reports, we have spilled a great deal of ink detailing what we see to be a monstrous fraud, otherwise known as global financial markets. Our contention remains that the longer this Central Bank concoction continues, the worse the ultimate resolution will be. One trigger that is certainly a candidate to ignite the maelstrom is the trajectory of the National Debt – an issue whose worsening into a behemoth ripe for catastrophe can be directly and solely laid at the feet of the Federal Reserve and its global Central Bank henchmen. The blame is theirs due to their mad experiment in suppressing interest rates, which emboldened mindless politicians to go hog wild in expanding debt. These “honorable” persons in Congress were utterly hypnotized by the supposed spendthrift benefits that could be enjoyed from phony interest rates birthed from infinite money printing. The following charts tell the ugly story:

United States Government Debt



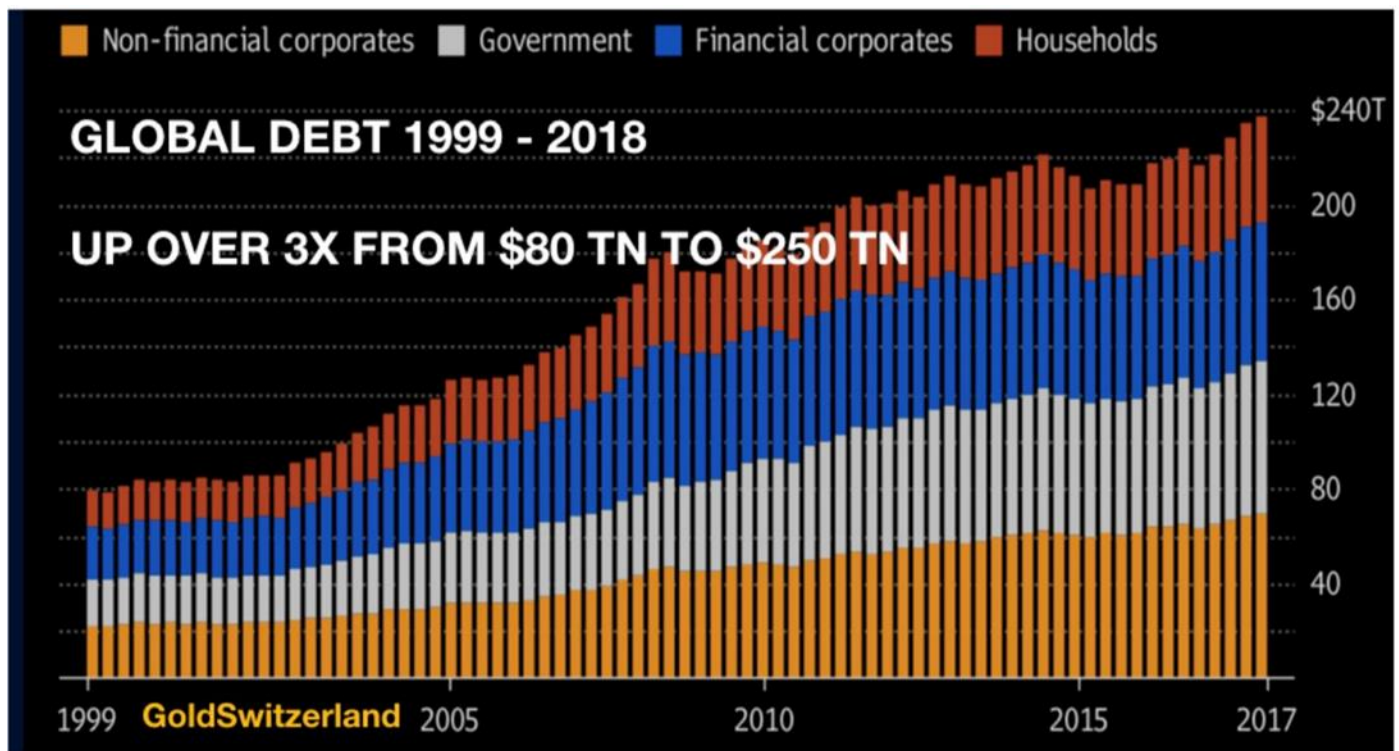
SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF THE TREASURY

And how about the yearly servicing requirement for that “All-Time High” in Debt?:



So we now have Debt greater than our GDP, with interest payments which account for over 10% of the annual budget. This should be fun when the Central Banks lose control of the bond market.

And how's the world looking in terms of debt after 10 years of this stupor of Central Banker/Planner hubris?:



Source: <https://www.ft.com/content/54f514da-3aba-11e9-b856-5404d3811663>

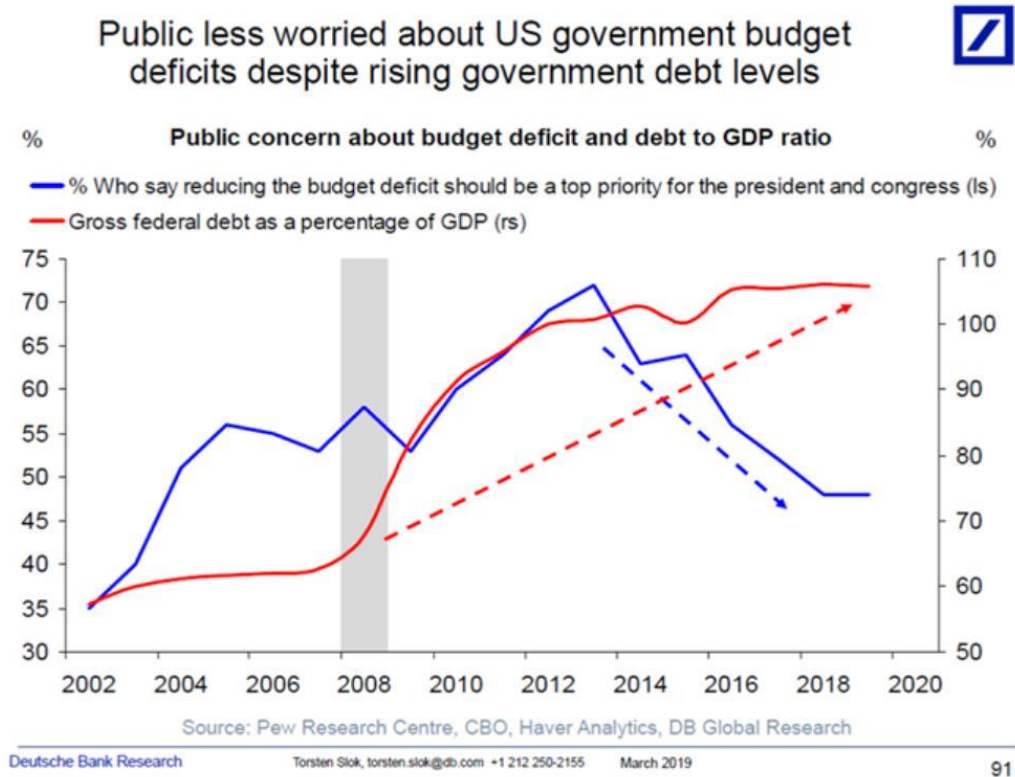
“Saturnalia of Debt” seems an apt term to describe what these graphs depict; a carnival run by the self-appointed Lords of Misrule, otherwise known as Greenspan/Bernanke/Yellen/Powell and their buddies around the world.

The quotes to begin this month’s edition detail the opinions on debt held by some of the wisest men who were instrumental in forming the United States. The unified message they send is crystal clear: Government Debt is poison to the stability of a country and her future generations, especially a country which was constructed to be a Republic.

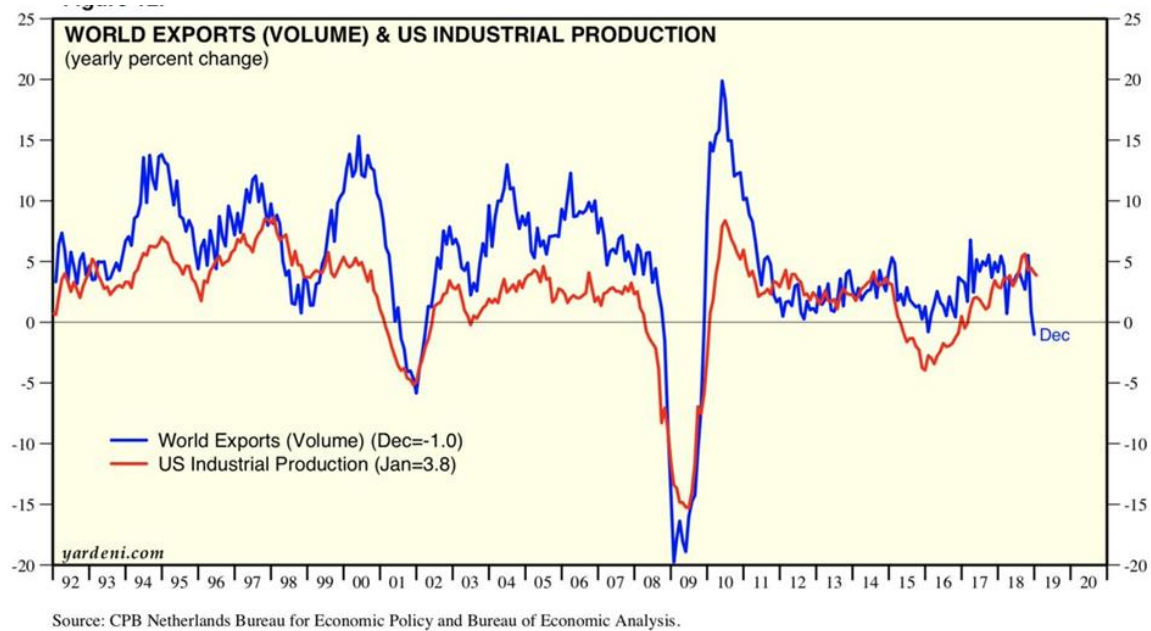
We also included a quote from former Fed Governor Richard Fisher. We leave the reader to decide what to make of a man who made several statements such as the one we cited and then voted right along with nearly every single one of the money printing proposals. Nonetheless, this excerpt from his quote is striking – **“...the long-term fiscal situation of the federal government will be unimaginably more devastating to our economic prosperity than the subprime debacle and the recent debauching of credit markets...”**.

Are signs emerging of this “unimaginably more devastating”, yet still offshore tsunami? Perhaps:

First, modern complacency and inattentiveness to the wisdom of the ages is simply astounding:



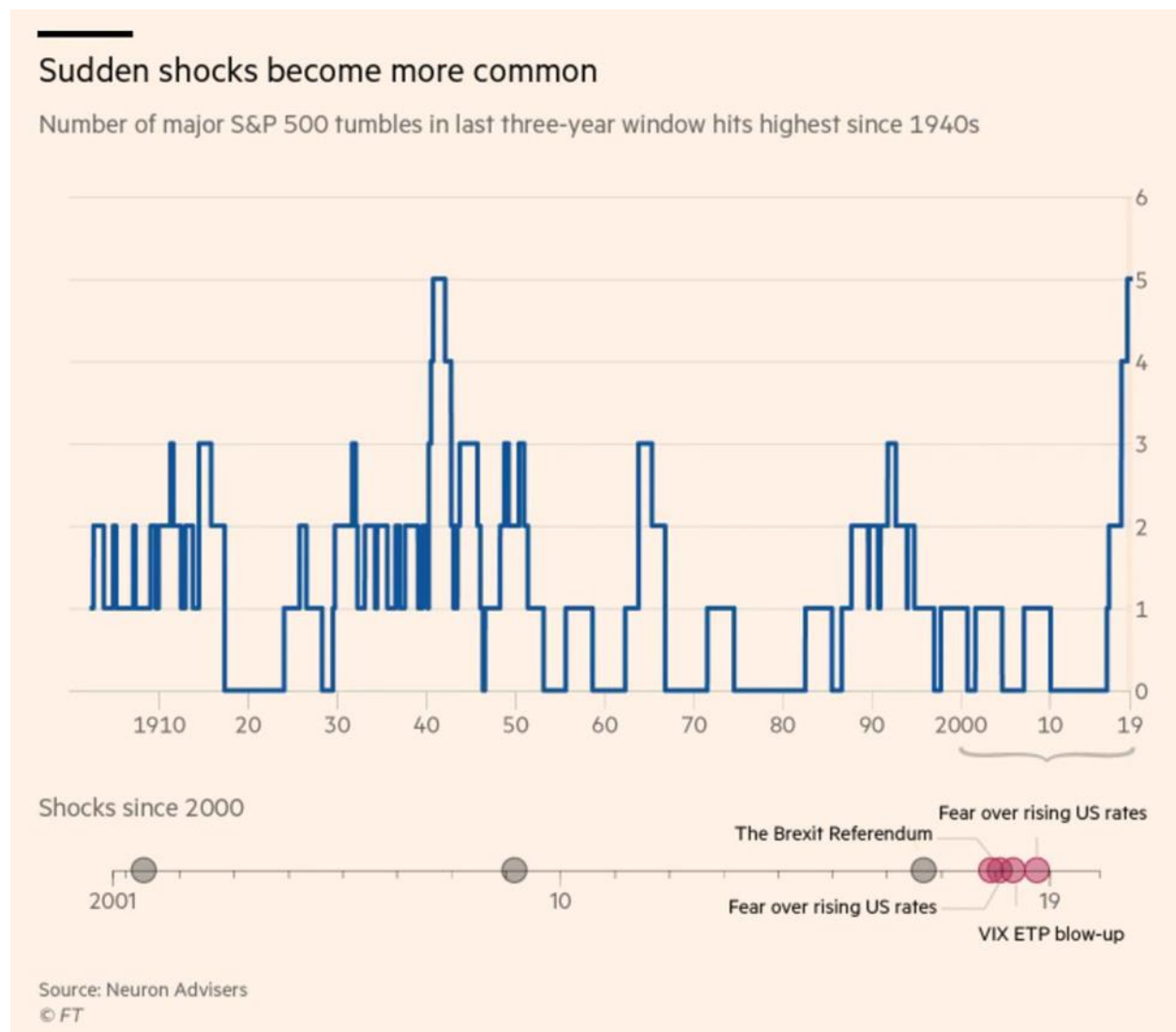
While Global Exports are below the “Critical Line” implying a likely recession:



With equity prices having roared back from the lows of late December, many are the arguments that there is nothing to fear for markets. Yet, consider this fascinating research cited by the FT. Irrespective of the “Happy Days are Here Again” attitude of many market participants, beneath the surface is an extremely volatile reality:

“...Robert Hillman of Neuron Advisers, calculates that between 1960 and 2015 there were 14 significant shocks, which he defines as one-day returns being five standard deviations away from the daily average return of the preceding 33 days. So if the stock market has fluctuated 1 per cent a day in the preceding month, a 5 per cent move would classify as a five “sigma”, or deviation, event...”

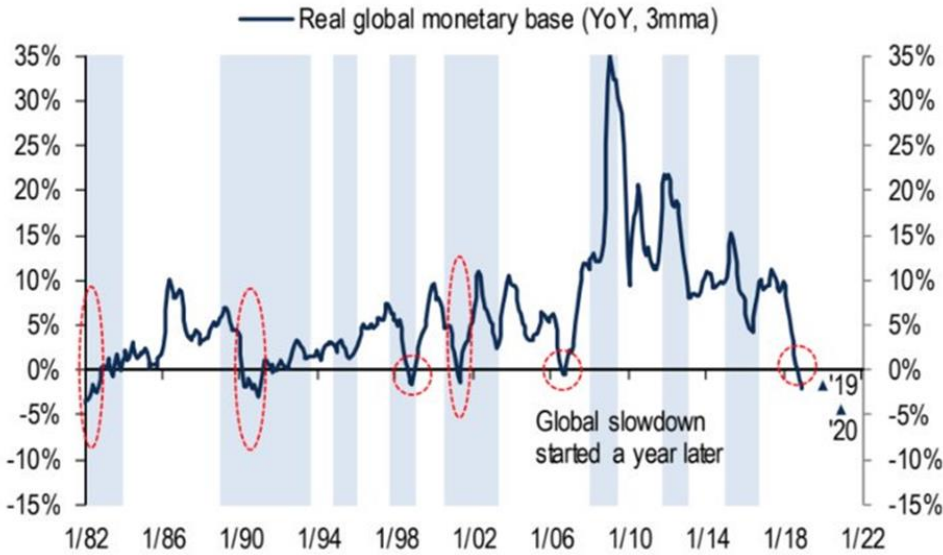
When have the greatest number of these shocks occurred in a 3-year window? During World War 2 and the last three years! Pre-tremors, anyone?:



Source: <https://www.ft.com/content/54f514da-3aba-11e9-b856-5404d3811663>

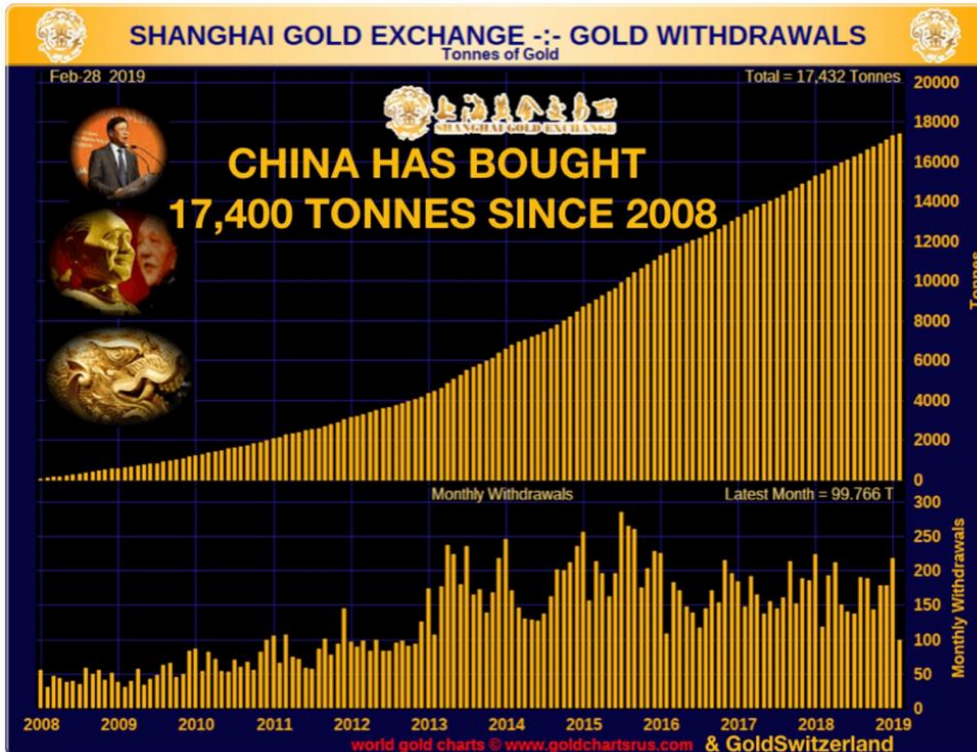
And what's that we hear? The whirrrrrrr of the Money Printing Machines warming up given what has befallen the Real Global Monetary Base:

Figure 3: Real Global Monetary base shrunk 2.2% YoY in 2018, and projected to contract 1.6% YoY in 2019. A threat to risk assets.



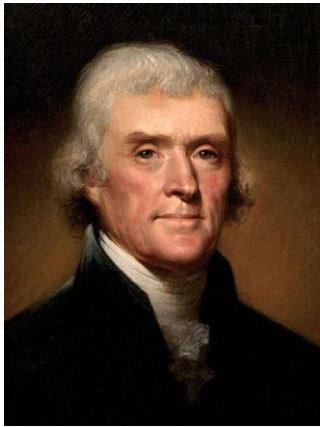
Source: BofA Merrill Lynch Global Research, IMF, Datastream, OECD, Haver
 Note: Global monetary base is calculated as the sum of the monetary bases of individual countries adjusted for exchange rates with respect to Special Drawing Rights. Shaded regions denote OECD-defined global slowdowns.

Meanwhile, what are the Chinese doing in the midst of all this? Buying Physical Gold:



When this grand experiment of the Central Planners/Bankers explodes in the “Lab” known as the modern economy, complete with contaminated water on the floor and toxic smoke filling the air, few will be the places to turn. We believe that one of the only safe ports in the storm will be owning Physical Gold and Silver as they will be assets void of any Central Bank/Government connection or mischief – and, as a result of those timeless qualities, Precious Metals will be in far greater demand.

We conclude with one more prescient quote from the author of the Declaration of Independence. Let us hope that what concerned him as the natural consequences of runaway, perpetual debt, do not come to pass. If they do, owning hard money will prove to be an invaluable portfolio component.



“And to preserve their independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude. If we run into such debts, as that we must be taxed in our meat and in our drink, in our necessaries and our comforts, in our labors and our amusements, for our callings and our creeds, as the people of England are, our people, like them, must come to labor sixteen hours in the twenty-four, give the earnings of fifteen of these to the government for their debts and daily expenses; and the sixteenth being insufficient to afford us bread, we must live, as they now do, on oatmeal and potatoes; have no time to think, no means of calling the mis-managers to account; but be glad to obtain subsistence by hiring ourselves to rivet their chains on the necks of our fellow-sufferers.”

Thomas Jefferson

Alps and Liechtenstein Precious Metals

Alps Precious Metals Group via our partnership with Liechtenstein Precious Metals Group is dedicated to providing the global standard for the finest and most secure storage and trading of Physical Precious Metals. Our Vault is constructed to the highest security standard in the world ("Class 10") and, via our relationship with Lloyd's of London, insures each client's specie at 100% of its market value. Our trading desk provides liquidity on each and every business day with as little as next day settlement. All of these benefits are enjoyed while simultaneously being freed from the status quo global financial system. Contact us (www.alpspmg.com) to discuss how APM/LPM can become a trusted partner in the creation, protection and utilization of the hard money portion of your portfolio.

James P. Hunter
Managing Partner
Alps Precious Metals Group