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Advanced Technical Analysis



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Macro-Technical Analysis



Technical Analysis
Market Road Maps | HPTZ
Methodology



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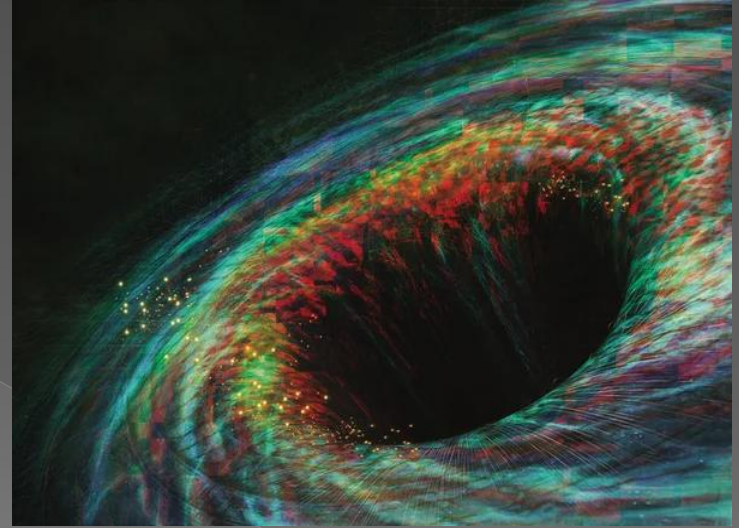
THE US INFLATIONARY - STAGFLATIONARY BLACK HOLE

THE TIME VALUE OF THE
USAGE OF MONEY



AGENDA

- A FIAT CURRENCY'S ACHILLES HEEL
- THE 2% INFLATION TAX
- AN INEVITABLE TIPPING POINT
 - SOON TO BE 3%
- THE TIME VALUE OF USAGE OF MONEY
 - CPI IS A MEASURE OF INFLATION
 - INFLATION IS LOST PURCHASING POWER
- CAPTURING THE STEALTH 'SLIGHT OF HAND'
 - THE INFLATION BLACK HOLE
- CONSEQUENCES
 - STAGNATION, STAGFLATION & DEBT CRISIS
- CONCLUSION
 - FIAT CURRENCY DEMAND MUST BE REDUCED
 - DEBT CRISIS, FIAT FAILURE & RETURN TO SOUND MONEY



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Fiat Money

Money that the government guarantees as legal tender.

Fiat money derives its value from government regulation or law.

Fiat Money



It has no intrinsic worth. What it's printed on is worthless.

Commodity Money



Austrian Gold Corona

The money is made of a commodity, such as gold.

A FIAT CURRENCY

To understand modern inflation is to first understand the Fiat Currency it is measured against.

That is because inflation is the lost purchasing power of that currency.

A Fiat Currency is inherently inflationary, gradually losing its purchasing power over time

1. Fiat Currencies cause economic instability by perpetuating cycles of boom and bust that disrupt market equilibrium and create societal inequalities.
2. Fiat Currencies drive excessive indebtedness within economies and fuel the unchecked expansion of the state, often at the expense of citizens' and companies' freedoms.
3. Fiat Currency is dishonest money, and engaging with fiat money, daily erodes the morals and values of the people involved in its circulation.
4. Fiat Currencies foster "collective corruption," wherein many people become proverbially ensnared by the structures that fiat currencies establish. This fosters dependency and entrenches its influence.

5. Fiat Currencies act as catalysts for the expansion of the state, making it bigger and more powerful. Companies receive new orders from the state, prompting adjustments in production and employment to meet artificial demand.

- Users of Fiat Currencies keep their life savings in fiat money.
- Users invest, directly or indirectly, in government bonds and bank debentures and maintain time and savings deposits.
- Gradually the users become profoundly reliant on the perpetuation of the fiat money system, consenting to nearly any measure proposed by the state (and the special interest groups taking advantage of it) to keep the fiat money system going.

THE ACHILLES HEEL

6. Fiat Currencies have a ***crucial vulnerability which lies in its dependence on the demand for the currency.*** Essentially, it reflects users' desire to hold the currency, influenced by a multitude of factors.

*States and their central banks seek to handle the Fiat currency system in their favor. **Their primary strategy involves creating illusions and deceiving the populace to maintain control and influence.***

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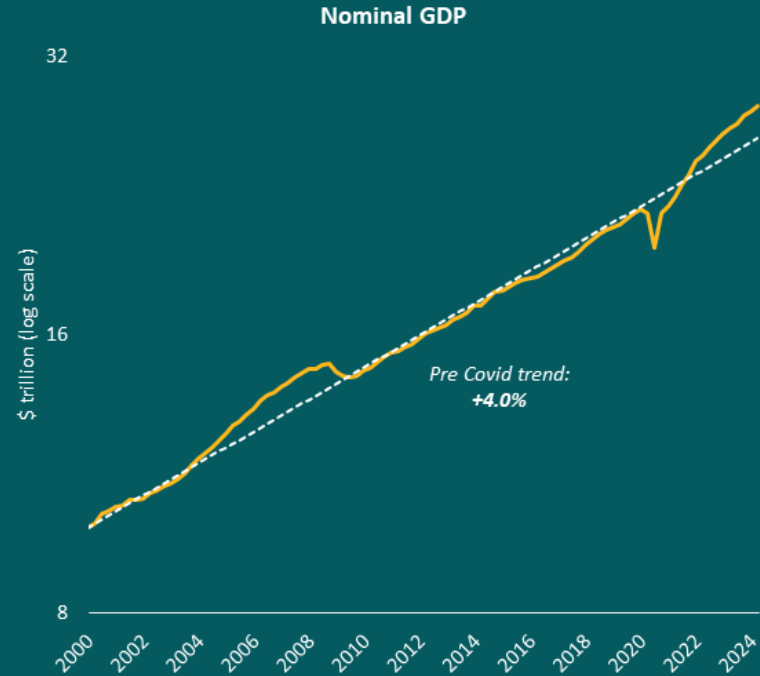
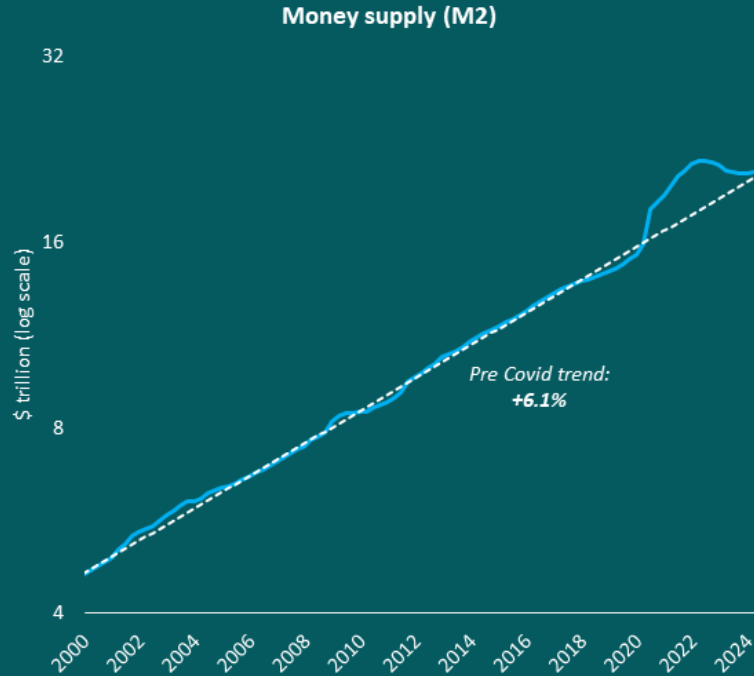


What Is Inflation Targeting?



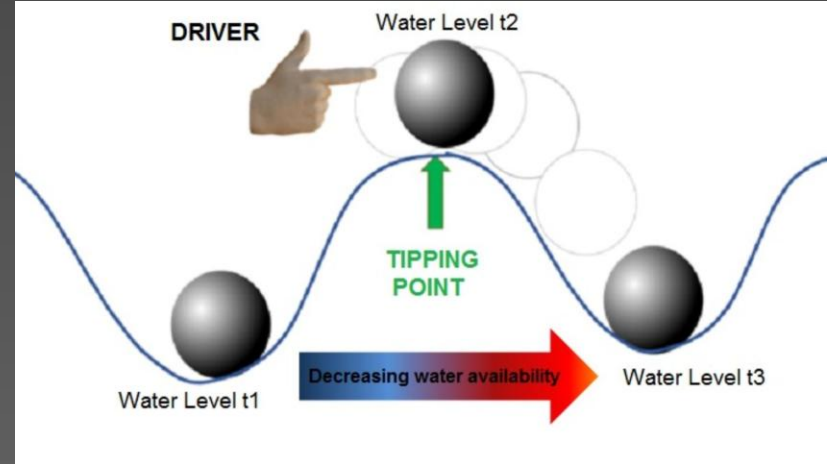
US Money Supply vs Nominal GDP

Pre-Covid, a 6% growth in money supply was consistent with 4% nominal growth

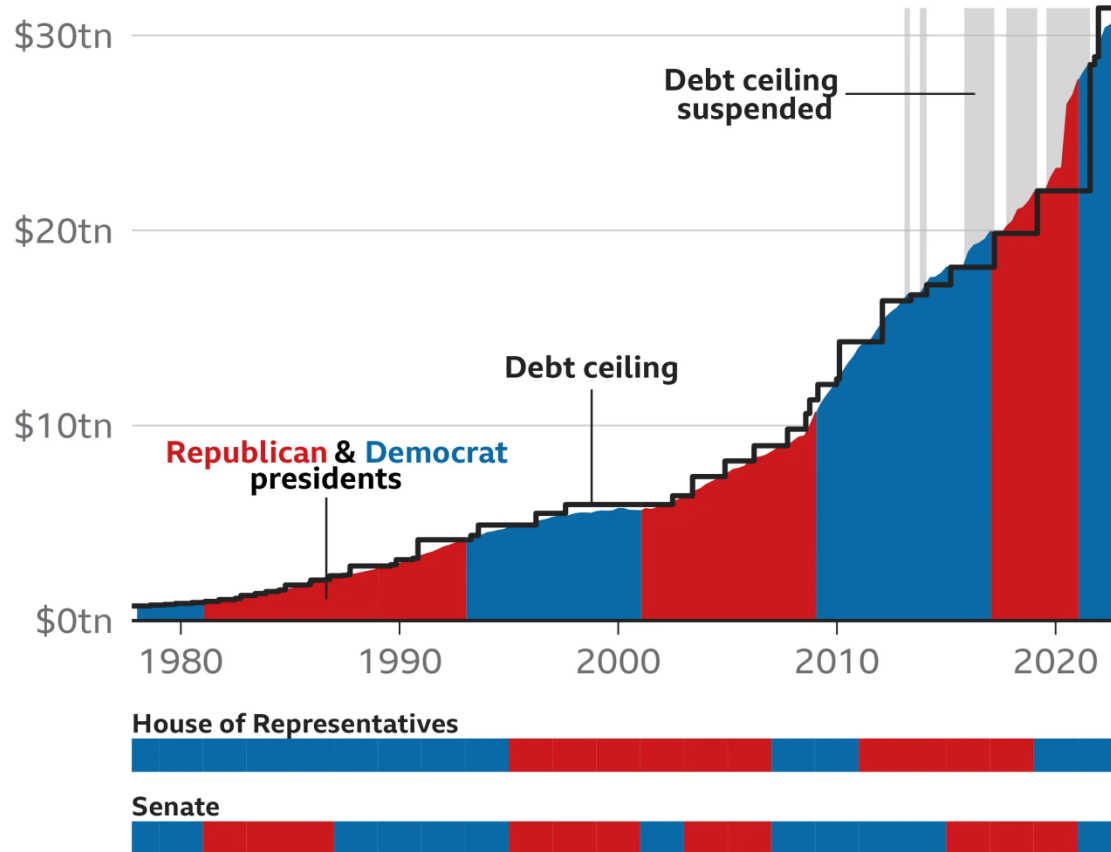


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US debt has risen regardless of administration

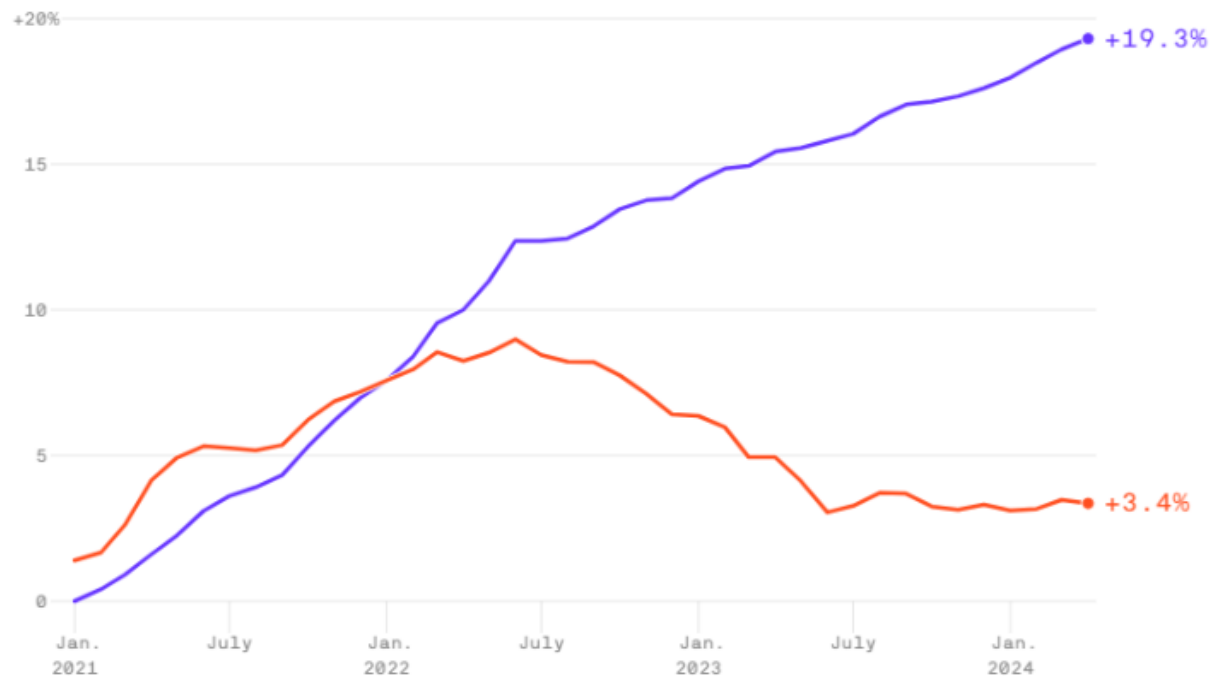


Sources: National Archives, Federal Reserve Economic Data, BBC research

Change in Consumer Price Index

Monthly; January 2021 to April 2024

— Cumulative change since Biden's inauguration — Year-over-year change



normal people

economists

Data: BLS; Chart: Axios Visuals

In response to a crisis, the state can be expected to resort to drastic measures such as:

1. Imposing price and capital controls,
2. Nationalizing banks and large corporations, and
3. Transforming the economy into a highly regulated command economy.



READ:
2024 THESIS

“THE REGULATORY STATE”

Inflation running at 3-4%

PCE deflator YoY projection based on MoM prints

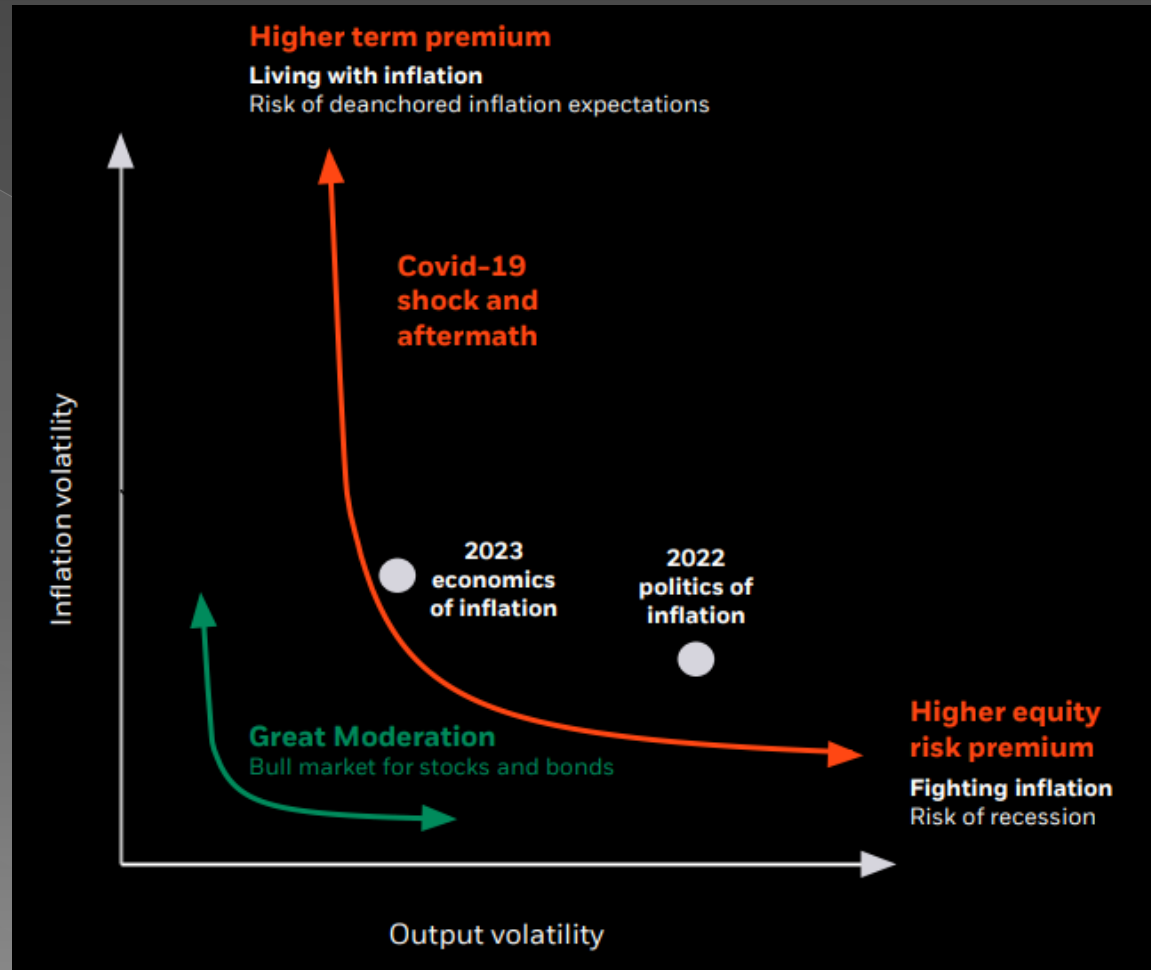


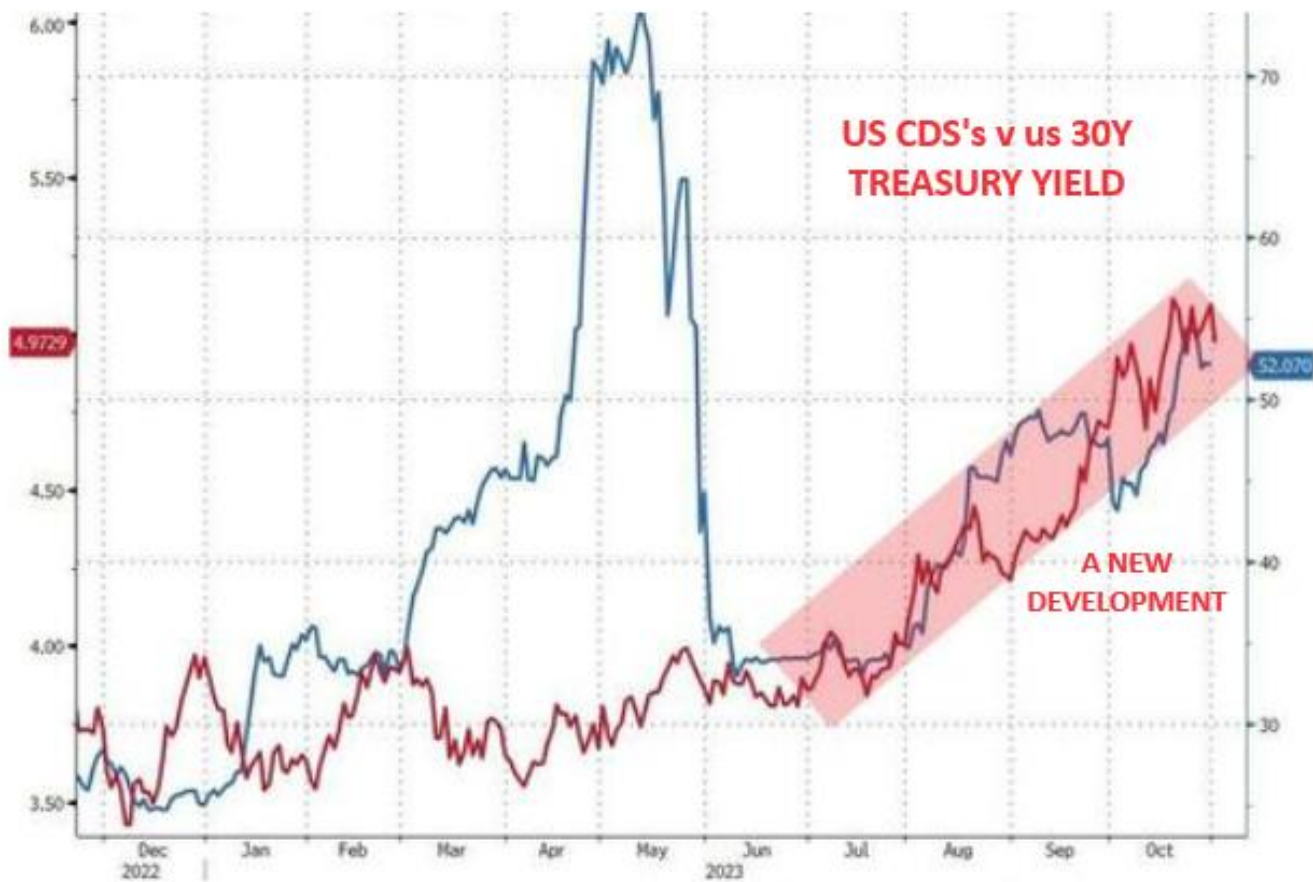
Source: BofA Global Investment Strategy, Bloomberg

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INFLATION MEASUREMENT FLAWS

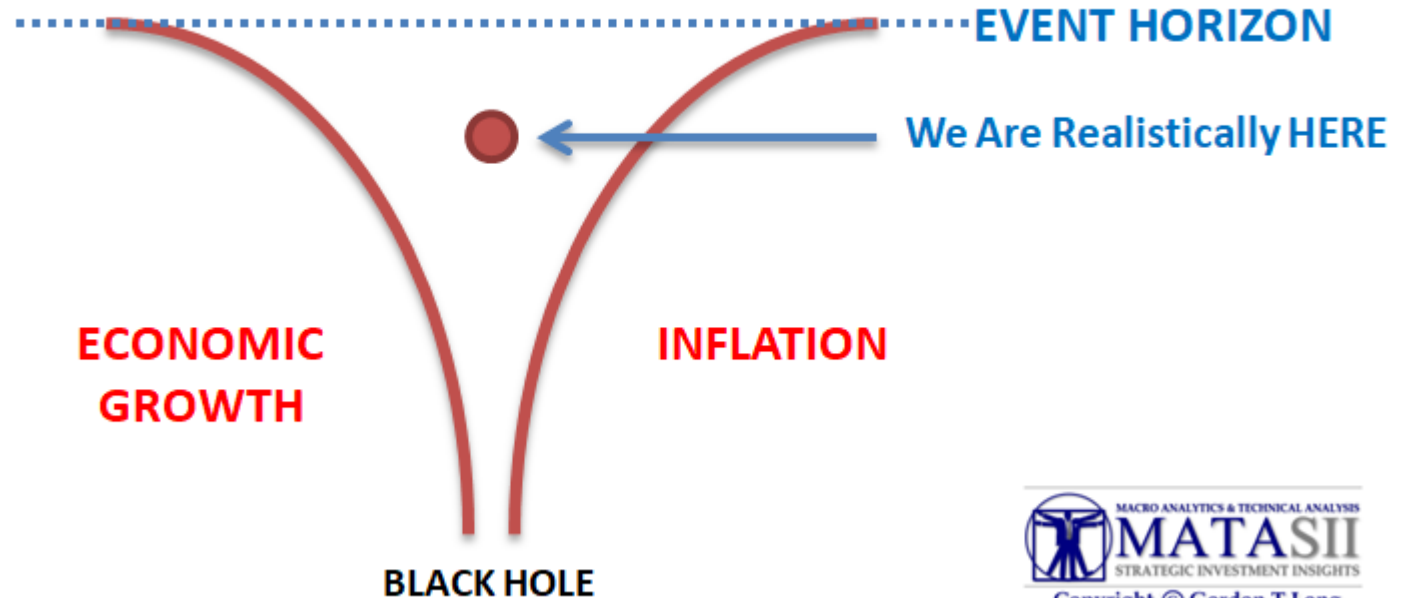
1- STATISTICAL GAMES - *CPI is a Measure of Inflation. It Isn't Inflation. Lost Purchasing Power is Inflation.*

Statistical goods price indices are often cobbled together to present a lower inflation rate than experienced in the market. This manipulation serves to downplay the true extent of monetary debasement.

Example:

1. Hedonics,
2. Imputation,
3. Substitution,
4. Basket Modification
et. al.)

WHAT A FALSE INFLATION (CPI) & GROWTH (Deflator) HAVE WROUGHT



A VERY SCARY POSITION!

THE ISSUE:

-- To Halt Inflation

-- To Increase Growth

TRADITIONAL KEYNESIAN THINKING

You Must Raise Rates

Stop Liquidity Pumping

You Must Lower Rates

Increase Liquidity Pumping



INFLATION

In Reality We
Are Here!

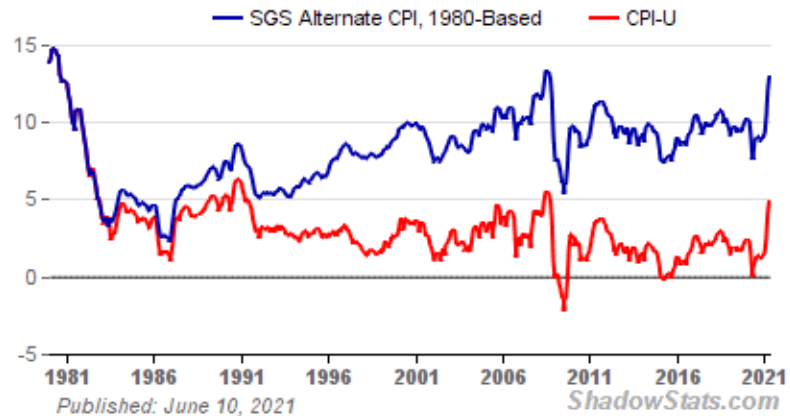
GROWTH

INFLATION

In Reality We
Are Here!

GROWTH

Consumer Inflation - Official vs ShadowStats (1980-Based) Alternate
Year to Year Change. Through May 2021

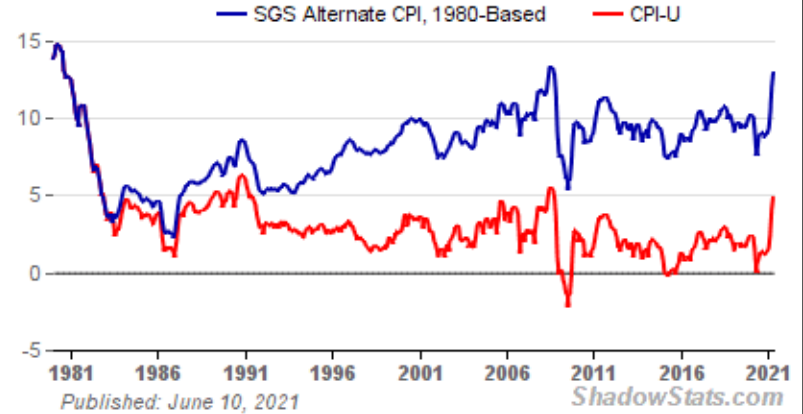


INFLATION

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LONGWave: 04-07-21 – APRIL
Covid Triggered Inflation

URL:

<https://youtu.be/ix5EYBmYXo>

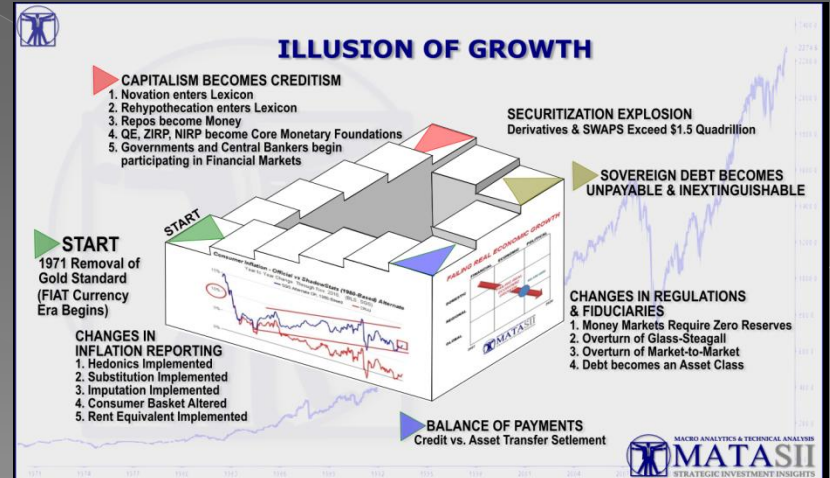
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MINUTES: 22

INFLATION

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GROWTH



INFLATION

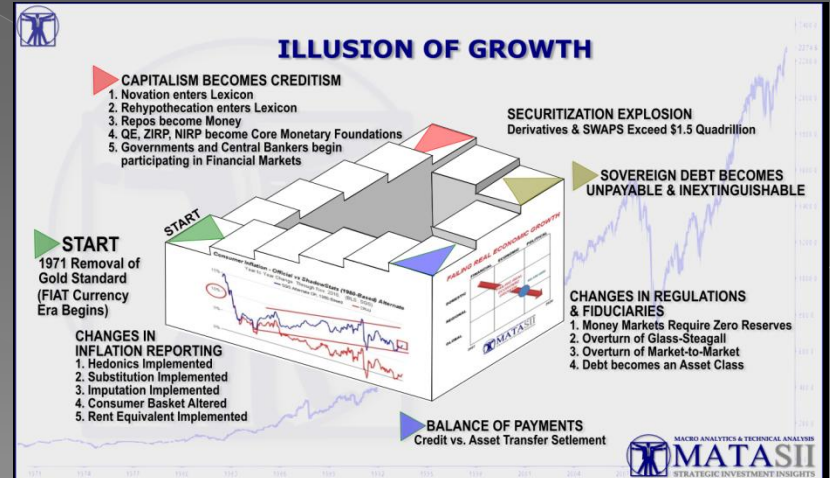
In Reality We
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GROWTH

2017 ILLUSION OF GROWTH

[Download full pdf.](#)

111 Pages



UnderTheLens - 06-23-21

The Great Stagflation-70s v 20's Styles

THE EVENT HORIZON

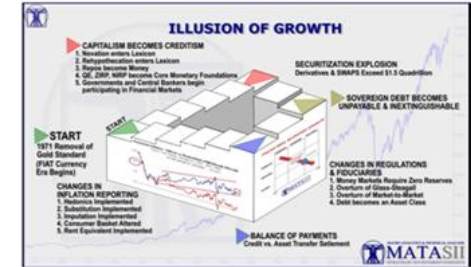
Stagflation

INFLATION

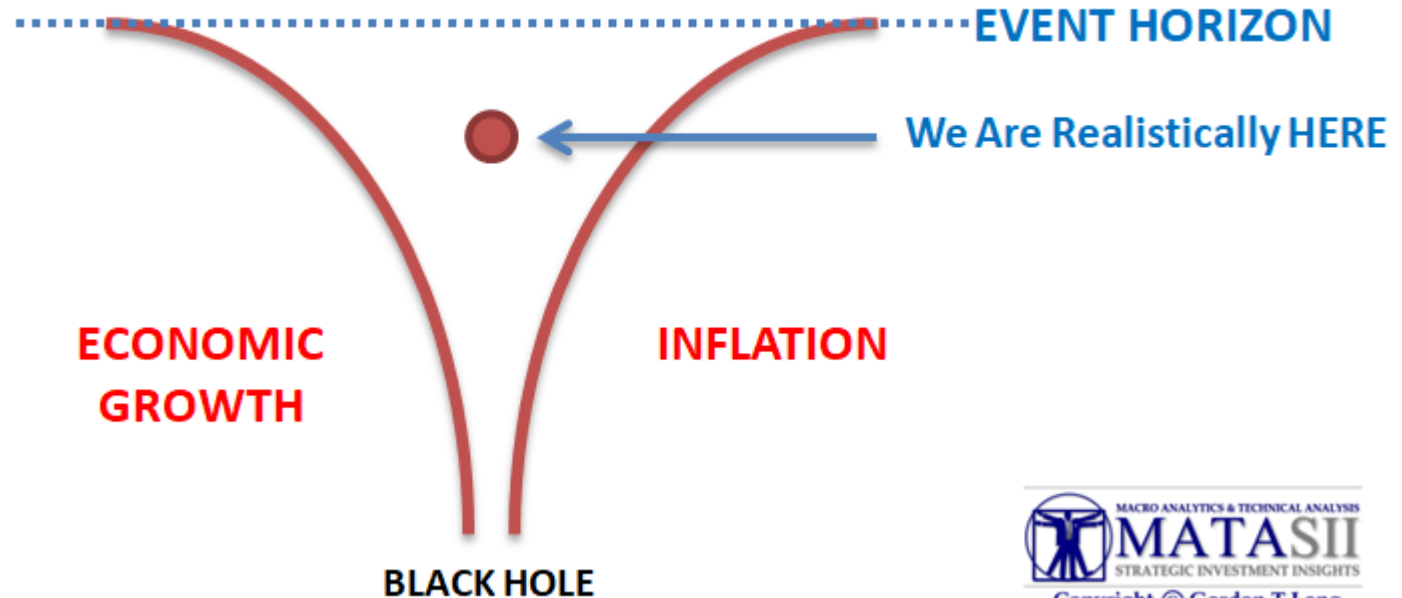
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WHAT A FALSE INFLATION (CPI) & GROWTH (Deflator) HAVE WROUGHT



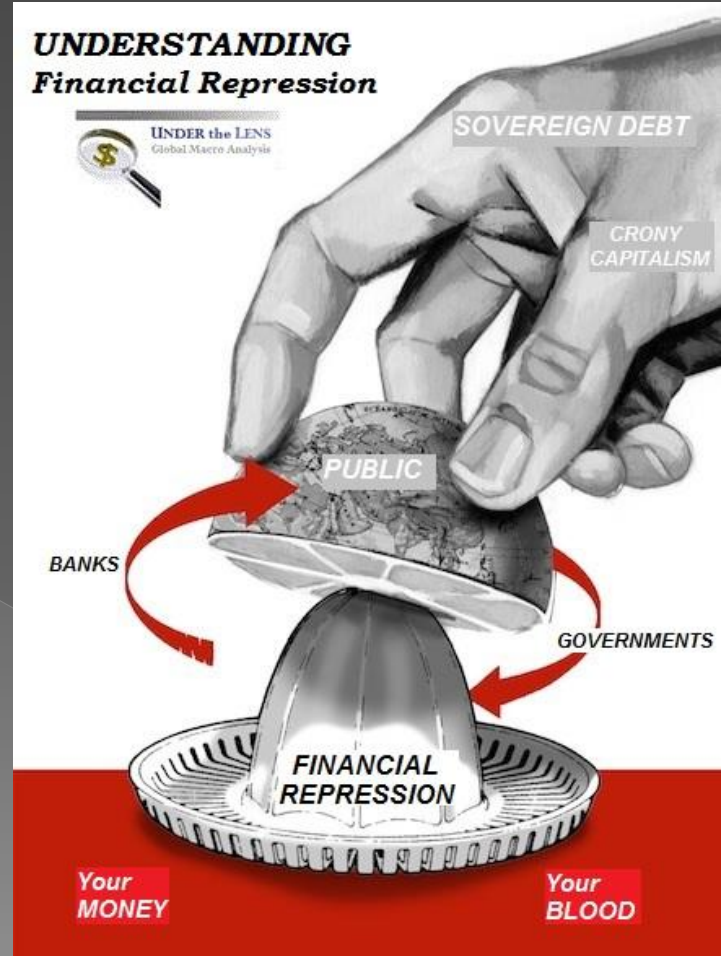
INFLATION MEASUREMENT FLAWS

2- DEFLECTION

- Alleged price gouging by greedy businesses
- Supply disruptions by oil-producing nations,
- Vehemently rejecting the notion that inflation is a monetary phenomenon resulting from the central banks' fiat money printing.

Avert a permanent drop in the demand for money at all costs.

When the demand for money falls, people tend to exchange their money for alternative assets, such as stocks, real estate, precious metals, etc.



INFLATION MEASUREMENT FLAWS

2- DEFLECTION

To maintain the fiat money system, central banks meticulously adjust the level of inflation to firstly ensure a gradual and ongoing erosion of the value of money, subtle enough to either go unnoticed or be reluctantly accepted.



INFLATION MEASUREMENT FLAWS

3- CONTROLLED INFLATIONARY PRESSURES

Controlled inflationary pressures act as a defense against episodes of goods price deflation, which have the potential to make the fiat money system come crashing down.

Central banks aim to prevent situations where inflation spirals out of control, where hyperinflation destroys people's demand of fiat money entirely.

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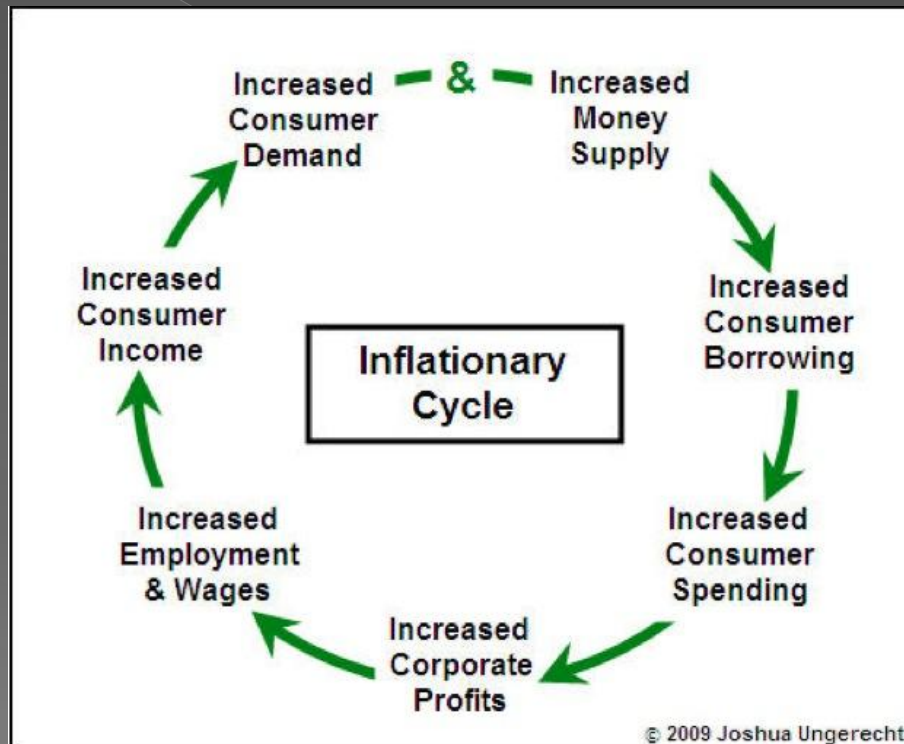


Figure 1

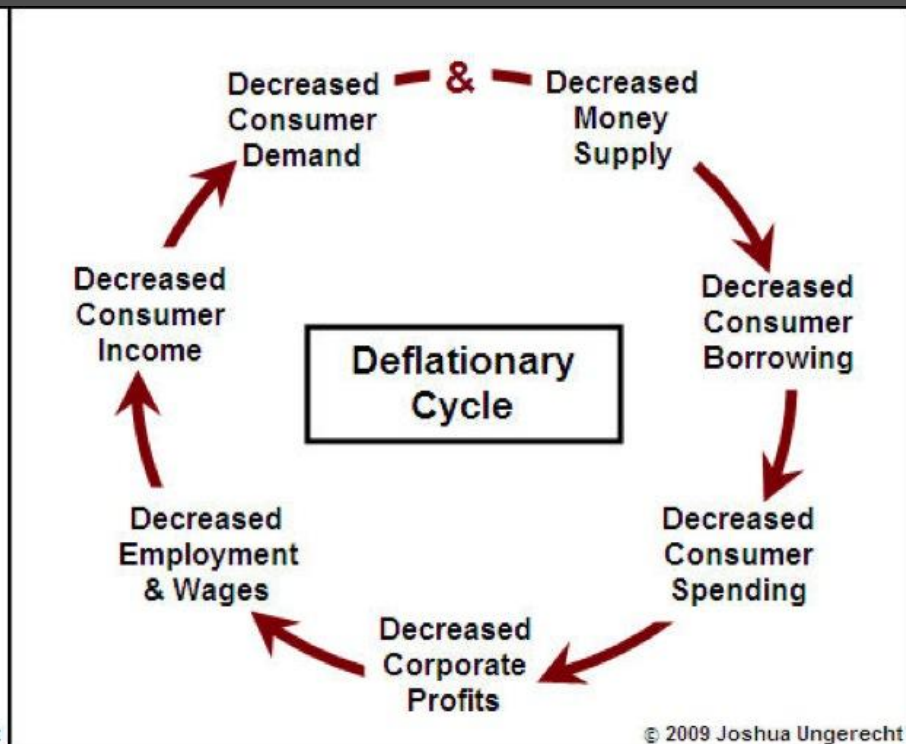


Figure 2

THE CONSEQUENCES WILL BE STAGFLATION

THE INFLATION PROCESS

Once the unemployment rate falls below the equilibrium rate, this starts to exert an upward pressure on price inflation.

Consequently, individuals come to realize that monetary policy has loosened. People begin to understand that their previous increase in money purchasing power is dwindling, so they form higher inflation expectations.

All this diminishes the overall demand for goods and services. A dwindling in overall demand slows down production of goods and services, which, in turn, pushes the unemployment rate higher.

At this point, we are where we were prior to the central bank's decision to loosen its monetary stance, but with a much higher rate of inflation.

ONLY A PRECURSOR TO HIGHER INFLATION AND STAGFLATION

1. At this point, we have a decline in the production of goods and services, rising unemployment and an increase in price inflation, or stagflation.
2. From this, if the increase in the money supply growth rate is unexpected, the central bank can engineer an increase in economic growth.
3. However, once individuals learn about the increase in the money supply and assess the implications of this increase, they adjust their conduct accordingly. Consequently, the boost to the economy from the increase in the money supply growth rate disappears.
4. In order to overcome this hurdle and strengthen the rate of economic growth, the central bank would have to surprise individuals through a much higher rate of monetary pumping.
5. However, after some time, people will learn about this increase and adjust their conduct accordingly.
6. Consequently, the effect of the higher growth rate of money supply on the economy is likely to vanish again, and all that is going to remain is a much higher inflation rate.

ONLY A PRECURSOR TO HIGHER INFLATION AND STAGFLATION

Loose monetary policies of the central bank can only temporarily generate economic growth. Over time, however, such policies will cause higher price inflation. Hence there is no long-term trade-off between inflation and unemployment.

INCREASES IN MONEY SUPPLY ALWAYS UNDERMINES ECONOMIC GROWTH

In a market economy, a producer exchanges his product for money and then exchanges the received money for the products of other producers. Alternatively, we can say that an exchange of something for something takes place by means of money.

Things are, however, not quite the same once money is generated out of “thin air” because of loose central bank policies.

Once that happens, it enables an exchange of nothing for something, a diversion of wealth from wealth generators to the holders of the newly generated money.

INCREASES IN MONEY SUPPLY ALWAYS UNDERMINES ECONOMIC GROWTH

The holder of money out of “thin air” obtains goods without contributing to the pool of consumer goods or to the pool of real savings. This means that real savings are diverted from wealth producers to those money holders. In the process, wealth generators are left with fewer consumer goods at their disposal, which weakens their ability to expand the real economy.

An exchange of nothing for something diverts real savings and will take place regardless of whether the increase in money supply is expected or unexpected. This means that contrary to Mr. Phelps and Friedman, even if monetary increases are expected, they will undermine economic growth.

STAGFLATION

Increases in money supply create exchanges of nothing for something, diverting real savings from wealth generators to non-wealth generators. Consequently, this weakens the real savings formation process and weakens the economic growth. Also, note that the price of a good is the amount of money paid for the good, so when this money enters a particular market, more money is paid for the good in this market, increasing the prices of goods.

We then have a situation whereby increases in money supply undermine the process of wealth generation, thus stifling economic growth. At the same time, we have more money per good, which increases their prices. Hence, we have both the increase in goods prices and a diminishing of economic growth, which we call stagflation.

Whenever the central bank adopts an easy monetary stance, it also sets stagflation in motion in the months ahead.

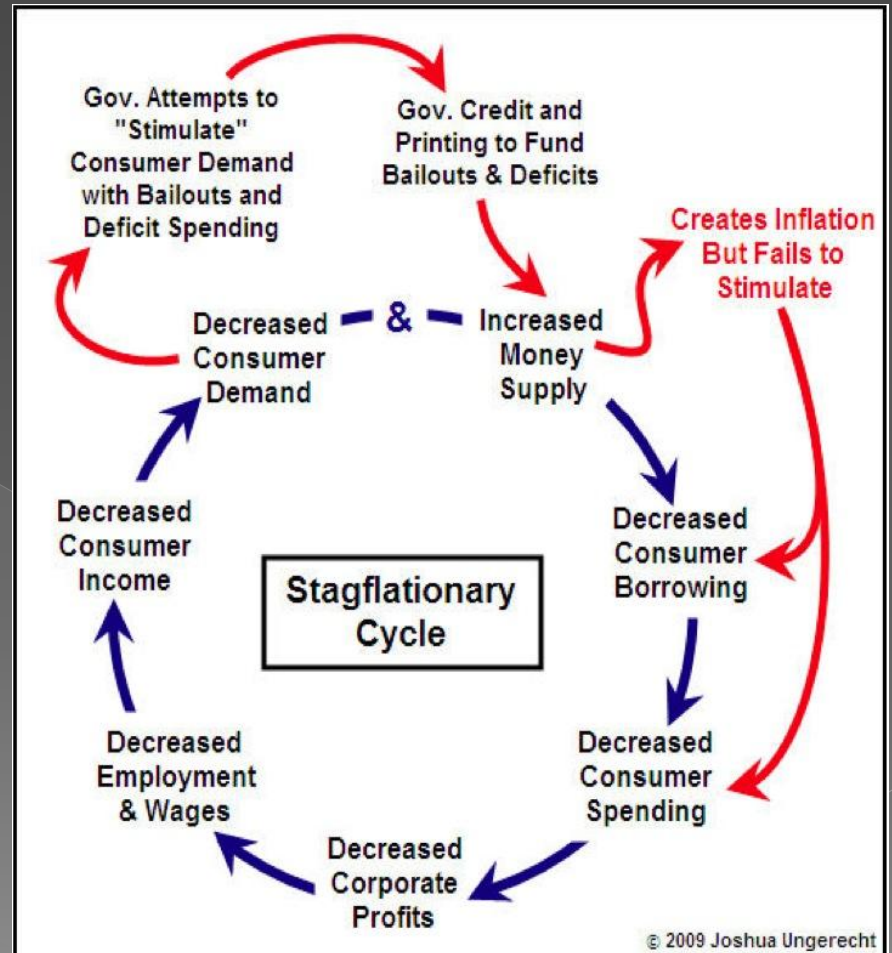


Figure 3

STAGFLATION

Conversely, if the pool of real savings is still growing, economic activity is likely to follow suit. Given the rising momentum of prices, we will have positive correlation between economic activity and price inflation. Note that the symptoms of stagflation are not visible here because of a growing pool of real savings. We can conclude that if, on account of past monetary pumping, we do not observe the symptoms of stagflation, this raises the likelihood that the pool of real savings is still growing. Conversely, if we can observe the symptoms of stagflation, then most likely the pool of real savings is declining.

As the pool of real savings comes under pressure, the phenomenon of stagflation becomes more visible.

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FIAT CURRENCY DEMAND MUST BE REDUCED

To mitigate the damage caused by the fiat money system, or even dismantle it altogether, the first step must be to target its Achilles' Heel, weakening the demand for fiat money. The less fiat money people demand, the smaller the damage inflicted by the fiat money system will be.

- First and foremost, it can be accomplished by educating the populace about all the significant harm perpetuated by the continued existence of fiat money and the consequences it has.
- This entails, as a first step, highlighting the adverse impacts it has on individuals and their communities, and encouraging people to **use fiat money for transactions rather than for savings.**
- This can be through discouraging investments in government bonds or time or savings deposits in banks, while encouraging investments in tangible assets such as stocks, precious metals, land and property.

FIAT CURRENCY DEMAND MUST BE REDUCED

- Further actions can include ceasing the support for governments or politicians who endorse the fiat money system and fail to take actions to dismantle it.
- Ultimately, of course, it is crucial to inform people that sound money is indeed possible. This involves advocating for people's freedom to choose their preferred money, whether it be gold, silver, Bitcoin, or any other alternative.

By allowing individuals the autonomy to select their preferred currency, we effectively target the Achilles' heel of the fiat money system, ultimately benefiting the vast majority of people.

STAGNATION

INFLATION

Crushes Consumer Disposable Income
Reversing Wealth Effect

DEFLATION

THE GREAT STAGFLATION

Insufficient Real
Economic
Growth

SURGING UNEMPLOYMENT



2020's

THE BETA DROUGHT DECADE

DEBT CRISIS

DEBT CRISIS

Collateral Failure
Leverage Failures

DE-DOLLARIZATION

HYPERINFLATION

Fiat
Currency
Failure

BRETTON WOODS II

**DEBT
CRISIS**



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ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES

DON'T WORRY, THEY WILL PRINT THE MONEY!

EVERYONE IS NOW IN PLACE & READY!!



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