

The Deep State's Attempt To Suppress India's Gold Demand

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Deep State, Modi, war on cash

The primary objective of the Indian currency demonetization was to sharply reduce gold demand in the world's most important retail market, India, one that is controlled by the Deep State oligarchy via a captured agent, its Prime Minister [Modi]. The manner in which the demonetization was carried out indicates some kind of desperation...Stewart Daugherty

Indian Demonetization Denotes Severe Stress in the Global Gold Market

By Stewart Dougherty

It is becoming clear that the Indian currency demonetization is actually a planned attack on Indian gold demand, launched to disrupt gold prices and discredit gold as an asset class. The attack was required to alleviate severe stress in the global gold market that is becoming increasingly difficult for the Deep State controllers to contain.

For two decades, physical gold has been migrating from the west to the east in increasing quantities. Numerous reports cross-confirm that the world's leading refineries are operating at capacity to convert western gold into the kilo products demanded by Asian buyers. Refiners also confirm that the sourcing of western gold has become problematic, as supplies dry up in the face of voracious world, and particularly eastern demand.

Western central bankers and their Deep State handlers have made it clear that they intend to transition to a cashless society. However, they are not yet ready to make this transition. Therefore, their current focus is to start the process by eliminating high-denomination currency, such as Euro 500 and USD 50 and 100 notes. At the same time, they are working to digitize the payment infrastructure, a prerequisite to the elimination of cash.

Their problem is the steady awakening of the people to the disturbing implications of a cashless society, and to the assault on human liberty it represents. The Deep State oligarchs must implement their agenda before the people mobilize to prevent it from being imposed upon them.

The Deep State oligarchs understand that the western governments they commandeer are bankrupt. To continue operations, they must tap into the people's private wealth for funding. In fact, the IMF has produced a position paper recommending a "one off capital levy of 10%" (a 10% wealth tax), to deal with western governments' intractable fiscal problems. The authors of this paper state that the "levy" must be imposed at night and by total surprise, to prevent citizens from being able to take any steps to avoid it.

This type of ambush is exactly what just happened in India, with its shock demonetization.

The IMF's proposal does nothing to change governments' current trajectory of greater deficits and debt; the money raised would simply be used to service existing debt. This means the first capital levy will just be one of many going forward. Governments' only solution is to expropriate the private wealth of the people, which is exactly what the IMF has admitted.

If people have cash and other private monetary assets outside of the banking system when the "capital levy" is imposed, governments will lose out. This is one of their primary motivations to eliminate cash: in order to maximize proceeds from the capital levy, they need the greatest possible amount of money within the banking system, in non-withdrawable, digitized form, when the levy is executed.

It is not in the interests of governments if people figure out that they are far better off being their own bankers, by privatizing their monetary assets, than handing them over to commercial bankers, who have become wards and enforcement agents of the state. Therefore, a full scale campaign is underway to demonize cash and to make precious metals appear dangerous by routinely pulverizing their prices.

In the meantime, supplies of physical metals in the west constantly diminished and are now strained. This means that the bullion banks' LBMA and Comex paper price suppression activities must steadily escalate for them to maintain control of a market that is spinning out of their control. Unlike eastern investors, western investors tend to buy into rising prices, as they chase momentum. Rising prices can lead to a buying stampede. If a buying stampede were to break out in today's supply-stressed precious metals market, prices would surge, which would be antithetical to the Deep State oligarchs' agenda.

Given that Deep State operatives can do nothing to increase western gold supply, their only options are to somehow discover supply elsewhere, and/or to crush gold demand.

The "somehow" is India, a nation whose people possess an estimated 20,000 tons of gold, and who buy hundreds more tons of it each year. Prime Minister Modi, the Deep State establishment's captured and controlled facilitator, has been instructed to obtain supply and control demand of gold in India, and he has been working overtime to achieve both objectives ever since his election.

First, Modi launched a Paper Gold scheme, whereby the Indian people were urged to tender their personal gold holdings to the state, in exchange for "notes" and "bonds" paying less-than-inflation interest rates on the value of the gold they provided. The notes are irredeemable for gold for at least five years, by which time the gold will be long gone from India and used in the bullion banks' market rigging and other for-profit operations. Modi's Paper Gold scheme failed, because the Indian people did not trust it, and correctly so.

Next, Modi imposed a 10% import duty on gold (India produces next to no gold, so virtually all of it is imported). This resulted in a multi-week strike by jewelers, which did reduce demand, one of the two aims of the Deep State oligarchs' plan.

But shortly, this scheme failed, too, because gold smuggling surged, enabling the Indian people to obtain the gold they desire at prices roughly 5% over global spot, reasonable in the circumstances.

In a companion effort to crimp demand, Modi enacted a special reporting regulation. Enacted in 2015, it requires anyone purchasing jewelry or precious metals having a value of 200,000 rupees or more

(the equivalent of roughly US\$ 2,900) to present an Indian PAN Card. PAN stands for Permanent Account Number, a ten digit alpha-numeric number issued by India's Tax Department to individuals and businesses. The PAN enables tax personnel to track all of a card holder's financial transactions over their entire lifetime.

Only 17% of India's population have obtained a PAN number to date, meaning that 83% of the population are unable to purchase \$2,900 or more worth of jewelry or bullion in a single transaction; without a PAN Card, it is illegal to do so. This regulation has reduced jewelry and bullion purchases by upscale Indians who do have PAN but do not want their personal transactions permanently recorded. Alternatively, it has led them to make smaller purchases that do not require presentation of a PAN Card.

While the PAN regulation curbed demand in the \$3,000+, high end of the market, it did nothing to address the vibrant, lower end, cash market. Smaller purchases of jewelry and bullion have traditionally been paid in cash, using 500 and 1,000 rupee currency notes. This was the Deep State's Achilles' heel in India, and they decided to deal with it.

Accordingly, on November 8, 2016, in a shock move, Modi "extinguished" all Indian 500 and 1000 rupee notes. Holders of the old notes have been required to exchange them for new ones, but the process has been extremely difficult and time consuming. Further, there are sharp restrictions on the amount of new currency citizens can obtain. Withdrawals are capped at 40,000 rupees per week, roughly \$575.00. After paying for living expenses (90% of Indian purchases are made with cash), very little is left over for discretionary purchases such as gold jewelry. Given that the demonetization was specifically timed to occur in the middle of the robust festival and wedding season, the reduction in demand has been pronounced. Jewelers in Mumbai, the nation's largest retail market by far, report sales being off by up to 90%.

We believe that the primary objective of the Indian currency demonetization was to sharply reduce gold demand in the world's most important retail market, India, one that is controlled by the Deep State oligarchy via a captured agent, its Prime Minister. The manner in which the demonetization was carried out indicates some kind of desperation, because it defied all economic prudence, logic, humanitarian regard and common sense. India is the only country where this kind of attack on demand could have been carried out, and this is why it occurred there. It indicates to us that the bullion banking cabal is coming up against the wall, and that there is severe supply - demand stress in the global gold market that is rapidly becoming non-containable. Desperate times are producing desperate measures by the manipulators.

It is critical to note that the Governor of the Reserve Bank of India up until mid-2016, Raghuram Rajan, declined a second three year term. Rajan was a former Chief Economist at the International Monetary Fund, the "capital levy" people. He is also a member of the Group of Thirty, along with Larry Summers, the head cheerleader for the elimination of one hundred dollar bills in the United States, and cash in general. Much more important, Rajan has now become Vice Chairman of the Bank for International Settlements, the so-called "central bank of central banks," and long regarded as the chief architect and enabler of global gold manipulation and price oppression. He has been characterized in the press as being "a vocal votary for increased coordination among central banks." Clearly, an important Deep State global agenda is now in play.

Brexit and the Trump victory have demonstrated that the people can only be pushed so far, but the Deep State oligarchs are far too addicted to easy money and god-like power to hear the message.

They are pushing forward as if nothing whatsoever has changed in the world. The retention by the people of financial liberty is far more important to them than Brexit or Trump, and we believe they will defend their rights to it, particularly as they awaken to the full implications of the tyranny that will be unleashed by its elimination.

As demand rebuilds from the shock demand reduction that has occurred in India, we believe the market for precious metals will become stronger than ever. First, India has discredited governments' prized monopoly product: fiat currency. Second, India's demonetization-related gold demand shock has no effect whatsoever on demand from Russia, China and the rest of Asia, which is stronger than ever. Third, the fiscal and monetary realities of governments throughout the west continue to worsen, strengthening the already compelling case for precious metals. Fourth, and as we have pointed out in previous articles, supply cannot withstand even a fractional redeployment of liquid personal assets into metals, without prices being forced significantly higher than where they are today. And fifth, the bullion banks and Deep State schemers are running out of curve balls to throw at the people. In fact, the stunt they just pulled in India might be their last, at least of anywhere near this magnitude. While we put nothing past them, including desperate dumping of remaining western central bank metals holdings (which might not even exist at this late stage) and prohibitions that the people will realize they must ignore if they are to have any chance of remaining financially free, it seems clear to us that they are fast running out of options.

Stewart Dougherty
November 28, 2016

P.S. One additional inference we draw from events in India is that it almost certainly proves the United States gold reserve is gone. What has happened in India indicates that a critical supply – demand imbalance exists in gold, which required an unprecedented, draconian and reckless “solution.” Actually, it has solved nothing; it has only bought the oligarchs some time, and probably not much of it. If western, and particularly U.S. gold reserves had been available, they almost certainly would have been deployed before a massive, destructive currency demonetization in the world's second largest nation, by population, would have been ordered.

Stewart Dougherty is the creator of Inferential Analytics (IA), a forecasting method that applies to events proprietary, time-tested principles of human instinct, desire and action. In his view, forecasting methods not fundamentally based upon principles of human action are unlikely to be reliable over time. He is a graduate of Tufts University (BA) and Harvard Business School (MBA), is a 35+ year veteran of the business trenches and has developed IA over a period of 15+ years.

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KansasCrude
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November 29, 2016 at 9:21 pm

Dave you and Stewart are providing articles at a level of necessity and intricacies that are truly outstanding. You are both to be commended for your efforts and dedication to the truth. The analysis on the dynamics in India make perfect sense. Thanks for giving me a seat on the front row of this cluster****. The gripping reality of all the moves the Deep State Oligarchs are taking makes for unparalleled drama and have to admit outside of an occasional diversion into the sports world or some other mind candy is fully absorbing.

Rock On Comrades! (pun intended)



★ admin

November 29, 2016 at 9:41 pm

Thanks!

