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THE SILVER CHARTIST REPORT

David Brady's Special Report on the Coming Melt-up

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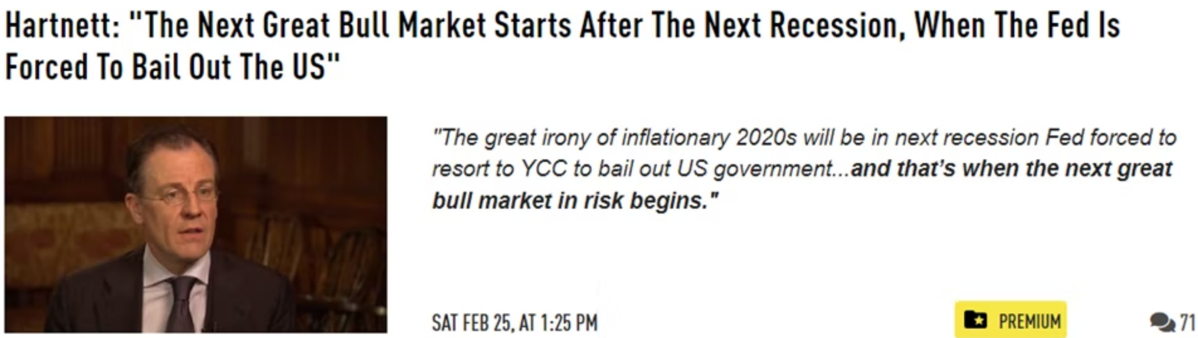
The Coming Melt-Up: Be the Next Richard Cantillon

Michael Hartnett, of Bank of America, has a stellar record in anticipating moves in financial markets weeks, months, and even years ahead. He is arguably the most accurate sage on Wall Street. Who better to confirm SilverChartist's *"Melt-up, Melt-down"* thesis by forecasting the exact opposite?



Hartnett: "The Next Great Bull Market Starts After The Next Recession, When The Fed Is Forced To Bail Out The US"

*"The great irony of inflationary 2020s will be in next recession Fed forced to resort to YCC to bail out US government...**and that's when the next great bull market in risk begins.**"*

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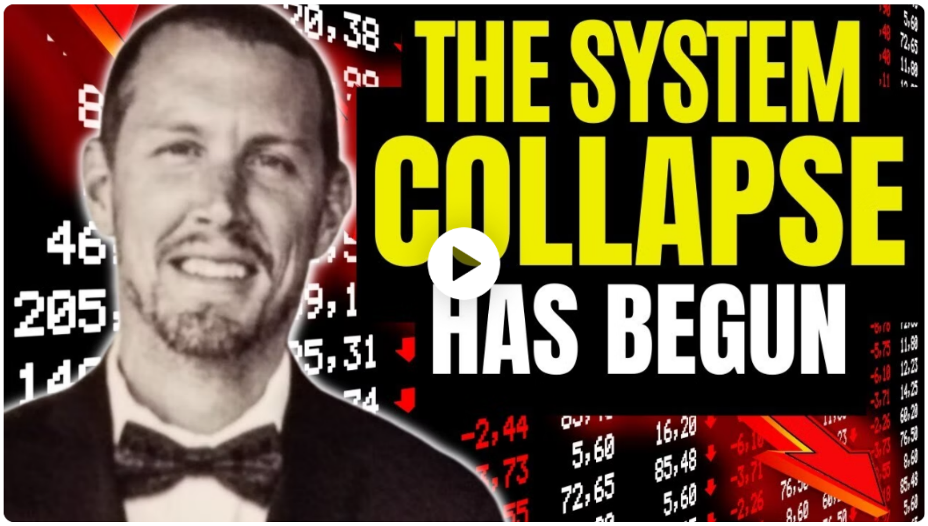
Hartnett is forecasting that the next Bull market in everything starts after the next recession, when bond yields spike higher, stocks crash, unemployment spikes, and deflation is the order of the day. The Fed will be forced to revert to rate cuts and QE on steroids, and that waterfall of liquidity causes all markets to soar, except the dollar of course. Basically, when the Fed pulls its next and final 180, just buy everything but the dollar.

As you know, we at SilverChartist anticipate the exact opposite occurring. This has best been explained by Kyle since his October article" *The Harvest*". Personally, I recommend you watch his **podcast with Jake Ducey** back in November for Kyle's best explanation of what he believes is coming, why, and how to time it. You can view it **HERE.**



In direct contrast to what Hartnett is forecasting, the Fed's "180" to rate cuts and QE is going to be in response to a deflationary event such as a stock market crash or a debt crisis, or both. This is the "Fed's Trilemma" that Luke Gromen forecast 3-4 years ago, whereby **the Fed has to choose between supporting 2 of the following 3:**

- **The stock market**
- **The bond market**
- **or The dollar.**

It can't have all 3 so it will have to choose to sacrifice one of them to keep the other two afloat.*Of course, that means the sacrifice of the dollar*. The Milkshake Theory goes the way of the dodo.

Turning back to Hartnett's forecast, we agree that the Fed will pull another 180 but where we differ is in its effect.

We believe that the Fed's 180 will signal the peak in stocks and the dollar. Bond yields could remain low for a while longer, as the Fed keeps buying, but that too will collapse alongside stocks and bonds. Why? Because as Jake Ducey states succinctly in the aforementioned podcast "**Wall Street has to get their money out!**"

They will be dumping their long positions in stocks and bonds on retail buyers, the little guys like you and me, and when they're done with that, "shorting" stocks and bonds too. Just like Goldman bet against the housing market in the Great Financial Crisis, while the Fed and the banks continued to say the worst was over and both the markets and the economy were "strong". We know now that they were lying through their teeth. Goldman flipped from short to long Credit Default Swaps during the housing/mortgage crisis in 2005-2008. The "criminals", i.e. the banks, will tell you that nothing is wrong, keep buying, but they're the ones selling everything to YOU. As always with the banks, when they say 'White', you hear 'Black'. Cramer anyone? Anyone?

Regardless of how much the Fed prints, and it will be trillions upon trillions, markets will continue to fall. Inflation will soar as trillions of dollars are printed against fewer and fewer goods and services, causing hyperstagflation and ultimately, the collapse of everything, until the Fed is forced to pull the plug on their polices and the Great Depression begins. It will last 10-20 years and make the 1930s Depression seem like just a preview and this is the main event.

The S&P falls to 1000 or below and in real terms, courtesy of hyperstagflation, it's worth more like 100 compared to the all-time-highs of ~5000 ahead of the 180, a drop of 98%.

The dollar loses its reserve currency status and is worth pennies relative to where it was just before the 180.

US bonds become worthless due to a massive drop in prices and hyperstagflation.

As I like to say, stock and bond certificates and the dollar will be worth less than toilet paper. With yields at 10%, 20%, or higher, and most banks having gone bust, none of the remaining banks will be willing to provide mortgages to anyone except the uber wealthy. The housing market will go to basically zero, as in the 1930s.

At the same time, unemployment soars to record highs as all businesses but the biggest 30 monopolies cease to exist. UBI, or universal basic income, will just compound the collapse of the dollar. It'll be Weimar Germany all over again. Standards of living in the US and worldwide will revert to levels last seen in the 1930s. You get the picture!

"You will own nothing and be happy!"

Enough of the doom and gloom, however real, and now let's focus on the opportunity that we at Silverchartist, and Kyle in particular, have been forecasting for months now.

In order for the Banks and the wealthy to be able to unload their soon-to-be dogshit assets on everyone else, they'll use the typical strategy: *"Herd the lambs for slaughter. "*Think the dotcom bubble and bust. The housing bubble and bust. And now the 'Everything Bubble" and bust. As Kyle stated but I paraphrase in my own words:

- **The markets will rise slowly when the Fed pivots, i.e. Powell verbally hints lower rate hikes ahead, just as he did on December 19, 2018. Well, Powell did it again at the FOMC on November 2, 2022. The next day, the dollar accelerated to the downside, Gold bottomed and rallied straight up, and everything but the dollar went north:**

- **Everything but the dollar accelerates to the upside when Powell hints at a "Pause" in rate hikes. This is the trigger for the melt-up!** This is the time to load up for the rally to new all-time-highs (ATHs) in the S&P and Nasdaq. "RISK ON" on steroids. Crypto, Gold, Silver, uranium miners, ARKK, i.e. the most volatile, risky assets, will explode higher. Meanwhile, bond yields dump. This is your opportunity to make at least a mini-fortune, *assuming this all plays out as planned.*
- Exit plan - when near, at, or slightly above the new ATHs, sell everything, and imho, buy physical precious metals. There is no other safe harbor imho. Almost everything else will become worthless in the months and years ahead and you don't want anything in the banking system. It's about to collapse and take your assets with it. "You'll own nothing and be happy!" Personally, I'll start scaling out as we approach the previous ATHs. No need to be greedy. If ever being early was better than being a day late, this is it!
- Peak and fall in stocks and collapse begins.
- Fed pulls a 180 to rate cuts and QE in trillions, buys stocks, bonds, basically everything… and they all continue to fall anyway. Game over!

In conclusion, coming full circle, the most accurate forecaster on Wall St is sent out to tell you that the time to buy is "After the next recession, when the Fed is forced to bail out the US." WRONG!

The time to buy is when Powell verbally hints at a coming pause in rate hikes.

We may get signals ahead of that, such as a collapsing CPI, or some other deflationary event, but Powell's verbal hint of a "pause" is definitive confirmation that the melt-up has begun.

<u>As I like to say, even if it is covered in disclaimers, "Nothing is Guaranteed!" especially in financial markets</u>. But imho, this is as close as you can get to the no-brainer trade of the century or millennium.

You want to be just like another famous Irishman, Richard Cantillon. He bought shares in John Law's paper money experiment in France in the early 1700s and sold his shares for Gold in anticipation of the collapse of the experiment a few years later, now infamously called the "Mississippi bubble". He became one of the wealthiest persons in Europe and the World as a result. The point being, don't let greed take hold of you. Get out ahead of the crash! And buy physical GOLD (and/or Silver).

Lastly, the timing of Hartnett's exclamation tells me that Powell's move towards a "pause" is almost upon us, perhaps at the next FOMC on March 22, or the next on May 3 "at the latest."

Cheers, David

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