

Predictions for the Economy 2019

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Health Warning: These are only my personal assumptions and as with all predictions can not be relied upon but they are based on my experience in politics and an understanding of the global debt crisis.

The Fed will make one further rate hike until the markets drop about 30% from their peak.

The Bank of England will start tightening to maintain sterling value post Brexit.

The ECB will be the first central bank to restart the 'printing presses' probably before Brexit on March 29th.

The Bank of England may follow soon after and print under cover of the ECB to fund emergency spending plans.

The Fed will about turn and start lowering rates and eventually joining a last hoorah of 'money printing'.

Political unrest will continue amongst the working populations of Western Europe and the EU will no doubt start splurging largesse and allow a relaxation of fiscal rules so that Main Street can be showered with some funny money.

Bitcoin will rise dramatically to break the \$10000 value once the Fed re-joins the 'printing party'. Gold will continue its upward trajectory and will climb above \$3000.

Across the indebted West political pressure will force a shift in fiscal policies towards raising living standards and hence higher real wages for the workforce. The consequence this time will be serious bottom up inflation and perhaps a crisis similar to that in the UK during the 1970s. This time the whole of the indebted West will be vulnerable to inflation and we may reach the Minsky moment for fiat currencies where a new international Bretton Woods type agreement is reached for a gold standard currency. In this scenario gold could easily reach valuations beyond \$10000*.

- This is based upon the fact that there is about 150 000 tonnes of gold above ground assuming a lower estimate of mined gold. However, due to the actual difficulty in verifying ownership and location of this gold we have to rely on official gold reserves in the possession of Governments which may be less than 50 000 tonnes. If gold reached \$10000 per ounce the official reserves would amount to no more than \$16trn – still just 20% of global GDP. At this value gold in Govt hands would be sufficient to cover global merchandised trade as detailed by the WTO (World Trade Organisation).