TFTC 410

[00:00:00]

**Marty:** Okay. We live Logan. Oh, we're live.

**Tom:** Oh, okay. Cool. Hi everyone.

**Marty:** What the hell is going on?

**Tom:** Wow, that's a good question. Um, everything, nothing. All of it. Um, I don't know. Um, the, uh, to be honest with you, when you really stopped to think about it, was anybody surprised that things were gonna break when Powell got the 5%?

**Marty:** No, I never thought he was gonna be able to get 5%. Cause I think I thought things were gonna break before that.

**Tom:** A lot of people did, and I think maybe, um, things probably maybe should have, right. But there's a lot of vested interest in, from a lot of people who are out there, you know, trying to keep the system as it is currently constituted alive, hoping that they can get Powell.

To change his mind and go back down. I mean, I think that's what the, when you really stop to look at like, you know, I, I, every time I do this, like all I can see is a bunch of [00:01:00] people oxes being gored, right? And the people who squelch and squeal the loudest are usually the ones whose ox oxes are being oxen, are being gored the most, right?

Cuz they're the ones who have the microphone. And frankly, they're the ones who control most of the official microphone. The Bloomberg's, the CNBC is the, you know, all the financial press is all owned and control by what I call Davos. It's not hard. It's not hard. And that's all an extension of the British crown and the British tabloid press.

And at my six and, you know, the old European money and all that stuff. And so, and you know, the old Northeastern American money and all the rest of it, right? So if they're constantly, frankly, bitching that palace will go back to the zero bound. Maybe it's because they want him to go back to the zero bound because maybe they're gonna go broke if he doesn't go back to the zero bound.

Because that's how they were built in the first place. I mean, how does a currency as fundamentally broken in conception as the Euro survive? [00:02:00] As long as it has, unless you had a complicit global reserve currency, liquefying your crappy architecture through an offshore shadow banking system that dwarfs the domestic banking system of the United States, of the global of that global Reserve Curry, which is case, this case happens to be the United States.

This is the point that Daniel die Martino Booth makes all the time, which is that the shadow banking system, which is effectively where Davos is power, is it's particularly non-bank, offshore, non-bank transactions and leverage. And that leverage gets infinite. The closer you get to the zero bound. These people went negative on interest rates for seven years.

So do you think the leverage within European capital markets is a little. It was a whole crazy, even in comparison to the Fed. And if you don't think that that was coordinated by two open, by an open communist named Barack Obama, who put all of these people in power, and [00:03:00] Janet Allen, who's ultimately, who when she ran the San Francisco Fed, ran cover for all of these people going crazy during 2008, Countrywide, indie Mac, all those guys, and then did it all again.

Silicon Valley Bank signature, all the, all the shit coins that were, you know, being bankrolled out of these banks. And I use that word very loosely, like at the end of the day, do you really think that if you have a bunch of guys at the Fed going, you know what, uh, we wanna be in charge again, 25 basis points.

Oh, you don't like that 50? How about 75? You don't like 75? How about we do 75 again? How about we keep doing this until you break? Because the only reason that their balance sheets were even close to solvent at the leverage that they were at was because they could get money for nothing. And their chicks for free to quote Mark Goler.

I mean, that's what it comes down to. This is all just downstream of cheap [00:04:00] money. It's why you're, it's why you have a podcast, Marty. That's why Bitcoin exists. I know. Because it was created in the aftermath of the global financial crisis to QE and ERP and everything else. I mean, it's explicit right in, you know, in the original white paper, which I read back in 2010, like I, all this stuff is right there.

So yeah, we're at 5%. Yeah, and I think the one six, but I, I'm enjoying what he is doing.

**Marty:** I think the one thing that really validates your thesis too, Because a lot of people have been kvetching over the do plots from 2021, particularly, I believe. Right? They say, Hey, reallocated our treasury holdings this way because the do plots were telling us this and that's why we're effectively insolvent when this crisis right, is unfolding.

**Tom:** Well, I mean, you know, one of the things that I've been, you know, look, two, let's go back. Three years ago, three years ago, I was a, an offshore banking system, shadow [00:05:00] banking system near fight. You know, I mean, I, I sat down, I, you know, when people talked about this of my eyes glazed over, I mean, seriously, I used to read Jeff Snyder over to lumber partners and not understand a word half of what he was writing about.

Cuz he's a, I mean, Jeff's an interesting guy and I happen to disagree with him now, and we happen to be on opposite sides of the euro dollar fence divide now. But he also taught me a lot. And he, but unfortunately, on one writer to another, Jeff dude, a lot less inside baseball, a lot more clear, concise writing.

Like, let us know what's actually going on. If you actually want us to be, if you actually wanna communicate to us when people, when you, you know, and that should have been my clue because when people don't write clearly, and you can accuse me of doing this, cuz I, I'm very elliptical on how I, I write and it's never, it's not always a, a good, not always a good look.

Right. Um, but you know what, something that, um, Daniel Booth put in her book, I just re just fi finally finished reading Fed up the other day and, [00:06:00] um, she was talking about Zolton Poser when she first met Poser back in the, during the, the, this financial crisis in 2008. And she said, you know, intellectuals are really good at like obfuscating, you know, ti, I don't quite how she put it, but, you know, dressing up, there are arguments with all these little jargon and flowery ideas and everything else in order to obfuscate the fact that they don't actually know anything.

And then there are the real communicators who go, who do go out of their way to try and explain very complex things in the simplest way imaginable for everyone to get it. And she of course, was talking about poser when she was talking about the latter person and most of the people at the Fed ala Greenspan.

Right. So, and I think that, you know, when I, when you really stop to think about how, I mean this is part of the reason I think why Jeff probably started Euro Dollar University podcast with a meal, was to try and make this stuff more cogent and, and more [00:07:00] communicable to people. But still, I, I still would listen to those podcasts and work and I finally just have to like do the work myself.

Yeah.

**Marty:** Um, the same way with Jeff, I think I've certainly learned a lot from him, but there is certainly that aspect of, do you actually know what you're talking about? Like, it's so complex that are you trying to convince yourself I don't complex that he makes it out to

**Tom:** be Yeah. This is the point. I mean, that being said again, You know, poser had a, you know, booth talks about PO walking into Boar's office at the New York Fed in like 2009 or 2010 or whatever with a her, his entire map of the shadow banking system as he saw it.

And it was like, you know, walking in into Fox Mold's office. Yeah. You know, and worse, right?

**Marty:** It's like the Pepe Sylvia meme. What's that? It's like the Pepe Sylvia meme from, it's always sunny when Charlie's like pointing. He's like,

**Tom:** yeah. Um, I've never watched it. Uh, it's always sunny in Philadelphia, so I'm not sure what you're talking about, but I'll take your word for it.

Like, it's just the, this crazy spider web. It's like looking at a chart from, uh, who's the guy? Uh, [00:08:00] um, oh God. We used to look, look at his charts all the time. I can't remember his name now, but his charts were just, you know, a whole bunch of parallel lines and like, and the candle sticks in the middle. I can't remember the guy's name now.

Um, he used to Bollinger. What's that? Bollinger? No, not Bollinger. It was another gold, it was a gold guy. I can't remember his, I can't remember who I'm talking about now. Now it, it'll come to me later and I'll be like, oh my God, I can't re can't believe I forgot this guy's name. Um, but it's the same kind of thing.

It's just a tremendous spiderweb of stuff trying to map the whole thing. But you know, it still just reduces down to, it's allowed to proliferate like this because of zero bound money. You move money away from the cost of money away from the zero bound, and then 90% of that collapses it immediately, you know, or at least starts to collapse and then, you know, holds on for dear life for as long as possible.

And literally these guys are hobbling, you know, policy-wise in order to hope that they can get through this and that, you know, and then push [00:09:00] from a political perspective, you know, Powell out the door, or make it untenable for him to maintain this policy. So that he can then have to pivot and go back to the zero bound.

I don't think that's gonna happen. I also don't think he's gonna keep rates at 6%, five or 6% forever either. I think he's gonna keep them there for a year, year and a half, maybe even two. And then they're gonna come back. Then they're gonna start coming back down. The point being when I was trying to get out originally is that thanks to Jeff, we understand something about the Euro dollar futures curve and how it operates and how it's the tail always wagging the monetary policy dog.

And for that no argument in the guy's debt. I, I, I say that with no reservations, no if ands, no buts, no commas, no nothing.

That part of it. But today I have to think about it going, okay. Well, that what you're describing and you have, and what Jeff has accurately described were all of these years where the Fed was complicit in [00:10:00] helping blow up the shadow banking system. What happens when the Fed's not complicit? And allowing the shadow banking system to proliferate.

What does that world look like? It's a simple question. Does it look like what we've got today? I think so. I may be wrong, but it's certainly the question you should be at. That's the question I asked myself. Oh, you know, about a year into this, I, about a year ago, I finally asked that question. I'm like, why is, why does Snyder not see this?

As long as the, as long as the, the, the, the Fed's not complicit in this. If the Fed doesn't want to go back to the Zero bound, eventually it'll retrain the market. Eventually it'll do away with the Fed put, eventually the market will have to deal with what the Fed wants to do, because the Fed's proven in the past, I mean, Ker proved in the past that the markets were, the markets can be mispriced for a long time, and he can still ring out all that, that leverage.

He did it in, he, you know, 80 through 80, 82. I mean, he did it 79 through 82, [00:11:00] you know, and it's been done before. And I'm a big free believer in free market. So y'all, I mean, y'all know this, so it's, I'm not trading in my libertarian or free market economics bonafides here for, you know, sipping for the Fed.

I'm just saying, look, the Fed's a real actor. They have agency. They're gonna use that agency in the way that they think is best for them and for the people whom they serve. Why would you not analyze their actions from that perspective? If you're not gonna be willing to analyze their actions from that perspective?

I'm not willing to listen to you because you're not a serious observer of markets. It's just as simple, right? Yeah. You, you have to, you have to give the devil that's due even if you don't like 'em, right? Yeah. So that's, that's where this started. That's where we're, that's where I think we are today. So I look at it and I say, okay, well, if I were the Fed, and well, how, okay, I'll make it even better for you.

I, if I were Emperor Palpatine and I wanted to re regain control over my own monetary [00:12:00] system, what would I do? Well, I'd first. Cutoff City of London by getting rid of L I B O R, I'd re-index all the debt in the United States on a, on a domestic rate that is set by the marketplace. So R, which is set by the repo markets.

Mm-hmm. Not 18 bank, 18 bank heads getting together and going, yeah, it should be this

**Marty:** in Gchat.

**Tom:** Right, right. Exactly. Yeah. And then what would I do after that? I'd start raising interest rates when everybody didn't want me to, and I'd start draining the offshore dollar markets of liquidity before I started raising interest rates if I, politically, if I wasn't able to start raising interest rates.

Cuz in TW summer of 2021, politically he wasn't able to, cuz he hadn't been reconfirmed for a second term yet. So the best he could do then was start draining the dollar pump, which Yellen was getting set to dump a trillion and a half dollars of CARES Act money onto the market raised by Donald Trump and nutrient.

[00:13:00] So he had to blunt that. And then, you know, start bringing out the leverage. So what do you do after that? Well, you'll wait to see if you can get reconfirmed. If you, if, if, uh, you can get, if you can put some behind the scenes pressure on Congress to not spend, just wait for the inflation story to, you know, run out the clock on yelling and Biden and Obama and all the rest of them and Pelosi, well then you get what you, then the fall of 2021 makes perfect sense to you.

Mm-hmm. That's what it makes the perfect sense to me. So, uh, and then you just, you know, you force the, you force the moment to its crisis point force Biden to all allow to say, okay, I, I'll renominate uh, Powell because I don't have any other choice. Cuz he doesn't, politically, he has nobody else because he can't push a brainer through the Senate.

The Senate basically told Biden no where you want Powell. The reason that the Senate told [00:14:00] Biden that they want Powell is because Wall Street wanted Powell. Wall Street writes the checks for the Senate. This is not hard. This is the way it works. This is the real Washington DC as we all know. So I'm not even like talking about anything here that we don't all already know.

So why is, I don't understand why I get so much pushback on this when you really, when you break it down those terms, I'm not saying you're doing it, but it's like in general it just, it's really weird to me. Cuz to me it's just like really simple. Like these are the incentives, obviously this is the, these are, these are the people and they don't like, it's not tough.

The commercial banks in New York don't want to be, you know, subservient the K Schwab in a bunch of coms over in Europe. Well, and that's not,

**Marty:** that's the one piece of pushback I've seen toward your thesis is that, look, they incited a banking crisis here in the us but it seems like when you consider who actually owns the Fed, which is like the large, larger, systemically important banks, And actually their game plan may be playing out perfectly where you have consolidation from the regional banks all the way up to [00:15:00] these big commercial banks as well.

**Tom:** Well, there's, I think there's, I think that's a little bit overblown as well because I mean, and I've been talking about, and I wrote about this and it's a fair criticism, it's a fair point cuz every other banking crisis that's ever happened in the United States since the formation of the Fed has saw a consolidation of smaller banks into bigger banks.

And you know, the bigger banks eat the smaller banks. But in every one of these, in the past, this is the interesting part about this one Barney, that I think, think people should really consider. And I, and I've thought about this comment and I've thought about that criticism long and hard, and I've commented on it explicitly, which is to say this in every other in 2008, long-term capital management, the savings of loan crisis, you know, whatever, pick 'em all right.

Every time it was the big banks that got into trouble 2008, it certainly was. Mm-hmm. They were all broke. They were all in trouble. The Shadow banking system had blown up. They blew it. I mean, honestly, Bernanke blew it up when he raise raised [00:16:00] interest rates and didn't know what he was doing. Didn't really, because no, because to tell, to listen to Booth tell the story, no one at the Fed even understood that the shadow banking system existed and what it would do when they raised their raising rates.

And you could ascribe malice to what happened. Sure, I'm not above that. I'm not above ascribing malice to j Jamie Diamond in 2008. Right. Or any of these guys. You know, we, we wanted to get rid of Dick Fold cause he was making us look bad. Okay, this is how we're not, this is why we're not gonna balance le you know, by the time 2008 to come around, fold was, you know, basically persona and on grata all across Wall Street fine.

And there was a lot of people who were, you know, dead the. They were in trouble. They needed the good assets on the smaller banks balance sheets in order to stabilize their own balance sheets in some, in some ways. And then start papering the process over with zero bound rates, interest on excess reserves and you know, QE 1 23 operation [00:17:00] twists all the rest of it.

Right. That's what happened. And that was Bernanke's plan the entire time to try and recapitalize the banks quarter point. Uh, you know, basically a quarter point over the Fed funds rate over time. Fine.

This time is different. This time's the small banks that were in trouble, the big banks are fine. Mm-hmm. Do the, and so do the big banks really want some of the, uh, most of the loans that are on these smaller banks balance sheets? Not really. They might want some of the commercial real. That the law that the regional banks got themselves into is, Danielle again keeps pointing out, 77% of commercial real estate in the United States is owned by small, re small and regional banks as opposed to traditionally it's around 50% of commercial real estate loans are made to small banks.

Yeah.

**Marty:** Signature. They're over massive signature.

**Tom:** Massive. It was even worse. But my, my point, the, the point being is that, okay, so the regional banks are in trouble here. Fair enough. Um, [00:18:00] they were over leveraged, but why were they over leveraged? Because they needed to go out and get yield. Cause they couldn't make any money in traditional banking.

Just like the pension funds had to go into, you know, leverage CLOs with BlackRock and all, you know, all this stuff, right? So everybody's screaming at the zero banner looking at searching for yield and the only way you can get yield in that kind of market is leverage and it's leveraged on overpriced assets.

And in the hope that those leverage, that that leverage will continue because the overpriced assets will keep going up. Cuz let's keep pumping more money into the system in order to get the anomaly yield to pay people off and depreciating. Currency units be they euros, yen dollars or whatever. But this is how, so in, in effect, they've already been defaulting on all the, the pension requirements, the, the pension, um, uh, unfunded liabilities through inflation.

They've been doing it for years. Right. So, but when you reached the, the point where that's no longer gonna work anymore. Well, and there's another opportunity, there's another way of dealing [00:19:00] with this, which is, hey, you know, we could reverse dollar flow from around the world. We could just become Japan in this sense.

Not in the sense of like the Kyle Bass sense, and oh my God, the Japanese were 216% of debt to GDP and all that stuff. That Japan's gonna explode. No, no. We all become Mrs. Wai. Mm-hmm. If the Fed raises interest rates to five, 6% and the, and the Fed sets up a virtuous cycle, To bring those treasuries that are stuffed on central bank balance sheets home and allows, which allows for the regional banks to start investing in treasuries and then paying interest, um, to pass book savings to people who don't have a US TR treasury direct account or any of this other stuff.

This, Hey man, I want something better than 0.15% of my past book savings. Like why? And, and if you think about what the [00:20:00] real problem is, it's that right now we're in this, like, we're in this, this ugly period where the regional banks were sitting here with holes in their balance sheets because the treasury portfolios were 20 to 25% under underwater big holes in their, in their balance sheets.

So they're continuing to pocket what they can get out of their investments in order to, to, to shore up the holes in their balance sheets, and they're not paying their depositors, the vg. You know, a part of the vg, they're paying nothing still in their pocketing five when normally they would pay us two and keep three or pay us three and keep two net interest margin.

There is no, there was no net interest margin. Now they're in net interest margin has been rising. I guess I haven't really looked, but I would imagine it is. But their balance sheets are in trouble, so their cashflow better and um, and balance sheet and paired. Okay. While the fed just made them whole with the bank term funding program.

So they can pledge those securities, [00:21:00] those treasuries are underwater on at par, go out and buy new treasuries with them and they're, the only thing they're on the hook for is the interest on the loan. That is a way to immediately shore up a lot of their holes. It just sets up the virtuous, it sets up the right cycle and the right set of incentives for them to start clearing their decks so they can start offering positive interest rates on savings accounts.

And I'm even starting to see it. You're starting to see it in CD rates, you're starting to see it in money market rates. You're starting to see it in, um, here and there in high dollar denominated savings accounts. I was in Wells Fargo, I was in Wells Fargo the other day, and they're talking about, you know, uh, a savings account with a teaser rate of paying 3% and then, you know, two and a quarter percent after that or whatever, you know, six months, they'll pay you 3% to put your, put $5,000 into Wells Fargo.

All right. It's, it's wells. When I see that for my local credit union and that's coming, then you know [00:22:00] that this is working.

**Marty:** What do you think the likely, the likelihood that they keep the, um, the loan term to one year, you think they extend that as

**Tom:** time next year? I think they may have to. Yeah. Yeah. I mean, you know, I, I, I think it's possible.

I mean, but again, this isn't qe like this is, you know, again, it's not qe. It's not, you know, the Fed adding to their balance sheet isn't qe. Like the Fed added a lot of, most of the money to their balance sheet during the financial crisis, before QE was ever admitted, they added a lot of money to the balance sheet in order to provide temporary liquidity to the market, because that's what the Fed's supposed to do.

Again, not, this is not an endorsement of, of having a lender of last resort like the Federal Reserve. I'm, you know, I'm, to me it's an athema, but it's doesn't matter. It's the world we live in. It's the money we have. And until we, you know, until we get to a point where we have a better system, and how about this, how are we gonna get from the system we're at, [00:23:00] unless we go through a transition period where, you know, we, we try and bring the, the, the system back to where it was, say, a hundred years ago, where we had rational commercial banking with a central bank.

Right. Which is what I'm, it's all I'm positing that we just, that the fed just goes back to something close to its original mandate, which, you know, the old commi fricking FDR destroyed back in the thirties. Yeah. So,

**Marty:** yeah. So what do you think happens over the next year as they keep rates relatively elevated?

**Tom:** I think Europe is in trouble. Yeah. I just think Europe doesn't have a, a leg to stand on. I think that that's part of the thing. I think that's absolutely what's going on here. I think it's very, very clear that Powell can't say any of this. Okay. He can't say it. And people close to the Fed can't say this either.

Okay. Because if they did, it's like you not, [00:24:00] it would immediately destroy them and destroy all of their models, the credibility and everything else. They have to keep couching in terms of inflation. We're fighting this and you know, and all that stuff. That's what they. And that's what they're gonna do.

Like I look at the jobs report from this morning. You and I are doing this on, on, on the fourth, right? So I guess the guests were live, right? But, um, just to remind everybody in the future, we recorded this on, on Tuesday the fourth, and this morning the markets went, you know, haywire because the jobs numbers weren't any good.

All right, well that's nice. Yesterday, OPEC cut production by a million barrels a day. You think cost push, inflation's not coming back from a commodity perspective isn't coming back, coming right back around when oil goes back to a hundred dollars a barrel. Like what do you think is gonna happen here?

You don't think that Powell's gonna use that, that stabilizing of inflation? That's six and a half or five and a half percent when it should be coming down. And it doesn't to think out 2, 3, 4 months from now when inflation's supposed to be down, [00:25:00] back down in the fours. And what if it stays at five, 6% because oil is back to 95, a hundred dollars a barrel.

Natural gas is back over $3 a a million BTUs coppers holding steady at $4 a pound as opposed to where it was before. All this started at 2 50, 2 70 a pound aluminum's at two 50 a pound. Like yeah, year over year. Inflation may quote unquote come down, but we still have a structural problem that prices haven't gotten back to where they were.

And if oil stays high, then the input costs for all the industrial metals, timber, diesel, fuel, everything goes up, food production goes up, and inflation will stay higher for longer, which means that the Fed will have to keep rates higher for longer, which is exactly what Powell wants to do. He needs market cover through the inflation data in order to keep this running.

Now, whether he's gonna be able to do that, if the credit markets, you know, continue to implode like they have, Is a good [00:26:00] question. I don't know if he will or he won't. I just know that Janet Ellen's gonna fight him tooth and claw every step of the way, especially over the death ceiling. She's gonna do like, just like bernanki, uh, just like, I'm sorry, Pelosi.

Try and tie the debt ceiling to some other political, um, uh, uh, issue in order to try and, you know, blackmail the Republicans into caving as opposed to what, remember they won that

**Marty:** fight? Oh, it seems like she's, try beginning to posture for that too. With her climate change is a, is an existential threat that we need to attack.

So you could see.

**Tom:** Is deal. Yeah. Yeah. Yellen is, is, is is pure, pure Davos at, at this point. And you know, when I asked Danielle about this, when she was on my podcast, and, you know, and she side stepped the question, fair enough, that's fine. It's her, you know, which is that, do you think they were incompetent or do you think they were vandals?

I happen to think they were vandals. She called them shockingly naive. I happen to think that that's a, that's a nice, that's a, that that a polite way. That's a nice, you know Yeah. Polite way of [00:27:00] saying you're right. I dunno. You know, you, you, you know, y'all review the, the, the tape and you know, you, uh, you draw your own conclusions for now, I'm, I will not put words in Danielle's mouth.

No one needs to, let's just put it that way. Um, she's so, um, you know, from, but when I, I think about it that, that's, I'm on record beginning of the year. I, you know, I put out 10 predictions for 2023 and inflation would stay higher for longer. Oil would net, wouldn't break down much below the. The, the January low, the January open, what did we get?

Eight bucks. And now we're, you know, was there for an hour and a half and now we're back to 85 bucks a barrel. We opened the year in the high seventies, mid seventies, high to mid seventies. Um, the US is probably gonna have to pull outta Syria. Saudi Arabia is going to jump ship and, and, uh, you know, align with China.

The petro dollar's gonna end these, all these things are already, it's already April and I'm like already writing on like six, six or seven of these. Um, [00:28:00] and Powell's gonna go, you know, the one I think is in the most, uh, trouble is that Powell may go, that, I think Powell will go to 7%. I, you know, that was January.

I made a call. He, he only needs to get the six. Hell, he only needs to hold it to five until the end of next year, and he'll do 95% of what he, of the damage that he needs, he needs to do. I think he goes to seven. It's. I mean, I don't know about you, but Mesis would be cheering it from his grave if you wanted, say,

**Marty:** yeah.

And now when you, when you consider the inflation rates that came outta the UK and Germany the last couple months too. Mm-hmm. Royal me higher Europe. Oh yeah. Is

**Tom:** royally screwed? I saw something this afternoon. My friends over at Mid Delino in Italy posted a thing about the, uh, the Eurozone's, uh, current account just posted a, a monthly deficit last month for the first time, like total across the Eurozone.

And it's mostly France, Italy, and Germany. Interestingly, the Danes posted a massive ca current account [00:29:00] surplus, which is, which harkens back to something. A patron of mine said to me about oh three and a half, may three and a half years ago maybe we were, we've been discussing, you know, Brexit and you know, whether Hungary will leave or Italy will leave.

All the stuff when we were, when we were hot and heavy into European politics and one of them said, dude, you wanna watch the Danes? The Danes are the ones you wanna watch. They're the one, they'll, they will jump ship first. And I'm like, huh, okay. Asked him for why, and he didn't really give me much of an answer that I could work with.

But, you know, and there it is staring at us if they're, if they're funding, you know, if they're the only country with any kind of, you know, current account surplus, where there's any kind of in, you know, in, in production, investment, you know, net inflow, they have a high incentive. The entire

**Marty:** Arizona, that's trouble.

Yeah. And the fact that Italy, or [00:30:00] excuse me, France, Germany, uh, in Italy, the top three contributing to, uh, a negative deficit is not good. Or to a deficit. Right.

**Tom:** Exactly. It's not like we're talking about Greece, you know, and, you know, I know Mont Negro. Well, we're talking about, we're talking about the, the, the three that, that make up the tripod on which.

It's a whole European Union stands. Yeah. Right. Without those three, there is no European Union. So, yeah. You know, hard to say.

**Marty:** Yeah. And you, I mean, you mentioned it too, like Saudi Arabia. Mm-hmm. I mean, the prince came out, what was it, earlier today or yesterday, was like, uh, I don't really care to keep relationships with the us.

Like what do you, what do you see this bricks pivot that they're making? How does that throw a variable

**Tom:** into the mix? I'm, I'm beginning to call it the bricks. Bricks. Cause there's two eyes and there's two S's, now two eyes, India and Iran. And for years, I've always said that India, during the Trump administration, India wasn't even part of the bricks for authentic purposes.

[00:31:00] It was Iran that was really the iron bricks. And now, now we had Saudi Arabia to South Africa. So, you know, and then Brazil actually is kind of a, but no, they, but then Brazil and China just put just, you know, signed a bilateral trade agreement in their own currencies. So, you know, every day, you know, Every day that you make the dollar more expensive to use is another day that it's in someone else's comparative advantage.

To not use the dollar, you know, it's not, the world isn't a series of step functions. It's not a well this than that, you know, it's not a series of discreet on or off switches. Everything is a curve in a continuum, right? We all, you and I have different needs and wants and everything else, so it, it may only make certain perfect sense that our behavior is gonna be maybe roughly the same but not the same.

And so you may jump ship from the old system if you're, you know, [00:32:00] India later than Iran would because Iran, for example, we made use the use of the dollar nearly impossible. We raised the cost of using dollars to. Right. So it was important that, you know, Iran had to then shift and figure out what else to do.

India, I mean, never were really sanctioned, so they're still in that zone. Well, you know, but now every day that everybody else starts to use the yuan or the rubble or you know, whatever, or we'll take the Rui as, you know, a settlement, uh, you know, for, you know, in exchange for, you know, washing machines or weed or barrels of oil or whatever.

Well then that's just relatively speaking makes the the dollar worth less to them. Yeah, and it doesn't have to be, you know, overnight, it just means that it's one or 2% or 3% and you know, you compile 1% year over year, over year and it's pretty soon you're talking about real percentages. [00:33:00] Yeah,

**Marty:** and it makes sense too.

It's all about network effects, like the bricks, countries are building their network effect. Yeah. And it's so shortsighted by the US with the sanctioning, like they literally artificially constricted the potential for their own network effect.

**Tom:** I agree. And this was the, this was what Jim Sinclair warned us all about back in 2010 when Obama went after UBS to open up the Swiss banking system and Wood Swift expulsion.

He said, the minute you, he said it said the dollar he full intent and purpose, he's like the dollar's done now. I mean we haven't seen it finished, but he opened up Pandora's box and that's that. And we all know the parable. You know, once you open up Pandora's box, you can't close it back up again. Yeah.

Once you go nuclear in any negotiation, there's no way to back down other than, you know, dropping the bomb. Yeah.

**Marty:** Which is trying to like conceptualize like how this all plays out. When Yuan settled, Ruby settled, Rubal settled [00:34:00] trades. They're talking about like their gold back commodity backed. Basket for a settlement network.

Obviously we still have the dollar. Gold is gold. Did it close in all time on today?

**Tom:** No. No. It it, it did not, but it didn't need to. Uh, a daily close above 2000 is pretty good. So let's wait for a weekly close above 2000. Yeah. I mean, it's now we'll wait for a monthly close above 2000. That's the way I look at, that's the way allocate the world.

**Marty:** So if that happens, what does that signal to you?

**Tom:** Hmm. It signals that money is getting the ground. Bitcoin of 28,000 in this market. Is money going to ground people trying to find ways, you know, uh, uh, trying to find ways of pro of protecting their, their purchasing power. You know, they're, they don't know what to do, but at the same time, look at the rates on treasuries.

People are scared now, but at the same time people are, what's what's happening? This is an interesting thing. Martin Armstrong brought this up the other day in a post, I think it was in a private blog post. So if you guys didn't see it, [00:35:00] you know, I'm, I am a subscriber over at, at. Marty's service to the, at the lowest level, just basically for the private blog and some, um, some basic stuff from Socrates.

Mostly. I just have it for the private blog cause I find the private blog where he really lets his hair down, metaphorically speaking. Um, and he was talking about fema, F I M A. That's the foreign, that's the fed's foreign repo facility right now. I made a big deal about June 16th, 2021 when the Fed raised interest rates.

The, the R R P facility rate five place basis points about the fed funds rate. Alright? But equally important, and I haven't talked about it as much, but I did talk about it here and there, which was the next fed meeting. They put FEMA into place. So the first thing he did, Powell did was start draining the, the world of Euro dollars of, uh, of leverage within the offshore dollar markets by starting to drain massive amounts of liquidity, blow up, carry trades, blow up.

You know, you know, just, just start de-leveraging that system. [00:36:00] So now, and then he builds a massive war chest of dollars sitting in the reverse reap of facility. Cuz the money markets aren't we still to zero bound? So there's no demand to put money into the money markets. There's no, there's no, there's no transmission mechanism.

The classic transmission mechanism is broken and he knows it's broken. So now we gotta create a new transmission mechanism. So you can use the r r P facility as a means by which to get a, create, uh, a big stock of dollars.

Knowing full well that the US banks won't take European debt as repo collateral, right?

Means that the only person who can then be a source of treasuries are people currently holding them or the Fed, right? Because the US banks won't give 'em to you. The primary dealers and the broker dealers like, yeah. Yeah, no, no. Yeah. Maybe it's 70 cents on the dollar, but I'm not, no, [00:37:00] I'm not. I'm not, I'm not trading you a German bun trading at minus 0.8%.

I'm not giving you par for that. No. I'll give you 70 cents on the dollar or 70 cents on the Euro, but I'm not giving you par. You just, you know, sorry, Chrissy just ain't happening. So you create FEMA in order to control the ebb and flow of dollars and treasuries and to allow those who need treasuries, need treasuries to come and get them from the Fed.

And that's what's going on right now. I think that's what the rally, I mean, this is what Marty's mentioned the other day, and I, when he mentioned it the other day, I was like, and it's like that's part of the reason why the massive rally in the US treasuries is that in order to keep the, the European banking system from imploding, because of the desperate need for dollars, they had to belly up the FEMA for 60 billion during the height of the crisis.

Credit Sus and Silicon Valley Bank, the previously that facility, I think it hit [00:38:00] like 1.4 billion was the highest. So clearly there was stress, but here's the gig. They didn't lend, the Fed didn't lend them those dollars at 0% like they did in the past. Those dollars were being lent out at nearly 5%. Yeah, those treasures being nearly

**Marty:** 5%.

Yeah. So FEMA is essentially like the cattle herding mechanism to get people to go to the Fed to get these dollars.

**Tom:** Right? Well, they, because the US banking system wouldn't deal with them. So now, now you gotta deal with the Fed. The Fed can now set the rate, now can set the cost of dollars. They're now controlling.

Now you, this is your, these two facilities, the RP facility in fema, not completely, but for the most part now they are the transmission system for fed monetary policy. And the Fed gets to control the value of them, which is why I think Jeff's. Jeff Snyder's arguments about the Euro dollar system and just analyzing the Euro dollar futures curve, which is inverted [00:39:00] is, you know, it's, it was very useful, but I think it's not, mechanics are different now.

The mechanics are different now. Thank you. That's a good way of putting it. The world is different because the Fed is now actively attacking and is actively hostile to that system and wants that system brought back under its control and it's the dog and the dog's barking and it's, and it's literally willing to chew its own tail off if necessary.

Yeah. Okay. They extend the metaphor into, you know, lunacy.

**Marty:** Well that's, I mean, it's insane that you have your finger on the pulse of all this, cuz keeping up. That's the thing. They, they use these facilities, right, to create those cattle herding architectures and those mechanisms. Um, the mechanics. That really throw a wrench in how people view this, this system as a whole.

And that's the thing that they become, they [00:40:00] become really addicted to spinning up all these new facilities.

**Tom:** Well, yeah. There's that too. I mean, but I think it's like, I think they're all a, a, a reaction to, uh, incredibly abnormal times. I think that if Powell had been fed chair in 2007 or 2008, he just let the whole system collapse.

Back then,

he would've never put the 2% inflation target in place. He's now having to ex he's inherited it. He's now having to use it to his advantage. Mm-hmm. In order to try and get rational control over the monetary. He says, Mo, look, and again, this is in no way, manner, shape or form do I think it's set in stone that he's going to pull this.

Okay. I'm just describing what I see, the incentives, the mechanics, and where we are. Do I think the Fed has the better set of hole cards [00:41:00] in a poker sense? Absolutely. I do. I mean, the Fed's the one that prints the dollars. The political situation in the United States is clearly anti inflationary. It's clearly against what's happening on the hill.

Like, you know, they've had to steal elections for Christ's sake in order to pump the Democrats up to, and then indict Trump in a show like this is all just theater now. And people are like, they're sick of it. They just want people on, they just want their leaders to act like normal people and they're refusing to do it.

And they all, you know, God's forbid that I even like have to, you know, use the term, you know, I look at all of them. I go and Trump's the most normal of the bunch. Right. That makes me sick to my stomach in, in many ways. Right? Yeah.

**Marty:** But I had an interesting experience with this over the weekend. I was in Philadelphia at home and, uh, we went to brunch in the city at a French restaurant called Park in the Biden family walked in [00:42:00] and ate breakfast.

Wow. While we were there. But they literally just sat down and ate. I don't even think they said hi to anybody. It was very weird. It was very, uh, you'd think it'd be like a big appearance where he was going around shaking people's hands, but now they just sat down and ate and left.

**Tom:** Well, they, they, he can't go in glad hand with anybody without like, you know, embarrassing himself, you know?

Yeah. They let him out in public. I hope he, I hope they had changed his Depends. Right before, you know, he went out the door.

**Marty:** Well, it was like they were flowing it too, cuz Hunter was with them and I was like, ah. It's like, how are you bringing him around? Uh, considering everything that's going on with that, that laptop.

It's like they're shoving it in people's faces

**Tom:** almost. They really are. Marty, I mean, this is the thing I, I think I want, I want, you know, when I, I think about when I tie all this stuff together and I start thinking about the Trump indictment and everything else, and like, this is very clear that it, the strategy is, the strategy is being employed here are multi-vector.

[00:43:00] You are the United States is being attacked and western culture and just in general, just capitalism, for lack of a better term, individualism for, you know, in, in an ideological sense, it's being attacked from multiple vectors, okay? From memory vector, from an institutional perspective, from an economic, cultural, political, legal, and every, every myth that we have of America as a, a land that is, has some semblance of fairness and decency.

I think the way I put it the other day that, you know, we're all, we're maximally, Americans are maximally cynical about their politicians, you know, we know that they're lying when their lips are moving, but at the same time, we have this, we still have this belief that this, that the system itself gets it right.

Often enough to keep the lights on. Right?

**Marty:** Yeah. People fall back on checks and balances,

**Tom:** which is Yeah, and just on and everything, you know? Yeah. But our systems are strong enough that, yeah, people were, some people get away with murder and yada, yada, yada. Bad [00:44:00] things happen, but the system itself is still strong enough to make sure that the whole society keeps Ro operating well, not if it's being actively attacked from within and without, by multiple along multiple vectors.

Some of whom, for example, would anybody blame the Russians for engaging in, you know, in engaging in, in hostile activities against the United States? I wouldn't, I don't like it. But at the same time, you get it, you know? I get it. And, and you know, actions have consequences. Right. And, you know, we can argue about what China's motivations are.

We can argue what Iran's motivations are, we can argue about. But you know, when we see it from our, we see it from our, our supposedly European ancestors who are just literally treating us like, well, no, your job is, you are the shock troops to go fight and die. Charge the lip brigade. You are supposed to go and [00:45:00] kill the, the slobs and the slopes.

I hate to use that term, but that's the way they think. Yeah. That's their term, not mine. Like when you think of it that way, that's our, that's what they think of us as Americans. That's our job to them. You know, the Eastern Europeans get to be their

uhoh.

**Marty:** Is it us? Right. Oh, we just lost you there for about 10

**Tom:** seconds. Yeah, I can see. I'm, I was on the replay. I wasn't good. It happens. I'm on Starling. So every once in a while, you know, you ship from satellite to satellite. So what I was saying is this, you know, I've said this before, you know, when you think about the European aristocracy and you really think about who they are and what they believe, it's clear that they just look at the rest of the world as, you know, a bunch of surfs that are supposed to serve them.

It's the way they prosecuted his, their history for the last eight, 900 [00:46:00] years. Like, why would anything change? So, um, I mean, when you stop the, you know, when you look at it that way, it's clear that like, that's what we should be worried about. It's that mindset that we have to be worried about. The Chinese are negotiable, the Russians are eminently negotiable.

The, our Russians know they have a, a relatively weak hand. I mean, in the grand scheme of things. But at the same time,

**Marty:** you know, you're saying, come on, Europeans are trying to have us tied at the hip, which is dragging us down

**Tom:** Kaita too. It's really that simple. They want to control us. They think, you know, Soros couches it in that, you know, those ideological, open society, flowery terms.

But really it just comes down to he wants to run things or he wants the son to run things and, and, and, you know, wants, that's what he wants. He wants the United States torn down [00:47:00] and you know, he is willing to stop at nothing to get it. Yeah. And he is not the only one. He's just one of, he's just, you know, the, he's just the PR man.

Same, same with thing with swab and the rest of them. But yeah, they're just from men. Even worse when it's, you know, the people behind the scenes.

**Marty:** Yeah. Maybe think maybe I'm too optimistic or too naive, but I do uh, cuz it's, when it's rotten at the top, it seeps down. To the lowest levels of society. And I think people are, are getting to a point, particularly in cities like San Francisco or Philadelphia, we're having all these smash and grabs.

Mm-hmm. They're like, what the fuck? Like, have we not, you know, you're, I mean, Trump's whole situation with them, um, launching a felony on 'em, it's something that's never been done before or Right. Literally rewriting the law in real time, um, to create

**Tom:** political prisoners when the, yeah, when the Southern District of New York won't touch Trump's case with a 10 foot cattle fraud.[00:48:00]

I mean, this is, these are people who can indict a ham sandwich and get a conviction 95% of the time, and they wouldn't touch the case. That tells you how ca we the case is, but they don't care. Now we can go into Trump's indictment. There's about 18 different ways to look at it and, you know, I go through the, the flowchart.

I go through DaVoss flowchart and I say, No matter how this turns out, it's good for us because the United States has brought low in the process, unless, of course Trump survives, this runs for president and wins because not that I really want Trump to be president again. I don't, I I, I, I'll vote for him again, Chris, you know, why not?

Cuz if for nothing else, because I know that's what they don't want. You know, and maybe, you know, a second Trump term would be stronger simply because he now he knows just the depths of how, you know, vile these people are, and he [00:49:00] understands the rules of the game better than when he was in office the first time.

But what's really important about this is that they know that by making a mockery of the legal system and the election system and our, you know, a rule of law, All of that. And they, they attack all the foundational myths and all the foundations, you destroy the society. Like society is a shared hallucination, dude.

Like it's, you know, we all, you know, we all abide by the rules because it's in our best interest. We'll abide by the rules, but when the rules don't serve us, why should we, you know, why should we, uh, follow them or not? I mean, and, and don't get me wrong, I realize I'm on a Bitcoin podcast here, and I, and you, you know, that I, I I, I I, I get on the Bitcoin maxey a lot, and I do it for this reason.

I get why there's a kind of religious fervor, so around Bitcoin [00:50:00] because of what I just said, that desire and need to, for trust to be brought back, that need. It's the, it's the same, it's the same thing that, that, that many Christians are holding onto. It's like, what happened to this country? What happened to our society?

Like, this is our way forward. This is the thing that can help us. I, I know. I, I, and I don't, I'm not even unsympathetic to it. I, I, I'd be, I'd be ecstatic to be wrong that Bitcoin doesn't rule the world. I, I'd be ecstatic to be wrong. Like I, nothing would make me happier than to be wrong, cuz I know that Bitcoin would help bring the world back to some semblance of rationality.

But I also know that Bitcoin is never operated in an environment without prop Central banks doing their thing. What happens when the traditional finance system decides to clean up its act Now? Does Bitcoin rule under those circumstances? I don't know. [00:51:00] Does it take longer for Bitcoin to come into its full bloom?

Maybe. Does Bitcoin act like gold as a very powerful check and balance to bring the system? The old system back into some semblance of decency. Ooh. Not that. Even if that's all that happens, that's an amazing, amazing thing to have pulled off, and you should

**Marty:** take that win. Yeah. No safe andis actually in the Bitcoin standard in the last chapter of the Bitcoin standard.

I think that's a point. Safe makes is what you just said. If the only thing Bitcoin does is force more rational monetary policy at the Fed level, and it's done its

**Tom:** job, I I yeah. It it has done its job. What happens if Bitcoin winds up on the Fed's balance sheet? You think that's a

**Marty:** possibility? Any I Absolutely.

Another thing we have to factor in here. Do you think Bitcoin is actually affecting this in any way? The policy

**Tom:** decisions? I, I, I think [00:52:00] it, I think it is in some ways. I, I Powell's made it very clear that he's at war with stablecoin. Mm-hmm. Because stablecoin are just Euro dollars. Just the offshore just happens to be in Cypress space as opposed to in, you know, Brussels or Hong Kong.

Yeah. Bitcoin is a bearer asset like gold. It's the thing on which A, it's on which a a, um, the foundation of rational monetary policy and a rational banking system is built. So, you know, I can make a very credible, I can do a, I can do a whole schizo post, and I havent talked about this in other interviews.

I can do a little schizo posting right now saying, look, you know, I've, and I've, I've chatted with, uh, um, one of my patrons who happens to be a, a quant, and I, he's a young guy. I think he's probably about your age actually. Uh, I've met him. He's, he's a very cool, good kid. [00:53:00] You know, I say that on like, you know, I'm 55, like good kid, right?

It's so funny, but I, it gives me hope for the future. When I listen to some of these, the, the, I see this kind of energy from the generation coming behind me. It's really important, you know? And, um, you know, I, I, and I would hope that it's the same kind of thing that guys like Lou Rockwell and Ron Paul see, and people like me, that they would see the kind of energy that I have to try and take it forward.

The next generation, the same thing, you know, like guys like myself and Tom Woods and others, Peter Canones and others who doing, and then the generation behind us is now taking it and running, running the ball, and running with the ball. And, and some of the things that, you know, we, we've discussed internally within my, my, my patron, my patronage, is the idea that it's very possible that Bitcoin's in there actually helping to liquefy and, and collateralize part of the sofa market.

Because, you know what, if Tether isn't. What if [00:54:00] Tether has been taken over by the Fed?

**Marty:** Wouldn't be shocking. Like Tether or Circle. Like I wanna be sh I wanna be No, I wouldn't be shocking. I wouldn't be sh I think Circle would be higher under, like easier for 'em

**Tom:** to take over Really? I think so. I think they're gonna take out Coinbase.

I do too. I think so. I, I think Tether is actually, cuz I go back to the Leticia James slap on the wrist. She gave him the JP Morgan treatment. Like, you know, the JP Morgan reading gold treatment. Ah, yeah. Pay up fine and give us a, give us a and and, and file a bad, uh, quarterly report with not nearly enough information in it every quarter.

Um, and yeah, you're, you're off the hook. Um, what if te actually does have treasuries backing up? I mean like, on one for one, all the tether that's out

**Marty:** there. I mean that's what they're marketing. At least a portion of the treasury. Yeah.

**Tom:** Well now, now let's, now, now let's, now let's, now let's wonder if you know.

Like, [00:55:00] why has Tether not been taken out yet? Is it just because it's the next one in the, in the next one in the chain that needs to be taken out? Powell's been on a, on a Powell's like been knocking down all the stable coins one by one by one from the least vulnerable to the, you know, to the most vulnerable, to the least vulnerable, right?

What if you need one left in order to liquefy Bitcoin? You don't want it trading directly against the dollar because that creates a whole class of problems and reporting issues and everything else. What if you just want to keep that market liquid in order to keep li Bitcoin liquid enough? It's gonna need to trade against something.

Well, can it trade against the synthetic proxy for the dollar that the Fed controls? Yeah. So you only need one stable coin to do that, and you only need enough of them to liquefy the trading on enough exchanges to keep Bitcoin. To keep price discovery in Bitcoin [00:56:00] Rational, you get rid of all the leverage and look Bitcoin's trading.

I don't know about you, but Bitcoin's been trading really, really rationally the last five or six months, certainly since FTX blew up.

**Marty:** Yeah. I mean, all the marginal sellers got blown

**Tom:** out. All the, all the, all the bullshit's been whipped outta the market. If you wanna see what the dollar trade looks like after the Euro dollar, the, the shadow banking system's been collapsed back to a rational size.

You're getting a preview of it right now with the way Bitcoin's trading. Yeah.

**Marty:** Yeah. Well, that gets to another question too, which is, let's say Jerome Powell is issuing policy going after this plan, we're gonna get more sensible monetary policy. Even if that is the case, is it possible for them to fix what they've created?

We consider like, debt to gdp? That's a good

**Tom:** question. Okay. There's many, there's many [00:57:00] ways to recapitalize the United States. Yeah. The first thing is start to start the virtuous cycle of bringing the dollars and the treasuries home, and then allowing the vested, and then allowing our commercial banking system to then reinvest in America as opposed to sending all that money overseas and doing SPACs and all this other, you know, crazy shit.

Building factories in China to build, build nothing and, you know, and, uh, build skyscrapers to nowhere and, you know, all the rest of it. Right? Like, what if we're just gonna get back to, you know, I don't know, fixing the bridges, fixing the roads, you know, fixing the railroads, fixing the railroads, fixing, like, all the stuff that needs to be fixed.

I, I, I could tell you right now that JP Morgan doesn't care who they lend to. This is as long as they lend to somebody at a profit, they just want their 3% man. Like, so go get it. And you can do it. You can send it overseas or you can, you can. You know, they're not gonna wanna build new libraries. And as I buy sight this all the time, and I, they don't wanna build the libraries in Palka, Florida.

Right? They don't wanna build, you [00:58:00] know, they don't wanna build a tire shop in Dubuque. Like, that's not what they want. That's for the small banks, that's for the regional banks. That's what they're supposed to do. There's still way too many banks in the United States. Okay? There's 350 million people in this country who have, what, 14,000 banks, you know, so we could have the banking sector in the United States and we'd still have enough banks to do every, do all the blending.

We need to do the rational ending. We need to do like, that's okay. So again, this, this, there's like,

part of the hysteria during Silicon Valley Bank was, you know, from all sides of, it was just off the charts. It just feels to me like these were talking points seeded into the marketplace. By malign actors, which we libertarians ate up because we're all just like, and the Fed and the Fed and the fed.

Without thinking [00:59:00] it through in a real sense about, you know, what, how real business gets done. Like what if it's not that sinister? What if it's, what if it's bad? Don't get me wrong. Like I'm not, you know, I don't, it's not like I'm even trying to whitewash the fact that they may have the, our big bankers might have all sorts of frigging terrible plans for us in the future, but you get rid of zero cost dollars, man, and so many of those plans just become untenable.

Mm-hmm. Like immediately. And you know, if the bricks or the bricks, going back to that talking point, uh, that phase of the conversation, if they go to a trade settlement system where they use effectively credits for gold, As the means by which to satisfy their trade imbalances every quarter on say, a quarterly or monthly basis.

Then they can do bilateral [01:00:00] trade. They can trade rupees for reals or yen for, you know, or yuan for rubbles or whatever. And then at the end of the quarter go, okay, well you owe me, uh, five tons of gold and I've got apl, you know, and I've got plus two tons because I owe three tons of this guy over here, yada, yada, yada.

And they just ho hold it on a freaking blockchain with a, you know, a distributed ledger. And then, you know, once a year they, they may send a couple of tons of gold, you know, around to each other and then, then settle it all up or just credit them and, you know, you know what I mean? Like, it's very doable.

The, the, when gold coins had to move to settle the trade a century ago, that became a problem. Yeah. But today, if it's all, I mean, if they go to that system, Marty. We are gonna have to go there, we're gonna have to remonetize gold and or Bitcoin in order to back the dollar. There's no other option if they want the dollar to survive, period.

Because [01:01:00] superior money will outcompete inferior money.

**Marty:** Yeah. And this plays into the narrative too, because the European banks have capital requirement reserve requirements where they can allocate to gold too. So that would naturally create demand

**Tom:** and, but, but at the same time, right, the European, the Europeans or the, do these Dubo Asians desperately want to go to fully unbacked money.

Mm-hmm. That they control. And then they control the value of it by controlling your access to it. And that everybody becomes Iran, that's what they want. Just think of it this way. You're just, you know, you're Venezuela and I'm Iran to them. Yeah, the listeners are Russia now. That's what a c, that's what cbdc is ultimately reduced to.

Yeah. So we can get around that. It's not hard. We just, you know, and [01:02:00] there's a whole, and there's an whole group of people that represent over 50% of the population on this planet. Admittedly, these are the 50% of the population that Davos wants to get rid. Ofucs cool to them. The useless Cedars AI's going, all this AI's gonna do away with all these jobs, blah, blah, blah, blah, blah.

The robots are gonna run everything. It's all this, you know, it's all, I mean, I, I'll be honest with you, dude, it's, it all sounds like these people just, you know, you know, did too much Ayahuasca or Venus project, right. Um, symposium 15 years ago, and they're just like, you know, let's make that happen. That sounds great.

I'm like, Okay.

**Marty:** Yeah. We're doing aas or M dm a out in Burning man. Yeah, it all seems like half baked ideas. Yeah, we were just talking about AI and the conversation I had before this, and there is a lot of hype. It does seem pretty cool, but I don't know if it's gonna be what, uh, Silicon Valley's making it out to be like, I

**Tom:** think [01:03:00] No, of course not.

Silicon Valleys, oh, look, again, dumb ideas. You know, don't, don't dumb ideas pro proliferate, like, you know, beer wart at the zero bound. Yeah. You know, like, like it's not hard. Well, that's what, uh, the wheel we need to be a 5% for quite a while. And I think the, the, the long term will, I think, you know, eventually the euro, the, the, the, the, the, the dollar futures curves are all signaling that the federal would be back to 3% by 2025, maybe.

But not three. I just think these markets are like, I, I, I just don't believe in the, in, in the, and this is where like I'm getting angry with Zero Hedge. Like they are literally arguing the Fed Fund's futures curve is like gospel handed down from Mont High. And I'm like, yeah, no. I

**Marty:** mean, going back to the beginning of the conversation, the dot plots in 2021 exactly.

Would've led you to believe the rates were saying very low.

**Tom:** It just, it just gets, it just gets worse and worse and worse when you start thinking about, I mean, [01:04:00] look, if nothing proves to you how mispriced those markets can be, I give you the last six weeks or eight weeks since the Fed, since the Fed, the F O M C meeting on February 1st.

Like

I, the, those markets are broken. Yeah. I mean, they's broken as oil was, uh, two weeks ago. Like

**Marty:** it's crazy. Yeah. And that Fed Funds curve set by the market could just be the market really wanting it to happen. But as we said, the Fed's getting its autonomy back. They had to, but, you know.

**Tom:** Yeah. Yeah. But I, I'm sure that this kind of thing was, was real back in the seventies and the early eighties when Boker was doing this.

Now we didn't have the same types of markets. We didn't have Fed fund. I don't think we had fed fund's futures back then. Um, you know, we certainly didn't have euro dollar futures [01:05:00] and, you know, so, I mean, and this all comes, you know, this, this, you know, if you ask me where this stuff comes from, why I was able to like put this stuff together, I've been watching them to manipulate the price to gold for 20 years through the futures curve.

Through the futures market, right? Like you manipulate the futures market, you can create reality. Okay? So once you see it bottling. Happen to you in one market. It's not hard to see the same behavior in other markets. So, you know, the, the, the Bank of Japan is still engaging in yield, curve control and still subsidizing a lot of, I think this, this, um, this futures curve inversion.

Mm-hmm. But you know, again, as Mark, I think the point I didn't make, I didn't finish making about Martin Armstrong and FEMA the earlier, was that what Marty pointed out in that, in that blog post? Was that when the Yeah, I did [01:06:00] make, I did make the point, which is that when the system came under stress, the foreign central banks went to FEMA to get dollars or to get treasury.

Sorry. Cuz they were desperate for them. And that's why, and, and maybe that's why the, the yield, the US yield curve is so inverted. It's not because though there's a recession coming, blah, blah, blah, blah. No, it's because there's a need out there. That the Fed set up on purpose. You know, I post, you know when I said, when I asked that question to to Daniel Booth, I said, you know that everybody's out there screaming policy mistake.

And I'm like, to me, this is what he needs to do. And she's like, yeah, it was a policy mistake, but it was a policy mistake made with eyes open. Yeah. They did a purpose. Yeah, and you can, you can default too. They did it because it's cuz they're evil or you can do it because this is the only way to break these people, you know?

Yeah. So, yeah, maybe, [01:07:00] I don't know. That's what I, this is, this is, I mean, I'm not, you know, again, I, I could be wrong about, even if I'm wrong, about 25, even if I'm wrong, about 50% of this, it's still completely different than what you're getting on cnbc. What you're getting on Bloomberg, when I, I get Bloomberg is unreadable anymore.

**Marty:** No, I can't even get into the articles anymore. I feel like they pay well. Well,

**Tom:** I mean, just even the headlines and half the time when you, when you run the, the articles through archive.is, and you see the headline and you read the article, the headline, they know that nobody can read the articles over at Bloomberg.

They also know that the algorithms are just scanning the freaking headlines anyway. Yeah. So the creating reality through headlines on articles that nobody's even reading

**Marty:** Fed speech, moved to the Fed speak, has moved to the, uh, to the media. Mm-hmm.

**Tom:** And the articles don't [01:08:00] even, the, the text of the articles don't match.

What's the headline at all? I do. This happens all the time. I mean, I may read 10, 12 articles a month from Bloomberg, and 80% of the time the meat of the article is completely 180 degrees out of phase. What's the headline?

**Marty:** That's very interesting. Say the media Elite. European Banking Elite, Yellen Against Powell.

So in this context, Powell and Diamond.

**Tom:** Diamond and Goldman and a few others don't leave. Diamond. Diamond is very, very, very, very instrumental in this. I mean, he really is. And you listen to him talk and you can see it. You can see it. I could see Diamond very clearly telling you what the policy is and what's going on.

**Marty:** Would he come out last week and said there's gonna be like a 2 trillion shortfall in [01:09:00] the system?

**Tom:** Yeah, I mean he, he knows there's a problem, but I think he's, you know, he knows it, but he knows he has to. We have to deal with it. And you know, there's only one way to deal with it. You've gotta liquidate a whole bunch of stuff.

It's gonna be hard. It's gonna be terrible, but you know. Nothing worth having isn't worth, you know, suffering a little bit for, we've had it a little, we've had it pretty easy. Yeah. And I think, you know, it's been, it's been good times for, I mean, relatively speaking, it's been good times, but those good times are, you know, it's party,

**Marty:** they come with the cost.

Mm-hmm. A massive hangover. No. You mentioned it earlier, like what a pal was fed chair with the same perspective that he has now in 2008. Like what would the world look like?

**Tom:** The world would look a lot better than it does right now. We would never have known the Dame k Schwab. We would've never gone through Covid.

We would've never done any of this. The Feds balance sheet would've went up to about 2 trillion and [01:10:00] then it would've collapsed back, back to around 800 billion. And you know, Bitcoin would be $50. Yeah.

**Marty:** Is that, here we are. And what do you think happens? Do you think they, you think they nudge him out?

Replace him or something.

**Tom:** I mean, without, the only way they can get rid of Powell before 2026 when his term is up, is to revoke the Fed's charter. You think they'd go that far? Which is what Elizabeth Warren is, is, is, is prepping the narrative for the, the, the Fed will be the central

campaign talking point for the 2024 election cycle. You think so? They are going to scream bloody murder and say The Fed made you poor. The Fed cost you your job. The Fed did this, the Fed RA raised interest rates. The Fed created a recession. It's the Fed's fault. It's the fed's fault. It's the fed's fault.

I'm telling you, and [01:11:00] I hate to say it, but my libertarian, our libertarian brother, rather than are going to eat it up and they're gonna be the useful idiots of fucking Davos to, and they're gonna, and, and I can, I can see it coming a mile away. And I can see it coming. It's coming on my Twitter feed hot and heavy at me every day.

I got people calling me Grifters, calling me a grifter. Now why?

**Marty:** I think cuz they think you're a fed apologist. Is that Yes. That's the grift. Yeah. Yeah. I don't think you're a grifter. Thank you. I appreciate that. I think you're explaining the mechanics in a way that I understand them. It makes intuitive sense to me.

Um, thank you. And I've been following mean fed policy. I did it professionally for a couple years outta college. So like over a decade now. Um, and

**Tom:** like we fed policy under Yellen and Bernacchi was terrible. Yeah, it was awful. And we had every right to be screaming at the Fed [01:12:00] every Right. And we still have every right to scream at the Fed, but, you know, give them, give credit where credit is due at that moment in time.

It's like, Look, when Trump was president, I lambasted him for the things he did wrong and I praised him for the things he did, right? Same thing with Powell. It's the same thing with any of these people. You know, at the end of the day,

the forces of decentralization are winning. We wouldn't be having this conversation if they weren't winning, but the, those that want to control everything are going to fight tooth and claw to hold onto what they have. So, you know, expect the pushback, expect the [01:13:00] fights, expect them to try and, you know, to attack the very people who may be working in your, you know, who may be your temporary ally.

I mean, you're seeing,

**Marty:** and then I was gonna say, I'm seeing it with like Elizabeth Warren right now with her like mm-hmm. Anti crypto Army. I mean, that's a big theme. And Bitcoin right now is choke 0.2 0.0. Are they trying to Sure. Cut us all off.

**Tom:** Right? Right. But at the same time, don't think that the Fed isn't trying to also choke off aspects of the crypto markets, but again, aspects of crypto, not Bitcoin.

Yeah. They want, she wants to go after Bitcoin. The European Union wants Bitcoin gone. Powell never says a bad word about Bitcoin. Like go, go look for it. I, he's talked about it in Humphrey Hawkins testimonies. I don't care about Bitcoin, doesn't matter to me. The stable coin's, what matters to me. Yeah.

**Marty:** Yeah.

They've been very consistent throughout the years. [01:14:00] We're actually doing a research paper on this, all the fed's comments on Bitcoin, and they're like, eh, it's a commodity. Mm-hmm. Everything else. Yeah. Maybe it's true. And they don't care

**Tom:** about it one way or the other. Yeah. Yeah. They're like, okay, great. It's a commodity.

It's, you know, and that's fine. And it doesn't have to be anything. And that's, but the, but the synthetic dollar market is the issue. Because if once you can, cuz look, most of those stable coins were CBD cs. Okay. They were, they were CBD cs. They were trackable on a blockchain. They're programmable. You could change the value, you could change the rules governing them every day.

They were all, they were prototype CBDs. And if we got to escape velocity in terms of trust in that system and those, then you're talking about magic beans? Yeah. As our monetary system. Yeah. Which is exactly [01:15:00] what they want us to do. Circles.

**Marty:** K Y c you. Circle, particularly in Coinbase, is stablecoin. Like you can only use them in certain, certain exchanges and yeah.

Mm-hmm. It's, uh, it's coming, but that's the, uh, but then just even,

**Tom:** even the stuff that existed, even the other, even the stuff outside of that, right. Even the, even the, the crypto projects that you, you know, the, the, the, even the, the crypto projects that, you know, um, you know, the developers went into it with the best of intentions.

You know, they wanted to create their, you know, a thing, a new, you know, deep, you know, like distributed finance, distributed four x, you know, whatever. I mean, I, I can go through like, I, I, I was in, involved in, you know, a number of these and, and I don't for any reason believe that, you know, they weren't, that these guys weren't, you know, on the up and up, but they got subsumed into this whole big ugly mess as well, because they couldn't stabilize [01:16:00] their valuations and, and, and the rest of it without money coming in from, The outside levering everything up, and then all the cross platform, you know, bridges and, and all the stuff that happened, which destroyed a lot of good projects that, you know, had some good ideas of how to, you know, create foundational assets, how to create, you know, and, but again, at the end of the day, did you not think if you thought that they were gonna, you were gonna create your own private central bank, that the central banks wouldn't wanna take you out?

**Marty:** Yeah. I mean, maker Dow's a perfect example of this. They're completely, yes, completely, uh, capitalized with U S D C now, circle Stablecoin. Yep. So,

**Tom:** I mean, and you know, there may come a day when, and this is why, but this is, this is where the Bitcoin maxes are absolutely right. Again, I'm, again, I, I, my, I just, just stripped the whole religious iconography outside of, you know, off of the, the, the top of it, the [01:17:00] fervor.

And I'm all, I'm all, I'm all on board, right. I, yeah, like 90% of the crypto market is crap. 95, 90 9% of it is garbage. I don't, I I, I'm still just the proof of work. Maxi. I believe that proof of work is the thing that matters. It's cuz that's the thing that's, that is the thing that makes those coins commodities where everything else is just not, it's

**Marty:** the time between the physical and digital worlds.

It's proof of

**Tom:** work, right? And it's tokenized electricity, whatever you wanna call it. Right? And which is what really, at the end of the day, what all, you know, all, all of these things are, I mean, gold is just congealed electricity, diesel fuel, whatever you wanna call, it's, it's like gold is like congeal diesel fuel.

Yeah. It's, you know, and, and human labor. This is 90% cuz that's the 90% of the cogs of any frigging gold company. Go, go look at the go, go read a, a, a, a gold company's balance sheet. You know, it's not hard. Like it's what it is, [01:18:00] like aluminum is congealed electricity. It's what it is. It costs an unfuck believable amount of, of electricity to make aluminum metal, you know?

Yeah, yeah. So I agree with this. So, and, and you want opportunity cost, you know, in your production of new monetary units. And so re monetizing, so recapitalizing the US through the tying of the dollar in some way to an opportunity cost cre, you know, a a a, a commodity that was created through the opportunity cost of producing it versus doing anything else with your time.

Right. That's ultimately what we're talking about here. That's the, that's the important link. That's why I've always been, that's from the moment I read the white paper in, in Bitcoin back in June, late June, 2010. First time I read it and I went, oh look, wow, cool. They figured out a way to. [01:19:00] Digitize opportunity cost.

Yeah. Great. It, it satisfies me. The regression theorem. I'm good. I literally was like, I, you know, I, I keep going back to this. I'm like, back in the original Bitcoin forms, I'm like talking about this. I'm going, I just said it satisfies me's regression theorem. Yeah. Keep it

**Marty:** stupid back. It's all about the energy.

Keep it simple. Stupid. Yeah.

**Tom:** It's, it's, it's about, it's about the opportunity cost. I used to argue with, I used to argue with frigging monitors about this shit. Now, I mean, this is why I'm no fan of Milton Friedman because it was clear that they would just say, oh, but you, you take the gold, you dig it up and you stick it in a vault and then it's, that's just wasted capital that you could then deploy.

We should take that money and send it out into the world. Now if you do that, then all you wind up with is nothing backing the currency, which is where we are today. Um, then we just have, you know, and then we have to back it up with the full faith and credit of a corrupt government. And a corrupt [01:20:00] central bank managing the value of the thing.

Oh, but the market will keep everybody honest. Yeah. What if they're all in on it together? Ah, cartels don't. Yeah, they don't. Okay. But they can do an awful lot of damage before they fall, before the cartels fall apart. Or did you not watch the last 15 years of the world? Yeah. Since, since Lehman brother.

Like, do you want a better, you want a better example than 15 years of coordinated central bank policy to blow up the freaking world? What the, you know? Okay, fine. Yeah. I, I believe in the market, but, you know, we can all get crushed in the, in the meantime. Yeah. And, you know, I, I just, I, I, I need to get people actionable information before I'm dead.

And you know, I mean, don't get me wrong. I stack gold coins, I stack stats and, but at the same time, you know, we have to be able to operate and function in the real world. Cause we only get one life. And so, I don't care that Peter Schiff's gonna be right 30 years from now.

**Marty:** [01:21:00] Agreed. Have to come to grips with reality.

That is one thing. Like it's not interesting. I was home and talking to a lot of people, some of which are very successful, have successful businesses, therefore have a lot of money. And they were mentioning to me off the cuff, they know me. It's like family and friends, uh, at home. They know me as the Bitcoin guy and the one thing they were mentioning, like they were like texting me in, in person coming out to me like how do I get into Bitcoin?

Cuz they were scrambling in the midst of svb. It's not really the inflation hedge, but the access to their money when they need it. Um, yeah, that was really giving them the bare asset part of it. It was really beginning to uh, have the light bulb go off in their head cuz they were like, I moved millions of dollars between like 10 different bank accounts in the last two months because I'm scared shitless.

I'm gonna wake up. My money's not gonna be

**Tom:** there. Yeah, no, I mean, I, I've been, you know, I've been telling people, you know, for [01:22:00] years since I started, first started working for Newsmax a decade ago, crisis had been a decade already. Um, you know, with, you know, with their gold specifically. Cuz that's what I was, that's what I was focused on, um, with, spread your geographic risk.

Keep some at home, keep some as minors at your brokerage account. Keep some in another place. You know, if you have, depending on how much you have, I mean, if you got, you know, five grand, it doesn't matter. But, you know, if you got a lot of money, you, you're not, don't keep all your eggs in one basket. And I tell people today, I'm like, don't be religious about this.

Cash, gold and Bitcoin, have some of each, have a little silver. Don't be, don't be doctrinaire about one thing about trying to win, don't be, don't be so bound up with being right about a thing that you may miss. Some other thing. There's gonna be a bull market. Gold is gonna be in a bull market when bi, when bitcoin's in a bear [01:23:00] market and ver versus vicea.

And you know, and things are gonna happen, you know, and you know, there's a lot of truth, I think in some ways that Bitcoin, that the gold bugs have a chip on their shoulder because Bitcoin stole a lot of the thunder during the last cycle. But guess what? Now that we know what's happened, Bitcoin was pumped up on purpose to create this whole crypto mania, to start the transition to cbdc, if not to create an entire mon secondary monetary system outside of the control of the Fed

as a counter. And I think you're gonna lose me here for a second. Um, you're back, you're back. Okay. Um, so think of it this way. When, so O F R started in 2017, Powell was [01:24:00] put on the fed. Pretty much the moment when you think, okay, now it's time for us to, we need to come up with another system to shift people over to, and we don't want gold winning.

We're gonna create this, we're gonna, we're gonna subvert Bitcoin and all of crypto by creating magic beans as a function of, of, of, uh, of that. And we're just gonna lever up the Bitcoin to the moon.

**Marty:** It's very interesting cuz that bear market after the 17 bull run is what FTX was really birthed out of

**Tom:** and ether and this and all of that.

Yeah. And you can, and a lot of people have done a lot of forensic work. They go trace it all back. There's a who did what, when, and where and how. And you know, there's a good, there's a good body of evidence now that that's exactly what they did and they did it on purpose. Yeah. And they use futures to wag the dog.

Cash settled futures to wag the dog.

**Marty:** Yeah. [01:25:00] When also invol in volatility would also explain why they haven't approved an ETF yet. Exactly.

**Tom:** Yeah. Even though, you know, it's not hard. I, uh, I, I physically settled ETF in Bitcoin would be easier to do than a physically settled one in gold. They may be the same arguments for you about not wanting years for not wanting to do one in gold.

We screamed for, uh, a gold ETF for 10 years before we got one. And then when we got one, we got G ld, which they then used to, to, to wash, you know, g l d, the futures, the fundamentals exchange and all that. In order to le lever up the paper gold market to suppress the price of gold. Like, yeah. Be careful what you wish for.

Yeah.

**Marty:** You know, I personally don't want an etf. I want, um, people, if you're listening, yeah. You haven't already take advantage of the bearer instrument, properties of Bitcoin. Hold your own keys. Drain the

**Tom:** exchanges. Yep. No different than the gold market. Keep, you know, just keep, [01:26:00] same thing, gold is a little different than Bitcoin because, um, bitcoin every, with every having Right.

The stock flow rate, the stock, the stock flow ratio rises because the, because the amount of flow into the of new, into the new Bitcoins into the system makes it harder to liquefy a futures market because the miners who are generally in that short Bitcoin, because they have to sell in order to, to cover their operating costs.

No different than gold miners by the way. No different than gold miners. Right. You know, Barrack and Newmont and all the rest of them for years, were always, you know, having to sell into the market in order to cover their costs. And they would hedge out into the future and they would do, and that is the means by part of the means by which gold was kept under control for years.

So I'm like, well, it's just the same story's gonna play out in Bitcoin, and it has, and then they let it rise when they want it to rise again. Another lesson going all the way back to Jim Sinclair in 2005 saying, doesn't matter, I hate to break [01:27:00] this to you folks. He said this many, many times. I'm back on JS mindset.

You can go back through the archives. He said, hate to break it to you folks. Don't get angry about it. The very evil people who are suppressing the price of gold today are gonna be the ones who make the most money in the gold bull market that is to come. Your job is to profit on the move when they flip from bull, from bear to bull.

Yeah, that's all you can do. You can't fight them. All you can do is work with the trade. Grab the middle 60%, leave 20% at the top, and 20% at the bottom for the God agreed. And you'll make life changing money for you. And if everybody took his advice, the gold market would be healthier than it is today.

Same thing with Bitcoin. So with every bull run and every bear run, be smart. You know, shop smart, shop Atmar. Don't be dumb, buy low, sell high, and learn how to read a chart and you know, [01:28:00] keep your emotions in check. Yeah. When you've made good money in any trade, always take your original stake off the table.

Put the other stuff away. Uh, I, I did a great podcast with Chris Sullivan, uh, who runs, uh, uh, Hyperion Decimate, which is a Bitcoin hedge fund. Mm-hmm. And all we talked about for an hour was money is a not a, not an end on to itself. It's a means to an end. It's a means to real wealth. And that's what drives, I know that's what drives the Bitcoin guys.

I know. It's what drives the gold. And I, I've used, and I've said this in previous places, and I'll say it again here, and then I'm gonna have to run. Cause I, I, it's been, it's been an hour and a half. I'll leave you guys with this. If you haven't watched the show, Yellowstone watched the first episode. Hell, all you have to do is watch the first 10 minutes of the first episode because Kevin Costner's character Dutton tells you everything you need to know about the ethos of the show and of what wealth is.

In that first 10 [01:29:00] minutes discussing with his son, Jamie, I don't know if you've watched Jealous on or not, but it's that first I've seen it episode when they're talking about, you know, hey, uh, and you know, they're, they're talking about the potential to sell a part of the ranch to the invest to the, to the property.

Private equity coming. Jamie's talking about how, hey, I, I said no, but it also gives us leverage and Dutton turns to him and goes, leverage is knowing that if you had all the money in the world, this is what you would buy. Yeah. The ranch. Yeah. That's it. That's the mindset of those people. They have that they bought the castles and they have the, the lands and they have the this, and they have all those, the real wealth.

All the rest of this is shadow play and everything else they do is to try and separate you from the process of building real wealth for yourself. What they're scared of is the surfs get wealthy and they want us to be surfs again and cbd CS of all in all forms and all shapes and forms are that, and [01:30:00] I don't see the, I don't see the young money relatively speaking in the American oligarchs.

Banking oligarchs are the novo of the west. Mm-hmm. They aren't the old money. Some of them are right. Some of them are from old money. Sure. But it's, it's a different thing. They're, we, we are still looked, we are still looked down on as the uncouth gangs.

They still think we're their colonies and that they just want their colonies back. And when you, when you put it through, when you think of it in those terms, yeah. Um, we can say no to that. Yeah. Flip your perspective. And we, we have the right people in place. We can, we can say no to it and we can move on.

Yeah. And we can bankrupt. No, that's, I think that's what's going on. I

**Marty:** agree. I'm happy you said that cuz my big plan during the next bull market is to buy a [01:31:00] ranch. Um, yeah. That's

**Tom:** what, uh, that's a very laudable goal. Marty. I bought my little slice of heaven with almost no money back in 2003. I've been here for 20 years now.

Yeah. So that's my goal now is to finish it.

**Marty:** Well, if it happens in the next two years, I'll be on the same trajectory as you. I'll be 33. You're 55 now. You've been there for 20 years. Yeah. Goals. Goals are set for, there you go.

**Tom:** Ugh. Alright. All good, man. It's so good to, uh, I bet I I really should run.

**Marty:** Yeah, you go enjoy time with your family.

All right. Um, thank you for doing this and uh, sure. It's always a pleasure, sir. I love your perspective.

**Tom:** Appreciate it. I really do. I, I enjoy coming on. So we'll do this again in a few months. Yeah, let's do it again in a few months. All right. Sounds good. All right. Manam, you can take and everybody launching.

You take care of you guys have fun. Keep your stick on the ice. You guys know what to do. All right, do the thing. Peace and love freaks.

**Marty:** Take care.[01:32:00]