



Zanetti Monday Missive 2022.06.06 Economic Hurricane

**“He'd always been willing to confess his faults, for, by admitting them, it was as if he made them no longer exist.”
~ Truman Capote**

For quite some time, Greg and I have been talking about the impossible spot the US economy is in. Since financial crisis of 2007, lovingly referred to as "The Great Recession", the Fed has kept interest rates at near zero rates. The lowest in history. That has made money cheap to borrow – which helped pump up the economy. And pump up inflation.

Then when Covid hit, the US government shutdown most of the economy. Forcing (or strongly encouraging) companies to keep employees home. So companies weren't producing "stuff" for people to buy.



But people still wanted to buy that "stuff" that was no longer being made. And to ease fears, the Fed started printing trillions of dollars and sending that money out to families and businesses so they could keep spending the way they did before the economy shut down.

So, people didn't have to work for the money they received, and then they spent it on things that were no longer being produced. This drove the price for "stuff" higher (due to limited quantity) but most people didn't hesitate to pay those prices because the money was easy to come by.

It was at this point that Greg and I started saying, "Um, guys! This is going to lead to massive inflation! Maybe we should make some changes?" But the "guys" didn't listen to us.

In fact, the Fed and the Treasury boldly dismissed all concerns and said the inflation was... what was the word? I can't remember...

Oh, yeah! "TRANSITORY!"

Well, guess what? Last week, Janet Yellen, the Treasury Secretary, finally admitted she was wrong. Kinda...

““I was wrong about the path inflation would take,” Yellen said.
“There have been unanticipated and large shocks to the economy that have boosted energy and food prices and supply bottlenecks that have affected our economy badly that at the time I didn’t fully understand.”

Now, I’m proud of her for admitting she was wrong. But how could she not have understood the impact that their decisions were going to have? We’ve been writing about it for a few years now!

Oh, well, I guess we’ll let bygones be bygones. *wink* *wink*

But now, look what Jamie Dimon, the CEO of JP Morgan Chase, is saying. First, let me say, I have mixed feelings about Dimon. Sure, he’s a smart guy and understands finance. But, he’s definitely an insider and a welcome party at any Washington DC function.

Oh, and not to leave details out, under Dimon’s tenure, JP Morgan Chase has become the largest holder of physical silver in the world. Yes, in the WORLD. And they've done it while manipulating silver prices.

But back to this story, when Dimon says there’s a problem, a year after we were saying there’s a problem, you can rest assured, there’s a problem!

Last week, Mr. Dimon compared the US economy to a "looming

hurricane." That's a pleasant simile isn't it?



A Hurricane. Well, I think he's correct. Just a little late in his timing.

"It's a hurricane. Right now, it's kind of sunny, things are doing fine, everyone thinks the Fed can handle this," Dimon told Bloomberg last week. "That hurricane is right out there, down the road, coming our way. We just don't know if it's a minor one or Superstorm Sandy or Andrew or something like that. You better brace yourself."



Dimon took it a step above the CEO of Goldman Sachs last week who said the US is at a “very, very high risk of an economic recession.” Of these three, I think Dimon is coming the closest to speaking the truth.

So, that’s what we’ve been doing. Preparing for a hurricane, and we started before they started giving warnings.

Your Silver-Has-Been-A-"Miner"-Success-For-JP-Morgan Financial Advisor,

Walt

P.S. Tomorrow is election day! If you haven't voted yet, go exercise your civic duty. If you see Zanetti on your ballot, I recommend filling in that bubble!

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