

Hi Everyone,

“If money printing helped the economy, then counterfeiting should be legal.” George Osborne, Former British Chancellor of the Exchequer

If you say that quote out loud with a British accent, you'll sound very classy. :>)

Today's missive tries to paint a picture of how fast our dollar-printing-machine is cranking out “Benjamins”---- as the kids say. We'll touch on Bitcoin's latest rise as well.

I believe today's topic also reinforces why investing in “things that can't be printed” is so important.

Signed, Your If-Amazon-Has-My-Name-On-A-List-Plus-My-Address-Plus-Delivery-Drones-And-My-Wishes...Is-Amazon-Santa-Clause? Financial Advisor,

Greg

KKOB 2020.12.18 A Trillion Here, A Trillion There

Bob: So, Greg, our topic today isn't exactly riveting holiday-party talk. You want to talk about America's money supply this morning. Right?

Greg: I do. And this is why people kind of steer clear of me at holiday parties.

“Pssst, avoid that guy, he wants to talk about Fed policy and consumer confidence reports.”

Soooo, moving on...

Let me explain what something called M1 is in the world of finance. First the M stands for money and the numbers that follow the M represent different categories of money supply. So, we have M1, M2, M3, M4, and so on.

Anyway, M1 is money you can get your hands on right away. Think coins, bills in your wallet or purse, and your checking account money at the bank.

Basically, M1 is cash or something that can be converted to cash right away. M2 would include savings accounts and ATM machine money. Things like that. It's close to you, but there is a little work to get it.

M3 is a little harder to get, and M4 even harder. You get the idea.

So, Bob, trivia question time. From the time the Federal Reserve got started in 1913, how long did it take for the US to get to its first trillion dollars of just M1? That "super-close money" of bills, coins, and checks.

Bob: I don't know. Dollars were worth a lot more back in the old days. I'll guess 50 years.

Greg: Good guess. But it took a little longer. It took 80 years...or until 1993...for the US to have readily available cash of one trillion dollars in circulation.

But, now it gets interesting...even for a holiday party! :>)

Bob, it took only 18 years to get to two trillion.

Then, only five years to get to three trillion.

Four years to get to four. And, for those of you keeping track, those four years were

from 2017-2020. So, in January of 2020, M1 was at four trillion.

We got to five trillion in only six months. From February to July, M1 grew by one trillion.

The sixth trillion took only four months to achieve. That was from August to November.

And now let me give you some weekly numbers. In the last three weeks, we have increased M1 by \$700 billion. That means if we keep pace, we will print another one trillion in two months.

Bob: So, let me repeat this, just to make sure I've got this right. We have added a trillion to our "immediate money" supply in the following time frames:

- 80 years, for the first trillion. (1913-1993)
- Then, 18 years for the next. (1994-2011)
- Then, 5 years. (2012-2016)
- Then, 4 years. (2017-2020)
- Then, 6 months.
- Then, 4 months
- And now, maybe 2 months?

I don't know about you, but I don't like the trend. It seems this would have to take its toll on the dollar.

Greg: Right. It's the compression of the timeframe that has people concerned. And if you look at the M1 chart, the line looks like a hockey stick. You know---where the line starts flat, then gradually rises, then goes straight up. We are in the straight up part.

So, here are some places your listeners can go to see if there are consequences to all this money printing. First, you could go to the dollar index chart. There, you would see how the dollar is turning down vs. most major currencies. But most people won't do that because they have lives to live and better things to do. I get that.

Or, you could look at cryptocurrencies. The big ones are on a tear. On Wednesday, Bitcoin finally broke through its 2017 high of 20,000. Yesterday it traded over 23,000.

So what does that tell you? It tells you, you have a large group of people who are willing to part with dollars in exchange for Bitcoin...or Ethereum, or Ripple, or Litecoin, or a host of other crypto currencies that are limited in their issuance of new currency. That's not exactly a vote of confidence in our dollar.

Bob: And this would also explain why so many day-to-day prices are rising. Good report. How do people reach you?

Greg: My number is 505-250-3754. Or, go to my website at zanettifinancial.com.

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