

The Reliable Money Supply Spigots

By [The Mogambo Guru](#)

05/29/09 Tampa Bay, Florida Foreign central banks, proving that they are just as stupid and corrupt as I thought they were, continue to buy American Treasury and agency debt with both hands, and their holdings stashed at the Fed jumped a big \$26 billion last week as a result!

I ended that with an exclamation point because when I multiply \$26 billion a week times 52 weeks, I get \$1.352 trillion, a headache and a feeling of impending doom, which I figure in some primordial, primitive way MUST be significant, thus explaining my use of the exclamation point.

The new total holdings of these foreigners, in that one account alone, is a huge clot of debt for which they have paid a cumulative \$2.710 trillion, although with interest rates trickling upwards, they surely lost some money as the prices of bonds went down. Hahaha! Morons!

And so with all of this foreign money flooding into Treasury and agency debt, and all the new money pouring out of the Federal Reserve spigots, and then all this new money pouring out of the government spending spigots, it is not too surprising – although still more than merely terrifying – to see the monetary base jump to \$1.801 trillion from \$1.706 trillion just a couple of weeks ago.

(Editor's note: There was a long silence on the tape, until finally it continues) "I hope that you can still hear me, as I am now in full lockdown mode in the Fabulous Mogambo Bunker (FMB), suddenly scared out of my mind in a panic attack because the money supply surged 5.6% in two weeks, a cancerous growth rate that, if annualized, suggests that the money supply will grow to \$7.426 trillion in One Freaking Year (OFY)! OFY!"

And if you think that such terrifying increases in the money supply are not possible because responsible, intelligent people will not allow it, then I laugh – hahaha! – at your childish optimism and point out that the money supply, now \$1.801 trillion, is monstrously up from one year ago when the monetary base was a mere \$825 billion! Wow!

If the money supply can double in one year, why can't it quadruple in one more year? Who's going to stop them? You? Hahahaha! We're so freaking doomed!

On the other hand, from another perspective, John Williams at shadowstats.com figures things the "old-fashioned" way, which is to say, in this case, the pre-Clinton way, and he figures that the M3 money supply is – sacrebleu! – falling, and is now down from its high of about 17 percent growth in 2008 to only about 7 percent now, which is still "terrifying", but down from "suicidal."

Then I read that Mr. Williams figures that the unemployment rate, measured the old fashioned way, is about 20 percent!

Naturally, my heart is thumping and I am panicked at the thought of 20 percent unemployment, which means either that I will soon probably be fired, too, or that I will be pestered by relatives who were fired and who now want to borrow money, like they have some secret plan to pay me back or something, and when I politely ask, “Where is all the gold, silver and oil that I told you to buy all those years, you morons?” they will say how they did not buy any gold, silver or oil, and then I will laugh – hahahaha! – in their stupid faces and tell them, “Then your misery is your reward for being stupid!” which will doubtlessly cause already-hateful family members to be even MORE hateful, like their incredible stupidity is MY fault or something! See the kind of crap I have to put up with around here all the damned time?

Desperate for better news, even in comparison, I am strangely relieved that shadowstats.com calculates that the inflation in consumer prices (when measured the pre-Clinton way) has plummeted from a blistering 9 percent in 2008, and now inflation has fallen to about 2.5 percent, which is still Very, Very Bad (VVB) in both absolute terms and historical precedent, but it’s at least a meager straw at which to clutch in panic and desperation.

Fortunately, by buying gold, silver and energy, you are never in a panic and you are never desperate because by owning them you are thusly guaranteed – guaranteed! – by 4,500 years of human history to be holding the only things that will hold their value as the idiotic ruling class destroys a fiat currency by creating too much of it simply because they want to and there is nobody that can stop them.

And that is also why it is all so, so easy, and why you, too, will say, “Whee! This investing stuff is easy!”