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I read this article on Rick Wiles website www.trunews.com. As I read the article my spirit was in agreement with what this man was speaking. It was about the changes coming to the world. To quote from the article “The world is about to change radically...in everyway, and you and your life are going to be directly affected soon too.” Later the Lord confirmed what my spirit sensed was that the man was prophesizing and what he said would come to pass. The Lord has told me time and time again--“I am changing things. What is, will no longer be and what is to be, will be the opposite of what was.” What this man is speaking fills in the outline of the wasteland prophecy the Lord spoke to me on April 26, 2006 and expands that prophecy.

I include this prophecy on this website that you may know what the Lord has in store for the world in these latter days of the last days. Don't let his speaking about the gold markets confuse you but read what he has to say. Those who walk in obedience to the Word of God and the Spirit of God will have no fear but will have peace and love. Christians having disobedience being in sin against the Word of God and not hearing the Spirit of God will have fear. Examine yourself, repent and prepare, prepare and prepare now this day and be ready and be the Church Jesus Christ is coming for.

In His Service,
John A. Kropf

2 John 1:9 *Whosoever transgresseth, and abideth not in the doctrine of Christ, hath not God. He that abideth in the doctrine of Christ, he hath both the Father and the Son. (KJV)*

Huge Gold Action and Earth Shaking Change Imminent

By Chris Laird



May 16, 2006

www.prudentsquirrel.com

It's been several weeks since my last public article, and man, what a few weeks for gold!

I just got finished with my latest subscriber edition, and said that the precious metals would probably correct as much as \$100 this week, and lo and behold, Monday it drops \$40 already.

Since January, gold rose over 200\$, something that is really out of the box for gold's price action in the last 30 or more years.

I was talking with a subscriber about the gold action and the probable sources of the huge price swings. I will outline some of that discussion here. My conclusion is that we are in for earth shaking changes politically and economically. Hold on to your hats.

First of all, I have to point out that these kinds of price swings in gold indicate that major change is on the horizon for the world. The changes are going to affect everyone's life on this planet. If gold was not moving so strongly up and down, my prognostications for the future would be more sanguine.

Because gold is the historical money par excellence, it has a singularly unique tendency to telegraph any major change for better or worse. Gold reacts directly and immediately to world political developments, economic developments, social developments, war developments.

In my work, I have focused 100% of my gold study on macroeconomic trends and world political developments. I have found this method very fruitful in understanding precious metals. I have not used charting, mathematical modeling of price activity, Fibonacci ratios, or other methods. This, even though I am a mathematician myself.

Rather, being a student of history as well, I have found that macroeconomic news, and political developments are the primary drivers of the precious metals markets. The study of charts and other methods are very secondary ways to forecast where metal prices are going.

One of the most significant benefits of my approach is that I get a very good idea of what is happening in the world politically and economically as a direct benefit to my study of precious metals. And this leads me to make the following observations about gold's price action this year:

The world is about to change radically... in every way, and you and your life are going to be directly affected, and soon too.

So, let me get down to brass tacks and explain myself, and, gold's heavy price activity this year.

First of all, let me begin with a specific example. Typically, the US fiscal and trade deficits are given as reasons for the gold spike since 2000. And this year, the two hundred dollar gold price increase has come amidst the usual discussion of the US deficits.

However, these deficits have been out of control for over 5 years. Why is it that, all of a sudden in 2006, gold prices rise over \$200, or about 30% in a few months?

Answer: this year we face the imminent demise of the USD system combined with a world energy war brewing in the Middle East. When I say the USD system, I mean the fact that it is the world's reserve currency. The demise of the USD system will have apocalyptic economic consequence for YOU.

The typical answer for gold's price rises in the financial press is the twin US deficits. Certainly, the twin deficits are a prime driver of the case for gold price increases. However, I have a particular problem making this correlate specifically to a recent \$200 upswing in gold prices. There have to be other very serious factors out there, and there are.

The US fiscal deficits are serious, but we have had these for years. The very recent price swings of gold are being driven by fear of a US dollar collapse that will kill the USD SYSTEM. This, coming at the same time that there is a world energy war brewing in the Middle East. The fact is, since

January, 2006, the two impeding events driving gold are a world energy war brewing and the impending collapse of the USD system, not just a US economic crisis. Things are much worse than that. Fear is driving gold prices.

Regarding Iran and the controversy over their nuclear program, the fact is that Iran sits all across one side of the Persian Gulf, where much of the Middle Eastern oil flows out to the world. The Middle East has about 2/3 of the world's known oil reserves.

The tension in the Middle East is a major reason for gold's price rises, and there are many reasons for this.

I am going to delineate how Middle East tensions are affecting gold, but first I will jump ahead and say that, we are looking at a major war brewing there, and probably China and Russia are going to be siding with Iran, against the US and its few allies. The war is going to be all about oil and natural resources.

This is one factor driving gold dramatically this year, and I would hazard a guess that this war fear is a \$150 reason for gold's price increases.

Another factor driving gold in 2006 is the imminent change from the US dollar system as a world reserve currency. The fact that the US has twin trade and fiscal deficits are really only part of the reason that gold is rising VSVS the USD. The real reason gold is rising so rapidly this year is because the world is looking at the probable demise of the whole USD SYSTEM. The fiscal deficits are a side show to this potential sea change for world economics.

As a matter of fact, the impending demise of the USD system is so serious that there is actual fear among world central banks as to the implications. There is not just concern, there is fear.

The last time the world saw a major change in a world reserve currency, it had no less than the great depression of the 1930's. Right after that depression which enveloped the world, there was a world war that decimated Europe, much of Asia, the Pacific, Russia. That war had well over 100 million casualties and changed the world forever.

We are now looking at a similar situation to the events just preceding the Great Depression of the 1930's followed by World War Two. Gold is specifically reacting to fear in many parts of the world. Not just fear of a depression or recession or unemployment, or just a USD crisis. It is fear of two things.

The two fears

The fear that is evident in the gold market is about a coming war in the Middle East, combined with an imminent collapse of the USD system. The effects of a war in the Middle East will collapse oil shipments to 2/3 of the world. The effects of a collapse of the USD system will also collapse 2/3 of world economic activity for probably 5 to 10 years.

In other words we are looking at a world war coming and also a great depression due to the collapse of the USD system. Your life is about to change radically.

Now the impending demise of the USD system is nothing new particularly. Many writers have discussed this issue, to include the notable book about a coming USD crisis by Richard Duncan.

Since this issue has been so widely discussed, why is it that gold is somehow rocketing skyward just now?

Surely the price increases in gold since 2000 are due to the US fiscal problems and the well delineated US dollar crisis issue. But why the all of a sudden explosion in gold's prices now?

Answer: a **consensus** has just formed in 2006.

The consensus is that the USD system is now going to collapse, and even though central bankers don't know how to replace it, it will collapse anyway.

A very key idea here is what a consensus is, and how it forms. A consensus forms after events prepare themselves over time. Suddenly, what was discussed now becomes an imminent fact in many minds. Understanding this is key to showing why just now, the world now is acting to prepare for a USD system collapse.

IF it is true that the danger of a collapse of the USD has been known for some time, why just now are central bankers world wide publicly discussing this fact?

Because a consensus has now formed among them. No less than the BIS, the EU central Bank, the Bank of Japan, and the Chinese central bankers are all now simultaneously talking of a radical change from the USD system.

The consensus has formed and gold is telegraphing this. Then central bankers start making preliminary moves to react, and for example, Chinese central bankers start discussing buying 2000 tons of gold to add to their 500 tons of gold reserves.

European central bankers start talking openly about being in crisis mode, ie, what will they do if the USD devalues rapidly this year, because then world markets will collapse. If the USD collapsed rapidly there will be flight out of markets and selling of USD assets and bonds.

Middle Eastern bankers, seeing an impending war with Iran, and the collapse of their bubble markets start buying tons of gold for flight to safety.

The US government publicly calls for a lower USD to deal with the trade deficit and the world realizes that the USD will very possibly have a disorderly decline in value because there are trillions of dollars of foreign reserves overhanging the world markets.

A consensus has now formed. The consensus is: the fears we have all had about economic Armageddon are now at hand in 2006.

Now, Japan is having an economic resurgence. The US is having some decent economic growth too. So, how is gold to portend that all is definitely not well, and so energetically in 2006? Because the fact is, if the USD system collapses, the economic growth in Japan and the US will disappear in about one month.

China cannot tolerate this. China is very concerned that there are two China's emerging after their economic reformation since 1990. There are now about 200 million wealthier Chinese and about 1 billion poor Chinese who are angry that their lands in the country are being expropriated by the wealthy and corrupt officials.

Last year, China had over 50,000 public demonstrations about these inequities, and China is very afraid of the chaos that can happen there. China cannot tolerate an economic collapse of the West.

Japan has just emerged from ten years of mild deflation that left their government with the highest indebtedness of the developed world. Japan's government bonds are classified in the Junk category... did you know that?

Japan cannot tolerate a USD systemic economic collapse either.

Europe is hopelessly stagnating economically. France tried to create employment reform for their industry, and got a million student rioters for their trouble and had to relent. France last summer had a month of out of control rioting by Muslims all over the country, and Europe almost got dragged into their own Muslim riots. Much of the reason for these riots are economic inequality.

France and Europe cannot tolerate any major economic disruption, and, if the USD system collapses it will be curtains for the political and economic security of Europe.

The problem is, no one can now stop a collapse of the irreplaceable USD system.

Now let us look at gold in this 2006 picture;

- Every time there is bad news about the Iran situation gold rises from 20 to 50\$ in price.
- Every time China mentions that they are considering a change in their 1 trillion US dollar foreign reserves gold rises \$20.
- Every time there is social chaos in Europe gold rises \$20.
- Every time Japan mentions that they will raise interest rates gold jumps \$20 because of the chaos that an unwinding of the Yen carry trade will inflict on world markets. Trillions of dollars value of Yen have been borrowed and invested in every world market for the last ten years.

- Every time the US mentions that they are considering a pause in interest rate increases gold rises \$30, because the US positive interest rate differential of about 3% over the rest of the world is the only thing keeping the USD system from collapsing.

In 2006, a consensus has now formed that all of the above events are about to happen, and gold has risen \$200 as a result.

The correction in gold this week is merely speculators taking money off the table and is not going to continue. Rather, gold will continue to rise in 2006, and worse, we are going to have a world energy war and very probably a collapse of the USD SYSTEM and all the economic collapses that would follow that.

If I were to say one thing it is this: being in any market today is hugely risky. Be in precious metals. I would not necessarily be in USD positions either, or in USD cash.

The last time there was an economic depression, there was flight INTO the USD in the 1930's. This time, there is probably going to be flight OUT of the USD. But I think that our economic woes are going to be the smaller worry...rather war and huge energy disruptions are the biggest problem we face in 2006.

The PrudentSquirrel Newsletter is a gold and economic commentary. It tracks macro trends and is not stock specific. My readers have written that they find it a unique source of economic big picture analysis that drives precious metals prices. Stop by and have a look.

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