

Kingdom Report

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The World Economic War Has Started

On February 24, 2022 World War 3 started with Russia against the West. Soon the economic war started. My prediction: The dollar and the Euro will lose. A new world economic order is coming. And not what the prophecy preachers predicted.

One of the most quoted epithets is from Ernest Hemingway's novel "The Sun Also Rises", short but succinct....

"So how did you go bankrupt?"

Two ways. Gradually, then suddenly"

When the economic history of the collapse of the dollar, euro based world economy is one day written, this quote will feature prominently. That is because for decades the demise of the dollar/euro system of fiat currency has been anticipated. The "suddenly" started in April of 2022 when behind the scenes major world economies started the serious implementation of an alternate world currency and trading system.

I will explain by way of background. Below is the debt accumulation of the US government and the EU is as bad as well. What upsets the world is that America and Europe get to create money literally out of nothing from government debt creation which is then monetized by their central banks. They can then use this "free money" to buy goods, and services and assets all over the world because everyone accepts dollars and euro's for payment. Since 2000 America has literally created \$25 trillion in credit money.

1980	\$908B	32% of GDP of America
1990	\$3.2T	54% of GDP
2000	\$5.7T	52% of GDP
2010	\$13.6T	90% of GDP
2020	\$27.8T	129% of GDP
Today	\$30.3T	130% of GDP

There are two reasons why the rest of the world's trading nations put up with this. The one is that everyone needs dollars to trade and to trade they must use the international SWIFT money transfer system. Secondly everyone uses the dollar as "reserve currency" to place their national surpluses for "rainy days" emergency and

America offers their government securities as a place where you can "park" your reserves until you might need them. That is why they can issue \$30 trillion in debt for others to place their savings in.

Then in March 2022 everything changed. After Russia invaded Ukraine the American president dropped the economic "nuclear bomb" on Russia with the intent of destroying their economy. He seized all their reserve savings held in trust.....the Russian national financial reserves...\$680 billion of which \$160 billion was gold held in Russia, the rest in America. And then he banned their banks from trading on the world SWIFT money transfer network. No dollars, no SWIFT, no trade.

President Biden famously said "We are going to turn the ruble into rubble! We will destroy the Russian economy".

This was an unprecedented step. It is one thing seizing Iran, Afghanistan, Venezuela's reserve deposits....but a major world trading nation like Russia? What happened after this was very interesting. Firstly other trading nations of the world realized, you cannot really trust America with your national savings or allow them to control the international trading network. Secondly behind the scenes nations started immediate plans to mitigate risk...out of the dollar! I will explain shortly.

Russia Responds with a Judo Ippon.

Vlad Putin is a Judo Black Belt. Russians love chess. In judo the greatest move you can make is called an "Ippon". You use the greater strength and speed of your opponents momentum to " Ippon: **A full throw in which a contestant throws his opponent to the mat with "considerable force and speed" so the opponent lands "largely on his back."**

The greatest game of chess is called the Game of the Century. Every good Russian chess player has gone through the moves. That was the game when a young 13 year old Bobby Fischer beat international grandmaster Donald Byrne with his famous "Queen sacrifice". He sacrificed his most valuable piece for a board position that he can launch an unstoppable attack by his minor pieces.

Putin and Russia had prepared for all eventualities of the sanctions that came. They were willing to sacrifice their "prized valuable Queen, the national dollar reserves". for a winning position on the world trading board. The first was the counter attack response.... all international companies who are leaving Russia will have their assets confiscated and the workers will carry on with their jobs under new management...BP lost a \$25 billion investment, Burger King carried on, factories kept working, Aeroflot refused to hand over 525 Airbus and Boeing passenger jets leased from Irish leasing companies etc.

Then came the Judo Ippon from Putin..... . So what happened? Well, it turns out that the Russians have made some very savvy moves that have turned the tables on the Biden administration.

Russia has started to demand payment in rubles when it sells natural gas to non-friendly nations. A lot of countries in western Europe are quite upset about this, but

they really have no choice, because they are exceedingly dependent on Russian gas. So from this point forward, western powers are actually going to be forced to help prop up the value of the ruble...

Russia wants “unfriendly countries” to pay for Russian natural gas in rubles. That’s a new directive from President Vladimir Putin as he attempts to leverage his country’s in-demand resources to counter a barrage of Western sanctions.

“I have decided to implement ... a series of measures to switch payments — we’ll start with that — for our natural gas supplies to so-called unfriendly countries into Russian rubles,” Putin said in a televised government meeting, adding that trust in the dollar and euro had been “compromised” by the West’s seizure of Russian assets.

Secondly, the Russians have decided that U.S. dollars will no longer be accepted as payment for anything that they sell to other nations. Pavel Zavalny, the head of the Russian parliament, says that U.S. currency “has lost all interest for us”...

Much more interesting was Zavalny’s main point, even though it has been mostly overlooked. If other countries want to buy oil, gas, other resources or anything else from Russia, he said, “let them pay either in hard currency, and this is gold for us, or pay as it is convenient for us, this is the national currency.” Gold or rubles or your national currency...but not dollars.

In other words, Russia is happy to accept your national currency — yuan, lira, ringgits or whatever — or rubles, or “hard currency,” and for them that no longer means U.S. dollars, it means gold.

“The dollar ceases to be a means of payment for us, it has lost all interest for us,” Zavalny added, calling the greenback no better than “candy wrappers.” This is huge, but it isn’t being discussed much by the corporate media in the United States.

The Russians aren’t just saying that they do not recognize U.S. dollars as the reserve currency of the world any longer. That would be bad enough. At this point, they are actually saying that they will no longer accept U.S. dollars as a form of payment at all.

After all these moves something happened to the ruble that nobody predicted. Sanctions did not turn the ruble into rubble. The opposite happened. The ruble rose in value. Polish PM Mateusz Morawiecki used the currency’s position as evidence of Western sanctions having no effect on Russia. *“I must say this very clearly: The sanctions we have imposed so far don’t work. The best evidence is the ruble exchange rate*

A New Financial World Order is Coming

Former Russian president Medvedev had this to say....

“No matter if they want it or not, they’ll have to negotiate a new financial order, And the decisive voice will then be with those countries that have a strong and advanced economy, healthy public finances and a reliable monetary system. And not with those

who endlessly inflate their public debt, issuing more and more pieces of paper into circulation which aren't backed by national wealth."

Here is the coming financial battle. Medvedev is right and Russia and other nations are planning for a new world trading system with a new international currency that will be backed by gold, commodities and a productive economy. Against that will be the euro and dollar backed by the debt obligations of the Fed treasury notes and EU bond notes.

A debt based currency of dollars and euro's controlled by western nations or a world economy trading system based on assets backed trading currency.

Now what I am going to say now is very important:

This is an existential war for a new world financial system. If Russia loses this they will cease to be a nation. If America and the EU lose their dollar/euro financial debt based system they are finished economically. The Eurasian group of nations will be the new world powers.

What lies ahead is a very tough time for the world as this economic war is played out on the world stage. All this will be exacerbated by international famine, collapsing economies, war, climate disaster and an ongoing Covid epidemic. Nations are starting the process of declaring bankruptcy which Lebanon did this last week and Sri Lanka and others soon to follow.

If the sharks smell blood in the water, if the hyenas see a blooded and wounded American dollar....how soon will the stampede by a world with nations and corporation with \$313 trillion in dollar denominated debt be tempted to just declare dollar bankruptcy and then switch debt free to a new world currency and new world trade system with no possibility of US or European retaliation.

Which means if Russia not only survives these sanctions but actually thrives eventually then this will be a very powerful attraction for a world drowning in dollar debt. Imagine a world Debt Jubilee!

For most of you reading this blog I can end here and continue next week with a prophetic analysis which I need to do. You have questions. What about the Antichrist New World Order? What about prophecies about prosperity? What are the chances for a new Great Depression? What does scripture say?

I want to answer all those issues possibly next week. But for those of you with a financial technical background I want to continue with an in depth analysis of this new gold-ruble-commodity financial system Russia has launched and will probably be the forerunner of what is coming for China and others who want to create a new financial system.

Technical Analysis: The Possibilities of a Gold backed Ruble

International finance and governments expected that after seizing Russia's dollar reserves they could only trade by selling their gold held in Russia. Much like Iran had

to do. Instead Putin pulled his "Ippon" Judo maneuver and said no...we are a buyer of gold! In fact Russia will be backing their ruble currency not with debt but with gold and their commodities of energy, food and minerals. This is how they are going to do that. No dollars needed.

The Bank of Russia has been ordered by Putin to purchase gold at a fixed price of 5,000 rubles (\$59) per 1 gram between March 28 and June 30, raising the possibility of Russia returning to the gold standard for the first time in over a century.

If the country takes the next step, as has been proposed this week, to sell its commodities priced in rubles, these combined moves could have huge implications for the ruble, the US dollar, and the global economy.

By offering to buy gold by Russian banks at a fixed price of 5,000 rubles per gram, the Bank of Russia has both linked the ruble to gold and, since gold trades in US dollars, set a floor price for the ruble in terms of the US dollar.

We can see this linkage in action since Friday 25 March when the Bank of Russia made the fixed price announcement. The ruble was trading at around 100 to the US dollar at that time, but has since strengthened and is nearing 80 to the US dollar. Why? Because gold has been trading on international markets at about US\$62 per gram which is equivalent to $(5,000 / 62) =$ about 80.5, and markets and arbitrage traders have now taken note, driving the RUB/USD exchange rate higher.

So the ruble now has a floor to the US dollars, in terms of gold. But gold also has a floor, so to speak, because 5,000 rubles per gram is 155,500 rubles per troy ounce of gold, and with a RUB/USD floor of about 80, that's a gold price of around \$1,940. And if the Western paper gold markets of LBMA/COMEX try to drive the US dollar gold price lower, they will have to try to weaken the ruble as well or else the paper manipulations will be out in the open.

Since China has its major gold and oil exchange based in Shanghai, most of these gold-oil-ruble-dollar-yuan trades can be done in China anonymously and routed via the big Hong Kong banks. Additionally, with the new gold to ruble linkage, if the ruble continues to strengthen (for example due to demand created by obligatory energy payments in rubles), this will also be reflected in a stronger gold price.

Russia is the world's largest natural gas exporter and the world's third largest oil exporter. We are seeing right now that Putin is demanding that foreign buyers (importers of Russian gas) must pay for this natural gas using rubles. This immediately links the price of natural gas to rubles and (because of the fixed link to gold) to the gold price. So Russian natural gas is now linked via the ruble to gold.

The same can now be done with Russian oil. If Russia begins to demand payment for oil exports with rubles, there will be an immediate indirect peg to gold (via the fixed price ruble – gold connection). Then Russia could begin accepting gold directly in payment for its oil exports. In fact, this can be applied to any commodities, not just oil and natural gas.

The fixed peg between the ruble and gold puts a floor on the RUB/USD rate but also a quasi-floor on the US dollar gold price. But beyond this, the linking of gold to energy payments is the main event. If Russia begins to accept gold directly as a payment for oil, then this would be a new paradigm shift for the gold price as it would link the oil price directly to the gold price.

For example, Russia could start by specifying that it will now accept 1 gram of gold per barrel of oil. It doesn't have to be 1 gram but would have to be a discounted offer to the current crude benchmark price so as to promote take up, e.g. 1.2 grams per barrel. Buyers would then scramble to buy physical gold to pay for Russian oil exports, which in turn would create huge strains in the paper gold markets of London and New York where the entire 'gold price' discovery is based on synthetic and fractionally-backed cash-settled unallocated 'gold' and gold price 'derivatives'.

Linking the ruble to gold via the Bank of Russia's fixed price has now put a floor under the RUB/USD rate, and thereby stabilized and strengthened the ruble. Demanding that natural gas exports are paid for in rubles (and possibly oil and other commodities down the line) will again act as stabilization and support. If a majority of the international trading system begins accepting these rubles for commodity payments arrangements, this could propel the Russian ruble to becoming a major global currency. At the same time, any move by Russia to accept direct gold for oil payments will cause more international gold to flow into Russian reserves, which would also strengthen the balance sheet of the Bank of Russia and in turn strengthen the ruble.

Other non-Western governments and central banks will therefore be taking a keen interest in Russia linking the ruble to gold and linking commodity export payments to the ruble. In other words, if Russia begins to accept payment for oil in gold, then other countries may feel the need to follow suit.

Look at who, apart from the US, are the world's largest oil and natural gas producers - Iran, China, Saudi Arabia, UAE, Qatar. Obviously, all of the BRICS countries and Eurasian countries are also following all of this very closely. If the demise of the US dollar is nearing, all of these countries will want their currencies to be beneficiaries of a new multi-lateral monetary order.

Since 1971, the global reserve status of the US dollar has been underpinned by oil, and the petrodollar era has only been possible due to both the world's continued use of US dollars to trade oil and the USA's ability to prevent any competitor to the US dollar. That is about to change. Both Saudi Arabia and the UAE have already made deals to sell oil to China for yuan payments, diversifying out of the dollar system.

What we are seeing right now looks like the beginning of the end of that 50-year system and the birth of a new gold and commodity backed multi-lateral monetary system. The freezing of Russia's foreign exchange reserves has been the trigger. The giant commodity strong countries of the world such as China and the oil exporting nations may now feel that now is the time to move to a new more equitable monetary system. It's not a surprise, they have been discussing it for years.