



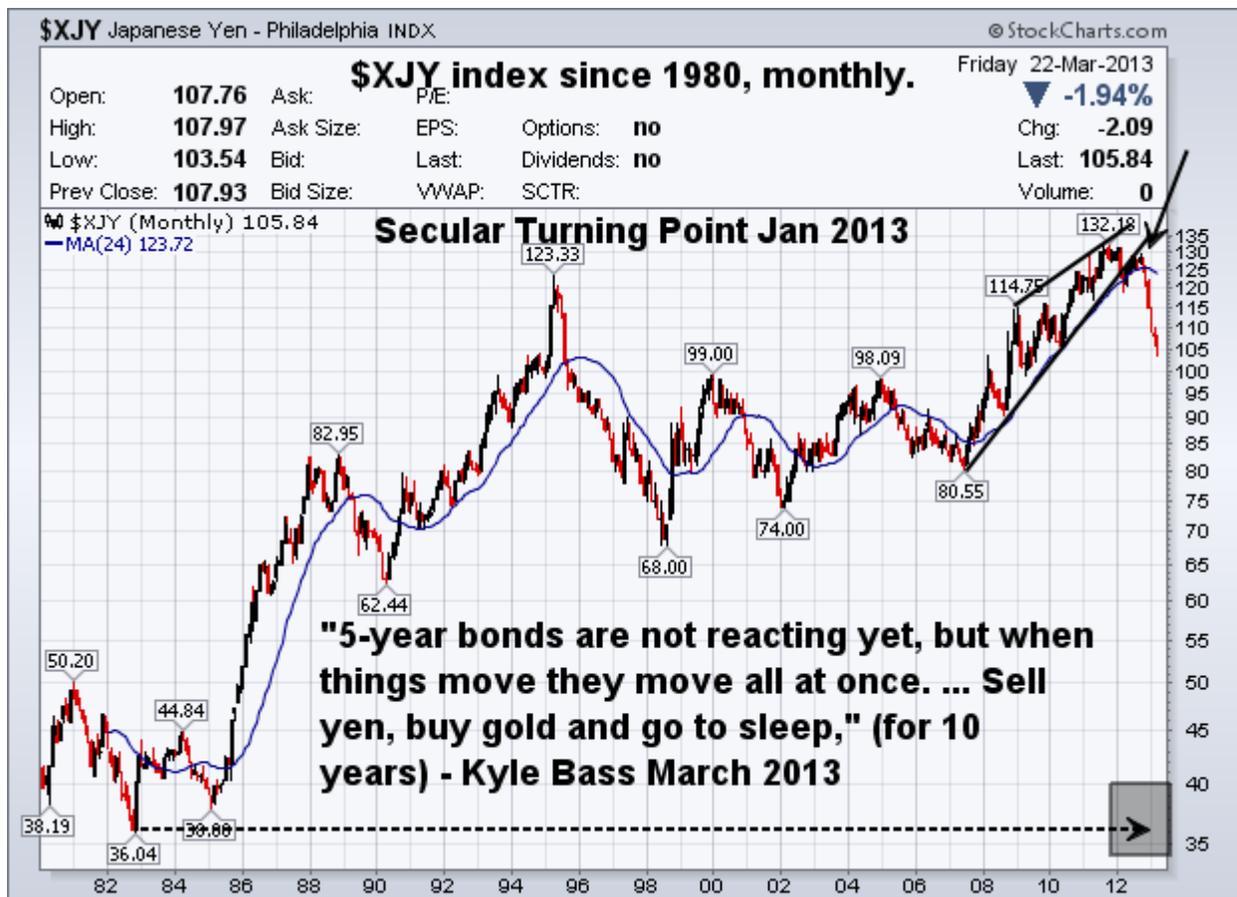
Got Gold Report – March 24, 2013

HOUSTON -- Our intention is to continue to do most of our communicating via the daily comments and the charts. However, just below is a memo we sent to a colleague on the Japanese yen and gold we thought worthy of sharing with our subscribers, privately.

Memo: March 24, 2013

For those who say that the yen has traveled a long way already, two charts below.





(The chart above puts the recent plunge in the yen purchasing power into longer term context. It certainly does look like a secular turning point has arrived, finally.)

Kyle Bass (Hayman Capital) is convinced that Japan moving to force inflation is the beginning of the end of Japan's one-quadrillion-yen debt load. (As he laid out in this University of Chicago Booth School of Business presentation with Austan Goolsbee.)

<http://media.chicagobooth.edu/mediasite/Viewer/?peid=f15d95d054e8442ab0cc1c60321383101d>

The Yen and the dollar are poorly correlated over time, but when Japan's debt does go pear shaped into the abyss it should put a bid under the greenback it does not deserve. My bet is that this time, when the crisis explodes, gold will perform its natural function as the currency of last resort. (As opposed to what it did in 2008 in the rush to de-lever and to liquidity.)

Gold may get cheaper in dollar terms for short periods, but Japan will be the "come to Jesus" meeting for western policy makers and central banks. It is what happens when the government thinks it can print the money to pay its bills at twice tax revenues or so for extended periods as Japan (and now the U.S.) is doing.

Now that Europe has reminded everyone that bank deposits are fair game for government confiscation in times of bank or State stress, I'm expecting to see demand for "real hard" assets

picking up. And capital flight FROM JAPAN to productive assets to accelerate, including into gold. Quietly at first, then blatantly. (I believe it is already well underway.)

Curiously, ICE commercial traders piled on the short side of the greenback in a big way this past COT week. Meaning they see the dollar taking a short term hit. Might mean a meaningful bounce in the yen coming to sell into.

I put comments about the big change in ICE commercial positioning in the DXY in this chart for subscribers.

[http://stockcharts.com/h-sc/ui?s=\\$USD&p=W&yr=3&mn=0&dy=0&id=p03257648669&a=243445206](http://stockcharts.com/h-sc/ui?s=$USD&p=W&yr=3&mn=0&dy=0&id=p03257648669&a=243445206)

Have a good one,

Gene Arensberg

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End of memo.

Contrary to the prevailing consensus, my own view is that the leadership in Japan is well aware that attempting to force inflation could end up being the trigger that forces a massive restructuring of Japanese debt and eventual default. They must reason that the current situation is hopeless and the country already insolvent, thus, it is better to get the restructuring over and done with, perhaps over the next half decade or so.

The people of Japan face near certain destruction of wealth in another epic failure of government "fiscal management" just ahead. The leaders in Europe continue to do the wrong thing at the wrong time, eroding confidence in the E.U. and the euro by a thousand cuts. The leaders in the U.S. continue to ignore the writing on the wall, making merely trivial tweaks in an unsustainable runaway spending/borrowing/printing stupor.

The Fed has to be looking on in horror, thinking all this central planning lunacy cannot possibly end well.

The only real hope we Americans have is that when the Japan and Europe excrement hits the oscillating climate altering device, the U.S. policymakers get a clue and decide it is time to make real substantive changes in our own fiscal profligacy. But for that we cannot hold our breath.

A very real and very important storm is coming. Got gold?

Outside the banking system?

Thanks for subscribing to GGR, good luck and Good Vulture Bargain Hunting!

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"One quadrillion yen. That's 1,000 trillion, ya know."

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PanSTARRS from France

Image Credit & Copyright: [Jean-Luc Dauvergne](#)

Explanation: [Still looking](#) for that comet? Comet PanSTARRS (C/2011 L4) naked-eye appearance in the northern hemisphere is described by [successful comet spotters](#) as a dim star with a faint tail. If you want to catch it the next few days could be your best bet. [Start looking low](#) and almost due west about 45 minutes after sunset. Of course, clear skies and a pair of binoculars should help a lot. Sky photographer Jean-Luc Dauvergne found suitable weather and western horizon for this comet and crescent Moon portrait after a road trip on March 13. Seeing PanSTARRS for the first time, he recorded the beautiful twilight scene with a telephoto lens near [historical Alesia](#) in France. (From March 16, 2013)

(NASA) <http://apod.nasa.gov/apod/ap130316.html>