WRITTEN BY MARK HIRLEMAN

THE SHEMITAH COLLAPSE

ECONOMIC ANALYSIS AND PREDICTIONS

Shemitah
INVESTMENT ADVISORS LLC

PUBLISHED APRIL 2015

TABLE OF CONTENTS

INTRODUCTION

In order to get the full Shemitah revelation of what is coming, one must understand the precarious situation our financial system, economy, and currency are in. It is not as if America's economy is fundamentally stable and strong so it is not a huge leap of faith to believe that God is warning us about a 2015 Shemitah Collapse. The coming collapse is inevitable from a strictly natural perspective; God is simply telling us when it will happen.

This Shemitah cycle is not occurring out of the blue; it is occurring at a time when the American economy is truly on life support… when our banks are insolvent on a mark-to-market basis despite trillions of dollars in bailout money… when the Federal Reserve Bank (the Fed) has printed trillions of dollars to monetize US government debt just to keep the government alive… when any significant rise in interest rates would decimate US government finances, the fragile housing market, bond market, and cause a financial catastrophe through interest rate derivatives… when our federal government debt has reached $18 trillion with over $100 trillion of unfunded liabilities… when there are bubbles everywhere: the global debt bubble, subprime car-loan bubble, student loan bubble, oil fracking bubble, bond bubble, absurd stock market bubble, sovereign debt bubbles, money printing bubbles, interest rate bubbles, and ultimately the fiat US Dollar as the World Reserve Currency bubble… when we have already shipped most of our manufacturing capabilities overseas and have become a debt-driven consumer economy dependent on massive trade deficits and global confidence in our dubious paper dollar…when we greatly rely on the US Dollar as the World Reserve Currency to prosper yet China, Russia, India, South Africa, Brazil, Great Britain, Germany, Australia, Canada, and over 100 other countries have already signed – or intend to sign – agreements to conduct international trade without the US Dollar… when our enemies intent on destroying America can do so simply by clicking the sell button on US Treasury holdings when they deem the time is right… when our economy is truly a house of cards ready to crumble at any moment. This is the situation we are in as the end of the 2015 Shemitah year rapidly approaches.

The most recent Shemitah collapse --the financial crisis of 2008--was only a small prelude to the 2015 Shemitah collapse, which will be the final, full-blown collapse of our economy, financial system, and our currency. The problem is that the 2008 collapse was never allowed to happen. If it wasn't for the trillion dollar bailouts, the multi-trillion dollar money printing, and the 0% Fed interest rates, it would be called the "2008 Financial Collapse" instead of the "2008 Financial Crisis" – and we probably would have already defaulted on our debt and perhaps be out of the depression and on to a genuine economic recovery. Unfortunately, all of the bailouts and money printing has only made things worse for the 2015 Shemitah collapse, much worse.

The bailouts have created a clear moral hazard, wherein the banks are free to continue on with their reckless behavior believing the government will bail them out again. But the moral hazard is nothing compared to the distortion and asset bubbles created by QE (quantitative easing- a.k.a. money printing) and ZIRP (zero interest-rate policy). This easy money has caused a credit expansion the likes of which the world has never seen, planting seeds of the coming collapse.

SEEDS OF COLLAPSE

You reap what you sow. That is true not only for people, but also for the nations. America and the world have sown various seeds of financial destruction, and those seeds are on the verge of reaping a truly catastrophic financial, economic, and currency collapse. The inevitability of this collapse is abundantly clear from an entirely natural perspective. It is not a matter of if the collapse will happen; it is just a matter of when. Could it be around the 2015 Shemitah?

The fact that the US government budget is unsustainable is a mathematical certainty; any

number of triggers could force the budget to be cut by over $1 trillion a year causing hardship for tens of millions of people. We will reap the consequences of the debt we've sown; it is just a matter of when. Could it be around the 2015 Shemitah?

The US Dollar is already in the process of being replaced as the world's reserve currency, and when that happens it will wreak tremendous havoc on the US economy. We have sown an economy of outsourcing our manufacturing capabilities, sown consistently large trade deficits for decades, and have simply become a debt driven economy that consumes more than it produces; it is not sustainable. The world will not accept paper dollars in exchange for real goods and services forever. The world will not hold on to their $6 trillion worth of US debt forever. The dollar collapse will most certainly happen; it is just a matter of when. Could it be around the 2015 Shemitah?

Following the 2008 Shemitah collapse, the US Federal Reserve Bank has sown a multi-trillion dollar money-printing campaign, combined with free-money interest rate policies, and have reaped asset and debt bubbles across the board: a bond market bubble, stock market bubble, real estate bubble 2.0, subprime car loan bubble, student loan bubble, shale oil bubble, US government debt bubble, and clearly a US Dollar fiat currency bubble. All of these bubbles have to pop sometime; it is just a matter of when. Could it be around the 2015 Shemitah?

The banks of the world have sown a $1.5 quadrillion ($1,500 trillion) derivatives bubble. A simple trigger, like interest-rates rising to historical averages, will eventually reap a derivatives meltdown that will make 2008 look like a walk in the park, and almost certainly lead to widespread bank failures, a bank holiday, and bail-ins. A serious derivatives meltdown has to happen at some point; it is just a matter of when. Could it be around the 2015 Shemitah?

From a strictly natural perspective, a catastrophic global collapse has been sown and must be reaped sometime in the future. For each of these issues, a crisis could erupt literally at any moment. It doesn't have to take decades for our $18 trillion to come back and bite us; it could happen by a simple sell-off of US Treasuries and rising interest rates, adding a $1 trillion in interest expense that would decimate our economy. There could be a worldwide panic selling of US dollars overnight as the world abandons the dollar as the world reserve currency, and quickly makes up for the cumulative $10 trillion in US trade deficits (that's $10 trillion that needs to come back home to roost at some point). There are a number of asset bubbles that can pop, by definition, very rapidly. Countless "black swan" events could trigger the derivatives meltdown. All of these seeds are just waiting to be sprung. Is it unrealistic to think that God would tell us when it will happen?

It is prudent to assume that God has spoken through the supernatural Shemitah cycle, and that He is warning us that this inevitable full-blown collapse will happen around September of 2015, and will involve all of the above: a US fiscal crisis, a US Dollar collapse, a bond market collapse, a stock market collapse, and a derivatives meltdown that will trigger bank closures. All of this will totally decimate the standard investment portfolio of most Americans.

REPERCUSSIONS OF THE COLLAPSE

It is important to note that the Shemitah year culminates with the "debt cancellation day," and that nearly everything that people consider an "investment" is actually debt: bonds, money markets, bank deposits, and annuities are all clearly IOUs from various entities. Stocks are not debt per se, but are mostly ownership in debt-ridden corporations reliant on the Global Debt Bubble to turn any sort of profit. There is strong reason to believe that the standard investment portfolio for retirees consisting of stocks, bonds, annuities, and "cash" will lose 50%-90% of its value, and that the purchasing power of what is left will be further eroded through inflation before these "investments" will be fully accessible post-collapse.

Paper investments will be decimated. The stock market will likely be down 50% or more in a matter of a couple months. The bond market will crash similarly. Most of the wealth wrapped up in annuities will be defaulted on. The entire world banking system will be insolvent and be shut down for a time; this will be called a "bank holiday."

Considering the "Day of Remittance" is on a Sunday when markets are closed, there is a possibility that the bank holiday will be declared on that day. In such a case as this, on the following Monday the banks will be completely closed or have strict withdraw limits. Any money above the $250,000 FDIC insured limit will be gone and called a "bail-in." But the FDIC will be broke along with the banks, so there will certainly be losses of insured accounts eventually (perhaps through an inflationary money-printing bail-out). There will be "capital controls" in place for months or even years, so that depositors will not be able to withdraw significant savings. In the end, for any money in the banks, a loss of 50% of purchasing power is the best case scenario. There will certainly be a dollar collapse while capital controls are in place that erodes purchasing power, and if you get 100% of insured deposits it will have to be from printed money which would likely set off hyperinflation. The bottom line: even money in insured bank accounts is not safe. (Much more on all this on later pages)

If you don't act boldly before the Shemitah, your wealth will be all but wiped out.

THE "BUSINESS CYCLE"

In order to understand the predicament that America is in, it is important to understand the concept of the "Business Cycle." The business cycle, by definition, is the common emergence of recessions and depressions after periods of growth. The business cycle is in quotes, because it is not really a business cycle, it is actually a credit cycle.

There are two competing theories for the causes behind the business cycle, although it is not much of a competition. The main stream "Keynesian" view is that the business cycle is a natural cycle that varies due to changes in "aggregate demand" or the changes in the overall demand for products and services for all consumers combined. Why does aggregate demand change over time? The Keynesians don't have an adequate answer for that very simple question.

The much more rational view of business cycles comes from the Austrian School of Economics, which has gained more widespread acceptance since it clearly explains the 2008 financial crisis (and every other crisis, recession, and depression for that matter). The business cycle is not really a "business cycle" at all; it is really just a credit cycle. The amount of credit (a.k.a. debt) in the system determines the amount of economic activity. When credit expands, there is an economic expansion; when credit contracts, there is an economic contraction. It's as simple as that.

When credit expands, businesses and consumers take on more debt and there is an economic expansion. This expansion inevitably turns into excess, in which debt is used to make poor investment decisions that ultimately fail, and this "mal-investment" needs to be worked through via bankruptcies and businesses cutting production. The result is an economic contraction. This is very clearly seen through the housing bubble and the Great Recession. The Fed's distortion of interest rates (and other government intervention) led to easy money flooding into the housing market and created a housing bubble. It was good for the economy, because it resulted in creating jobs for mortgage brokers, construction workers, real estate agents, etc… That extra debt-driven income then filtered through the rest of the economy and created a wide-spread economic expansion. After the housing bubble popped, this inevitably resulted in credit contraction (banks quit issuing loans) and bankruptcies, revealing the mal-investment in the housing sector, which resulted in many job losses and an economic contraction.

Credit is not the problem; credit is good. The problems arise when credit is distorted by central banks. The price of money -- interest rates -- is an extremely important number that needs to be decided by a free-market price-discovery mechanism for the economy to avoid periodic recessions or depressions. The interest rates need to be decided by the supply and demand of money. The supply of money is cumulative savings. Savings is simply delayed consumption; it is consumption at a future date. So if there is a lot of savings in the system, it implies that there is money available to purchase future increased economic production; it is at the same time an increase in the supply of money, which would naturally drive down interest rates, incentivizing businesses to expand to meet this future consumption demand. This is a beautiful balancing act, just as God intended.

Central banks destroy this free-market balancing act by artificially manipulating interest rates, thus creating artificial economic expansions which must be followed by recessions and depressions. In 2001-2005 there was no excess savings that would indicate future consumption to meet increased economic output. The economic expansion was strictly due to the Fed's low-interest rate policy. This central planning distortion created the housing bubble and the Great Recession.

So what has happened since 2008? This central planning distortion has gone into overdrive, creating a much worse situation than we saw in the last Shemitah collapse. Not only have interest rates been distorted to the lowest on record for nearly a decade, but the Fed also instituted the "unconventional" policy of Quantitative Easing (QE), printing over $4 trillon out of thin air (that we know about). The Fed has added another level of distortion, which will create another level of the crash, much worse than 2008.

This credit expansion due to interest-rate distortion actually goes back much further than 2001. It is sometimes referred to as the "Credit Super-Cycle" or "Debt Super-Cycle," and has resulted in what is called the "Global Debt Bubble." In terms as total world debt (public & private) as a percentage of GDP, we are now approaching 350%. (The only other recent peak that is remotely close was the World War II peak of about 260%). Around 1980, the debt/GDP was in the manageable 150% range. Since then, this Credit Super-Cycle has absolutely exploded to a level that the world has never seen, an astounding 350%. We are truly in the age of central planning credit distortion that will end in a serious depression.

The size of the credit expansion essentially determines the size of the credit contraction, and thus the size of the economic contraction. Given the numbers from the previous paragraph, we are headed towards a Great Depression style collapse in economic activity.

THE DOLLAR COLLAPSE

The dollar collapse is the end game of the 2015 Shemitah collapse. At its core, the coming collapse will be a collapse of the world's fiat currencies – a collapse of the world monetary system – followed by a new monetary system, likely involving IMF Special-Drawing-Rights and a return to a gold standard currency by many countries.

The "world monetary system" is essentially the system used for international trade. Since World War I, there have been three world monetary systems, the previous two lasting 30-40 years. The current monetary system has been in place since 1971, when the US government abandoned the gold standard, making the US Dollar a fiat (a.k.a. paper) currency backed by nothing. The rest of the world went along with the program, and since then the US Dollar has been the world reserve currency and nearly all trade has been conducted in US paper. But things are rapidly changing.

The importance of the US Dollar based world monetary system – in terms of the prosperity of the United States – is incredibly important, yet understood by relatively few. It heavily involves

the "Petro Dollar"– simply the fact that oil is priced in dollars. Whether Germany wants to buy oil from Suadi Arabia, or Australia wants to buy widgets from China, all of these transactions have been conducted in the US Dollar. This has provided an incredible advantage for the US, creating artificial demand for the US Dollar and allowing the Federal Reserve to print trillions of dollars without serious inflationary repercussions. Moreover, it has allowed the US to run giant trade deficits for decades (cumulative of $10 trillion!) without giving up anything of real value. We can simply print paper dollars and ship them overseas for goods and services. What a great deal for us! These dollars stay overseas or come back to the US safely when foreign central banks buy US treasuries, which again, are simply printed by the Fed through the US treasury. Unfortunately, the world is beginning to get fed up with this unfair system. When the game is up, those $10 trillion in cumulative trade deficits will come home to roost.

While this US Dollar monetary system has been incredibly advantageous for America for 40+ years, it will eventually all come crumbling down. The breakdown began following the 2008 financial crisis, when the Fed began its unprecedented currency creation campaign. Nearly every country has followed suit – dubbed a "currency war" – in order to keep demand for exports stable. We are now in a position that has never happened in the history of the world, when most of the world has embarked on a currency creation crusade that has about doubled the amount of currency in circulation in a mere seven years. This sets the stage for a truly global financial meltdown that will cause the collapse of the US Dollar monetary system and wreak tremendous havoc on our country – and to a significant yet lesser degree – the world.

What happens when other countries refuse to use the US Dollar for international trade, and begin to demand real money – gold – in exchange for goods and services? The results will be chaotic. As the Dollar begins to lose its value, there will likely be a rush for the exits. The problem is that nearly half of the US Dollars in circulation are overseas, which has tempered inflation to this point. When the US Dollar monetary system begins to break down, the US Dollars overseas will come rushing back to America. Dollars will be sold on the FX market causing a drastic drop in the value of the dollar, further adding to import cost inflation. US treasuries will be dumped, causing a drastic rise in interest rates. In such a situation, prices for imported goods will double seemingly overnight, and the US government will be forced into drastic austerity that will leaves millions without government assistance they need to survive.

WORLD MONETARY SYSTEMS

A world monetary system is essentially what the world uses to conduct international trade. Throughout history, gold and silver coins and bullion provided the currency means that countries used to trade with each other. The important aspect of a world monetary system is that it corrects trade imbalances. A country that exports more than it imports would want to gain an international advantage from doing so. In the old historic precious metals system, exporting countries simply ended up with more gold & silver which was a tremendous advantage.

Though governments shifted to paper currencies in the 17th and 18th centuries, these currencies were originally a paper certificate for real money: gold and silver. In the early days, you could take your paper dollar and exchange it for an ounce of silver. This made the world monetary system much more similar to the historical precious metals system, as in the case of the Bretton Woods system.

The Bretton Woods world monetary system emerged after World War II and continued for about 30 years. It was a system based on the US Dollar with fixed exchange rates, and at the time the dollar was backed by gold. So it worked well in order to balance unfair trade imbalances within world trade. A country that had consistent trade surpluses ended up with a surplus in US Dollars which they could hypothetically exchange for physical gold at $35 an ounce. This is how trade imbalances are

supposed to be rectified; a country can't continue with a trade deficit forever, otherwise they will run out of gold.

Through the Great Society and Vietnam War, the United States began a period of deficit spending and trade deficits. In 1965, President of France Charles De Gaulle gave a famous speech of the problems with the US Dollar based world monetary system, and declared his intentions of converting France's dollar reserves to gold. By 1966, foreign central banks held about $14 billion, but the US government had only about $13 billion in gold reserves. Just by a simple mathematical calculation, it was clear that the Bretton Woods world monetary system was in trouble.

As gold redemptions grew in the late 1960's and rapidly in 1971, it was clear that something had to be done otherwise all of America's gold would be gone. On August 13, 1971, Richard Nixon "temporarily" abolished the gold window so that US Dollars were not convertible to gold; that temporary change has been permanent since that date. The US Dollar officially became a fiat currency and it began the age of fiat currency.

THE AGE OF FIAT CURRENCIES

A fiat currency is simply a currency that is backed by nothing of real value. It is considered backed by the "full faith and credit" of a particular government, but faith and credit are not always trustworthy like gold.

Fiat currencies were not a new concept in 1971. In fact, it had already been tried thousands of times throughout history, and the result was always the same: fiat currencies crash and burn (or are phased out in a more orderly fashion). History repeats itself quite clearly with fiat currencies. Governments with the ability to print currency, eventually print too much of it. Whether it is for simple overspending on projects, war, or financial troubles, the easiest solution is to print more money to pay the bills. This happened with the Greeks and Romans, even with gold and silver coinage. When they needed more money, they melted down their coins and recast them with less silver or gold content, thus creating more coins. This is essentially the same as currency creation; it is a debasement of the existing money by an increase in the money supply. Eventually there was so little gold and silver in the coins, they became worthless. This currency creation is much easier with a printing press so the temptation is even greater to print away financial problems or attempt to print your way to prosperity. (I will spare the list of other fiat currencies that have ended in hyperinflationary collapse for sake of space, but I will say that the list is in the 100s.)

Since 1971, the world monetary system became a system of freely floating exchange-rates of fiat currencies. This actually isn't the worst idea; much like in the Bretton Woods system, trade imbalances have a way of correcting themselves naturally through the free-market system. If Brazil (for example) runs a trade deficit, other countries end up with Brazilian Real that they cannot spend in their own country. So these countries would sell the Real on the foreign exchange market, which would drive down the price of the Brazilian Real. This would naturally make Brazilian exports more competitive, and imports to Brazil more expensive, eventually eliminating the trade deficit.

Unfortunately there is one important exception to this rebalancing act: the world reserve currency, which is the US Dollar. Since Bretton Woods collapsed in 1973, the US Dollar remained the world reserve currency even without the gold standard. And the US Dollar has been exempt from devaluation due to trade deficits for a number of reasons. The PetroDollar is a great example of how it works.

THE PETRODOLLAR

The PetroDollar simply refers to the fact that oil is priced in US Dollars in international markets. That may sound unimportant, but it is actually a tremendous advantage for the US in terms of false prosperity.

Henry Kissinger negotiated an agreement with Saudi Arabia in 1974 in which the US would defend the Saudi Kingdom militarily, if they agreed to price their oil exports (then 20% of world exports) in US Dollars. Moreover, as part of the agreement, Saudi Arabia was also required to invest any US Dollar reserves in US Treasuries. Brilliant!

This agreement was important on two levels: first, the fact that oil was priced in dollars cemented the US Dollar as the world reserve currency. If Germany wanted to import oil from Saudi Arabia, they would first have to purchase US Dollars on the market, or use US Dollars that they already had in reserve. This created a great amount of artificial demand for the US Dollar, which is a tremendous advantage for a country running trade deficits and budget deficits; it essentially made the US Dollar immune from natural – often times painful – trade and currency rebalancing.

But there was a problem: if Saudi Arabia simply sold their US Dollar reserves on the market, it would force down the US Dollar. Instead, those dollar reserves came home to America safely (as opposed to an inflationary return) through the purchase of US treasuries. This also drove down interest rates and made it possible for the US to run bigger budget deficits with less serious repercussions.

The PetroDollar is an important factor, but is also a good illustration about how the US Dollar world reserve currency status is such an advantage to America, and how it has allowed massive trade imbalances to flourish for decades without serious repercussions…yet.

US DOLLAR WORLD RESERVE CURRENCY STATUS

It is not just oil that is priced in US Dollars; a majority of international trade has also been priced in US Dollars since the 1970's (but things are rapidly changing). Even if China sold widgets to Australia, those widgets would be priced in US Dollars. This is the same as the previous PetroDollar example, but on a worldwide, massive scale.

The fact that international trade is conducted in US Dollars creates a huge artificial demand for those dollars. In a normal situation, there would be no reason for China to hold US Dollar reserves; they would simply be sold on the foreign exchange market. But the fact that China needs those dollars to buy iron from Australia, forces them to hold US Dollars in reserve. This is true not only of these two countries, but all countries around the world.

Moreover, countries tend to hold US Dollars in the form of US treasury securities to earn some interest. So this not only negates the devaluation of the dollar due to US trade deficits, it also drives down interest rates to promote larger budget deficits. While the $18 trillion US debt is the number most recognized in terms of the precarious US financial situation, perhaps the more important number is the cumulative $10 trillion in US trade deficits that have never been rebalanced on the foreign exchange markets. That reckoning will come when the US Dollar loses its world reserve currency status – and as you will read later on – that day is fast approaching.

AMERICA'S $10 TRILLION IN CUMULATIVE TRADE DEFICITS

Since the abandonment of the gold standard in 1971, it is estimated that the US has accumulated $10 trillion in trade deficits. This would never have been allowed to happen if the US did not have the advantage of the world reserve currency status; it would have caused a drastic drop in the value of the US Dollar a long time ago, and naturally balanced the trade deficit through free-market corrections as explained previously.

There has been a world monetary system in place since 1971 that has been incredibly advantageous to the US; we have essentially had the luxury of printing paper dollars and sending them overseas for real goods and services to the tune of $10 trillion. This is $10 trillion of "false prosperity" that America has enjoyed.

It is important to understand this fact: these $10 trillion will come flooding back to America at some point in the future, when the world abandons the dollar as the world reserve currency. That absolutely has to happen at some point. What will be the repercussions? The answer is really quite simple: look at the 1970's inflation. That was caused by the US trade deficits of the 1960s. The US had accumulated $14 billion in trade deficits that were balanced out at a rapid pace. This caused a drastic drop in the value of the US Dollar, which caused import prices to rise (as well as a rise in the price that exporters receive overseas, which cause prices to rise on domestic products as well) and the result was serious inflation. Herein lays the problem: our cumulative trade deficit is on the order of 1,000 times what is was in the 1970s.

It is very easy to see a repeat of the 1970s inflation but on a much larger scale. We are in a situation where foreign governments have about $6 trillion in US treasuries, and probably another $4 trillion in US dollar reserves in banks and in general circulation. When the world loses confidence in the US Dollar, and loses confidence of the ability of the US to pay out its unpayable debt without hyperinflation, the results will be catastrophic. There will be a drastic rise in interest rates on US treasuries, further bankrupting an already bankrupt government by adding at least $1 trillion to the budget in the form of interest expense, while the US Dollar is crashing on the foreign exchange market causing serious inflation. This will be a serious problem.

US FISCAL INSANITY

Nearly every American seems to know that our government spending is unsustainable, that our entitlements won't be around for the next generation, and that our debt is unpayable without serious inflation. The problem is: the rest of the world knows it to; they just haven't decided to act on that knowledge yet.

To put it in perspective: If you made $100,000 a year and spent $115,000-$130,000 a year just to pay the bills, you had $400,000 of unsecured debt (not a mortgage, because you rent), no retirement savings, and you promised your parents that you will support them in their retirement that would ultimately cost $1 million over 20-30 years…How would you feel about your financial situation? That is very similar to the situation that the US government is in. But you have to add in a few more factors: your $400,000 debt has a teaser interest-rate that is about to explode higher adding an extra $50,000 to your expenses and an inevitable recession is going to force your employer to cut your pay. Not a good situation.

It would be one thing if the US government was in good financial shape, the Fed hadn't printed $4 trillion in the last few years, and then the world decided it wanted out of the US Dollar world monetary system. That could be a more orderly exit. This exit will be far from orderly. It will be a realization by the world (and domestic investors) that the US government could never dream of paying

off its debt, and that all of the freshly printed paper dollars are therefore worthless.
The US government is highly reliant on low interest-rates on treasury bonds to be able to function, while the majority of money borrowed is now of the three month, six month, nine month, and one year variety, which means any significant rise in interest rates could add $1 trillion a year in interest payments (at a historical 6%) quite quickly. It wouldn't take long before US treasury bonds are rated junk.

How has the US government survived for so long without collapsing? It is primarily due to the Fed policy of "monetizing" debt since 2008. The absurdity of this policy is hard to explain (and even harder to explain why the world hasn't abandoned the dollar already). Monetizing debt is the policy of a country that prints money in order to buy their own debt. It is the last gasp of a dying empire. It is incredibly inflationary by nature, because money is simply printed. To try to put monetization in perspective: what if the US government just printed $18 trillion and bought all of US debt in existence and just declared that we are debt free? Sweet! We are debt free! All of our problems are solved, right? No, not at all. Then there would be $18 trillion extra dollars needed to find a home, and the result would be massive inflation.

So why haven't we seen inflation due to the $2.1 trillion in US debt that the Fed has monetized? It mainly has to do with the velocity of money. That money has been parked on bank's balance sheets for the most part, so it hasn't affected price levels. And the world hasn't thrown their $10 trillion back at us either. There will come a time, however, when a panic arises and that money starts moving and serious inflation kicks in. That time will be when the US Dollar is abandoned as the world reserve currency.

THE WORLD IS ALREADY ABANDONING THE DOLLAR

The writing is clearly on the wall. The US Dollar's days are number as the world reserve currency, and America's relative prosperity will die with it.

There has been a lot of talk and action by the BRICS nations (Brazil, Russia, India, China, and South Africa, as well as over 100 other nations on board). These nations have already signed agreements to conduct trade without the dollar. There have been many comments coming out of Russia and China in particular about the need for a new monetary system. They have already told us of their intentions to do away with the US Dollar as the world's reserve currency. When the time is right, they will go far beyond just words and trading agreements: they will sell their dollar denominated assets to make it official. Then the US Dollar collapse will be on.

China, Russia, and other countries are preparing for the endgame, and the endgame will be a massive dollar dump. They have spent years getting all of their ducks in a row. They now have trade agreements and systems to trade apart from the dollar, they are creating a BRICS bank and wire transfer capabilities, they created an alternative to the US dominated World Bank and IMF, and most importantly they are loading up on gold. China will likely pull the trigger by declaring the true amount of gold that they hold and announcing that they are creating a gold-backed currency. Russia may do the same.

This announcement will be followed by a dumping of US Dollars and US treasuries, and there will be a rush for the exits. Investors will finally wake up to the reality of the situation, and rush for safety in the new gold-backed currencies. All of this could happen quite rapidly, in a matter of weeks. Another important aspect of this phenomenon is gold purchases by foreign central banks. China in particular has shown a great deal of interest in accumulating gold as opposed to more US Dollar reserves. This signals a return to some sort of gold standard following the demise of the dollar world reserve currency status.

Moreover, there is also a trend of gold repatriation, a sign of a lack of trust in the US government. Countries are beginning to worry about gold that is stored in vaults in other countries (not just the US). Much of the gold technically owned by other central banks is often held at the New York Federal Reserve or in London. Just in the last year or so, a growing number of countries have been demanding their gold back. Recently, France and Austria have shown interest in gold repatriation. The Netherlands just got 220 tons of gold back from New York. Interestingly, Germany has demanded their 700+ tons of gold from the New York Fed, and the Fed said it would take seven years to give it back. Seven years! Moreover, they won't even allow Germany to see their own gold! This begs the question: does the Fed actually have Germany's gold? The only logical answer is no. The gold has likely been leased out as part of a gold price manipulation scheme, and the Fed has to buy it back on the open market in order to return the gold that rightfully belongs to Germany. This could get interesting if more countries join the growing list of gold repatriation. And all of this certainly bodes well for gold returning to the forefront of the future world monetary system.

THE RISE OF GOLD AND SDRS

The writing is on the wall, not only for the end of the US Dollar's world reserve currency status, but also the emergence of gold to take its place in some form.

So what normally happens when a fiat currency collapses? Mike Moloney – an author and speaker on fiat currency history – points out that at the end of a fiat currency collapse, gold always emerges to do an accounting of all the currency creation. All of the wealth is transferred from the people holding paper assets to the people holding gold and physical assets. This has been seen time and time again throughout history. When the fiat dollar monetary system falls apart, gold will emerge as true money, and many fiat currencies will either disappear or be drastically devalued in relation to gold. The amount of currency in circulation will decide how much each currency is worth in gold. Unfortunately for us, the US Dollar will be worth the least due to our massive currency creation experiment since 2008.

Many commentators like to argue that gold isn't money anymore. Well, it doesn't really matter what they think. What does China think? What does Russia think? Do they think that gold is money? Yes, they do. And eventually, they will begin demanding real money – gold -- in exchange for their exported goods and services. In practice, this will happen with the adoption of a gold standard by China, Russia, and/or other countries. This will cause a drastic increase in the value of these currencies, and any trading surpluses of fiat currencies will be immediately sold on foreign exchange markets (or used to buy gold in the country of the fiat currency they hold), causing a natural balancing act.

While gold will play a major role in the new world monetary system that emerges after the death of the dollar due to a few gold-backed currencies, there is strong reason to believe that ultimately IMF Special-Drawing-Rights (SDRs) will become the center of the world monetary system. SDRs are a basket of currencies created by the IMF that will act as a trade mechanism to replace the US Dollar as the world reserve currency. (This seems to be the plan of the international banking cartel that essentially rules the world. It will be one step closer to a one-world currency, and eventually a one-world governing body headed by the Anti-Christ, but that is a whole another topic…) The SDR is a currency of sorts, but is technically a combination of a bunch of currencies, some of which will probably be backed by gold. So gold and SDRs are not mutually exclusive; there will be the rise of gold and SDRs at the same time.

DEFLATION, INFLATION, OR HYPERINFLATION?

There is a raging debate among in-the-know economists about what will result from the coming collapse: deflation or inflation? Deflation is when prices decrease; inflation is when prices increase. There are legitimate arguments to be made on both sides, depending on what part of the collapse one focuses on.

The collapse of the Global Debt Bubble will be deflationary in nature, as was seen in the Great Depression. This will involve "deleveraging," when debts are paid off or canceled due to bankruptcy. Because money is created though lending via the fractional-reserve banking system, when loans are paid off it removes money from the system causing deflation. The economic contraction that will result from the credit contraction will insure that there are relatively few qualified borrowers and the banks will not want to lend, furthering the deflationary spiral. Japan is great example of a deflationary deleveraging situation that has lasted for decades (prior to recent extraordinary money printing).

On the other side of the coin, the Fed's unprecedented currency creation campaign is clearly inflationary by nature. According to the Austrian School of Economics, it is inflation by definition. Currently we have mainly seen inflation of asset prices, a.k.a. asset bubbles. But the argument is that when those asset bubbles pop, inflation will emerge in the area of common consumption. Financial assets will be sold to buy real assets. This makes perfect sense, and is likely to be the case in some fashion.

The final side of the equation that is often ignored is the coming dollar collapse. Clearly a collapse of the US Dollar will cause serious inflation in America; there is no getting around it. Trade imbalances of a much smaller magnitude than this one have always resulted in the devaluation of a currency and serious inflation.

It is hard to figure out exactly what will happen, or even what is likely to happen. But the inflationary pressures of the dollar collapse will dwarf any deflationary pressures of the debt bubble deleveraging. In fact, we could very well see the worst of both. There could be deflationary deleveraging that decreases the money supply and makes dollars hard to come by for ordinary citizens, while at the same time prices would be exploding due to the inflationary nature of the US Dollar collapse.

Ultimately, the Fed will play a decisive role in this argument. The Fed will have to decide if they are going to try to defend the US Dollar from the collapse by drastically raising interest rates (like we saw in Russia recently when they raised rates to 17%) in order to incentivize foreigners not to sell dollars. As will be discussed later, such a move in interest rates would absolutely demolish the entire financial system, not to mention the US economy and the US government as well. That would certainly slow the pace of inflation, but it remains to be seen whether or not the ensuing deleveraging would be enough to trigger deflation. Regardless, the results will be catastrophic for America.

The other option will be for the Fed to let the dollar crash and attempt to prop up the system with further money printing. This money printing would be used to bail out the banks (again) by purchasing worthless derivatives, bail out the FDIC, and continue to monetize US debt to keep the government afloat. This Fed decision would buy some time, but the dollar collapse would continue unabated, and eventually result in hyperinflation. This option will be equally catastrophic.

Ultimately, the Fed will be between a rock and a hard place. It is hard to envision a situation in which deflation will result in the midst of a dollar collapse, but who knows? The bottom line is: nobody really knows. Whether there is deflation, inflation, or hyperinflation the results will be catastrophic. The good news is this debate doesn't matter in terms of Shemitah investing because it will be decided months or years after the initial collapse.

BUBBLES

A bubble is an unsustainable increase in the value of an underlying asset due to an obvious distortion of the free-market price discovery mechanism by outside non-market forces or wide-spread investor mania. It is important to note that bubbles always happen for a reason. Most of the time, it can be easily explained by some recognizable distortion in the markets through an increase in credit; other times, it is simply the "madness of crowds."

Examples of bubbles abound. The 1929 stock market bubble was clearly caused by the expansion of credit used for purchasing stock on margin. The 1987 stock market bubble was less clearly caused by the pervasiveness of investment fund insurance that promised to cover any losses from a market drop. The 2000 dot-com bubble has no monetary explanation besides the invention of a new technology and the madness of crowds, although "credit" in the form of venture capital played a prominent role. The 2006 housing bubble was caused by the Fed lowering interest rates after the 2001 Shemitah collapse, combined with non-market government laws mandating subprime home ownership, along with other market-distortion factors.

Today we are in the midst of an era of many bubbles ready to pop at any time. The greatest of which is perhaps the US Dollar world reserve currency bubble detailed in the last section. Another is the global debt bubble that includes various bubbles put together, which was explained in the "business cycle" section. There are, however, many more.

This era of bubbles is clearly caused by the Fed distortion of interest-rates, similar to what caused the housing bubble. But the distortion has gotten much worse, as the low interest rates have lasted for even longer, and the Fed has added another level of distortion in the printing of $4 trillion. These types of credit-driven bubbles have to pop at some point; it is just a matter of when.

THE BOND MARKET BUBBLE

A bond is a debt security with a specific duration (1-30 years) that normally pays semi-annual interest and the initial "par value" is paid back in full at the end. Bonds are rated by various rating agencies based on the underlying financial situation of the issuer, which is used to assess the risk of default. The market value of a bond is mainly determined by the par value (the initial purchase price and amount of final return payment), the coupon interest rate (the interest rate paid on the bond) and the market interest rate (the coupon rate for new bonds issued with a similar rating) in terms of present value of future payments. New bonds of this type are sold for the par value, and the coupon rate equals the prevailing market interest rate for bonds in the same rating category.

The value of bonds moves inversely to interest rates. So if you own a bond, and general market interest rates go up, the value of the bond goes down. While this may sound confusing, it is actually quite intuitive. Let's say you own a bond that pays 4%, but you can buy a new bond with very similar default risks that pays 5%, which one would you rather own? The 5% bond is clearly more valuable because you receive more money in interest payments. The reverse is also true: if you own a 5% bond and the market rate goes down to 4% for newly issued bonds, the value of your 5% bond is greater because the greater interest payments. (The amount of increase or decline in the bond value is also directly related to the years left until deration, but I will omit that part of the calculation for the sake of simplicity.)

Another reason for a drop in the value of bonds is an increase in the default risk of the issuer (or in the case of an actual default, the bond value would go down 50%-100%). This involves an increase in the "effective interest rate," which is essentially the same as the market rate for new bonds issued for the same entity. Take the subprime mortgage-backed-security bonds in 2008; when it became clear

that the default risk was way higher than initial ratings due to the collapse of the housing market, the effective interest rate exploded. Investors who considered buying these bonds needed a much higher interest rate to compensate them for the increased default risk.

A good recent example of this is shale oil company bonds. When oil prices dropped drastically, the future profits of most of these companies have turned into future losses, which have increased the default risk. So while oil prices were near $100 a barrel, the market rate for newly issued bonds of higher rated companies was around 5%; with oil prices below $60, the market rate has exploded to about 10%. That 10% market rates also becomes the effective interest rates for similar bonds previously issued. So investors who might want to buy a 5% coupon rate bond will calculate its value using 10% as the interest rate, meaning that they will only pay the amount for the bond that would be equal to 10% interest rate yield. Long story short: the value of 5% bonds issued in 2013 has crashed with new 10% effective interest rates.

In summary, bonds owned today at historically low interest rates have two distinct risk factors that could cause a crash in the value of those bonds: a rise in general market rates to historical averages or an increase in the perceived default risk of those bonds (or actual defaults). Since the 2008 Shemitah crisis, the Fed has taken unprecedented action in the form of ZIRP (zero interest rate policy) and QE (money printing), both of which have distorted the free-market price discovery mechanism for bonds, caused a complete mispricing of risk, and created an enormous bond market bubble.

This bubble is clearly seen in the US government debt levels, which have gone up $7 trillion (to $18 trillion+) since 2008. Distorted interest rates have made it possible for the US treasury to borrow money with an extraordinarily low interest expense. If it weren't for these distorted interest rates, politicians would have been forced to think twice about the increase in the interest expense on the current budgets.

Corporations are also getting in on the act. Apple, for example, has sold bonds just for the heck of it. They have well over $100 billion in cash, so why do they need to borrow money? They don't, but they figure, why not? At such low interest rates, probably lower than real inflation and certainly lower than future inflation, they can pay back the loan with inflated dollars from future revenue and make money on the deal. In fact, corporations are borrowing money just to pay dividends and buy back their own stock (fueling the stock market bubble to be explained next).

The bottom line is this: bond yields have been driven to historic lows by the Fed, and thus bond values have been driven to historic highs. Soon there will be a day of reckoning in the bond market when interest rates soar and default risk explodes.

This day of reckoning will likely coincide with the US Dollar collapse. As explained in the last section, the abandonment of the US Dollar as the world reserve currency will cause a panic selling of US treasuries, particularly by foreigners. This will cause an explosion in effective interest rates on the 10 year US treasury, which is the benchmark by which all other bonds are priced. Then the bond market bubble will implode rapidly.

It will get even uglier if the Fed responds to try to prevent the US Dollar collapse. That would involve the Fed raising the bench mark interest rates, similar to when Russia recently raised rates to 17% overnight to defend the ruble. The other option will be equally bad for bonds, if the Fed doesn't defend the dollar and continues to print money to bail out the system domestically, which would result in hyperinflation and even higher interest rates. Moreover, the repercussions of the dollar collapse would cause default risk premiums to soar as well, further adding to the crash in bond prices.

It is hard to give a prediction on the extent of the bond market collapse, because it will depend on many different factors in which bonds are held, not only which entities, but particularly the years to

duration. For those bonds with ten or more years to duration, a rise to historical averages would cause about a 50% decline in value. With the US Dollar collapse, that number will likely be more like 60%-80% for long-dated bonds, and many individual bonds will default and result in 100% losses.

The bond market is not the place to be as we approach the end of the Shemitah; but then again, the stock market isn't the place to be either.

THE STOCK MARKET BUBBLE

The stock market bubble has essentially the same roots as bond market bubble. The Fed has printed trillions of dollars and that money has to go somewhere. With near-zero interest on cash accounts, a much more attractive investment has been the stock market. Moreover, artificially low interest rates has allowed businesses to borrow cheaply which has created a peak in cyclical profit margins, and caused businesses to borrow money to buy back stock and pay dividends, further adding to the bubble. The bubble of the stock market today is much bigger than in 2007, and is only rivaled by the 2000 and 1929 bubbles in terms of valuation measures.

Perhaps the best source on current stock market valuations is John P. Hussman, Ph.D. He has decades of experience and draws on detailed study of historical data to paint an ominous picture of the stock market bubble. Historically speaking, a period like the one we are in that is "overvalued, overbought, and over bullish" always ends in a steep correction. In layman's terms: there will be a stock market crash. History repeats itself.

The P/E (price to earning) ratio is of immense importance when determining whether a stock or stock market index is undervalued or overvalued. According to another Ph.D. economist, Professor Robert Shiller of Yale, the S&P P/E valuations are currently 64% over the historical average. Just a return to the historical average P/E would be a 40% correction. Again, these downward corrections usually don't happen over long periods of time; they happen quite rapidly.

Hussman adds another dimension to the stock market valuation, which most mainstream analysts miss: profit margins are highly cyclical and are currently way above the cyclical average due to Fed stimulus. So when you factor in a return to historical P/E valuations and a return to historical profit margins, the S&P 500 is overvalued by 110%, according to Hussman. A return to the historical average of both these measures would entail a 53% stock market crash.

Moreover, Hussman has found what he calls "internals" that often point to the timing of the crash. These internals are essentially risk spreads. When there is a move by investors toward less risky assets, it signals a near future stock market crash (when the market is at such an extreme of overvaluations like today). Another one of these major indicators is credit spreads between "risk-free" US treasuries and higher risk bonds; these spreads are widening. There is also a move from small-cap stocks to more blue chip large-cap stocks; again, this move is underway. All of these internals point toward the strong possibility of an intense stock market crash in the near-term, perhaps toward the end of the 2015 Shemitah year.

When the stock market crash occurs, (if it involves a derivatives meltdown, bond collapse, bank closures, and a US Dollar collapse as expected), the move will be much larger than a simple 53% crash to historical valuations because the profits of these corporations will be decimated by the economic repercussions of these other events. Moreover, there is often an "overcorrection" in stock market crashes, in which valuations would go far below historical averages. While historical P/E ratios are about 15 (on a 10 year earnings average basis), a bear market situation could easily lead to a P/E of 10 with smaller profits than today.

Add it all up, and ultimately a 75% crash in stock prices by 2016 or 2017 is certainly a reasonable possibility if the Fed chooses the deflationary depression option. If Fed printing results in hyperinflation, the stock market may actually go up, but would likely be down in the 75% range in terms of purchasing power.

In relation to the potential speed of the market crash, there was a very informative article written by an investment professional who interviewed 50+ other investment professionals about what they think about the stock market. Nearly every investor that he interviewed said that they know the stock market is overvalued due to the Fed money printing, but more or less believed it would continue on for some time. Interestingly, all of those investors were 100% invested in markets, and they were all planning to sell at the top when they see signs of trouble. Can you say panic selling!? This type of mentality is a recipe for a drastic crash in stock prices over a short period of time.

Given all of the above information, combined with the divine revelation of the timing, we could potentially see a 50%+ stock market crash from early August to mid-October 2015. It certainly wouldn't be the first time. In fact, the last two Shemitahs brought crashes of similar magnitude. Due to the excessiveness of this bubble, and a herd mentality of "rally chasers," the speed of the crash will likely be much faster.

So should you sell your stocks and bonds and place all of your wealth in the safety of bank deposits or money markets? Unfortunately, the various forms of cash are extremely vulnerable as well.

"CASH" MARKET BUBBLE

It is extremely important to understand that the money in the bank that you think is yours is not actually your money. Your bank deposits belong to the bank, or at least 90% of those deposits. The money doesn't actually exist in the bank. It is an IOU from the bank. It is debt. It is not cash; it is simply an "accounts receivable" from the bank. That is the bottom line truth in its simplest form.

Putting your money in the bank is not much different than loaning money to a friend. Let's say you loan $100 to your friend, and she says, "OK, I'll put $10 of it here in my drawer and spend the rest. I'll pay you back later." Is that money yours? No, 90% of it is already spent. Sure, it's an asset assuming your friend is good for the money. But it is no longer your money in the meantime.

For many decades banks have been very good about paying back these IOUs on demand. Much of this is due to FDIC insurance, which was created after the bank runs during the Great Depression. One problem with the FDIC is that they only have $50 billion to cover about $4 trillion in deposits, or just over 1%. Any serious shaking in the banking system would bankrupt the FDIC in a heartbeat. While the US government would likely bail out the FDIC if that were to happen, the only way to do that in 2015 is print even more money, which would probably result in hyperinflation.

Other "cash" accounts are even more blatantly debt. Money markets are loaned out in the form of commercial paper, Certificates of Deposits, and other forms of debt. Money market funds are IOUs from various entities and you don't even know who owes you money on that debt. Most of these accounts are insured by the FDIC as well, but again, the FDIC is extremely vulnerable to bankruptcy in a serious banking crisis.

Another vulnerable investment that is considered "guaranteed" are annuities and other whole life insurance products. These "investments" are very clearly just debt; it is an IOU from an insurance company, and these companies are heavily invested in the stock market bubble, bond market bubble, and probably even the derivatives bubble. A repeat of the AIG debacle of 2008 (but without a bail out this time) would create 100% losses on those investments. Also, there is a huge inflation risk of

holding these products, even if they are paid out in full. Worst of all, they are not FDIC insured so it will be much easier for the insurance companies to default on payments, and much easier for the US government to say no to a bail out.

The bottom line is this: your annuities and "cash" accounts are extremely vulnerable to losses in the case of a serious banking crisis. The next section will explain why another derivatives crisis, much worse than 2008, could very well blow up the entire financial system. Then the bank holiday page will explain what the losses might be in the case of a serious 2015 Shemitah banking collapse.

DERIVATIVES BUBBLE

*(There have been a number of prophetic words from well-known "prophets" and prophetic voices (as well as inside whistleblower sources) about a future derivatives collapse. Prophetic words are notoriously dubious, and I don't like to base predictions solely on these types of proclamations. The Bible says "we know in part and we prophesy in part" (1 Cor. 13:9). I like to start with what I know in the natural, and use prophetic words as a confirmation. In terms of derivatives, this fits perfectly. I know from natural observation that a derivatives collapse is a clear and present danger; Warren Buffett called them "financial weapons of mass destruction." The prophetic words simply add credibility to the prediction that derivatives will play a major role in the 2015 Shemitah collapse.)

The US and Western Financial System is heading for a train wreck, a derivatives train wreck. Derivatives contracts are very complex, but at the core they are quite simple: a derivative is a wager on an underlying asset. It's a bet. There is a winner and a loser, very similar to a bet on a football game; one side pays, the other side receives. These wagers are made on everything from stocks to bonds, and most of all, interest-rates. The derivatives that made headlines in 2008 were Credit Default Swaps (CDS). A CDS is essentially a bet that a bond will default, which ultimately acts as insurance against the underlying bond's value. While CDS's will likely hit the headlines again in 2015, the bigger player in this coming crisis will be interest rate swaps. Like a CDS, an interest rate swap is a bet on higher interest rates acting as insurance against rising interest rates. They are commonly used by governments and corporations with floating rates that want to minimize the risk of rising rates. As you will read later in this section, the big banks are taking on most of this risk of rising interest rates, which will most certainly happen during the US Dollar collapse.

There is currently about $300 trillion in derivatives on the books of too-big-to-fail banks in the US, with upwards of $2 quadrillion ($2,000 trillion) worldwide by some estimates and $1.5 quadrillion being a safe guess. Needless to say, these are enormous numbers. When the derivatives crisis is triggered by rising interest rates or a series of government and/or corporate defaults, then the entire system will come unglued. This time around, there won't be enough money in the world to bail out the financial system; the dollar collapse will ensure the US government can't come to the rescue this time (without causing a hyperinflationary collapse).

(Energy derivatives are important to mention because of the recent rapid decline in oil price. While estimates vary, there are probably about $3 Trillion worth of derivatives contracts based on the price of oil. $3 trillion is a relatively small number in comparison to the whole picture, but it is certainly a consideration. Some commentators are arguing that oil price derivatives could cause a repeat of 2008, though that is probably far-fetched. Certainly these derivatives have the potential to cause $tens of billions of derivatives losses for major banks, but probably not enough to cause insolvencies. There will likely be a number of serious losses reported in 2015, related to the drop in oil price. This may even include talk of a "derivatives crisis," but the ultimate crisis will be much more of a complete meltdown due to interest rate swaps.)

Of the roughly $1,500 trillion in derivatives outstanding, a majority of them are interest rate

derivatives, mainly interest rate swaps. This practice is eerily similar to the CDS debacle that caused the 2008 financial crisis. The only difference is that the CDS market affected was only a small portion of the overall derivatives market in 2008; the interest rate derivatives today are close to $200 trillion in American banks alone, and an estimated $600 trillion worldwide.

During the housing bubble, AIG (for example) sold CDS derivatives on subprime mortgage-backed-securities. Essentially, they were selling insurance against a default on the bonds. It was a huge money maker for them; they were racking in billions of dollars assuming that all the bonds wouldn't default at the same time. They were wrong, and when it happened, they didn't have the money to pay out on the insurance contracts and were insolvent. The contagion from that event would have destroyed the financial industry apart from the bail-out followed by QE and ZIRP to further bail out the banks.

Today, all of the major banks are essentially doing the same thing as AIG in 2008, only they are selling insurance against rising interest rates via interest rate swaps. An interest rate swap goes like this: a city government, state government, or corporation borrows money at a floating rate, and the payments will go up if interest rates go up. They are smart and know that interest rates have to go up at some point, so they want to hedge against that by swapping their floating rate for a fixed rate with the bank. So today, they maybe are only paying 4% a year, but it is wise for them to trade that payment for a fixed rate of 5% over the 20 year or 30 year life of the bond. They pay the difference of 1% per year to the bank. But when their interest-rate floats up to 6%, then the bank will cover the difference and pay the 1% extra, or so they say… The problem is, the only real legitimate market for interest rate swaps is entities that want to protect against rising rates; very few are worried about rates going lower, because that would be a good thing for borrowers. So the big banks are all taking the same side of the bet, taking on the risk of rising rates.

It is all a fraud, as was revealed by the LIBOR interest-rate rigging scandal. The banks knew that interest rates were going to stay low, because they were rigging them to stay low (and are in bed with the Fed), while pocketing $100s of billions in interest rate swap profits over the last seven years. So what happens when interest rates go up? The banks probably think that they can hedge against it by selling the derivatives or buying the other side of the bet (though many believe that the whole derivatives collapse is planned so this is a moot point). But there will be no liquidity because all the banks will be trying to make the same move, and we will have a repeat of 2008 only much worse this time. Will the banks have the money to pay on the $100+ trillion worth of these contracts? At a time when the value of their assets in US treasuries are dropping like a rock with no liquidity to move any assets at all? No way. Combined with all the other havoc going on, debt defaults, late payments, depositors removing money, bond collapse, stock market collapse… It will truly paralyze the financial system. In fact, just the current CDS situation when defaults start is enough to trigger a repeat of 2008; add in $100s of trillions worth of interest rate derivatives and it will be a mess that can't be fixed.

The banks would argue that the "net exposure" on derivatives is the important number, not the gross. This is how netting works: let's say that Bank #1 has $10 trillion worth of interest rate swaps on their books. They could then make the exact opposite bet for $9 trillion with Bank #2, and their net exposure would be only $1 trillion. But herein lays the problem: Bank #1's net exposure is $1 trillion only if Bank #2 can pay out on their $9 trillion. Well, perhaps Bank #2 netted $8 trillion with Bank #3, who netted $7 trillion with Bank #4. So in order for Bank #2 to pay Bank #1, they would need to get paid by Bank #3, who in turn would have to get paid by Bank #4. Who will be able to pay? Or a better question: who is holding the bag?

Nobody really knows which bank, but like AIG in 2008, one or more of them is holding a bag too big to pay. There is no other explanation; somebody has to be carrying all the risk (but their annual statements are so opaque that nobody is able to figure out the true derivatives risk levels of these banks). As mentioned above, there is only one legitimate market demand for interest rate swaps: governments and corporations with floating-rate bonds hedging against the monetary risk of rising

rates. That's the only reason for these contracts! So all of the risk of rising interest rates lies somewhere in the banking system, and at least one bank will default when interest rates rise in any significant way.

When one bank can't pay, all of this "net exposure" talk will be proved to be not a blessing, but a curse. Take AIG in 2008 for example. Golman Sachs had a low net exposure to subprime mortgage-backed-securities because they bought insurance with AIG through CDS contracts. What happened when AIG couldn't pay? Goldman's net exposure all of the sudden became gross exposure. If the government hadn't bailed out AIG, Goldman Sachs would have been insolvent as well. From there, you could go right down the line and every major investment bank would have gone under too.

We are going to see a repeat of the 2008 CDS crisis, but this time it will probably be interest rate swaps. If 10-year US treasury rates hit 5%, the mayhem begins, and there will be destruction at 6% or 7%. It is impossible to know the exact exposure because of the opaque banking disclosures, but it will certainly be in the trillions of dollars. Will the US government come to the rescue? Is it even possible to bail out the system again?

In 2008 the US government debt was $11 trillion; now it is $18 trillion. In 2008 the Fed balance sheet was less than $1 trillion; now it is more than $4 trillion. Is it possible in 2015? Yes, anything is possible. Even if the number is more like $10 trillion, the Fed could print the money to buy all the interest rate swaps. But another bail out would cause the collapse of the US Dollar to be much more rapid and severe. There is no way that the rest of the world could retain any sort of confidence in the US government or the US Dollar. A 2015 bail out, which may in fact happen, would not result in a seven year semi-recovery and another 2022 Shemitah collapse. It would just make the 2015-2016 US Dollar collapse much worse, resulting in hyperinflation.

Since the US government may not be able to respond with a bail out, will depositors "bail-in" the banks? (More on bail-ins in the Bank Holiday section). I believe so. Perhaps the scariest part about the coming derivatives crisis is a law that was tacked on the new spending bill that passed recently (Dec. 2014), which repealed the key part of the Dodd-Frank finance reform bill. In the original Dodd-Frank bill, regulations required that derivatives held by banks be held in subsidiaries, so that the banks wouldn't gamble away depositor's money. That law is no longer in place. This new reform essentially guarantees that the derivatives losses will be passed on to bank depositors, money market depositors, bond holders, and annuity holders of these giant financial institutions (MF Global all over again…). The question becomes: why did the banking lobbyists go to the trouble of sneaking this law in to a spending bill that was guaranteed to pass? There is only one good explanation: they know that a derivatives crisis is imminent, and they want depositors to take as much of the losses as possible. And that is what we will likely see happen in the Shemitah collapse and its aftermath.

Regardless of if there is a bail-out or a bail-in, the derivatives crisis just described would cause serious havoc on the banking system (and of course the money markets, bond markets, and stock markets as well). It will likely result in a bank holiday.

SHALE OIL BUBBLE

The shale oil bubble is worth mentioning because the bubble is in the process of imploding due to oil prices. It will likely be sector specific, but it is something worth keeping an eye on, because if oil prices stay below $60 a barrel it could very well trigger a financial crisis and defaults in the shale oil industry and perhaps lead to some limited contagion.

Most shale oil production is only profitable with two variables in place: high oil prices and a never-ending supply of cheap credit. Both of these were in place from 2009 through mid-2014 and

created a bubble. This is a perfect example of malinvestment from Fed distorted interest rates. In a normal free market for money, loans to these oil companies would have been over 10% (which is where they are now). This would have forced companies to focus on only the high-grade shale. Instead, they have drilled everywhere and most companies will be losing significant money at $60 oil. Moreover, fracking wells are very expensive to drill and have a very steep decline rate, so these companies are in need of never-ending credit just to keep their production flat. The money is now drying up quickly. We will see production numbers plummet throughout 2015, and it will end with many bankruptcies when companies can't roll over their debt and their oil price hedges expire. While a few bankruptcies are likely in 2015, the carnage will occur in 2016 and 2017 if oil prices don't recover and/or interest rates spike.

Moreover, the shale oil boom has always been a fraud to a certain degree. The projections that these companies used to lure investors were generous at best; the real numbers coming in show a much sharper fall-off in production after the first year for most wells. There have been a number of oil experts that have argued convincingly that 80% of the fracking wells weren't profitable even at $90 a barrel, when you factor in capital expenditures. Since the original money to drill the wells is considered capital expenditures, the profit/loss statements are skewed and easily doctored to look better than they are. The true situation will be revealed soon now that oil prices are down and the money has dried up.

Just by analyzing a few financial statements, it is clear that companies have to spend huge sums of money for relatively small increases in revenue (because of the sharp decline rate of previously drilled wells). In one company in particular, they spent roughly $1.5 billion in capital expenditures to increase revenue by just $100,000 with flat oil prices. Something is wrong with this picture, and it is the steepness of production decline rates. Moreover, they are resorting to blatant distortion in their production decline rate graphs. They don't look too steep at first glance, until you realize that the graph is not proportional; it is a slight-of-hand trick to make things look better than they are.

Ultimately investors and banks will lose hundreds of billions of dollars from the fracking junk-bond bubble (not to mention stock investors in the fracking oil companies). Some analysts are comparing this to the 2002-2007 housing bubble, and rightfully so. The numbers aren't quite as big, but it certainly has similar attributes and provides a small level of systemic risk. Watch for the fallout to continue through 2015.

(FUTURE) GOLD BUBBLE

As explained previously, gold will reemerge as a key component of the world monetary system following the collapse of the US Dollar's world reserve currency status. This move is already signaled by the rising tide of foreign central bank gold repatriation requests and rumors, and the appetite for gold by China, Russia, India, and others. China does not report official inflows of gold to their central bank, but the Hong Kong physical gold exchange does reveal the amount of gold shipped into the Chinese mainland. Estimates vary, but even conservative estimates show an extreme demand for gold in China. It will ultimately result in a Chinese gold-backed currency in the midst of the dollar's demise.

Gold is historically a safety asset. When there is turmoil in the financial markets, there is almost always a rush into the safety of gold. If this turmoil is much worse than 2008, because it involves a sell-off of US treasuries which is currently considered another safe haven asset, then the move in gold will be much more extreme.

There is also very convincing evidence that the gold market has been heavily manipulated downward starting in November 2012, following the announcement of QE3. The evidence involves massive amounts of paper gold dumped on the market in thinly traded after-hour markets in the middle of the night. There is no reason to do this for any legitimate financial reasons as it always results an

extreme sell-off, and the seller receives much less proceeds from the sale. The only reason to engage in this type of selling is to manipulate the price of gold downward. This manipulation was most extreme during the April 2013 crash in gold prices.

Gold is able to be manipulated through the COMEX gold futures market. Gold futures are paper contracts in which physical gold is to be delivered at a future date; these contracts can be "naked shorted" by institutions, meaning they can sell future gold without any requirement for holding actual gold. This opens the door to the manipulation campaign we are now seeing in which the price of paper gold is forced down, which then becomes the spot price for physical gold as well.

This gold manipulation cannot and will not go on forever. There is usually over 50 times the amount of paper contracts for the right to future physical gold as there is physical gold in the COMEX vaults. This is essentially a fractional-reserve gold banking system; if only 2% of futures holders "stand for delivery" then all the physical gold will be gone and the manipulation game will be done. All it will take is a relatively small "run on the gold" and it will result in a COMEX default. When the COMEX defaults, they will be forced to settle futures contracts in cash instead of gold. The default will break the yoke of gold manipulation, and it will reverberate through the physical gold market causing a drastic rise in gold prices. This will likely happen shortly after the crash begins, as there is a rush to the safety of physical gold. It will cause the now burgeoning gold repatriation trend to explode into a panic rush of foreign central banks to get their hands of the physical gold held in New York and London.

A scandal will likely emerge in the gold market in terms of gold leasing. There is a strong likelihood -- given the fact that the NY Fed wouldn't even let Germany see their gold and the clear gold price manipulation campaign—that gold supposedly held in New York and London has actually been leased out and sold on the market. These entities will be forced to buy physical gold back on the free-market in order to return it to the rightful owners. Either they won't be able to do so, or it will cause a huge increase in demand for gold on the market. Either way, this is a clear recipe for higher gold prices. The combination of these three factors – a rush to the safe haven of gold, a COMEX default, and gold leasing scandal – will cause an extraordinary rise in gold prices (and silver along with it). How high will gold go? It is very hard to say. But it seems likely that gold would already be above $2,000 if it weren't for the blatant price manipulation over the last two years that scared off most of the casual investors. When the COMEX defaults and the scarcity of physical gold is revealed, the term "skyrocket" will likely be used to describe the rise in gold & silver prices. $2,500 is a reasonable price target in the relatively near term.

When will this skyrocketing occur? In terms of the Shemitah Investment Strategy, hopefully it won't happen for at least a month after the stock market crash occurs. During the 2008 Shemitah crisis, the price of gold didn't rise immediately; in fact, it dropped during the crisis. Gold was as high as $974 on July 15th, 2008; on the "Day of Remittance" September 29th, 2008 it closed at $907; by November 12th, 2008 gold was at $711! There will likely be a repeat of this trend for a short time during the beginning stages of the 2015 Shemitah collapse. This will not necessarily be a natural market movement, but probably a manipulation to scare investors into believing that even gold isn't safe, so that the inside manipulators can get a good entry point. It worked for those who got in at the bottom in 2008; GDX gold miners ETF bottomed at $17.80 on October 24, 2008 and more than tripled to $61.66 by December 10th, 2010 (while gold was at $1,385). This pattern could reemerge to a much larger degree after the 2015 Shemitah.

At some point, gold will skyrocket due to the COMEX default, which probably won't happen for a matter of months following the 2015 Shemitah collapse in September. There could very well be a situation in which the stock market has collapsed by 50% while at the same time gold is at less than $1,000, and then the COMEX defaults and gold skyrockets to $2,500 in a matter of a few weeks or months. The upside potential for gold and silver mining stocks is explosive.

Ultimately, there will be a gold price bubble, particularly in mining stocks. Gold and silver

mining stocks may be the only bright spot in an otherwise devastated stock market. Investors could push mining stocks up to crazy P/E valuations of 50 or more, before they come crashing down to a certain degree.

The end of the gold bubble will be the day that gold is declared illegal to hold by American citizens (which may also involve a nationalization of gold mines). This happened before during the Great Depression, when it became a federal offense to hold gold in 1933, and something similar will likely happen again. It may be even worse this time, if gold is simply confiscated without payment "for the good of the country." Or the payment could be a fraction of the actual gold price, or the payment could be at the gold price before catastrophic hyperinflation sets in so that money becomes worthless soon after. Regardless of what the actually policy might be, you don't want to be holding gold or American gold mining stocks when it happens. It could very easily happen in 2016 or perhaps more likely in 2017. Either way, there is a distinct time window to take advantage of the gold bubble.

Silver is a much different story than gold. For one, silver is not just a monetary metal, but is an industrial metal that is used in all kinds of products. Also, silver is much heavier and is not likely to be involved in the new world monetary system in terms of international trade. For these reasons, physical silver is probably the best precious metal to hold in your possession. Moreover, due to its industrial uses, the demand for silver may drop drastically from an economic slowdown for a season. For these reasons, it is more prudent to hold silver mining stocks for a more extended period of time.

In conclusion, gold will reemerge in the world monetary system in the midst of the dollar collapse. Gold will likely go down in price at the beginning of the 2015 stock market collapse, but ultimately there will be a COMEX default and gold will skyrocket from about $1,000 to maybe $2,500 in a matter of a few months. Eventually, gold prices and mining stock valuation will reach bubble territory in 2016 right before there is some sort of legislation that will cause a crash in gold prices. Silver is a much safer asset to hold after 2016.

CHINA, JAPAN & EUROPEAN BUBBLES

There are many bubbles overseas, but the ultimate outcome of the bubbles will be entirely different. In particular, China, Japan, and European nation bubbles and potential outcomes will be addressed in this section.

Japan is a complete basket case. Their government debt to GDP is a whopping 237% according to a recent IMF study (though their net debt is only 134% due to their $1 trillion in US treasury holding, which will eventually be severely devalued). Japan has been in a deflationary recession for essentially two decades, and their aging population causes serious demographic concerns. They have resorted to extraordinary money printing (in an age when money printing is ordinary) since "Abenomics" was introduced in 2013, and went into overdrive in 2014. These policies will result in a severe crash, from which they will not likely recover in any meaningful way. Japan could play a key role in triggering the 2015 Shemitah collapse.

The European sovereign debt bubble is completely unsustainable, similar to what is going on in the US and Japan. Almost every country in Europe will be forced to abandon their widespread entitlement programs. Similar to Japan and the US, when this bubble pops, any sort of quick recovery is extremely unlikely.

China is in the midst of a credit expansion that has to turn into a credit contraction and may cause a recession at some point. When the 2015 Shemitah collapse occurs, China may be hit almost just as hard as the rest of the world. There will likely be a banking crisis like 2008 in America, a housing market crash and stock market crash. However, China is in a very good position in terms of government

finances. While their gross government debt to GDP is a very reasonable 22%, when you factor in their reserves the net debt is likely close to 0% (the IMF hasn't published net debt for China for some unknown reason).

China will be hit hard from the 2015 Shemitah collapse, but they will likely recover rapidly while other countries barely recover at all. China will simply move from an export-driven economy to a domestic consumption economy. All of the products now sent to America for paper dollars can simply be consumed within China (given proper monetary policy). This transition may take place over a few years or even a decade, but China will almost certainly emerge as the premier world economic superpower.

There is a lot of talk of the "ghost cities" going up in China. Many commentators believe it is a part of an absurd housing bubble taking place. But China is probably not as stupid as people think. These ghost cities will be a part of the emergence of China's domestic consumption economy. The infrastructure is already in place for a mass migration of rural villagers to modern cities, continuing and even magnifying the incredible economic growth story that China has become.

An investment in the Chinese stock market at the bottom in 2016 or 2017 may be a lot like investing in the US market after WWII. As China emerges as the world economic super power, 20% and 30% yearly returns could become the norm for years or even decades (assuming China isn't involved in some sort of WWIII scenario).

COLLAPSE DETAILS

What exactly will the 2015 Shemitah collapse look like? Only God knows. But given the analysis in the previous pages, it is possible to come to some logical conclusions as to what will likely happen. The following is simply an educated guess.

Throughout the spring and summer of 2015, the economic situation will continue to deteriorate, with the US Dollar and stock markets reaching new highs, and interest rates reaching new lows. The economic numbers are currently getting worse and worse, but the market is stuck in the "bad news is good news" paradigm. The bad news is good news because bad news means that the Fed will not raise interest rates, which is good news.

Fed decisions essentially rule the markets at this time. The big question is: when will the Fed raise interest rates? The recent consensus is that a rate hike is likely in June, but that is now looking unlikely to happen with the economic numbers that are coming out and that will likely continue to get worse. Any delay in the interest rate hike will be seen as good news for the stock market. For this reason, we will likely see new stock market highs reached as late as July or August of 2015.

The US Dollar will also likely continue its rise. The economic numbers out of Europe and Japan will probably be worse than those in America in the coming months, and the US Dollar will be the safe haven investment even if the Fed delays the interest rate hike.

Interest rates will continue to move down. Europe and Japan are printing money and buying bonds which is driving interest rates down. The US treasuries are looking like a steal at 1.9% yield compared to many other countries.

What we will see leading up to the fall of 2015 Shemitah collapse is exactly the opposite of what will occur during and after the initial shock. The stock market will be making new highs; then it will crash. The US Dollar will be making new highs; eventually it will crash. Interest rates will be making news lows, then they will skyrocket.

At some point, likely in July, August, or September, something will trigger a series of events that will lead to the collapse.

POTENTIAL COLLAPSE TRIGGERS

It is very likely that all will look good up until the collapse begins. Certainly there will be continued news and economic indicators pointing towards the collapse, but the markets will make everything look okay. Perhaps there will be a correction in the meantime (like Bear Stearns in 2008) but will be followed by a rally. Then something will happen to trigger the collapse.

It is important to note that everything is set up for a catastrophic collapse. One small event could trigger contagion that will cause the whole system to fall apart. In 2008 it was the Lehman Brothers collapse. It's hard to say what exactly triggered the Dot-Com collapse or Black Monday in 1987. The 1929 collapse was triggered by loans being called on stock purchasing. In each of these cases, it wasn't the trigger (known or unknown) that "caused" the collapse. The seeds of destruction had been sown for years prior. In the case of the 2015 Shemitah collapse, the seeds have been sown for decades. It could be something big or small that could trigger a truly catastrophic collapse. There are many possible triggers:

-Old-fashion panic due to economic indicators
-Renewed sovereign debt crisis in Europe
-Emerging market bond market collapse
-Big derivatives losses at major banks
-Rising tension with Russia
-Middle East war
-Fracking junk bond collapse
-Cyber attack
-Financial warfare by China
-Japan crisis
-Fed unexpectedly raising interest rates
-Severe terrorist attack, natural disaster, or pandemic
-"Grexit"

The biggest possible trigger is a Greece default and exit from the Euro (referred to as the Grexit). As of the time this writing (April 18th, 2015), it doesn't look as though Greece can last much longer. Analysts are speculating that they are already out of cash and will default in early May. This doesn't exactly fit in to the Shemitah collapse timeline, in which the ultimate default would have to happen in more like July or August. One likely outcome would be that Greece misses a payment in May or June, followed by a couple months of further "restructuring negotiations" to attempt to save the situation. (Or Greece may default in May but the big trigger is Germany in August). Another possibility is that a deal with Russia and/or China is made to kick the can for a couple of months. Regardless of when it happens, Greece will exit Euro in August or sometime before. And it is very easy to see how something seemingly isolated across the globe could very easily trigger a catastrophic collapse here in America. It will take only a few quick steps to reach our shores.

1.) Greece defaults and exits the Euro.
2.) Contagion spreads to other European countries like Spain, Italy, Ireland, Portugal and even France or the UK. Interest rates soar on these sovereign bonds. Rumors abound about other countries defaulting as well. Perhaps Spain follows suit and exits the Euro.
3.) Maybe a true "black swan" event occurs and Germany throws in the towel on the whole Euro experiment. Germany is essentially on the hook for a lot of debt of these countries; it is not far-fetched for them to give up on saving the Euro (again).

4.) The banking system will freeze up; liquidity will vanish. Hundreds of trillions of dollars (and Euros) worth of unpayable interest rate derivatives linked to European sovereign bonds will trigger a financial crisis. Many European banks are essentially insolvent already; perhaps one or more will collapse like Lehman Brothers. The European Central Bank may try to come to the rescue (if Germany hasn't bailed yet), but ultimately faith in central banks will be lost.
5.) Panic will ensue in world stock markets, starting with Europe. As the financial contagion spreads to America, the US stock market will crash as well.
6.) As the derivatives situation gets worse with every passing day, there will be a "run on the banks" in America starting with ultra-wealthy billionaires. Billions of dollars an hour will be removed from the western financial system and move east. Ultimately a bank holiday will be declared, perhaps on Sunday September 13th, 2015 (the Day of Remittance).

THE BANK HOLLIDAY

A Bank Holiday is a nice term for banks shutting down. It will be such a mess that they will have to stop or severely limit withdraws in order to "sort everything out" for a few weeks, months, and ultimately years of capital controls. And with the $1.5 quadrillion worldwide derivatives implosion, there will be a lot of sorting out to do.

There have been a number of people in the alternative media with inside sources, as well as prophetic voices, talking about a bank holiday that will be declared over a weekend. (Without putting too much into these prophetic declarations, it certainly fits in with the part we know). As the predictions go: a chaotic run on the bank will occur on a Friday and over the weekend the bank holiday will be declared, and on the following Monday the banks will be closed (perhaps with a strict withdraw limit). Given the fact that the Day of Remittance is on Sunday September 13th, we could see a bank holiday declared over that weekend. What exactly will transpire is anybody's guess. But one thing that is quite clear: a bank holiday in America will result in a panic selling of US stocks and eventually the US Dollar and US treasury securities, and will be the beginning of the end of the US Dollar based world monetary system.

The bank holiday will likely result in a "bail-in." The first real bail-in occurred in Cyprus in May of 2013. A bail-in is when an insolvent bank converts deposits into bank capital to avoid an all-out collapse. In the case of Cyprus, deposits above the 100,000 Euro insured limit were forcibly converted into shares of the bank, thus eliminating liabilities and re-capitalizing the bank. It also involved "capital controls" which prevented depositors from removing large amounts of money to avoid a bank run. We will see similar measures carried out here in America.

(On a side note…. In terms of a bail-in, many commentators say things like, "the banks are going to steal your money by doing a bail-in." But steal is a strong word, because is it really your money? The fact of the matter is, when you deposit money into the fractional-reserve banking system, your deposits are nothing more than an IOU from the bank; it is accounted for as a liability because it is a loan to the bank; it is debt. And debtors sometimes default on debt. That is just a fact of life. And in the coming Shemitah collapse the banks may default on IOUs to depositors.)

What will the bail-in look like in America? The situation will be a whole lot worse than in Cyprus, because it will be a $1 quadrillion derivatives debacle and a worldwide banking collapse, as opposed to one tiny country. A bail-in of deposits only above the $250,000 FDIC insured limit may not be enough this time. It may be enough at first, but as the dollar crashes and the economic depression sets in, when more and more bank loans are defaulted on, more and more bail-in capital will be needed. And keep in mind: there will be strict capital controls to prevent depositors from removing significant amounts of money. So if you have $250,000 sitting in the bank when the bail-in is declared, you won't have full access to it for a long time (capital controls remain in place in Cyprus for almost two years).

The first bail-in may not diminish your deposits on paper, but as the situation deteriorates, I believe subsequent bail-ins will include insured deposits. Moreover, there is a good chance there will be serious inflation or hyperinflation by the time the deposits are accessible so that the deposits will be worth much less.

Regardless of the details, a bail-in will devastate bank depositors. When it is all said and done, a loss of 50% of purchasing power may be the best case scenario. Needless to say, it would be wise to have as little money as possible in the banks as the Day of Remittance approaches.

COLLAPSE TIMELINE RECAP

With markets reaching all-time highs, the collapse will likely begin in July or August. It may start as a simple downturn in the stock market, but will turn into a crash in September and October. There will be a trigger event, and in all likelihood it will be a Greece exit from the Euro. It won't take long before the contagion spreads and causes an all-out financial crisis.

Gold and silver prices very well may crash as well, but it won't last. The bottom may be hit in October or November, as with the 2008 Shemitah crash. A COMEX default will result in skyrocketing gold and silver prices.

The US stock market will be down around 50% in a couple short months, similar to the 2008 Shemitah collapse. But there won't be the same recovery. The Fed will be out of bullets. The US Dollar will collapse, and it will just be the beginning of a long economic decline for America.

The US Dollar will seem to be a safe haven for a short time. Interest rates may also drop on certain bonds for a while. But ultimately the 2015 Shemitah collapse will be the beginning of the end of the US Dollar as the world reserve currency. The fullness of the US Dollar crash won't happen until interest rates soar on US treasuries, probably in 2016. If the banking system hasn't already collapsed, interest rate derivatives will trigger it then.

If a bank holiday truly does transpire in the fall of 2015, it will be devastating to the economy. The full ramifications of the event won't be known for years. It will take some time for people to realize that America won't recover like in 2008. The depths of the depression won't be seen until 2017 or even later. Somewhere along the line 401(k)s and IRAs will be taxed, confiscated, or forced into worthless US treasury securities.

The social and civil ramifications could be significant. Social Security checks will eventually seize, or the payments will be made in hyperinflated dollars, so that tens of millions won't have the money they need to live on. Perhaps that's when the riots and looting will start.

Hopefully America will recover eventually, but that would truly be a miracle. Apart from revival and nationwide repentance, it will be the end of the America's economic superpower status.