The global monetary system is collapsing

From Sean Goldsmith, Editor-in-Chief, Stansberry Research

We have just seen the first major domino fall in the shell game of fiat currency.

Last week, Great Britain voted to leave the European Union ("EU"). And the nation's highest officeholder – Prime Minister David Cameron – resigned.

The EU, the world's largest economy, has failed.

Hopefully you've heeded our multiple calls for you to raise cash and buy gold. If so, you've made a fortune in the past two months. If not, we will urge you once again. It's not too late… At least, not yet.

In one of our many writings about the coming economic collapse, we highlighted the recent moves by billionaire hedge-fund manager George Soros.

The 85-year-old came out of retirement this January to direct his firm's investments. According to the Wall Street Journal, he was "lured" back to the helm of Soros Fund Management "by opportunities to profit from what he sees as coming economic troubles."

Soros bought hundreds of millions of dollars' worth of gold and made a massive short bet on the S&P 500. Think about that for a moment…

One of the world's wealthiest investors (who is famous for his understanding of financial markets) came out of retirement at 85 to go massively long gold and massively short stocks. Perhaps he thought the coming crash would be the "Big One."

Ironically, Soros made a name for himself when he made $1 billion shorting the pound – and "breaking the Bank of England" – in a single day in 1992. Soros borrowed $10 billion to bet against the pound, which pushed down the value of the currency.

And despite the Bank of England's best effort, it couldn't stop the bloodshed. It unpegged the pound from the German Deutsche mark (a fixed-currency arrangement called the European Exchange Rate Mechanism).

Soros' fund made $7 billion in profit. He personally pocketed $1 billion.

That "Black Wednesday" experience soured a generation of the British on the idea of joining a single European currency and contributed to the current anti-EU sentiment in the country.
But Soros didn't just predict a coming financial catastrophe. Last week, he warned once again about a plunging pound.

In a piece for the British newspaper The Guardian, Soros said if the Brexit referendum passed, "the value of the pound would decline precipitously." The drop would be bigger and more devastating than the 15% fall that happened in the wake of 1992′s Black Wednesday.
In that piece, Soros predicted that leaving the EU would make the pound worth about one euro… meaning by leaving the EU, Britain was effectively joining the euro – via a method "that nobody in Britain would want."

He also said a Brexit would "have an immediate and dramatic impact on financial markets, investment, prices, and jobs."

On its worst day in September 1992, the pound fell 4.05%. Last Friday, the pound plunged as much as 13% to its lowest level in 30 years. (It finished the day down roughly 7%.)

Not only is it the pound's largest one-day fall in history… It's one of the largest drops for a major global currency ever.

Soros was right again. And who knows how much money he'll make this time. But according to his prediction, the pound has far from bottomed.

But this is just the beginning. The U.K. has cleared the path for others to follow…

The Brexit vote, like the popularity of Donald Trump and Bernie Sanders, shows that the masses are reaching a breaking point. And, in the case of the U.K., there's a majority that's so fed up with the status quo that they're willing to risk chaos for change.

As Matthew d'Ancona wrote for The Guardian: [British voters] heard the warnings, listened to experts of every kind tell them that Brexit meant disaster, watched the prime minister as he urged them not to take a terrible risk. And their answer was: get stuffed.

France's right-wing Front National leader Marine Le Pen (a presidential hopeful) is urging France to leave the EU. Le Pen's Dutch equivalent, Geert Wilders, also wants a referendum so the Netherlands can split.

How do you unwind the euro? We don't know the answer. Unfortunately, neither do the central banks. We do, however, know one thing… It will involve economic pain. And it will expose the global monetary experiment of the last decade for what it is – a dangerous sham.
Noncreditworthy people, businesses, and governments have borrowed far too much money. The chain reaction of defaults is starting.

The scary thing is nobody knows exactly how this will play out, because the world has never seen so much bad debt before. It seems the students, consumers, and countries borrowing these mind-boggling sums never stopped to consider – one day, their debts would need to be paid.
Today's economy is being propped up by the easy-money policies of central banks, which believe they can simply paper over any problem. And somehow, magically, print growth.
But the central banks have officially lost control. And they'll soon start flailing even more wildly… Printing money to buy every asset in sight (regardless of quality) and cutting interest rates lower into negative territory.

The Federal Reserve, Bank of Japan, and European Central Bank all issued nearly identical statements saying they were willing to provide markets with more liquidity… And they're all working together to fight this crisis.

Central bankers are hamstrung. So they'll do the only things they know how to do… Print money and cut rates. Perhaps it will boost the markets temporarily.

But ask yourself… How will currencies be valued when they offer no yield and are backed purely by highly leveraged and very expensive equities?

We're about to begin the most violent stage of the ongoing currency wars. The U.K. will devalue. The euro will follow. Then Japan… and China.

European financial markets are in freefall. Several European banks are trading below their 2008 lows. They're pricing in a huge crisis.

Financial markets are crumbling… Currencies are plunging… Investors are losing faith in paper money and central bankers' abilities to control it. So where does this all end?

It all ends with gold. The precious metal soared 4.5% last Friday to more than $1,320 an ounce. The financial crisis we've been warning you about is happening right now. The U.K. voting to leave the EU is just the first leg. We expect to see other major European nations leave the EU. After all, with the U.K. gone, that leaves Germany, France, and the few other healthy member nations shouldering more of the cost to float countries like Greece, Italy, and Spain.

Again, watch for the U.K., the EU, Japan, and China to start devaluing their currencies.
That money will flow into the dollar and gold.

The Fed will eventually start easing again. Negative interest rates are coming to the U.S.
The world's monetary system is coming unraveled. And you have to be prepared.
Don't be frozen by fear. You don't have to be a victim.

Investors who buy gold and gold stocks today will see tremendous gains over the coming years. It's the single best way to protect your finances and hedge against calamity.

Regards,
Sean Goldsmith