

The October Surprise

On or around October 20th of this year, the International Monetary Fund is expected to make an announcement that could throw the financial markets into turmoil and trigger a transfer of wealth that pales in comparison to anything the past three or more decades.

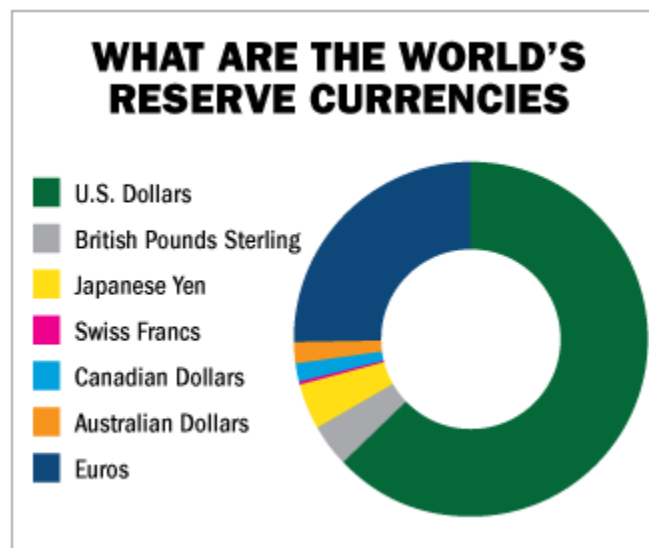
The approximate date and nature of the announcement was revealed recently by someone with access to the IMF's meeting schedule.

Twice a decade, the executive board of the IMF meets to reassess the world's major reserve currencies...and the IMF control the world's reserve currencies.

And during the week of October 19,2015, it is believed that the IMF will reveal to the world a NEW reserve currency...

The announcement will trigger a chain reaction throughout the financial markets and billions and trillions of dollars will begin moving around the globe – some assets will crash and burn and some will scream to the moon.

You may not be aware that there are actually seven major reserve currencies and any change to the world's "reserve currencies" quickly reverberates around the world, putting literally hundreds of billions of dollars into motion, in a matter of minutes.



This chart which shows all of the currencies that qualify for "reserve" status, and the percentages in which they're held by governments around the world...

As you can see, the U.S. dollar is, by far, the dominant reserve currency.

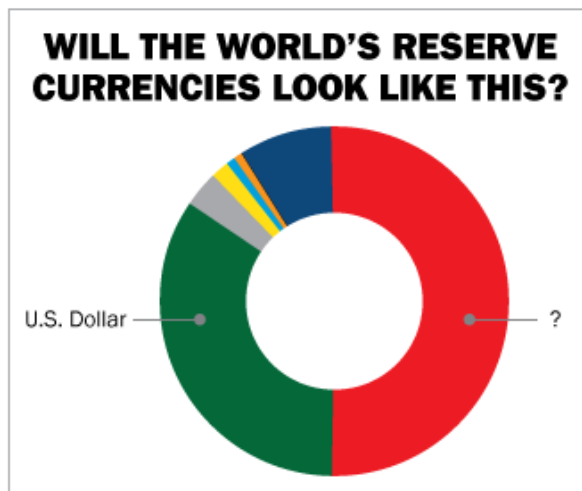
When most central banks hold money in a currency other than their own, they hold the biggest portion of that foreign money in U.S. dollars... a staggering 62%. On average they hold a little bit more, 23%, in Euros... and a little bit (about 4% each) in Japanese Yen and British pounds.

And while the Swiss Franc is, in fact, a reserve currency, countries hold a paltry \$17 Billion in Francs... not even enough to make up 1% of the pie.

But remember what just happened when the Swiss policy changed? It rattled the markets.

If the outcome of the **October Surprise** alters about 10% to 15% of the world's reserve currency make-up, again, billions and billions of dollars will start moving... and the momentum will increase every year.

So if...this move could affect as much as 50% of the world reserve currency make-up, which could eventually look like this...



And the currency markets will...

There will be immediate and massive turmoil which means that huge shifts of wealth will occur.

Do you Remember The 70s?

In the 1970s, the American economy began feeling the effects of rising international competition, spiking energy prices and unemployment.

Then, on the morning of August 15th, 1971, President Richard Nixon went on live television to make an important announcement...

He announced that the United States dollar would no longer be backed by gold...

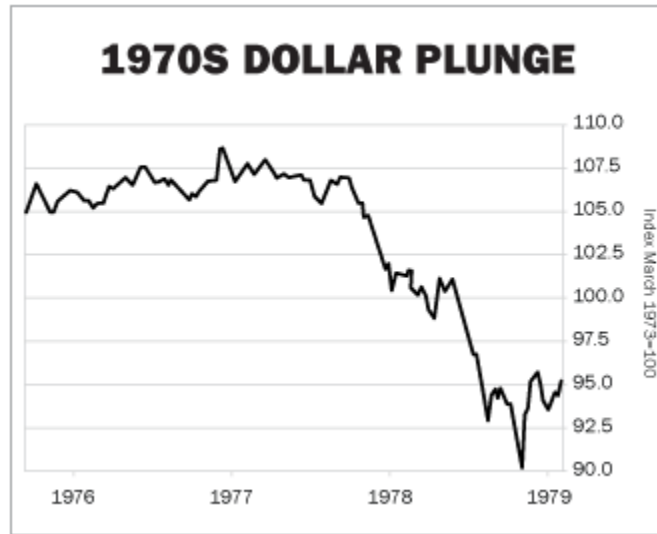
And that governments around the world would no longer be allowed to exchange their U.S. dollars for U.S. gold.

Nixon imposed a 90-day freeze on wages in order to combat immediate inflation.

The price of goods and gasoline skyrocketed.

Unemployment and inflation levels ultimately reached nearly 10% in just a few years.

And people began getting out of the dollar in a significant way.



Nixon “Shock and Awe”



Source: Marc Faber, 'Tomorrow's Gold'

If the week of October 19, 2015 is at all on point...the same thing is about to happen again because there will be a huge move in the U.S. dollar and some assets are going to be destroyed... while others scream to the stratosphere.

So...What About the Week of October 19th?

The IMF will begin their twice-a-decade discussion about a special basket of reserve currencies, what they call "SDRs" in May... and will make their decision and an announcement by October.

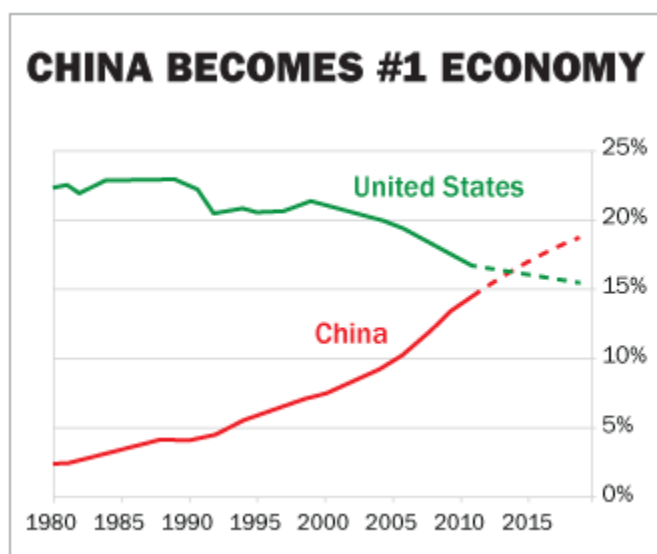
Sometime during the week of October 19th, there is a very high likelihood that the IMF will announce that a new currency has been added to the list of approved reserve currencies. Typically IMF announcements happen on a Tuesday.

Of the six largest economies in the world, there's just one whose currency has not yet been declared an official reserve...China.

Will the IMF approve the Yuan as an additional reserve currency the week of October 19, 2015?

We say yes!

1. **China has the largest economy in the world...** As of late 2014, China surpassed the United States as the world's largest economy based on purchasing power.



2. **China came close in 2010...** The only reason the IMF decided against approving the yuan was because they felt China wasn't a large enough exporter yet, and not enough people were trading in yuan.

But a lot has changed since 2010...

According to Eswar Prasad, the former head of Financial Studies and China divisions at the IMF, "the Asian nation is likely to pass both tests."

In 2013, China became the number one exporter in the world...

The proportion of China's exports and imports settled in yuan has recently increased nearly six fold in just three years.

And the *International Business Times* also reported that the yuan is among the top two most-used global payment currencies.

3. The Yuan is already "unofficially" a reserve currency in many places...

- Today, more than 10,000 financial institutions are doing business in Chinese yuan, up 1,011% from June 2011.
- In December 2013, the yuan overtook the euro to become the second most-used currency in global trade finance after the U.S. dollar, according to an international agency called SWIFT, which monitors international currency flows.
- There are now a dozen official offshore yuan clearing centers -- including Hong Kong, Australia, Taiwan, Singapore, London, Germany, Korea, and Canada.
- At least 40 central government banks have already invested in the yuan and several others are preparing to do so, according to the British bank, Standard Chartered.
- Some of the biggest commercial banks in the world -- HSBC, Deutsche Bank, Bank of America, Citigroup and Standard Chartered all trade and settle in yuan.

Even the British government, our strongest ally, has taken a bold step to prepare...

The British Chancellor of the Exchequer, George Osborne, announced at the end of 2014 that the British government will be the first nation to issue bonds denominated in Chinese Yuan.

- A senior official at an Asian central bank told *Reuters*, "I think this could well be the year the yuan is included," in the basket.
- Gary Smith, the global head of official institutions at BNP Paribas Investment Partners said in 2013, "A lot of central banks hold some yuan now... every single one will hold more... than they do today."
- The Official Monetary and Financial Institution Forum (OMFIF) -- with thousands of followers on Twitter, including world-renowned financiers like Jim Rickards -- recently posted the following on social media:



- And Benjamin Cohen, an economics professor at UC Santa Barbara says, "It's very difficult to imagine [the IMF] won't [approve] the yuan..."

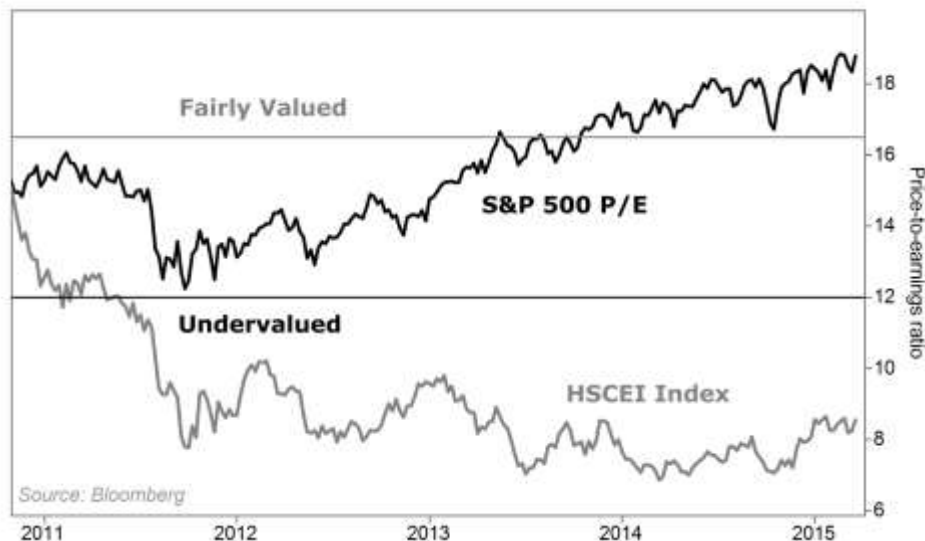
But perhaps most interesting of all was a story buried in the "World" section of the *Wall Street Journal*. Apparently, the deputy managing director of the IMF, Zhu Min, actually let it slip that he's "confident the Chinese yuan will be a global reserve currency."

The financial community understands that the yuan gaining reserve currency status is the logical next step for China's currency.

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What Should You Do To Prepare?

Stay tuned...



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