

# Money and Gold, The China-Swiss “Renminbi Hub”. Has “Neutral” Switzerland Just Changed Sides?

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*The Swiss have been known for many things. They are renowned chocolate and watch makers as well as financiers. They are well known as a very low crime society where nearly everyone has a gun (maybe this is why crime is low?) but their greatest claim to fame has been their “neutrality. They did not participate in either World War I or WWII, They did however do business with both sides during World War II and profited handsomely. If you recall, many accounts they had held went unclaimed for years because many of the “depositors” were killed during the holocaust.*

[Swiss bank money repaid to Holocaust victims - SWI swissinfo.ch](#)



When the settlements were made some 15+ years ago, the survivors and heirs received “paper” settlement for their gold deposits. It is also highly likely Switzerland still has untold tons of gold in their vaults from the Nazi Germany regime which was stolen from overrun people and even nations. I bring this up because it is important you are fully aware that Switzerland “knows” gold. Not only do they know gold, they know which is better, paper or gold ...which is why they reimbursed claims with paper rather than gold.

With the above in mind, the Swiss National Bank as you know were very big “supporters” if you will of the European paper currency unit, amassing nearly 600 billion euros on their balance sheet. They shook the financial world last week when they announced a drop to the peg floor of 1.20 after publicly confirming it just three days earlier. In fact, the ripples (unintended consequences) have yet to fully play out or be disclosed as derivatives of all sorts were affected.

We asked the question “why”, last week. Why did they drop the peg, especially after confirming it just 72 hours earlier? The common sense reason was because they had to. Euros were piling up on the SNB’s balance sheet with the current 60 billion per month more staring them right in the face. Why accumulate more of something the issuer publicly and purposely wants to dilute?

Fast forward less than one full week and another, maybe the BIGGEST piece to the puzzle has emerged! It appears the Swiss may have been given an offer they couldn’t (shouldn’t) refuse? It was announced yesterday that the Chinese and Swiss have agreed to opening a “renminbi hub” based out of none other than Zurich!

<http://www.swissinfo.ch/eng/multimedia/chinese-name-switzerland-a-renminbi-hub/-41229772>

Do you think this deal just came out of the blue? Did the Chinese request, or offer, a renminbi hub AFTER the Swiss announced the end of their euro peg? Or, do you believe the louder Mr. Draghi became and the closer the date of QE announcement came, the Chinese and the Swiss were meeting behind closed doors? As an earthshattering side note, the Chinese publicly and formally also announced yesterday of their intentions for the yuan to be an internationally traded currency!

The obvious takeaway from these announcements is twofold. One we could have certainly speculated on, the other a surprise. First, it is and has been common sense that the yuan (renminbi) was going to eventually become an internationally tradable currency with the speculation of eventually becoming “a” if not “the” reserve currency. This, we could have expected, the timing though was unknown. The not so obvious take and maybe just my own opinion, the Swiss just took and changed sides! I know this is a big statement so I will try to explain my thinking here.

The Swiss surely had to know when they dropped their peg, speculators, financial institutions and even some central banks would be offside and take losses, BIG losses. They could have dropped the peg differently. They could have even moved the peg slightly and not forecast further moves. In other words, they could have made the move slower. They chose not to and according to Christine LaGarde, they gave no prior notice to the IMF. I was not sure last week but now, after the Swiss/Chinese alliance I believe her. I believe this was a bolt of lightning out of the blue to the Western banking system and probably a shot across the bow by the Chinese.

Going just a bit further, the Swiss have actually injured the Western financial system with their overnight and sudden move. Derivatives have taken hits and very well could have set off a chain reaction behind the scenes ...which have not yet surfaced? They did this AND moved Eastward at the same time. In my opinion, the Swiss “know” the direction where the power structure is moving. You see, Switzerland has “re” refined several thousand tons of gold over the last few years. They know where the gold came from, they know they received London good delivery gold, they know they recast this gold into “kilo” bars which is good delivery in the East ...and they know where they shipped all of this gold. You would not have to be as bright and precise as the Swiss to understand what is happening. They have seen the flow, done the math and watched as “power” (gold) has been moved from West to East.

Before finishing I would like to comment on their “neutrality”. The Swiss have always been connected to the Anglo banking and financial systems. Over the last 3-5 years they (the Swiss financial institutions) have been attacked time and again by Washington DC. with new rules and regulations, FATCA being the obvious. Their institutions have been blackmailed and strong armed into breaking secrecy laws which stood for well over a century. Do you think they liked or enjoyed this? Would they have changed their practice unless they were forced to? Of course not.

So, “what’s in it for them” you ask? This is easy! Switzerland by allying with China is simply following “the power”. They will also be doing business in a “respectful” manner with the Chinese rather than with the disrespect they have worked under with the West. They also will now have another way to transact business, they will be entitled to and even enticed to use the new clearing system that Russia has formed... and not under the watchful eyes of SWIFT! As a speculation on my part, I believe the Swiss fully understand “what” it is that is coming. They can see as well as we can, the collapse is coming. A banking collapse, a derivatives collapse, a trade “war” and collapse, and a currency/credit collapse. If it is

obvious to people like us who are not plugged in, it is more than obvious to them being at the heart of global finance. I believe they are simply positioning themselves ahead of collapse and “gittin’ out while the gittin’ is good”! I might add, they are doing this on their own terms and timing, not terms, conditions and timing which are forced on them!

In my opinion, when we look back at what the Swiss are doing and have done, we will simply look at it as “the Swiss did what they had to do and what was best for the Swiss”. They have changed sides so to speak and done so in a front running and hands on manner. This is simply Switzerland doing what it does best ...business!

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### **About the author:**

Bill Holter writes and is partnered with Jim Sinclair at the newly formed Holter/Sinclair collaboration. Prior, he wrote for Miles Franklin from 2012-15. Bill worked as a retail stockbroker for 23 years, including 12 as a branch manager at A.G. Edwards. He left Wall Street in late 2006 to avoid potential liabilities related to management of paper assets. In retirement he and his family moved to Costa Rica where he lived until 2011 when he moved back to the United States. Bill was a well-known contributor to the Gold Anti-Trust Action Committee (GATA) commentaries from 2007-present.

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