John Williams'
Shadow Government Statistics
Analysis Behind and Beyond Government Economic Reporting

ShadowStats Flash Economic Commentary, Issue No. 1451

Election, COVID-19, FOMC and Money Supply, October Payrolls and Unemployment

November 16, 2020

**Positive News on COVID-19 Vaccines and Treatments
Rallied Stocks to Pre-Pandemic Peaks**

**Pandemic-Related Structural Damage to the Economy, However,
Promises a Troubled Recovery, With Meaningful Fiscal and Monetary
Stimulus Likely Continuing Beyond 2021**

**FOMC Will Maintain Its Emergency Monetary Expansion
For the Duration of the Economic Crisis, Looking to Boost Inflation**

At Historic Highs, October 2020 Money Supply Continued to Surge

**With Presidential Election Results Under Challenge,
Political Uncertainties Can Roil the Financial Markets**

**Democrat Control of Both the Congress and Executive Branch
Would Threaten U.S. Dollar Stability and Exacerbate Inflation Risks**

**October 2020 Employment Growth Continued Faltering in an
L-Shaped Economic Recovery**

Headline October Inflation Remained Muted by the Oil-Price War

Third-Quarter 2020 Trade Deficit Was Worst in History

Contents – Flash Economic Commentary (Issue No. 1451)

Note to Subscribers

Flash Commentary, Issue No. 1451 **goes to press amidst a still-unsettled U.S. Presidential Election, and with political control of the U.S. Senate possibly hanging in the balance of Georgia's runoff elections on January 5th for its two U.S. Senate seats.**

The pending ShadowStats Special Benchmark Commentary, Issue No. 1452, updating the broad economic and inflation outlook in the United States for the year ahead, should publish next week. I had hoped that the grand missive would reflect the outcome of the 2020 elections. With the effective nature and control of the U.S. Government to be determined in January, combined with happy developments in play for COVID-19 vaccines and treatments, forecasts will be adjusted as circumstances develop.

Discussed in today's *Opening Comments* the broad *ShadowStats* Outlook has evolved, but it has not changed dramatically. The general themes and elements of the ShadowStats outlook for the U.S. Economy, Inflation and Financial Markets, including Federal Reserve Monetary and Federal Government Fiscal Policies, still foreshadow significant risk of an evolving Hyperinflationary Great Depression. The Pandemic has inflicted massive structural damage on the United States' economy and on the lives and psyche of its people. Recovery indeed should accelerate with an effective vaccine, yet, continued major, expansive Federal Reserve Monetary and Federal Government Fiscal Policies likely will remain in place for some time. – WJW

New Circumstances, Breaking Economic News and ShadowStats Schedule Changes Are Highlighted, as They Happen, in the *Daily Update* Section of the *ShadowStats Home Page*. Rapidly shifting headlines, reporting details, intervening events, unusual developments in the markets, with the FOMC or the economy, and ***ShadowStats*** scheduling—all are covered in the ***Daily Update***. Initial assessments of headline details and any unusual twists in regular economic reporting or FOMC announcements also are reviewed in the ***Daily Update***, standardly within a couple hours of the official posting of a given news release.

General background to the current ***ShadowStats*** outlook includes key economic, market and systemic assessments of recent months, including ***Special Commentary, Issue No. 1429*** (FOMC Panic), ***Special Commentary, Issue No. 1430*** (Systemic Solvency), ***Flash Commentary, Issue No. 1433*** (Retail Sales Benchmarking), ***Flash Commentary No. 1434*** (1q2000 GDP), ***Special Economic Commentary, Issue No. 1437*** (Economic Update), ***Special Hyperinflation Commentary, Issue No. 1438*** (Risks of a Hyperinflationary Economic Collapse), ***Flash Commentary No. 1439*** (Distorted May Labor Conditions, NBER Recession Call, FOMC Outlook), ***Economic Commentary, Issue No. 1441*** (Economic Update).

Consider as well, ***Special Economic Commentary, Issue No. 1444***, which examined Systemic, Economic and Financial-system disruptions, particularly as reflected in the price of Gold. ***Flash Commentary,***

Issue No. 1445 reviewed the GDP annual benchmarking and an updated outlook for Gold and Silver following the August 11th sell-off. ***Special Economic Commentary, Issue No. 1446*** assessed current and prospective economic and inflation conditions, with initial ***ShadowStats*** GDP forecasts for the balance of 2020. ***Flash Commentary, Issue No. 1447*** reviewed and updated ongoing statistical shenanigans with the New Claims for Unemployment Insurance for the week ended August 29th, and assessed economic implications of the August 2020 Payrolls and Unemployment and Employment reporting, along with the July 2020 Merchandise Trade Deficit. ***Flash Commentary, Issue No. 1448*** reviewed the New Claims for Unemployment, August 2020 CPI- and PPI-Inflation and the Money Supply. ***Flash Commentary, Issue No. 1449*** reviewed developments from the September 2020 FOMC Meeting, with ***Flash Commentary, Issue No. 1450*** covering the Third-Quarter 2020 GDP and unfolding economic circumstances.

ShadowStats Broad Outlook for the Economy, Inflation and the Markets

With minimal evolution, and in context of the positive developments on the COVID-19 crisis, the ShadowStats broad outlook in the weeks and months ahead remains for:

- A continuing and potentially hyperinflationary U.S. economic collapse, with significant bottom bouncing and an unfolding, troubled and protracted "L"-shaped recovery, reflected in
- Continued flight to safety in precious metals, with accelerating upside pressures on gold and silver prices, likely headed for new record high levels, irrespective of any temporary market interventions, machinations or corrections to the contrary,
- Mounting selling pressure on the U.S. dollar, against the Swiss Franc and as more broadly measured by the ShadowStats Financial-Weighted Dollar (FWD) and the Federal Reserve's Trade Weighted Advanced-Foreign-Economies (AFE) Dollar.
- Despite recent extreme Stock Market volatility, continuing high risk of major instabilities and a pending massive liquidation of U.S. equities,
- Complicated by ongoing direct, supportive market interventions arranged by the U.S. Treasury Secretary, as head of the President's Working Group on Financial Markets (a.k.a. the "Plunge Protection Team"), and/or as otherwise gamed by the FOMC.

Your questions and comments always are welcomed. Please call or e-mail me any time. Leave a message if your call goes to Voicemail. I shall be back to you.

John Williams (707) 763-5786, johnwilliams@shadowstats.com

OVERVIEW

The Election, COVID-19 Vaccine and a Structurally Damaged Economy

Election Results Continue to Play Out

Biden's Apparent Lead on Friday, November 6th, Tanked the Dollar and Boosted Gold

Flight to Safety From the U.S. Dollar Into Precious Metals Likely Will Intensify, Should Democrats Win Both Houses of Congress and the White House

Happy Pronouncements on COVID-19 Vaccines and Treatment Rallied Stocks to Pre-Pandemic and Record Highs into Friday the 13th

Assuming the Virus Can Be Contained and Controlled in 2021, Full Economic Recovery Still Will Lag

Heavy Structural Damage to the Economy and Personal Financial Conditions Should Keep Excessive Fiscal and Monetary Stimulus in Play Beyond 2021

Underlying Economic Fundamentals Are More Positive, Given COVID-19 Developments, but the ShadowStats Outlook for an Eventual Hyperinflationary Great Recession Could Accelerate, Depending on Final Election Results. While positive announcements on COVID-19 vaccines hold out prospects for improving economic recovery in 2021, the U.S. economy has suffered meaningful structural damage from the Pandemic-driven shutdown, including a number of businesses that have been shuttered permanently. Many individuals have suffered meaningful personal and financial losses, and extreme lifestyle disruptions. Ongoing massive fiscal and monetary stimulus likely will continue well into 2021 and beyond. The broad economic and inflation issues mentioned here will be reviewed fully in pending ***Special Benchmark Economic Commentary, Issue No. 1452***.

Financial-market reactions discussed in these ***Opening Comments*** are reflected in ***Graphs 32*** to ***40*** in ***Section 6 – Financial Market Graphs Through November 13, 2020***, beginning on page 30. While today's ***Commentary*** is dated November 16th, we are going press before the opening of the New York financial markets on the 16th.

Shifting Political Landscape Will Affect the Financial Markets. Where the U.S. news media declared Joseph Biden to be President-Elect, about mid-day New York time, on November 7th, Mr. Biden happily acknowledged same and addressed the Nation that evening. Yet, with votes still being counted or recounted, President Donald Trump has not conceded the race, claiming election fraud. Republicans appear to have some serious and meaningful challenges to the Election "results" in a number of key states. That will be resolved before the Electoral College Electors begin to cast their votes.

As the recounts and legal actions advance, keep in mind that the financial markets do not like uncertainty, and tend not to favor one-party rule. Accordingly, they likely will provide an early signal of any shifting sentiment as to the outcome of the Presidential race.

Republicans still are expected to retain control of the U.S. Senate, but such will not be determined until Georgia run-off elections on January 5, 2021. If sentiment shifts to those two seats going to the Democrats, and Mr. Biden is the President-Elect, again, watch out for financial-market turmoil.

Democrats appear to have retained control of the U.S. House of Representatives, albeit with a reduced majority.

"Now we take Georgia, then we change the world!" Such was the exuberant reaction of Senate Minority Leader Charles E. "Chuck" Schumer of New York, as news media outlets proclaimed Joe Biden the President-Elect. Again, that result is not official. Mr. Schumer likely would be the effective U.S. Senate Majority Leader, should the Democrats take the two Senate seats in the January 5th Georgia runoff election, and should President Donald J. Trump lose his court and recount battles with Presidential Candidate Joseph R. Biden and Vice-Presidential Candidate Kamala Harris.

Fear of such a circumstance helped to tank the U.S. dollar and to surge gold prices on November 6th, coming into the post-Election weekend. The U.S. dollar plunged to a six-year low against the Swiss franc, with Gold prices soaring by $40 dollars an ounce in the two days since Election Eve.

Although the best the Democrats can do at present, taking the Georgia Senate seats, is a 50-50 split in the Senate, in a Biden Ad\ministration, Vice President Harris, as President of the Senate, would cast the tie-breaking vote in that Chamber, giving the Democrats control of the Senate, the House of Representatives and the White House. In such a circumstance, some in the Democrat Party have advocated packing the Supreme Court, opening U.S. borders with amnesty to illegal aliens and to creating two new states (Puerto Rico and Washington, D.C.) with the effect of guaranteeing one-sided Democrat and increasingly radical control of the U.S. government and its policies for years to come. Also in the works would be massive deficit spending. The markets tend to prefer political stability and predictability to one-power control.

Normally, election results would be submitted to the Electoral College by December 8, 2020, but given the unusual Coronavirus delays tied to counting mail-in ballots in the current circumstance, ***legislation*** is pending in Congress to extend that deadline to January 1, 2021. The Inauguration of the President and Vice President remains scheduled for January 20, 2021.

Coronavirus Vaccine Saved the Financial Markets on Monday, November 9th and Rallied Stocks to Pre-Pandemic Levels on Friday, November 13th. Positive announcements on COVID-19 vaccines and treatments hold out prospects for some economic recovery in 2021. Still, the U.S. economy has suffered meaningful structural damage from the shutdown, and ongoing massive fiscal and monetary stimulus likely will continue well into the year ahead. Pfizer's vaccine announcement of a COVID-19 vaccine on Monday, November 9th, saved the markets from follow through, unusually negative U.S. dollar trading the prior Friday. The stock market rallied in response, with both the Dow Jones Industrial Average and S&P 500 closing out the week at record levels, following President Trump's November 13th White House press conference on the topic. See ***Graphs 33*** and ***34***, again, beginning on page 30.

Section 1 - Employment and Unemployment – October 2020

Payroll Employment Improvement Continued to Decelerate

Annual Decline Appears to Be Settling In Around 6.0% (-6.0%), In an "L"-Shaped Recovery

Bureau of Labor Statistics Still Cannot Count All the Unemployed

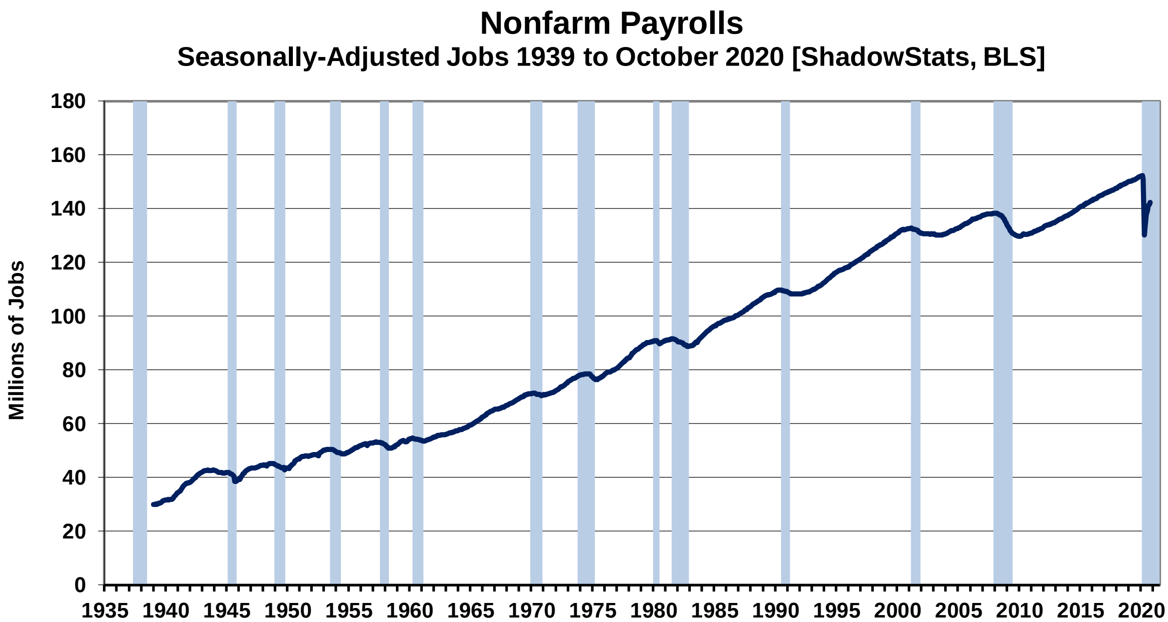
Flattening "L"-Shaped Economic Recovery Continued to Evolve with October 2020 Household Survey Employment and Unemployment Readings and Payroll Numbers. Reported November 6th by the Bureau of Labor Statistics (BLS), narrowing of year-to-year declines in monthly Payroll Employment reporting continued in October 2020, at a decelerating pace that appears to be leveling off around a 6.0% (-6.0%), with meaningful quality and credibility issues continuing to plague the "improving" headline labor numbers. October payrolls gained month-to-month for the sixth month, up at a slowing monthly pace of 638,000, against a 672,000 gain in September.

Year-to-year payrolls declined into an initial April 2020 trough of 13.4% (-13.4%), narrowing to 11.7% (-11.7%) in May and to 8.7% (-8.7%) in June, flattening out to annual declines of 7.7% (-7.7%), 6.9% (-6.9%), 6.4% (-6.4%) and 6.1% (-6.1%) in July through October. Similar patterns in industry payrolls ranging from Retail Sales and Construction to Manufacturing show a sharply slowing pace of economic improvement, with no economic recovery to pre-pandemic levels, so far. Economic recovery usually is defined as recovering the prior level of peak activity in place before current contraction began.

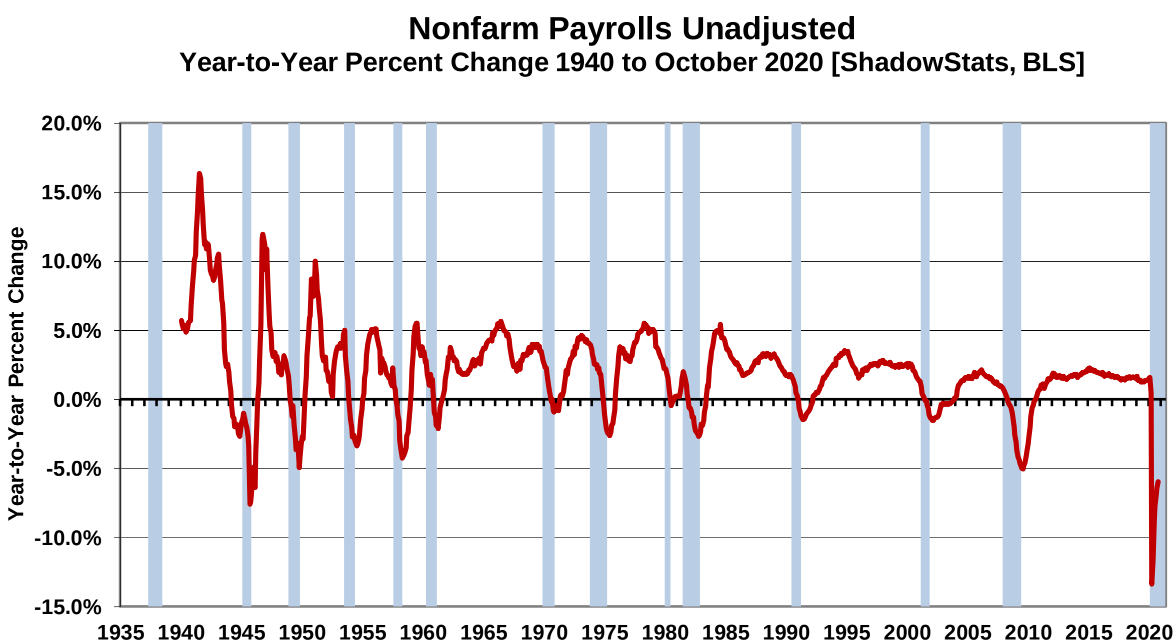
Graphs 1 to ***6*** plot graphs of the level of and year-to-year change in monthly nonfarm payroll employment, for the full history of the series from 1939 to present (***1*** to ***2***), for 2000 to present (***3*** to ***4***) and the last series from January 2019 to October 2020 (***5*** to ***6***). It is that last series that displays a clear, developing "L"-shaped recovery pattern. Further discussion and examples of the "L"-shaped recovery are found in prior ***Flash Commentary, Issue No. 1450***, beginning there on page 12.

[Graphs 1 to 6 begin on the next page.]

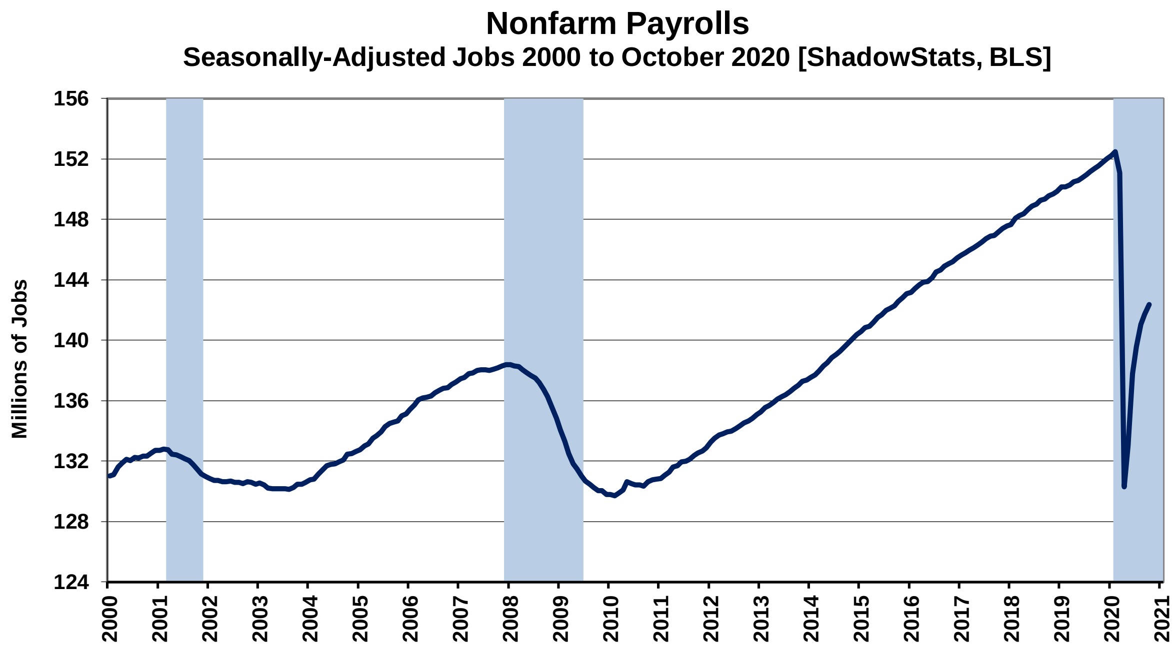
Graph 1: Total Nonfarm Payroll Employment (1939 to October 2020)



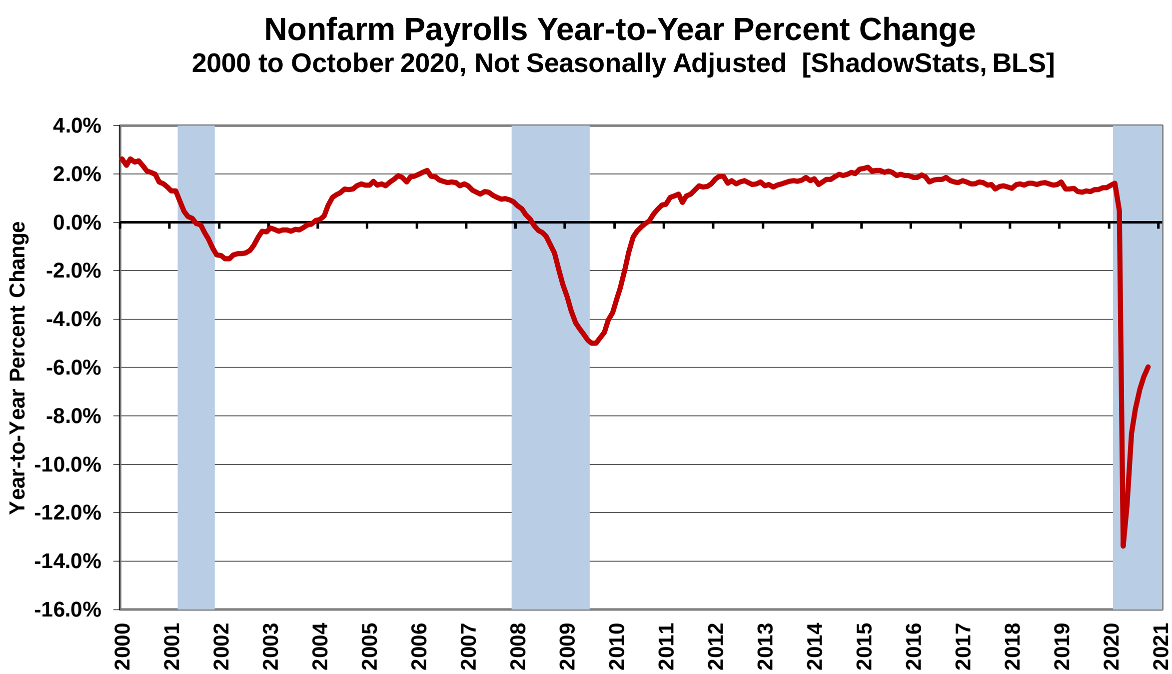
Graph 2: Total Nonfarm Payroll Employment, Year-to-Year Change (1940 to October 2020)



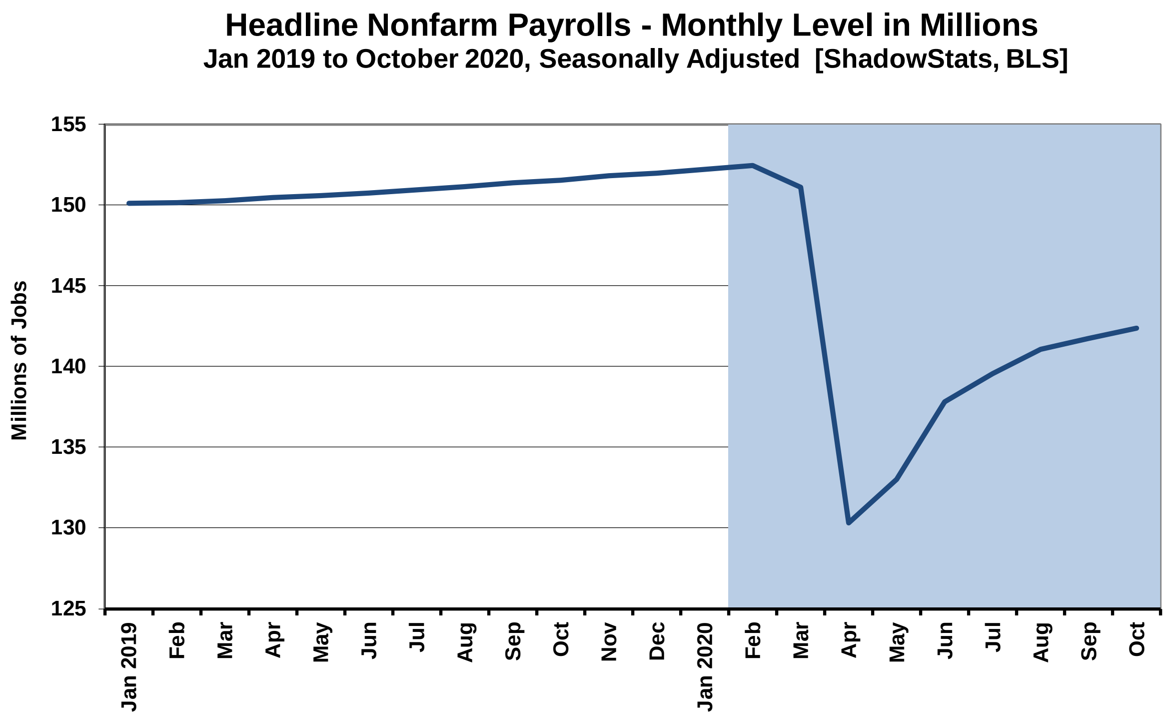
Graph 3: Total Nonfarm Payroll Employment (2000 to October 2020)



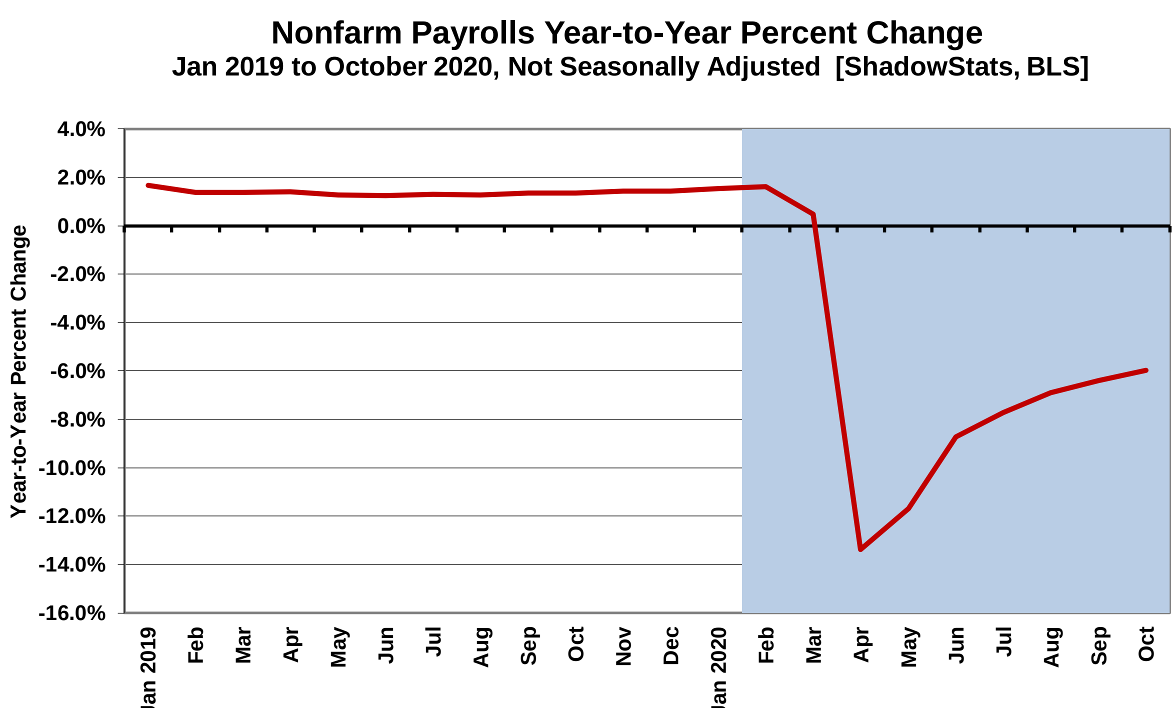
Graph 4: Total Nonfarm Payroll Employment, Year-to-Year Change (2000 to October 2020)



Graph 5: Payroll Employment (January 2019 to October 2020)



Graph 6: Payroll Employment, Year-to-Year Change (January 2019 to October 2020)

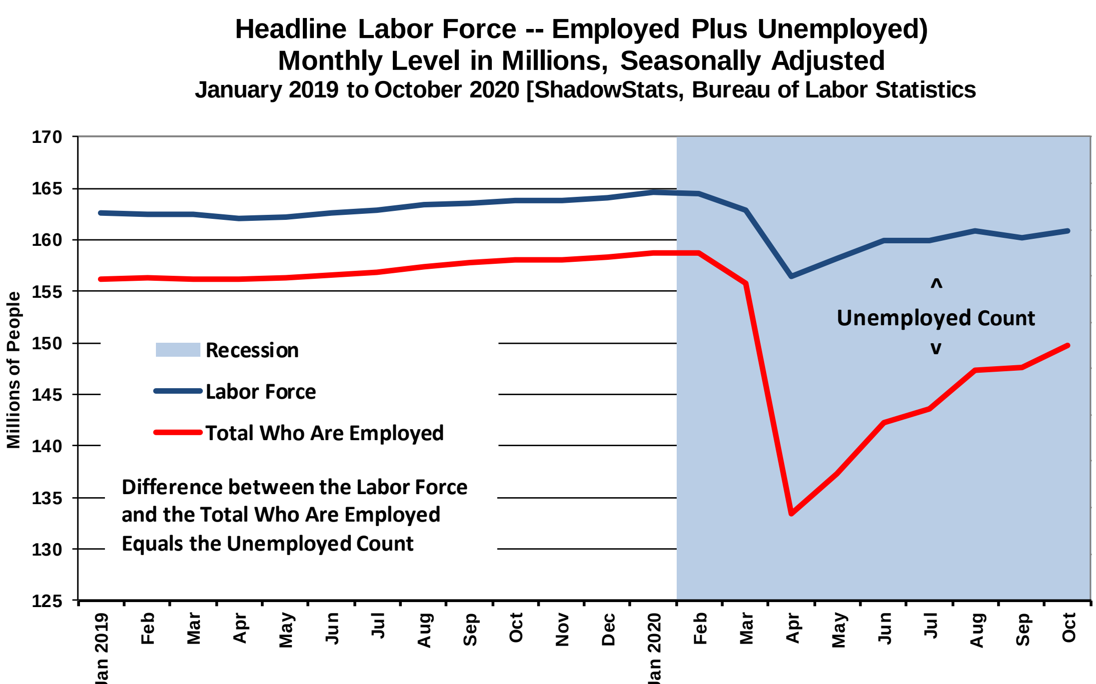


Headline Unemployment Was Undercounted for the Eighth Straight Month. The BLS acknowledged continuing misclassification of some unemployed persons as "employed," in the Household Survey. An estimated "upside limit" of 562,000 persons was indicated as the number of "employed," who more properly should have been classified and counted as "unemployed," reducing a potential October 2020 U.3 headline unemployment rate of 7.2% to the published headline 6.9% (6.88%).

That headline rate was down from a headline 7.9% (7.86%) [potentially as high as 8.3% with misclassifications] in September. Broader October 2020 headline U.6 unemployment [including short-term discouraged workers and those employed part-time for economic reasons] declined to a headline 12.10% from 12.84% in September. Including long-term discouraged/displaced workers, the October ShadowStats Alternate Measure—moving on top of U.6—was 26.3%, down from 26.9% in September, all as detailed on the ***ALTERNATE DATA*** tab on ***www.ShadowStats.com***.

As will be discussed in pending ***Special Benchmark Economic Commentary, Issue No 1452***, there are other reporting-quality issues that have surfaced, tied to the impact of the Coronavirus Pandemic on the ability of the government to conduct surveys of households. The Census Bureau found that its annual National Income and Poverty Survey was distorted meaningfully. Separately, consider ***Graph 7***, which plots the headline labor force, which is the employed plus unemployed. That total tends to stay stable in a downturn, with the labor force components shifting from employed to unemployed and back again. In the current downturn, not only has the labor force turned down in an "L"-shape, there appears to be somewhat over four-million unemployed who are missing from headline action.

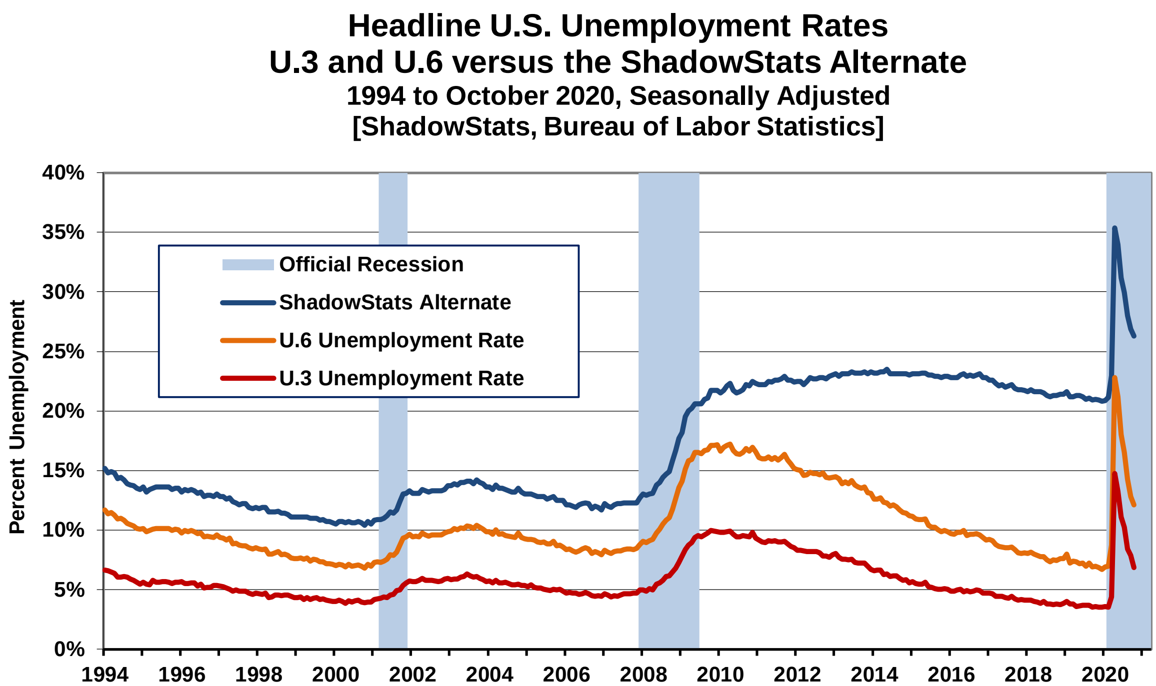
Graph 7: Headline Labor Force, and Missing Unemployed



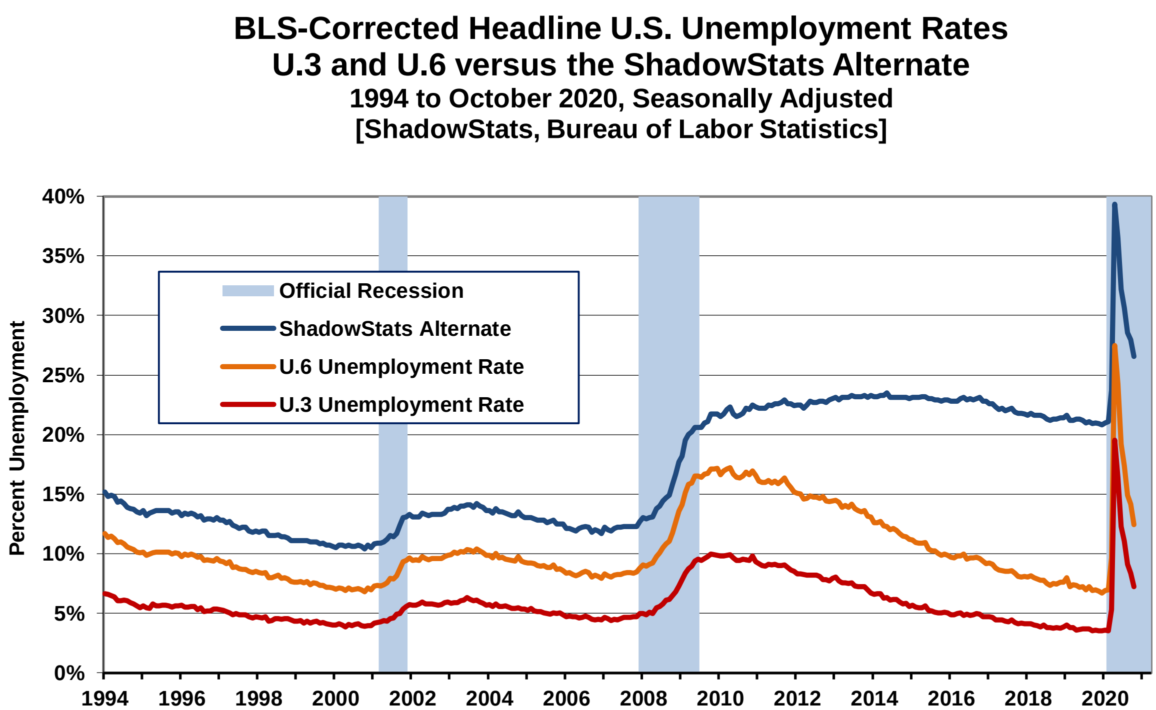
Graphs 8 and ***9*** plot the headline U.3, U.6 (U.3 plus marginally attached workers) and the ShadowStats Alternate Unemployed (U.3 plus the long-term discouraged and displaced workers), and those same series

corrected for the respective March to October 2020 Household Survey "misclassifications" of unemployed persons as "employed" (in millions per BLS): 1.5, 7.7, 4.9, 1.9, 1.3, 1.1, 0.8 and 0.6 million.

Graph 8: Headline Unemployment Rates, Full History Current Series (1994 to October 2020)

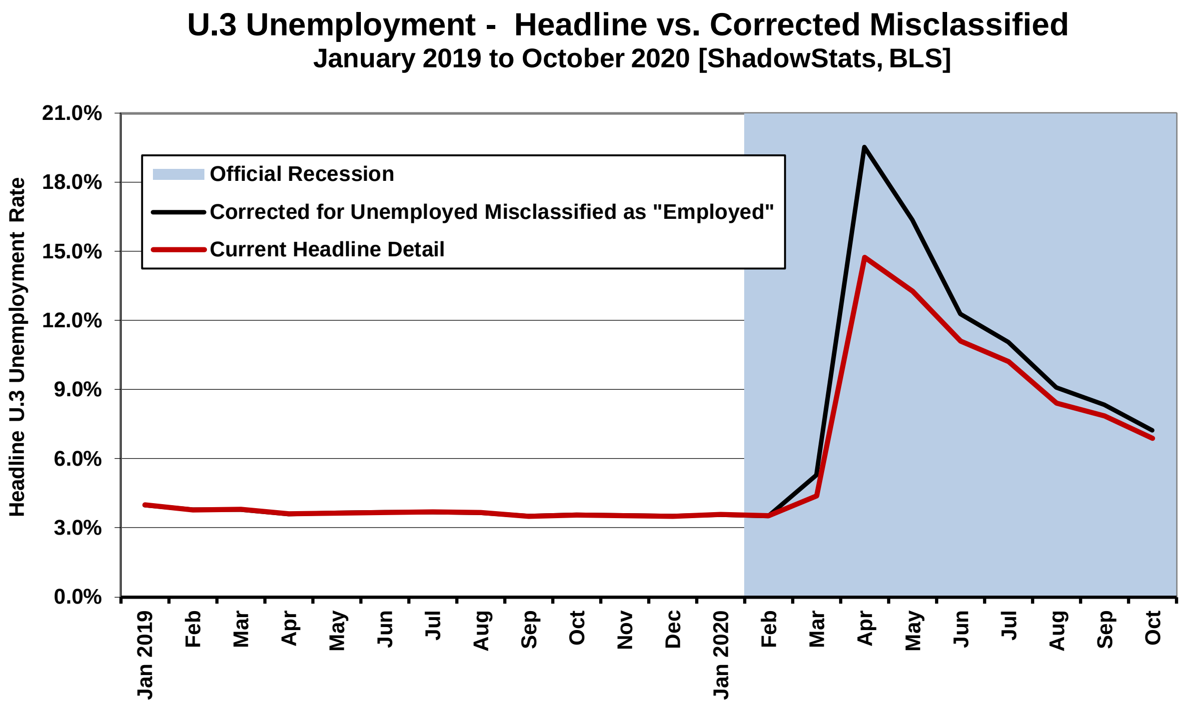


Graph 9: Unemployment (1994 to Oct 2020) – Corrected for Unemployed Misclassified as "Employed"

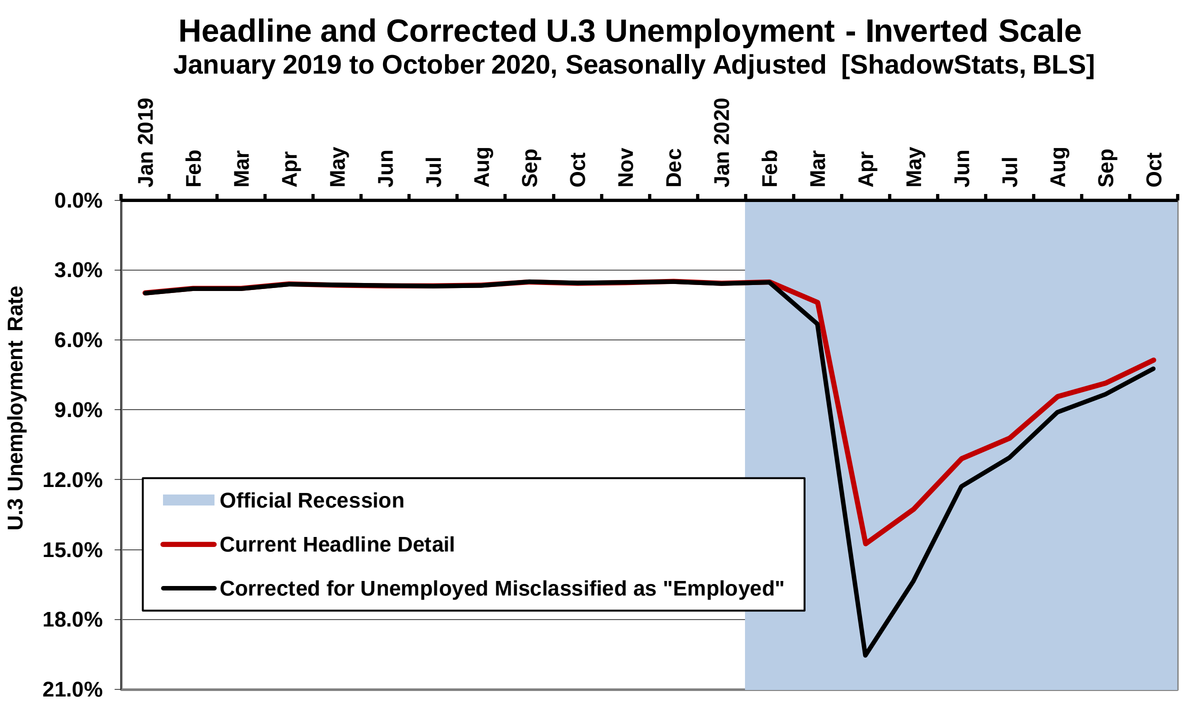


Consider as well ***Graphs 10*** and ***11*** of the headline U.3 and U.3 plus "missclassifed." ***Graph 11*** is ***Graph 10*** with an inverted scale, showing the unfolding "L"-shaped recovery.

Graph 10: Unemployment Rates (January 2019 to October 2020) – Headline vs. Corrected U.3



Graph 11: Unemployment Rate (Jan 2019 to Oct 2020) – Headline vs. Corrected U.3, Inverted Scale



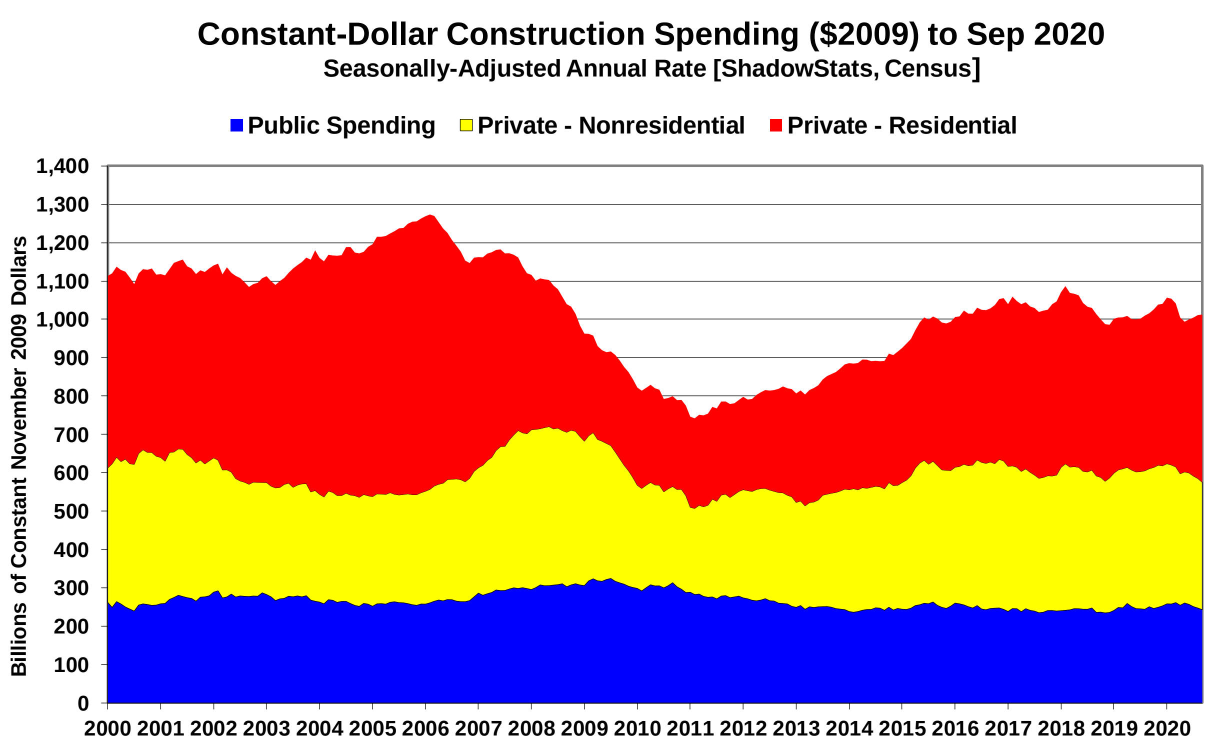
Section 2 - Construction Spending – September 2020

Real Construction Spending Gained Minimally on Top of Unstable Prior Reporting

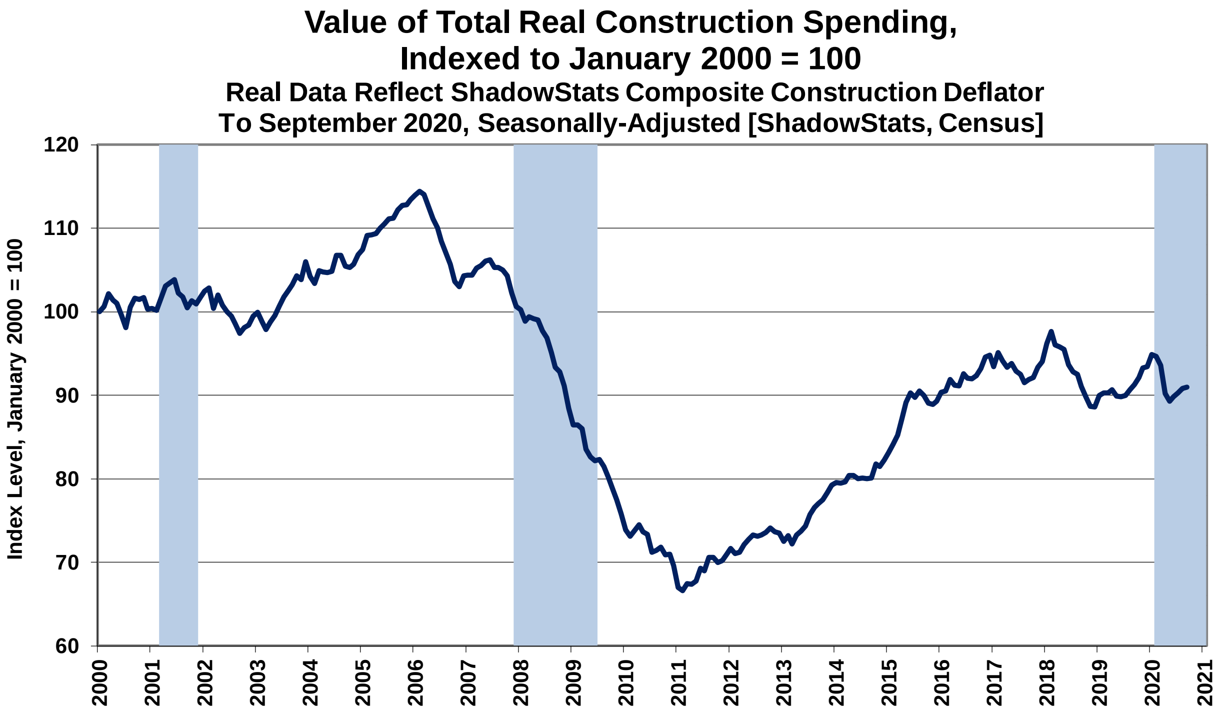
Spiked by Private Residential Construction, Nominal September Construction Spending Gained 0.3% in the Month, 1.5% Year-to-Year, on Top of Sharply Mixed Revisions. Reflected in Census Bureau reporting of November 2nd, continuing strong upside revisions to Private Residential Construction Spending largely were offset by continuing downside revisions to collapsing Public Construction Spending.

Before inflation adjustment, nominal Private Construction gained 0.9% in the month, up by 1.3% net of revisions, while Public Construction declined 1.7% (-1.7%) in the month, down by 3.6% (-3.6%) net of revisions. In real terms, net of inflation, the dominant Private Residential Construction sector showed annual gains of 7.9% in September, 5.3% (previously 4.4%) in August and 3.6% (previously 2.3%) in July. Details are reflected in following ***Graphs 12*** to ***14***.

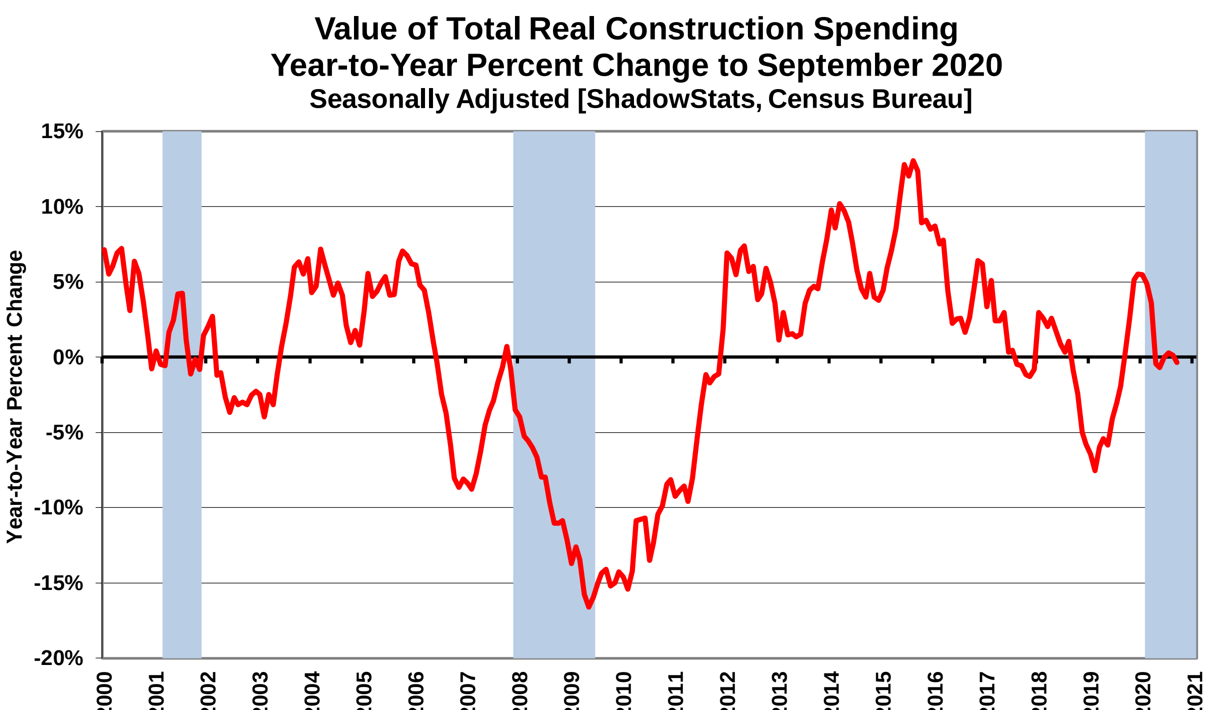
Graph 12: Value of Total Real Construction Spending Put in Place by Major Sector



Graph 13: Value of Total Real Construction Spending Put in Place



Graph 14: Value of Total Real Construction Spending Put in Place, Year-to-Year Percent Change



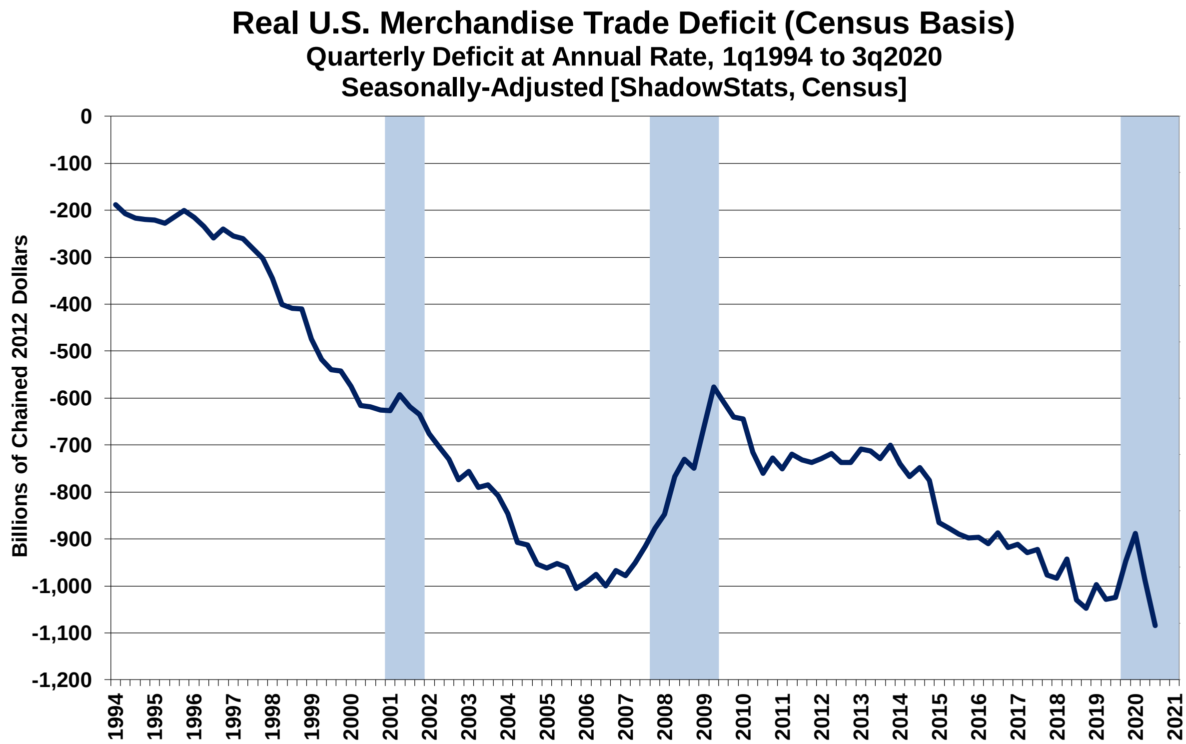
Section 3 - Trade Deficit – September and Third-Quarter 2020

Third-Quarter 2020 Real Merchandise Trade Deficit Was Worst Ever

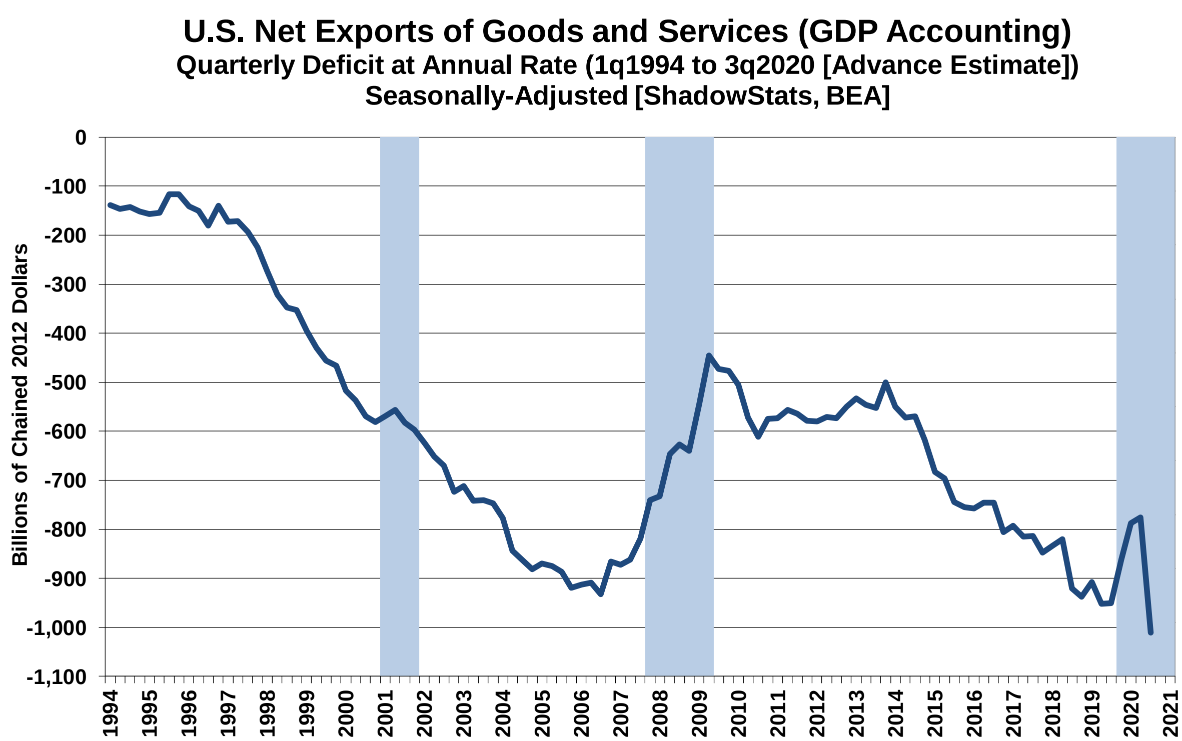
The September 2020 Real U.S. Merchandise Trade Deficit Narrowed Slightly in the Month, but the Third–Quarter 2020 Real Deficit Deepened to Its Greatest Shortfall in History. Reported November 4th by the Census Bureau and Bureau of Economic Analysis, and in tandem with deteriorating Real Net Exports in Third-Quarter GDP, the inflation-adjusted real U.S. Merchandise Trade Deficit for Third-Quarter 2020 hit a record quarterly shortfall of $1,085 billion (Chained 2012 Dollars), exceeding its prior record deficit of $1,049 billion in Fourth-Quarter 2018. The continuing pattern of trade-deficit deterioration is plotted in ***Graph 15*** is an updated version of ***Graph 7,*** found on page 11 in prior ***Flash Commentary, Issue No. 1450***.

[Graphs 15 and 16 follow on the next page.]

Graph 15: Real Merchandise Trade Deficit Third-Quarter 2020



Graph 16: Net Exports (GDP Accounting) Initial Estimate Third-Quarter 2020



Section 4 - Inflation: Consumer and Producer Price Indices

Underlying Inflation Continues to Rise

Collapsed Energy Inflation Muted Headline October CPI Details

Food and Energy Jumped in October PPI

Full Inflation Update and Analysis Follow in Pending No. 1452

October 2020 CPI Monthly and Annual Gains of 0.04% and 1.18% Were Constrained by a Deepening Collapse in Gasoline Prices. Reported by the Bureau of Labor Statistics (BLS) on November 12th, the October 2020 Consumer Price Index (CPI-U) gained 0.04% in month, having gained 0.20% in September, up by 1.18% year-to-year, versus 1.37% in September. A renewed, deepening crash in gasoline prices restrained Energy-sector inflation, which was up 0.14% in the month, down 9.19% (-9.19%) in the year, with gasoline prices down by 0.49% (-0.49%) in the month, down by 18.02% (-18.02%) year-to-year.

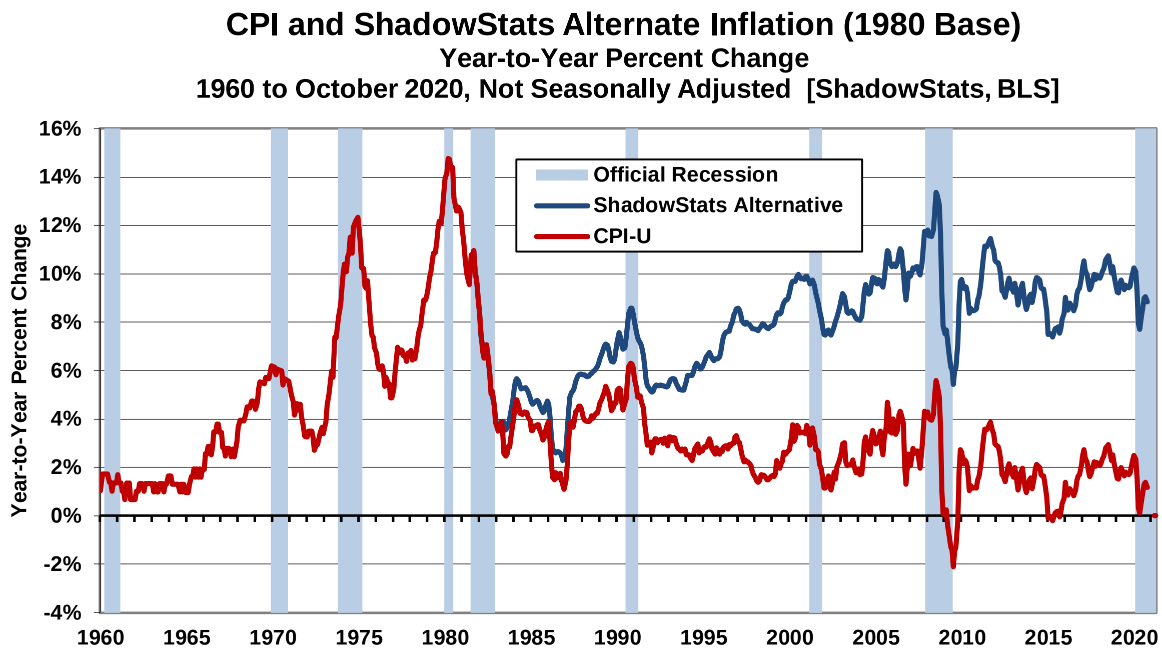
Food-sector inflation gained 0.19% in the month up 3.93% year-to-year, with “Core” inflation (net of Food and Energy) up by 0.01% in the month, 1.63% year-to-year.

The October 2020 ShadowStats Alternate CPI (1980 Base) rose by 8.9% year-to-year, slowing from 9.1% in September and 9.0% in August. The ShadowStats Alternate CPI estimate restates current headline inflation so as to reverse the government’s inflation-reducing gimmicks of recent decades, which were designed specifically to reduce/understate the U.S. government’s annual Cost of Living Adjustment calculations (COLAs). The current headline CPI-U versus ShadowStats estimates are plotted in accompanying ***Graph 17*** on the next page.

More Realistic 2021 COLA of 9.0%. Noted last month, a more-realistic 2021 Social Security Cost of Living Adjustment (COLA) would have been 9.0%, using ShadowStats adjustments, instead of the formal 1.3%, which was based on the headline year-to-year change in the Third-Quarter 2020 CPI-W.

In addition to ***Graph 17*** on the following page, related graphs and accompanying methodology are available on the ***ALTERNATE DATA*** tab of ***www.ShadowStats.com***. Subscriber-only data downloads and an Inflation Calculator also are available there.

Graph 17: Year-to-Year CPI-U versus ShadowsStats Alternate Inflation (1980-Base), 1960 to Date



October 2020 PPI gained 0.3% in the month versus 0.4% in September, and rose 0.5% year-to-year for the second month, despite continuing Oil-Price War suppressed inflation. Published November 13th by Bureau of Labor Statistics (BLS), the Final-Demand Producer Price Index (PPI-FD) showed its second year-to-year monthly gain since March 2020 and negative, early oil-price war impact.

The better-quality "Goods" PPI sub-index gained 0.5% in the month of October, up from 0.4% in September, with energy-depressed annual declines of 1.0% (-1.0%). Food prices jumped by 2.4% in the month, versus 1.2% in September, Energy inflation jumped by 0.8% in the month, having declined by 0.3% (-0.3%) in September, with monthly October "Core" inflation (net of Food and Energy) unchanged at 0.0%, having gained 0.4% in September.

The mal-defined "Services" sub-index prices gained 0.2% in October, down from 0.4% in September, with annual increases of 1.2% in October and 1.1% in September. The October 2020 PPI index for Construction showed annual inflation at a four-year low of 1.2%, down from 1.6% in September, despite soaring material prices and building costs headlined in industry publications.

[Section 5- FOMC and the Money Supply begins on the next page.]

Section 5 - FOMC and the Money Supply

Money Supply Levels at Historic Highs
Annual Growth in October 2020 M1 at a Record 42.2%

Currency in Circulation 15.2% Annual Growth Is Highest Since Y2K Preparations
Federal Reserve Openly Is Attempting to Spike Inflation

Still Moving Towards a Hyperinflationary Economic Collapse

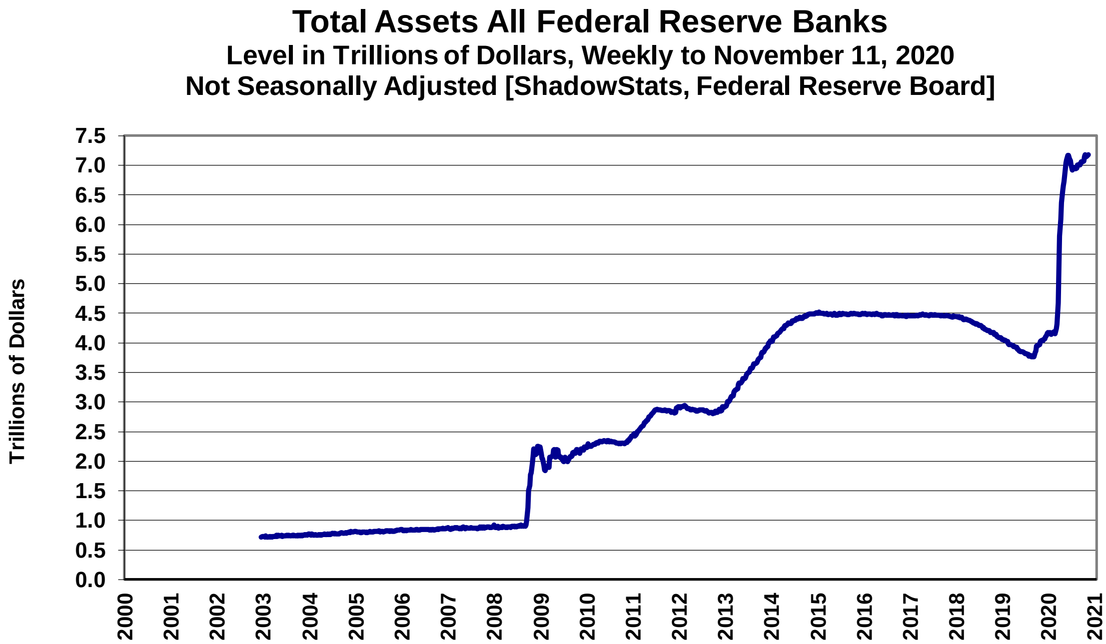
Federal Reserve Policy Remains Extremely Accommodative, Spiking Money Supply Growth and Trying to Spike Headline "Core" Personal Consumption Expenditure Inflation. At his November FOMC Press Conference, Federal Reserve Chairman Jerome Powell reconfirmed that extraordinarily expansive and accommodative monetary policies and Fed Funds targeted at 0.00% to 0.25%, would continue for the duration of the Pandemic-driven economic collapse and until the "new" policy of formally debasing the U.S. dollar at a greater pace shows results. Specifically, the FOMC looks for headline "Core" PCE inflation to move above what had been its formal 2.0% target, for an extended period (see ***Flash Commentary, Issue No. 1449***). An extended analysis of the Fed's "Core" [net of food and energy PCE] and the current an unfolding inflation circumstance follows in pending ***Special Benchmark Commentary, Issue No. 1452***.

Initial Estimates of Full-month October 2020 Money Supply Levels Hit Historic Highs, With Record Annual Growth in M1 and M2, All Signaling Intensifying Inflation Pressures. Updated November 12th/13th by the FRB and ShadowStats, October 2020 dollar levels of key money supply measures hit record highs for M1, M2 and M3. Monthly annual growth in M1 hit an historic peak of 42.2% [preliminary estimate was 41.9%], up from 41.0% in September, with October M2 at a record 24.2% [preliminary estimate 24.1%], up from 24.1% in September. Although the ShadowStats Ongoing Estimate of October M3 softened year-to-year to 22.7% [22.6% preliminary], down from June's record 24.9%, again, the dollar level of M3 also rose to a record high (see the ***ALTERNATE DATA*** on ***www.ShadowStats.com***, for updated related graphs and subscriber-only data downloads).

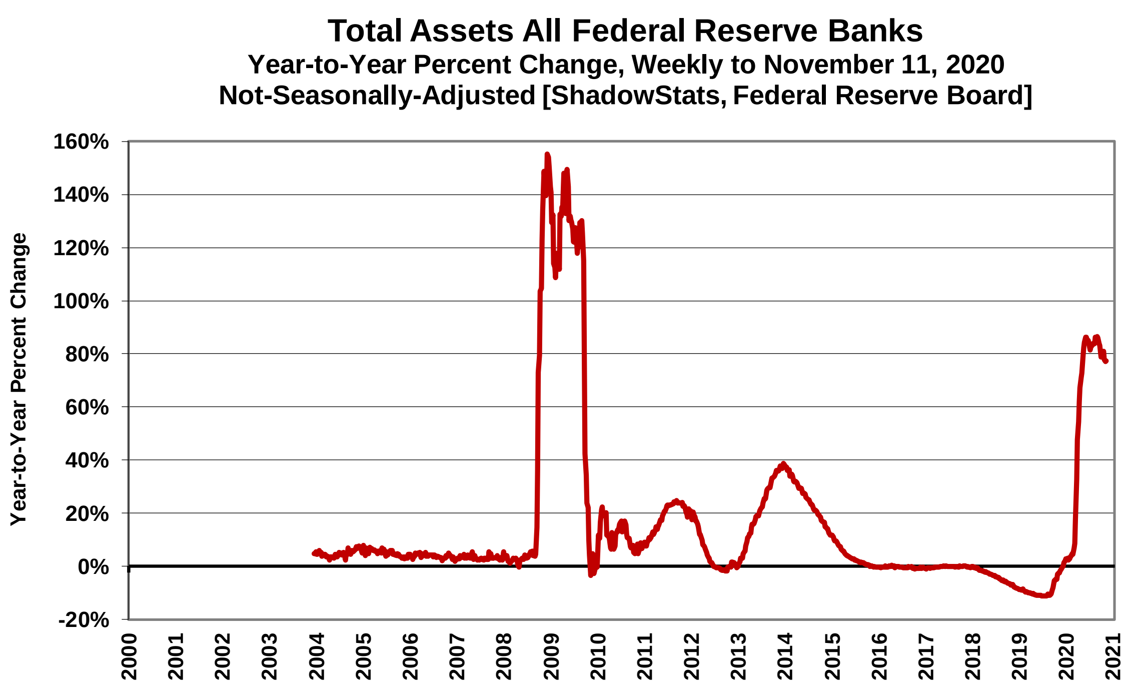
Targeted at boosting headline inflation, annual growth in the FOMC-controlled October 2020 Monetary Base eased back to 51.2% [preliminary 51.0%] from 52.4% in September, off a near-term low of 44.2% in July, having peaked earlier at 58.7% in May 2020, as part of the Fed's initial Pandemic monetary stimulus (see ***Graphs 24*** to ***51***). Separately, unadjusted annual growth in October 2020 Currency in Circulation (part of the Monetary Base) jumped to 15.2%, its highest level since Alan Greenspan's extraordinary Y2K precautionary cash build-up (see ***Graphs 18*** to ***23***).

That said, systemic turmoil is just beginning, with both the Fed and U.S. Government (current and likely future) driving uncontrolled U.S. dollar creation, between unconstrained Money Supply growth and uncontained deficit spending. See extended discussions on the inflation threat and re-accelerating money growth in ***Special Hyperinflation Commentary, Issue No. 1438***, subsequent missives and pending Special ***Benchmark Commentary, Issue No. 1452***.

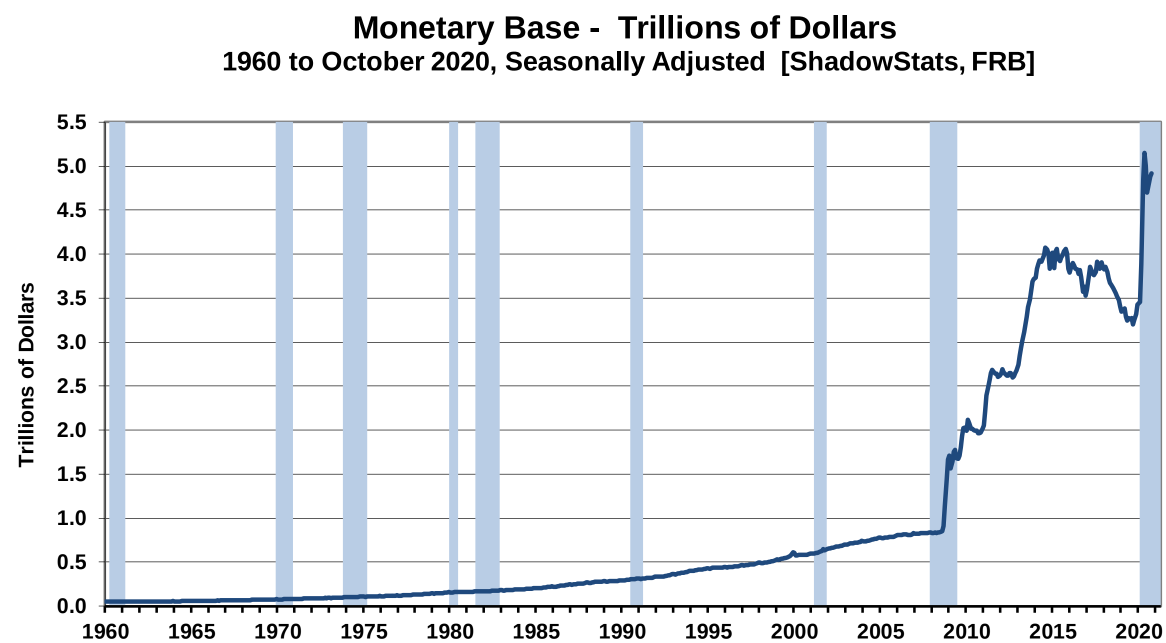
Graph 18: Total Assets All Federal Reserve Banks (2000 to November 11, 2020)



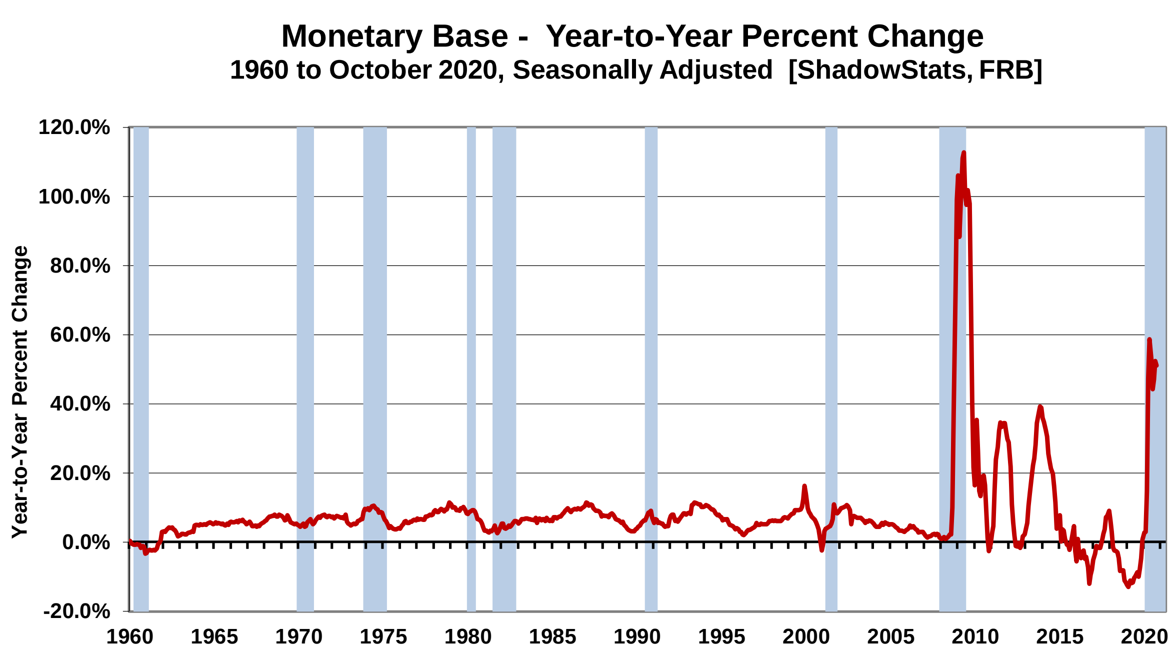
Graph 19: Total Assets All Federal Reserve Banks, Year-to-Year Change (2000 to November 11, 2020)



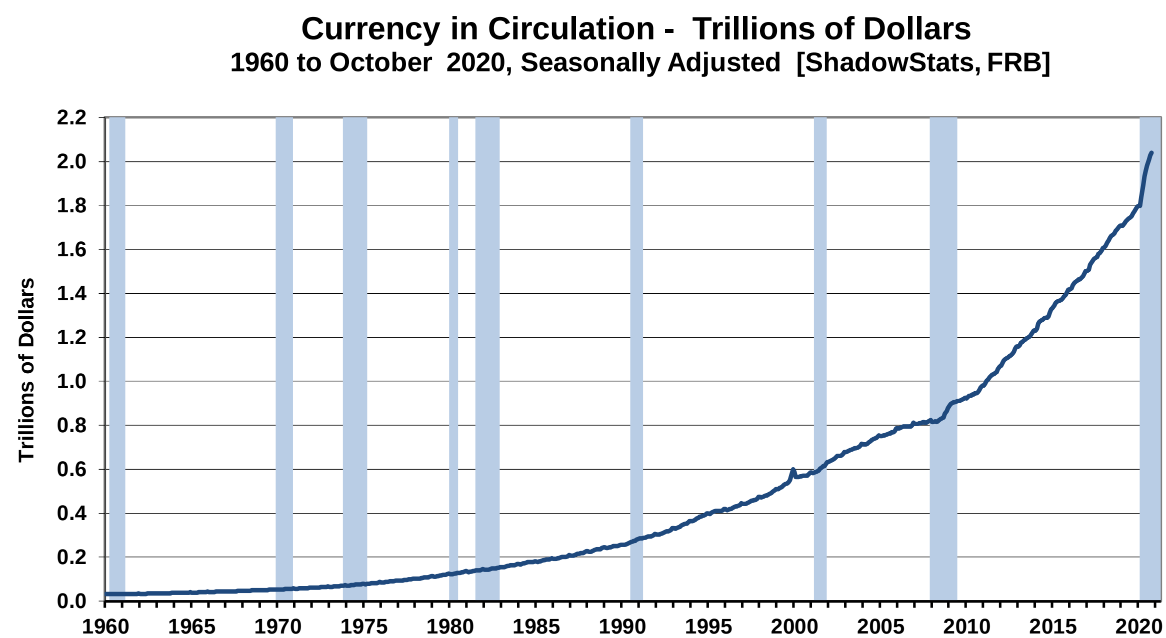
Graph 20: Monthly Monetary Base (1960 to October 2020)



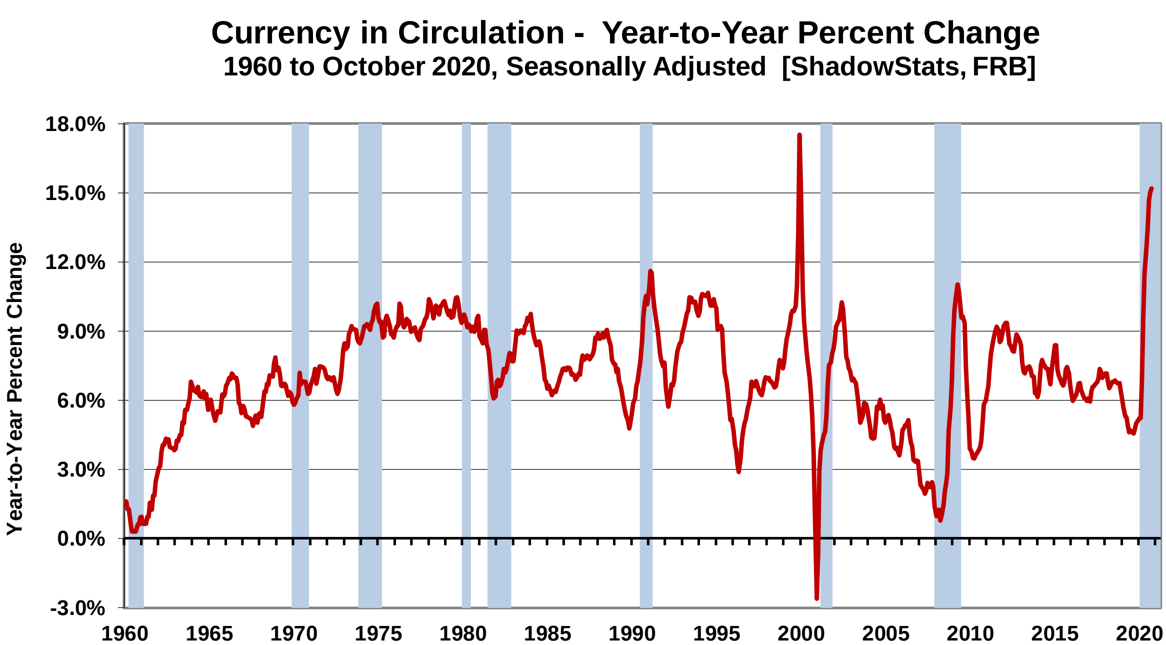
Graph 21: Monetary Base, Year-to-Year Change (1960 to October 2020)



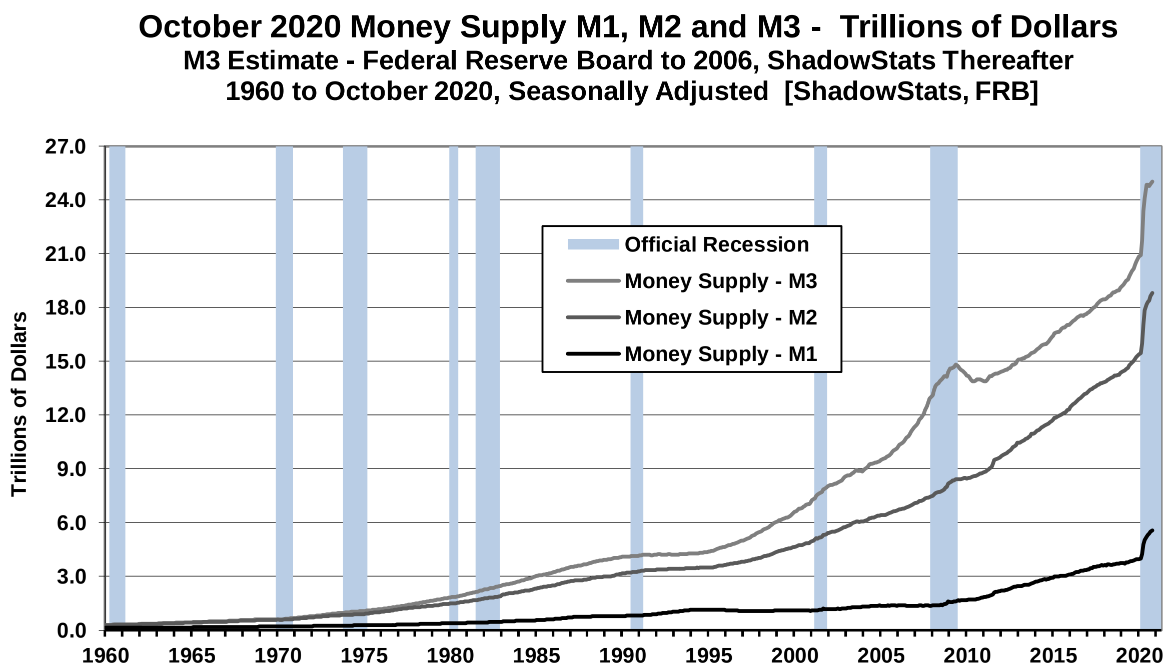
Graph 22: Currency in Circulation, Monthly (1960 to October 2020)



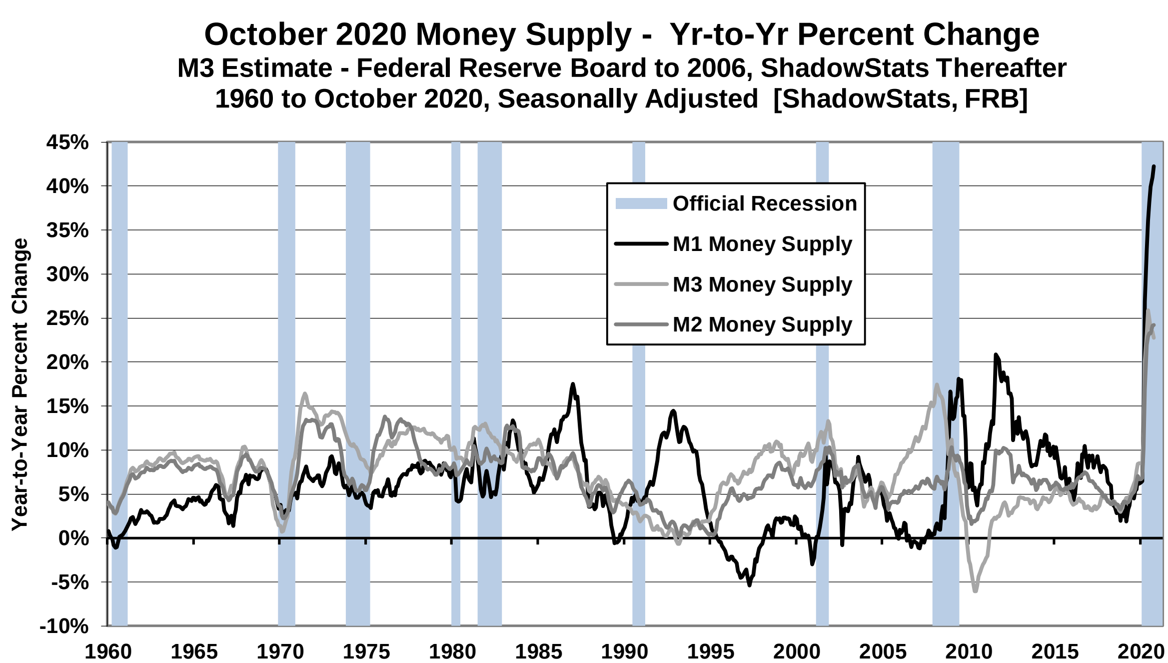
Graph 23: Currency in Circulation, Monthly, Year-to-Year Percent Change (1960 to October 2020)



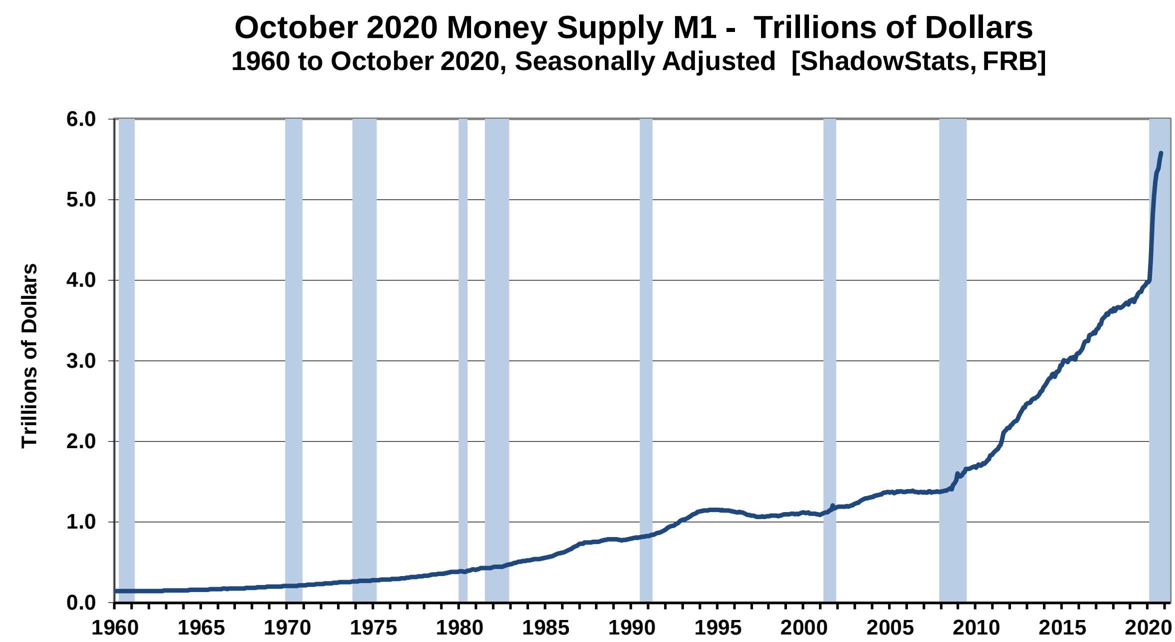
Graph 24: Money Supply M1, M2 and ShadowStats Continuing M3, Trillions of Dollars (1960 to October 2020)



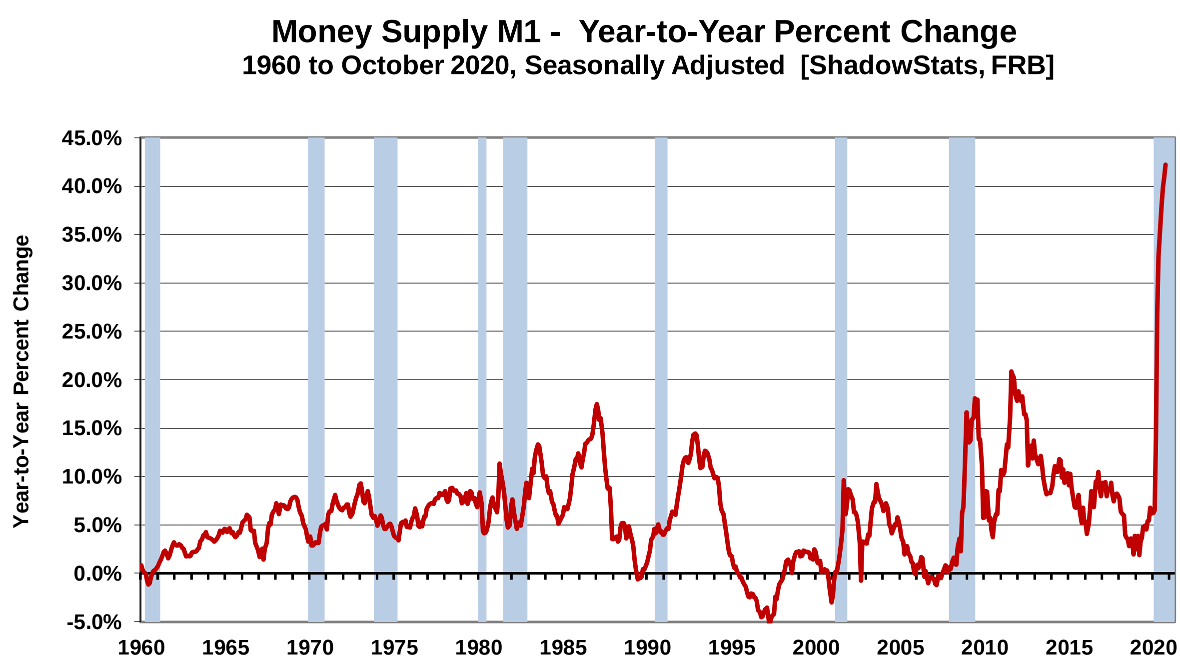
Graph 25: Money Supply M1, M2 and ShadowStats Continuing M3, Monthly Yr-to-Yr Growth (1960 to Oct 2020)



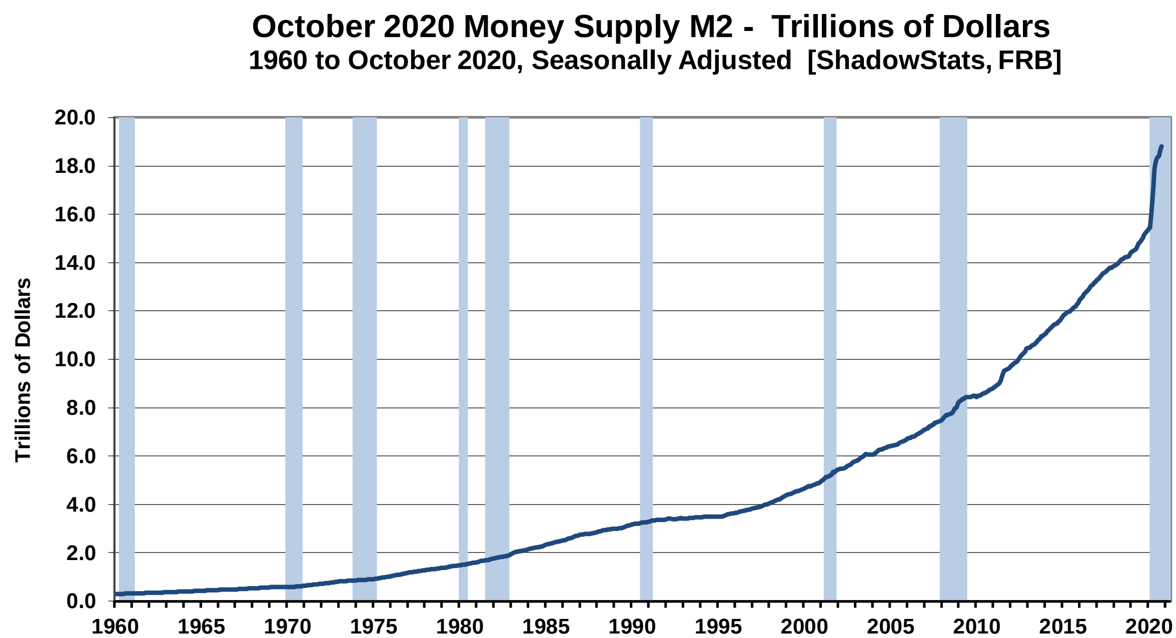
Graph 26: Money Supply M1 (1960 to October 2020)



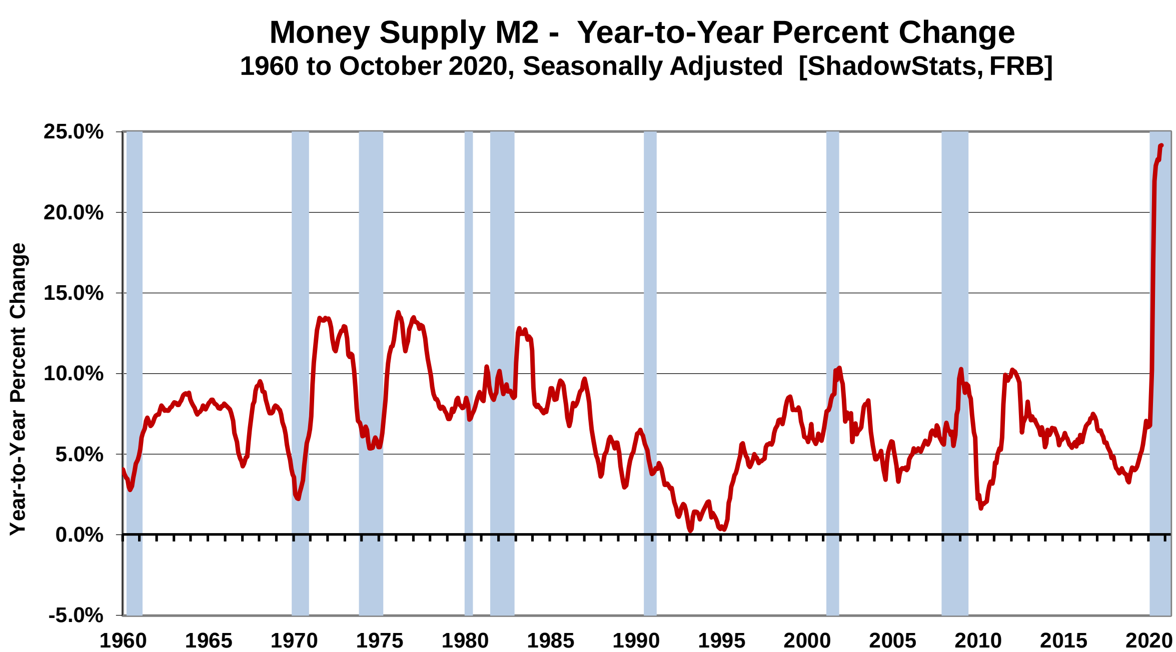
Graph 27: Money Supply M1, Year-to-Year Change (1960 to October 2020)



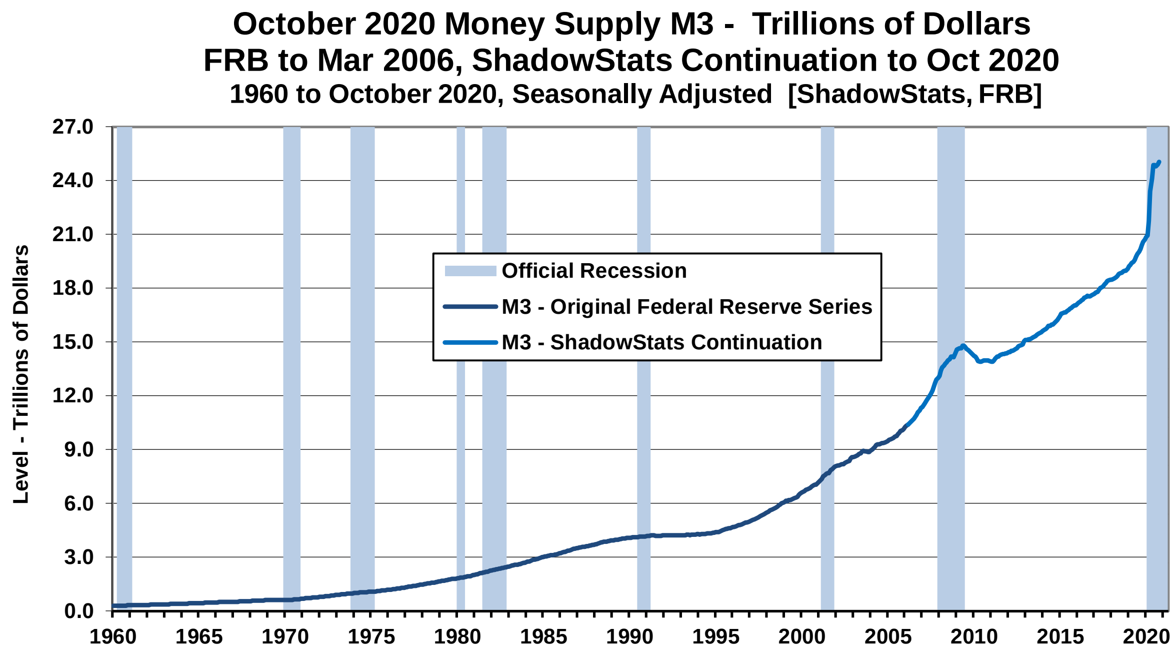
Graph 28: Money Supply M2 (1960 to October 2020)



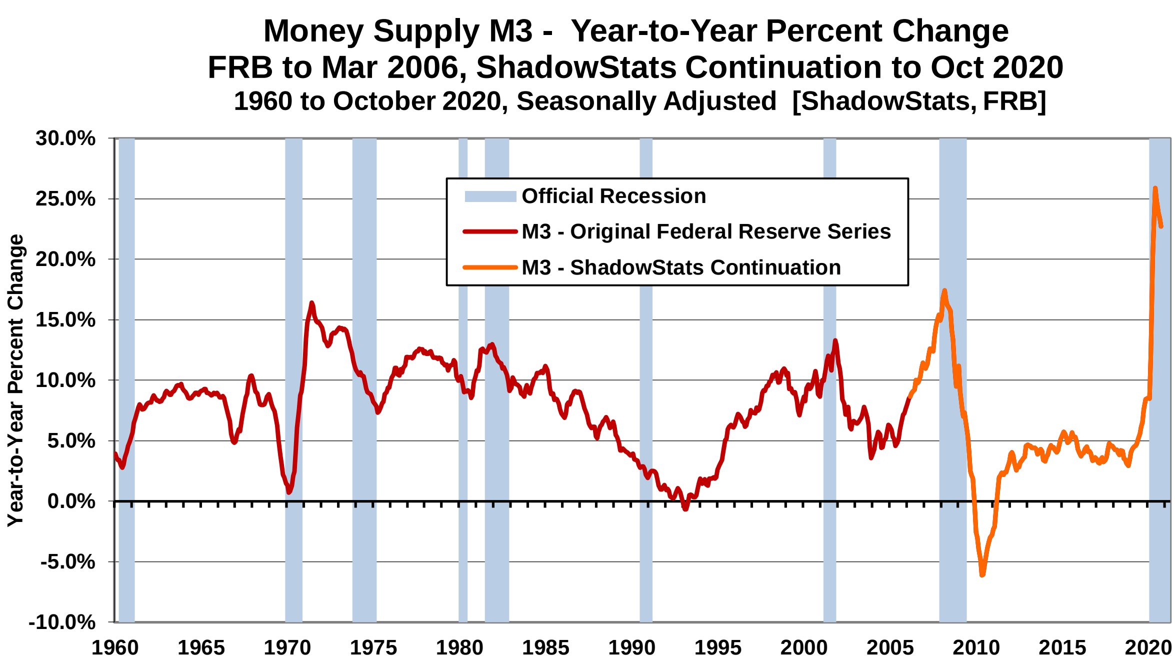
Graph 29: Money Supply M2, Year-to-Year Change (1960 to October 2020)



Graph 30: Money Supply M3 (1960 to October 2020)



Graph 31: Money Supply M3, Year-to-Year Change (1960 to October 2020)



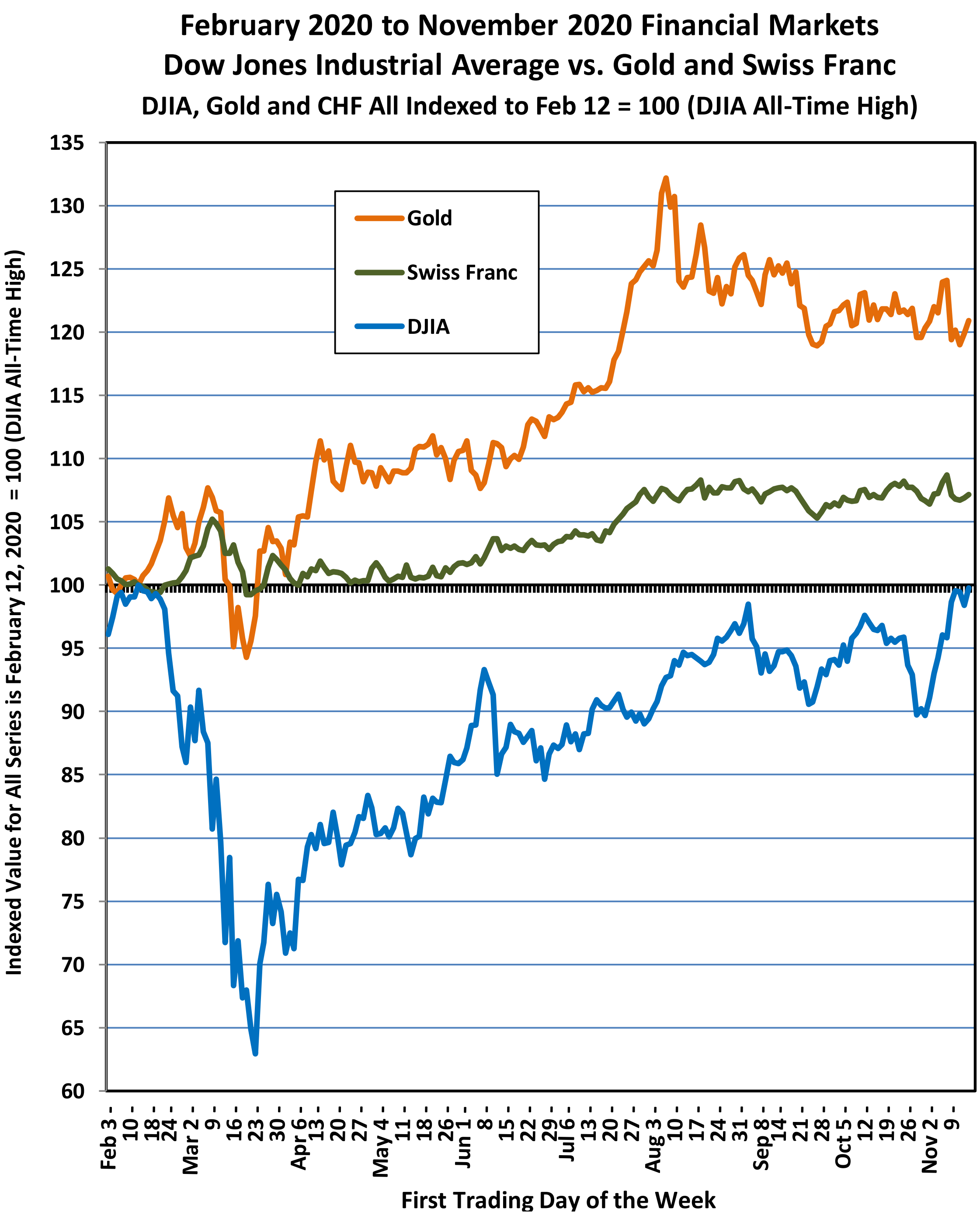
[Financial Market Graphs 32 to 40 begin on the next page.]

Section 6 - Financial Market Graphs Updated to November 13, 2020

COVID-19 Vaccine and Treatment Announcements Rallied Stocks to New Highs

Holding Physical Gold and Swiss Francs
Continues to Protect U.S. Dollar Purchasing Power

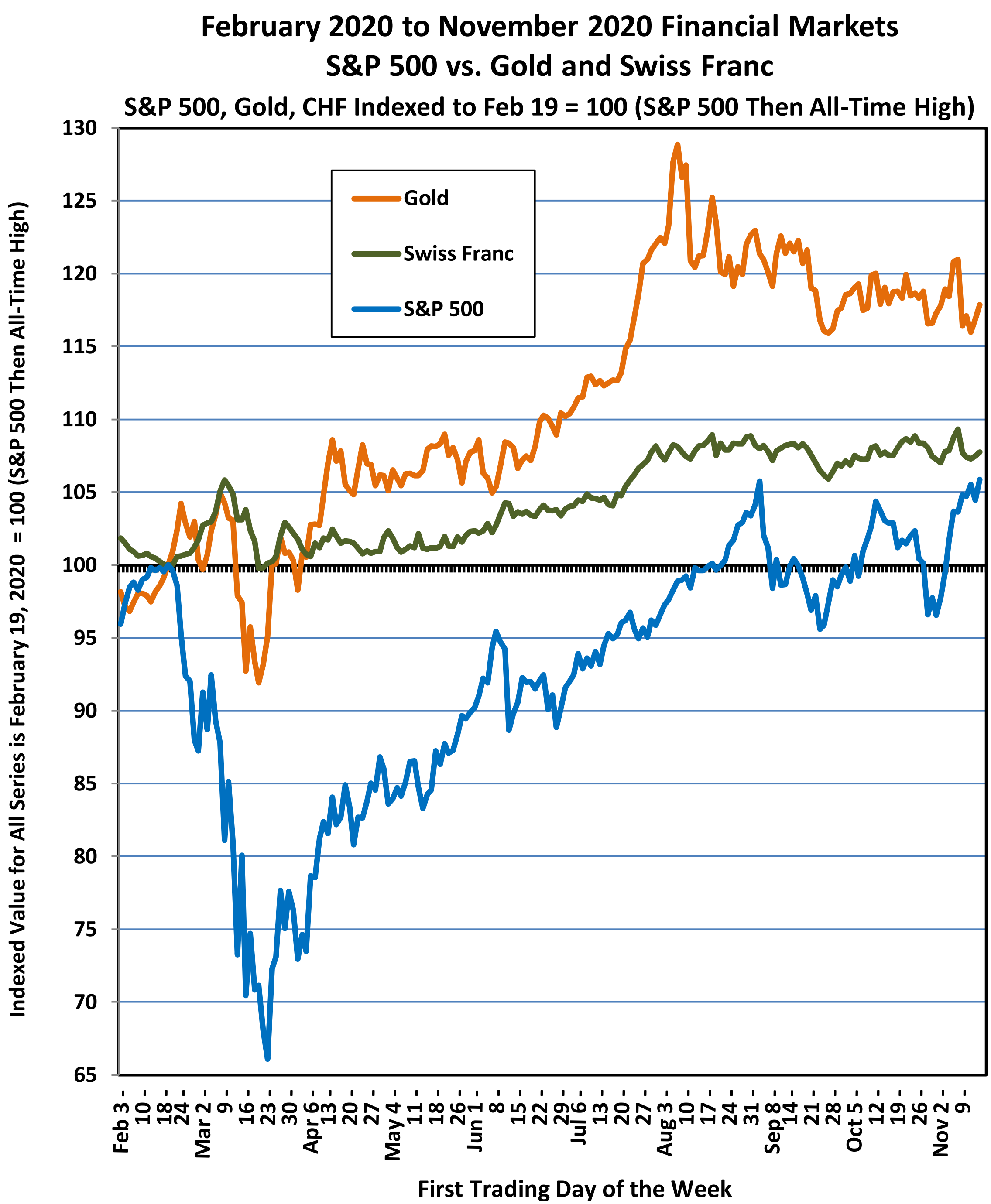
Graph 32: February 3 to November 13, 2020 Daily Financial Markets (Dow Jones Industrial Average)



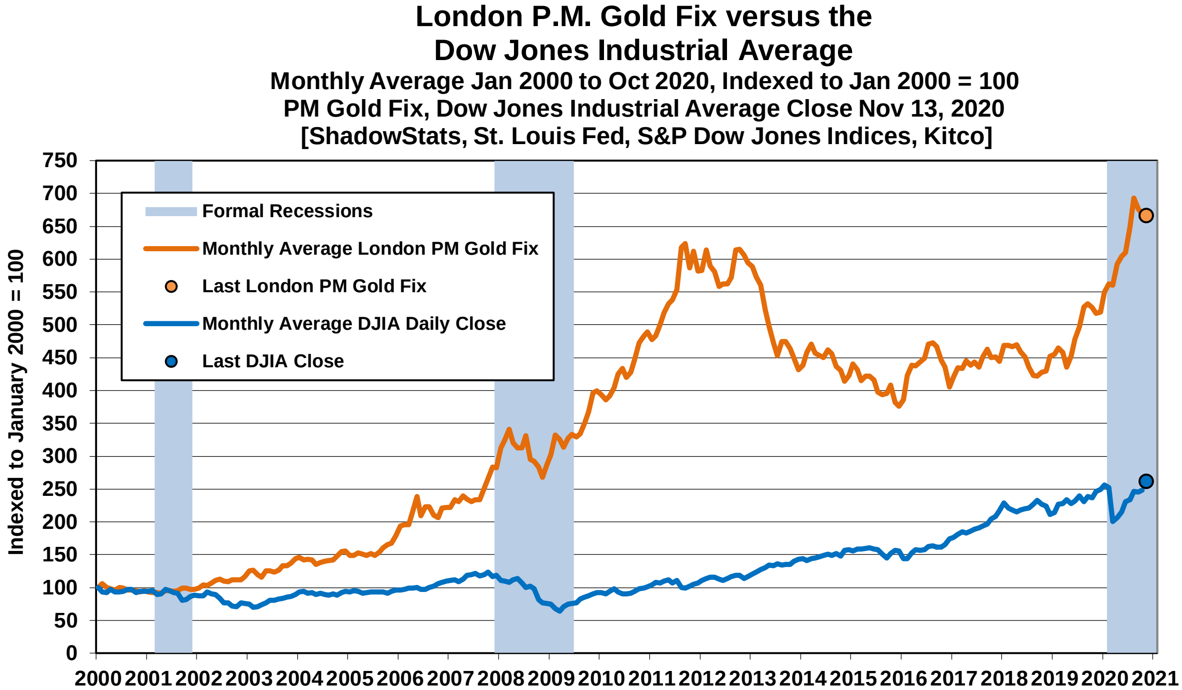
DJIA and S&P 500 Surge to New Peak Levels

Discussed in today's ***OPENING COMMENTS***, early returns from the U.S. elections helped to tank the U.S. dollar and to rally Gold and Silver Prices coming into November 7th. Subsequent announcements on pending COVID-19 vaccines and treatments rallied the Dow Jones Industrial Average (DJIA) to just shy of its pre-Pandemic record high, and the S&P 500 to an all-time high, as reflected here in ***Graphs 32*** and ***33***. Where the DJIA and S&P 500 pre-Pandemic peaks were a week apart, indexing of the pre-Pandemic peak close, and same-day Gold and Swiss Franc levels all to 100, varies slightly between the graphs.

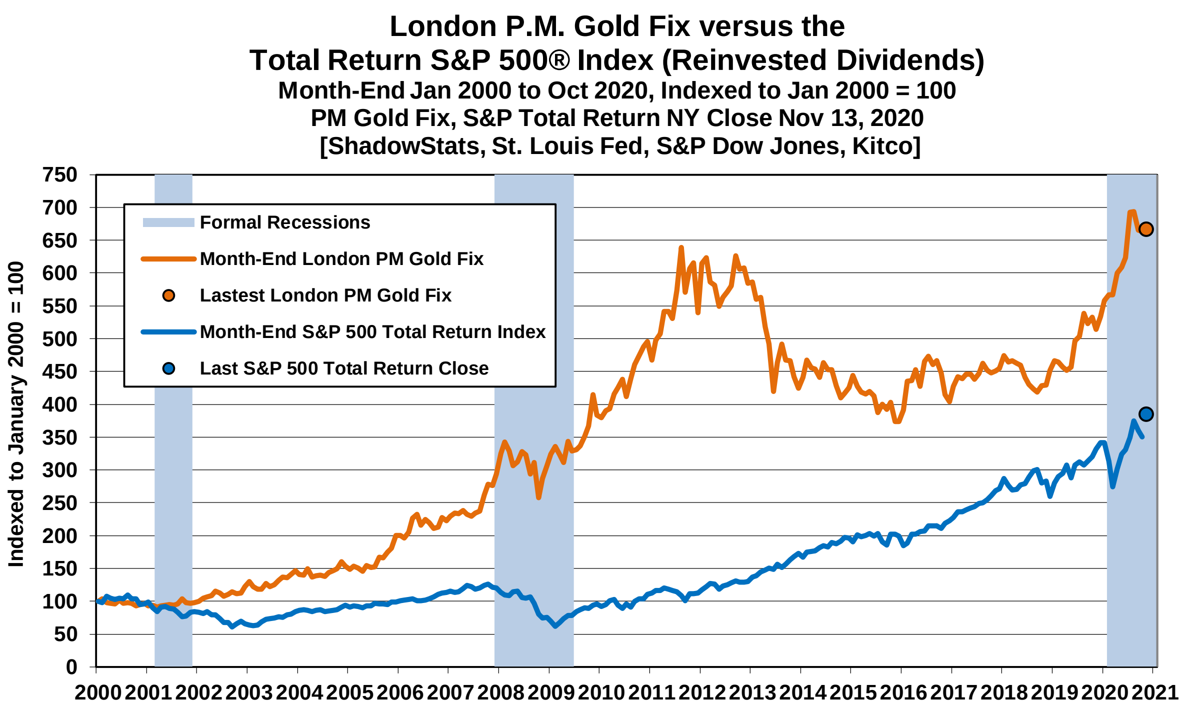
Graph 33: February 3 to November 13, 2020 Daily Financial Markets (S&P 500)



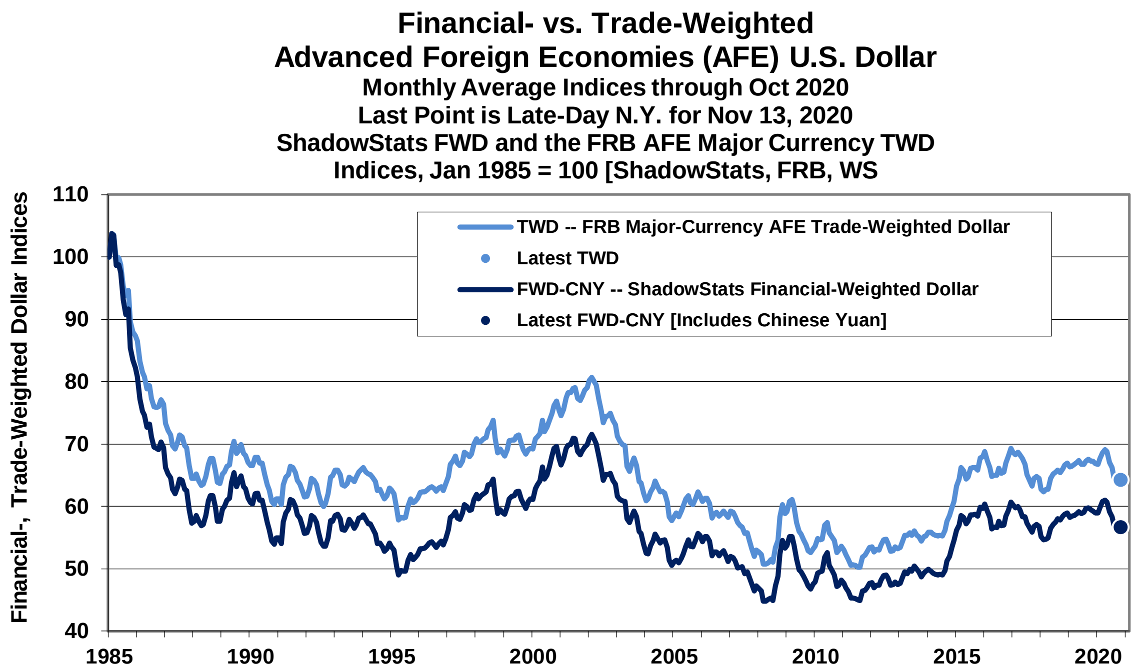
Graph 34: Dow Jones Industrial Average versus Gold (Monthly Average and Latest)



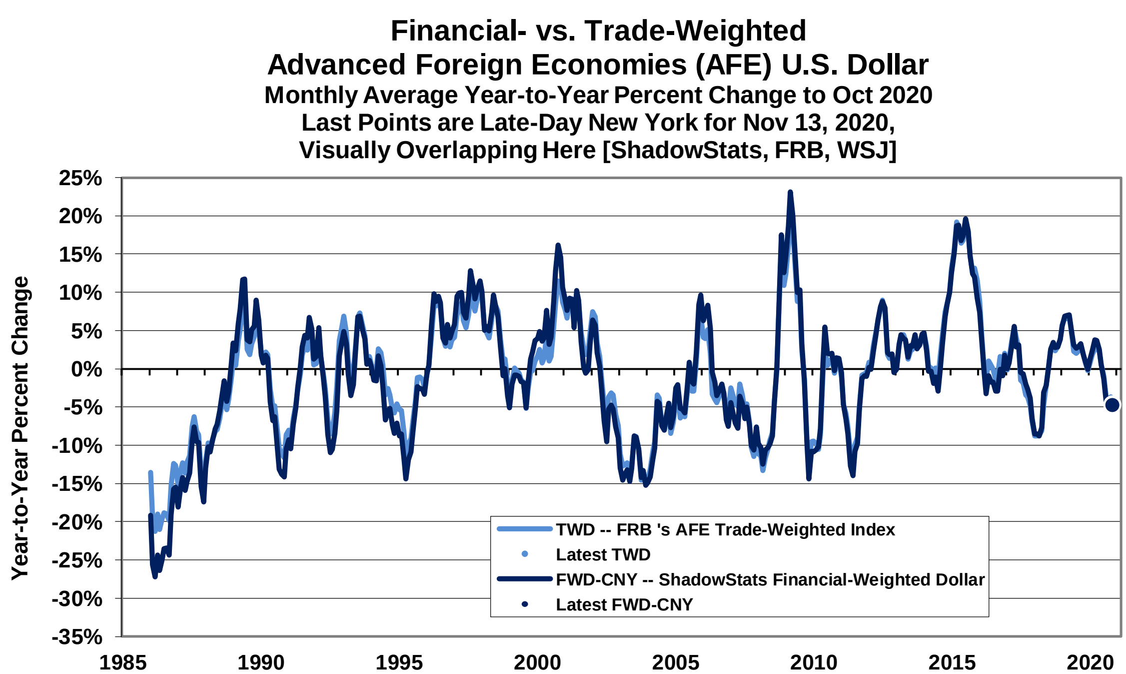
Graph 35: Total Return S&P 500® versus Gold (Month-End and Latest)



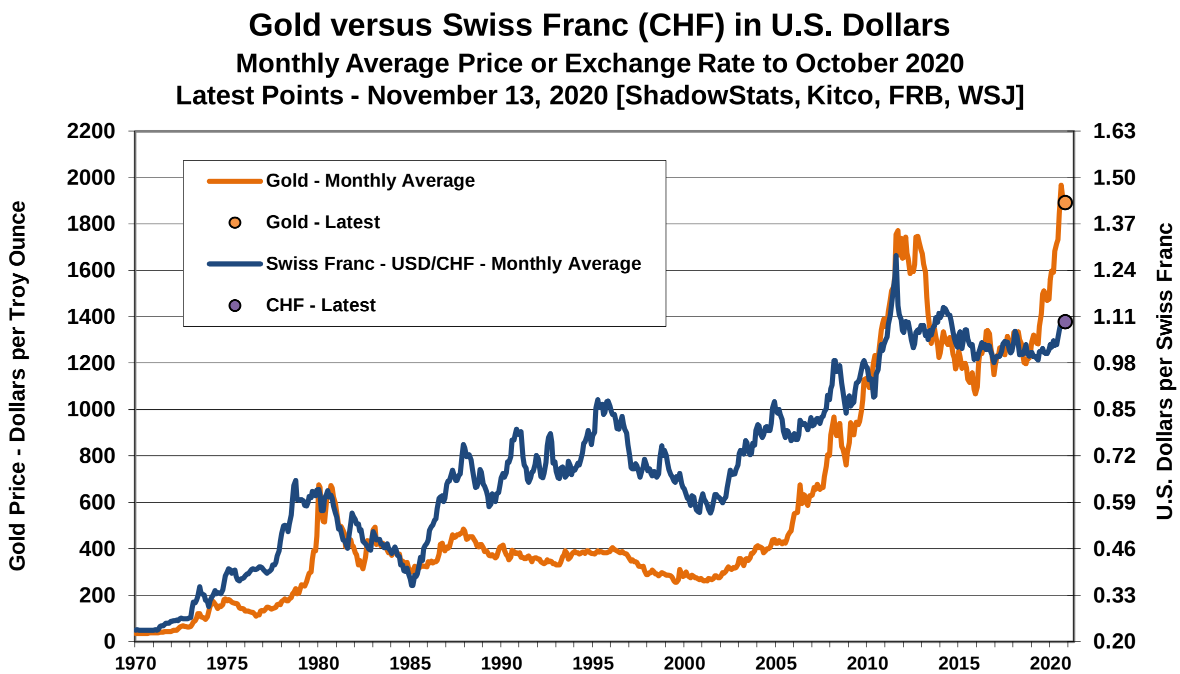
Graph 36: U.S. Financial- vs. Trade-Weighted U.S. Dollar



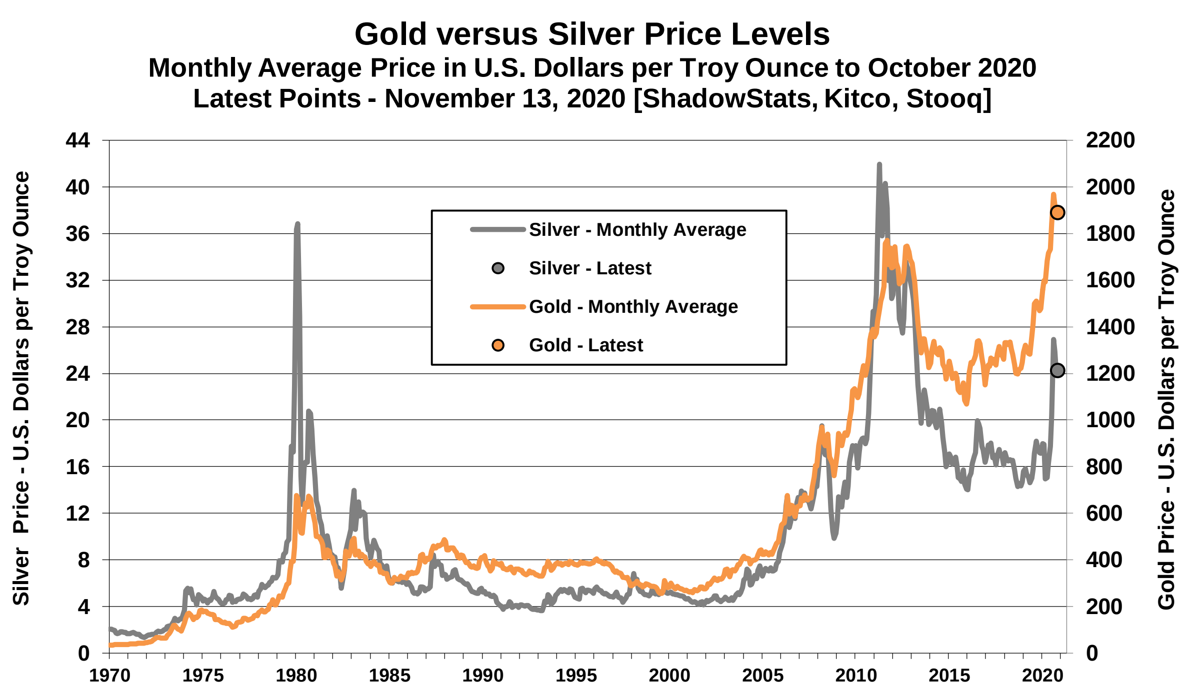
Graph 37: U.S. Financial- vs. Trade-Weighted U.S. Dollar, Year-to-Year Change



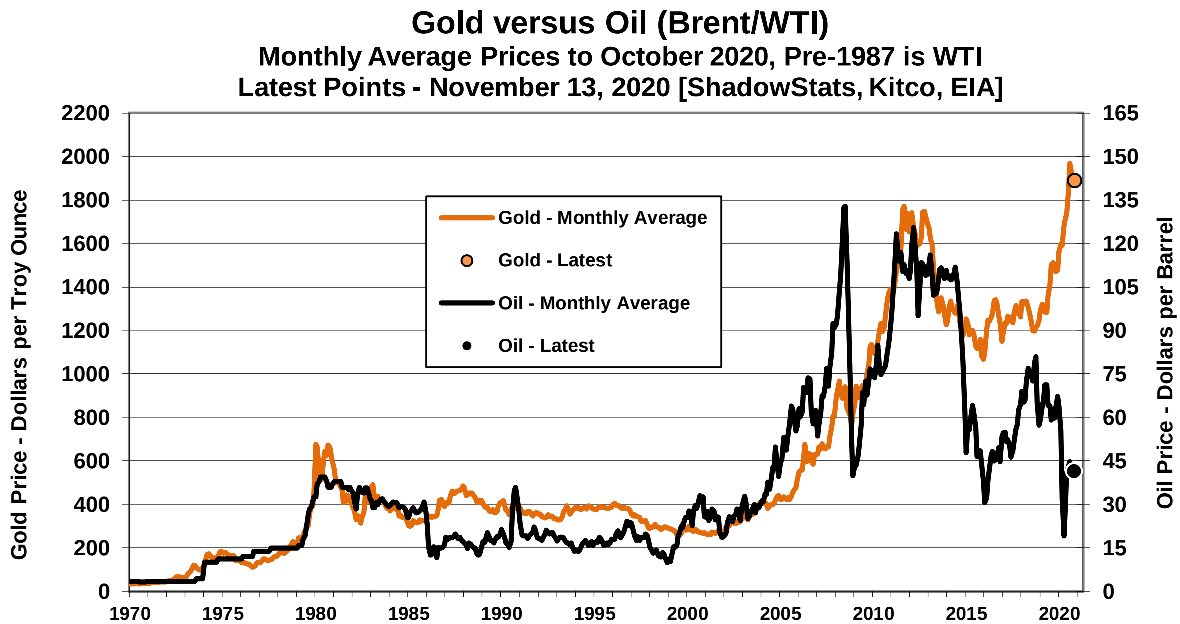
Graph 38: Gold versus Swiss Franc



Graph 39: Gold versus Silver



Graph 40: Gold versus Oil



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