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The Discontinuity

dreizinreport

15-19 minutes

This post is NOT about the ruble, it is about the old “rules” falling apart, which will affect YOU.

The headline picture shows how the ruble did yesterday, Friday, July 22nd. It dropped a bit against the dollar, but not much. A few percent move in a day is not consequential for a “developing country” currency. In principle, it should have dropped as much as 15 percent. Why?

Early (local time) on Friday, Russia’s central bank cut its main rate by 1.5 percent to 8 percent. This is down from 12 percent before “the invasion.” The governing board of Russia’s central bank is trying to weaken the ruble; so far, they have been unsuccessful. They need it at around 70 to the dollar.

This is a discontinuity—The ruble *should* fall, but doesn’t.

Uncle Sam doesn’t know what to do. All the old expectations about sanctioning a country, didn’t pan out.

Yes, there are still capital controls in Russia. But, the biggest capital controls are the ones **ON** Russia—the country is so sanctioned, rich people can’t convert and get their money out to the usual destinations. Even when it’s not illegal, U.S. and European banks don’t want to associate with Russians.

And yet, the ruble is still a free-floating currency, subject to

supply and demand. And the demand is now linked firmly to the European natural gas market, first and foremost.

I wrote on this blog (may have mentioned in one of my early videos as well) that with “gas for rubles”, the ruble could strengthen from the 70’s to the 50’s per dollar, and that’s what happened, shortly after.

Literally no one, NOT ONE PERSON in the finance or energy-related or “alt” media, called it. Somehow, an unknown blogging putz named Dreizin, at least let you know it **could** happen.

(I was also the only person anywhere on Earth, **that I know of**—I don’t know what is said in confession boxes, or on fishing trips with your friends, etc.—who said, firmly and unequivocally, before “the invasion”, that the USA couldn’t hope to win a sanctions war against Russia at the given stage of the commodities cycle.)

Now, Russia’s doing so well that it can keep lowering its interest rate, to a level that **precedes** “the invasion”, and the currency is still golden. Amazing.

There’s other strangeness afoot. The U.S. economy is clearly tanking, very likely in recession already. Per a press release from one of the econometrics heavyweights, S&P Global Inc.,
.....

.....the *“Flash US PMI Composite Output Index registered 47.5 in July, down notably from 52.3 in June to signal a solid contraction in private sector output. The rate of decline was the sharpest since the initial stages of the pandemic in May 2020...”*

Below 50 on this index is “contraction” territory. Typically, on any “50 is neutral / no change” index, anything below about 48.0

indicates a real, “for sure” downturn, not an “outlier” reading.

We’ve had many bad economic signs recently, and bad signs normally bring down the price of crude oil, sharply. However, Texas crude is still well into the \$90’s per barrel. As a consequence of energy being much tighter in Europe, North Sea crude is well over \$100 and Abu Dhabi is over \$105.

As of now, there is a \$10.70 gap between near-month futures contracts for Texas vs. Abu Dhabi. I haven’t been tracking crude oil prices closely for very long, but the large spread seems highly unusual.

Per the “rules”, oil should have come down much more, across the board. This is a discontinuity. It seems we are seeing a secular (in the sense of “long-term”) change in the energy markets. I don’t see another crash (or a renewed pann-de-mmyk) in the U.S., changing this at all—there will be NO relief.

The way things are going, everyone expects “the Fed” to back off and stop fighting inflation (per my videos, I also called this before it dawned on “mainstream analysts” in just the last month.)

Of course, the Fed will oblige **because the Fed does NOT act independently, rather, at least since the 2000s and probably the 1990s or even since Chairman Volcker, perhaps to maintain its “credibility”, it ALWAYS does exactly what “the market” (the sum total of all gambler opinions) EXPECTS it do do.**

(Keep in mind, this is not the U.S. Supreme Court. They don’t expect to die in their Fed Board chairs. Most of them have to, or want to, go on to other work, at least for ego if not money reasons. They have to go along with what the mob wants. If it

leads to disaster, they can say, “who could have known?” After all, no one in the “mainstream” ever really blamed or held a grudge against Greenspan, who presided over the formation of the last housing bubble—he was only the enabler, fulfilling an order from politicians, the financial press, home buyers, and the investing public. Everyone figured he was a genius, and hey, the big boys got bailed out, and Bernanke reinflated everyone’s 401K’s eventually, so who cares?)

What this means is that inflation will just keep rising, even as we go into recession. This trend puts a floor under energy prices (and vice versa), no matter how poorly the economy does.

This is “stagflation.” America’s prior experience with stagflation lasted (on and off, more than on than off) for 8 or 9 years. Of course, debt (government, corporate, and household) was nothing like it is today.

During the last go-round, the USSR was, despite worsening economic inefficiency and a stagnating living standard, growing massively wealthier due to oil, gas, gold, etc. prices going through the roof.

This was the period during which the USSR began construction of a long-range navy to challenge that of the U.S., as well as its own space shuttle and strategic air “heavy lift” capability.

(It was also a time at which America’s perception of itself, and even much more so, America’s standing in the world, were both deep in the gutter.)

History rhymes! Sorry, we are NOT going back to cheap energy anytime soon. Such trends, once started, don’t turn on a dime.

Between radical monetary inflation since 2020; the sanctions wars on Russia, Iran, and Venezuela, as well as the Democrats' bizzare falling out with Saudi Arabia and the UAE; the Democrat regime's crazy war on "fossil fuels", and NO MAJOR OIL FIELDS having been brought "online" for many years..... **the stage is set for high prices for many years.**

This implies a power shift from the consuming and increasingly parasitic (ex Germany, Japan, Korea, and Taiwan) "golden billion", to the resource-producing countries. (Of course, it's more complicated because the last time this happened, China was not on the map, economically.)

The last time this happened, the USA was NOT deindustrialized. Today, the major U.S. exports (in addition to debt, and of course weapons) are, drumroll please.....

.....smartphone apps; preposterously marked-up iPhones all made in Asia; the Microsoft suite and licenses for Oracle, Adobe, and such; Hollywood movies and awful pop music; drug patent rights and various "brand equities" getting licensed out for global production.....

.....and LNG (ridiculously expensive and inefficient, a real "planet killer") and raw foodstuffs, the latter increasingly relying on foreign inputs including fuel and fertilizer.

Mostly, the USA imports things it no longer makes and can't do without, and exports bullsh*t. The USA has maintained (sort of) its living standard through (besides exporting its limitless debt) INTELLECTUAL RENTIER PARASITISM, and people have gotten used to the idea that "*this is how things are, ought to be, and will be.*"

Wrong, motherf*ckers! Welcome to the Discontinuity. If

you've noticed, unlike many commenters on this site (not all, don't get upset now), I do NOT engage in Russia/China messianism. I look at things objectively, which is why I'm so often right.

And I say that the bill is finally coming due. It will be felt, to one extent or another, by almost every U.S. citizen, other than the ultra-rich.

As I wrote before (with an eye to the dumb@\$\$e\$ in Congress), if you call for the destruction of Carthage, first make sure it's not YOU who is living in Carthage.



The Discontinuity Will Bring Megadeath

As I've written, I think Russia gets through the coming Pann-de-mmykk of the Vakk-synn-ay-tted much better than the U.S. and its hegemonic bloc.....

.....If for no other reason than the ko-rona already raged through Russia to such an extent—killing, officially and unofficially, about one million in a country of 146 million, or over twice the USA's body count relative to population—that most Russians likely have strong natural immunity already.....

.....whether or not they got vakkxed (not to mention, the Russian shawt seems to be less problematic, and very few Russians are booss-ttyng.)

As I've said many times, the USA will be on the floor sometime between now and early spring. I think it will be so bad, and will discredit the Feds and the national political establishment to such an extent.....

.....and will move the political balance so far away from big cities and the blue states (where the death toll will be much greater), and will break the currency with another “rescue” package on top of the last one that we never recovered from.....

.....that it will lead to a decentralization of political (and perhaps even monetary) authority away from Washington. (This is the only solution, otherwise the country will come apart.)

The same problems in Europe will bring down governments, lead to civil chaos, and essentially wreck U.S. hegemony over the continent, as the U.S. faces its own problems, and each European state looks to make a separate deal for Russian gas.

Certain trendy folks talk about some “Singularity” bullsh*t, like we're going to leave our bodies and go live forever on Amazon Cloud Services, or, computers become as smart as people, or whatever “the singularity” is supposed to be (it depends who you talk to.) Uh, no.

How about, instead of the “Singularity”, we have the “Discontinuity”, where everything you think you know and expect about the world and your country and its economy and your prospects in it..... **gets turned upside down, and for the worse.**

Now, Regarding Depopulation...

I do think we'll have "some" depopulation here in the USA. The first wave will be the Pann-dde-mmykk of the Vakk-synn-ay-ted, which will probably take out several million outright, and seriously debilitate many times that number. Then, I think there will be a second wave arising from hyperinflation and general disorder.

It will be similar to what Russia experienced after 1991. There will be a social semi-collapse and a retreat of the state. A lot of indigent old people, sick people, and (in the American version) motorized wheelchair "landwhale" types, will die.....

.....as the state won't be there for them anymore, and/or their benefits checks won't be worth anything, not to mention that the Pann-dde-mmykk will have largely collapsed the medical system.

*(Fact is, this is a **VAST "SURPLUS" POPULATION** that the USA will, sadly, **not** be able to sustain under the scaled-down monetary system that will replace this bloated one, after all the inflation is over with, however long it takes to get there. The situation will be similar to Rome after the Vandal sack of 435AD, when the city remained "great" but, after doing so for up to 500 years, was no longer able to feed its large population of unemployed or underemployed plebeian drifter-grifters. Of course, as in nature, "getting rid" of any surplus population leads to a greater degree of **SUSTAINABILITY**. Yes, the "S" word. We'll learn what it **really** means, soon enough. **Welcome to Discontinuity.**)*

Many others will be murdered, or will kill or drink/drug themselves to death. Many "blue" city cores will be no-go zones, fit only for armed humanitarian convoys into "the projects" (if

anyone cares to organize such).....

.....a scene depicted in “*The War in 2020*” (1991) by the novelist Ralph Peters, who, incidentally, as a military intelligence officer, was a Russian language-trained, moderately Russophile realist.....

.....before losing his mind in support of the Iraq war, then becoming a very angry anti-Trumper and Russia-hating, neocon-aligned, TV talking head (quite a journey!) before falling off the map altogether since about 2019..

I think when some of the original “prophets” more or less give up on their predictions (or at least, lose their way), that’s when you know something’s going down.

Totally Random, But A Sign of the Times

Below is a short video of a captured, U.S.-built “Humvee”, sporting what seems to be a “homemade” protective enclosure on its turret, as well as flags of the Russian Federation and Chechen Republic.

Ridiculous Spelling Policy

As usual, if you wish to comment on the ko-rona aspect, please use more-or-less my usual idiotic spellings of key terms (e.g. ko-rona, vy-rus, vary-ants, vakk-seen, vakk-seenz, vakk-syn-ay-tted, vakk-syn-ay-shun, booss-tter shawt, imm-yoo-ni-ttee, pann-de-mmyk, etc.) or your comment will NOT be approved, as it will be a risk to the existence of this site on its given platform. Feel free to come up with your own moronic va-ree-ay-shunz. Thank you!

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