F3 ADVISORS
(740) 990-0333

January 27, 2026

Dear Investor,

Everyone likes FREE MONEY. **

Free money to be seems available in the silver market via ‘Arbitrage’: Buy it in the US for $108 on COMEX then sell to Shanghai for $127, $19 profit! Of course, risk exists between settlement of the buy and sell, (contract failure, transaction cost, handling, etc.), but for players set up to transact on both exchanges, that margin is HUGE. It is there for EXACTLY reasons we have written about for two decades, including last quarter when we even converted the ‘paper’ gains in stock/bond markets to what the returns would be measured in gold. (‘Gains’ measured in fiat paper dollars were substantial ***losses*** measured in gold.) The world is waking up to the vast fraud embedded in ‘markets’ built by central banks, the Wall Street crime syndicate and their purchased regulators and politicians. We call this fraud. Many more investors now understand:


The Kobeissi Letter @KobeissiLetter · 6h
Current situation:

1. Stocks = Record high
2. Gold = Record high
3. Silver = Record high
4. Home Prices = Record high
5. Copper = Record high
6. Platinum = Record high
7. Money Market Funds = Record high
8. US Debt = Record high
9. Deficit Spending = Record high
10. Household Debt = Record high

When everything hits a record high at the same exact time, it's not a coincidence.

Fiat currencies are depreciating.

440 1.8K 9.8K 1.2M

The metals we buy in client investment accounts are securitized paper claims on physical metal. The same ‘fractional reserve’ formula (con) the parasitic central banks foist on the US ‘Federal Reserve’ banking system dollars has also been applied to gold and silver. As investors demand their metals be physically delivered, ‘fractional’ systemic fraud is exposed. Trump’s ‘Golden Age’ blather is hopefully about freeing us from (counterfeit) paper money systems and returning to gold and silver backing. Effective Jan 14th, Section 232 of the Trade Act put a *floor* under metals prices (encouraging mining/manufacturing again, re-industrializing the US), so perhaps …

When the curtain closed on 2025, the S&P 500 was up 16%+, the Nasdaq up 20%+, and Mid-Cap stocks up 6%. Strength arrived internationally with developed country stocks up 27%+ and emerging markets up 31%. But the race was won, far and away, by gold which rose 64%. Per the X post, above: ALL Fiat Currencies are Depreciating. US Yields are *rising* while Japan’s yields explode as Japan’s unsustainable debt and money printing come undone.

View mainstream media TV and websites skeptically as false news narratives distort the things that matter: Venezuela, Iran, Greenland, NATO, Russia, Ukraine, Japan, vast fraud in the states, etc. all *truly* relate to our troubled fiat monetary system which perhaps nears a tipping point. Our ‘Fourth Turning’ may be arriving as fiat-funded-fraud is exposed. Call us if we can help with strategy and allocations!

Best Regards,

Mike Sullivan

Detail:

Trump's Treasury Secretary Scott Bessent has continued Yellen's reckless debt-financed spending and boosted it further in the quest for AI supremacy. Debt-based dollars continue to flood into markets, thus also into corporate revenues which care little whether debt-dollars come from fraud, business innovation or global power plays. Q4 returns were largely positive:

INDEX	Description	**Q4**	**YTD**
Standard & Poor's 500	US Based Large Stocks (500)	**2.3%**	**16.4%**
Dow Jones Industrials	US Based Large Stocks (30)	**3.6%**	**13.0%**
Nasdaq 100	US Based Large Stocks	**2.6%**	**20.2%**
Standard & Poor's 400	US Based Mid-Cap Stocks (400)	**1.3%**	**5.9%**
Russell 2000	US Based Small-Cap Stocks (2000)	**1.9%**	**11.3%**
Dow Jones Transports	US Based Transportation Stocks	**2.9%**	**9.2%**
Dow Jones Utilities	US Based Utility Stocks	**-1.9%**	**8.7%**
EAFE International Index	International Large Cap	**2.8%**	**27.1%**
MSCI Emerging Markets	Diversified Emerging Markets	**2.5%**	**30.8%**
Commodities	Bloomberg Commodity Index	**4.8%**	**11.1%**
60/40 Index (S&P/Bond)	Traditional Blended Index	**1.4%**	**11.4%**
Gold	Gold (***return in USD %***)	**11.5%**	**63.7%**

Sources: *Bloomberg, vanguard.com, yahoo.com*

As we illustrated in Q3's two-part letter, the above returns are priced in US dollars. If we price them in history's preferred money, gold, they are ***all red negative numbers***.

Let's review 2025. Again, these numbers are all measured in our depreciating US dollars. 2025 was won by international stocks (as the US dollar lost heavy value) with emerging markets rising over 30% and Europe gaining 27% (utterly laughable as Europe is in complete shambles). At home, strength was in Tech of course, but small companies joined the party after Q2. Transportation stocks rose signifying some hope in future economic activity. In short, measured in paper currencies (being printed everywhere across the globe), almost everything went up. If we measure them in gold … they're all down … substantially.

Government data is still polluted and partial due to the Q4 shutdown, but here is what has been reported recently. Markets will 'play' released numbers, whether they're real or not:

- The latest Price/Earnings ratio for the S&P 500 remains elevated at **25.2 as of Q4 end,** holding that historically high **25** rating … still very, very stretched. Earnings estimates continue to rise however, supportive of stock market strength.
  - AI earnings are highly questionable at this point due to circular financing,
  - Market recognition of fake earnings in AI would likely pull markets down, but
  - National security concerns may keep new money pumping the AI race, and
  - Continued fiat money creation supports rising revenues and earnings.
- Retail sales are strong, partially due to inflated prices, and partially due to very heavy debt financing as consumers increasingly spend what they don't have.
- Atlanta Fed's GDP Q4 estimates surged +5.4% mainly due to Trump's Tariffs success.
- Inflation continues to decline. Prices continue to rise, just at a slower pace, weighing in at just +2.6% YOY. Producer prices are still rising as well, but more slowly.
- Pending Home sales rose +3.3%, and the home price index rose +0.4%. Efforts to target housing affordability involve pushing costs and prices down, including:

    - Kicking parasitic big institutions out of residential home buyer's markets,
    - Allowing a 10% house down-payment to be held inside homeowners' 401k's,
    - Having housing agencies buy $200 billion of *existing* mortgages to drive mortgage interest rates down overall.
- PMI Manufacturing Indices mostly register <50, signifying contraction, but 'prices' of inputs rose to 58+. That is 'stagflation': the economy contracting while prices still rise.
    - Manufacturing rose in some regions but fell in others (Chicago, Philadelphia).
- ISM Services rose above 50 signifying growth in the service sector, but prices rose there too, 64+. Again, we see stagflation.
- China moved to restrict silver exports as well as rare earth metals exports. US intervention in Venezuela is a countermove where the US seeks to capture resources like oil and silver. Eventually, Trump's action may result in kinetic war.

So, there was our economic backdrop …

Last quarter, we delved into the key and timely topics that still loom large:

1) *'fiat'* currency,
2) precious metals, history's trusted money,
3) the race for AI supremacy, and
4) rising geo-political trouble.

Those four topics weave through everything reported by mainstream media, but with false narratives. They also weave through everything ***not covered*** which is telling as well**.**

- ✓ Venezuela's captured corrupt President
    - Venezuelan oil …
    - Venezuelan precious metals … and
    - Venezuela's computer driven vote hacking of elections worldwide
- ✓ Other South American countries (and resources) … and in the north, Greenland!
- ✓ China's and Russia's BRICS interference activities in South America
- ✓ Russia vs Ukraine (IE vs NATO and the Dying European continent … 'the West)
- ✓ Iran's 'Color Revolution'
- ✓ Our own US 'Colored Revolution' … designed/deployed to mask vast US corruption:
    - Most (s)elected government officials in the DC swamp
    - Vast fraud funded and stoked by those corrupt officials
    - Vast fraud at the State's level (MN, OH, MA, CA, NY, almost all of them)
    - Our greatly compromised judiciary
- ✓ BRICS efforts to unseat US hegemony and topple the US Dollar as Reserve Currency
- ✓ **AI:** the race for technological supremacy, and military and societal control
- ✓ The potential decline of our US empire, in the same manner other empires have died

The chaos that reigns worldwide fully revolves around the race for power and control, all funded by the fiat monetary systems. Most media falsehoods are pushed by a corrupt 'Deep State' back on its heels. Some narratives are pushed by industries. And some, the Trump administration pushes itself. It is difficult to determine what is true and false these days as this world of vast deception in which we have lived for a very long time is in overdrive.

We do know fiat money regimes die when **trust** in the paper money dies. All asset prices are rising because ***all*** nations are ***printing***. They print now to fund their battles with each other and to win the AI supremacy race (to thus win the war for power via the military and monetary realms), but they also print to seed chaos that protects their corruption.

The recent exposure of fraud in precious metals markets stokes well-deserved distrust.

Japanese bond yields are signaling Japan may be reaching a tipping point soon. US yields on the long end (10 to 30 Year bonds) rise despite Trump's and Bessent's efforts to jam them down on the short end. Cheap short term money causes inflation, so rates will rise later.

Trump recently seemed legitimately befuddled when he asked a group of GOP reps why the public was not more excited about the rather clear successes of his policies. (IE, are we not pleased with the performance of his chosen shiny object … the stock market … which has served to please and anesthetize us for years?)

This chart answers that question for him rather well:

The answer is a resounding 'NO'.

The stock market rewards some, inflation punishes all. Trump is ferociously feeding the wealth inequality gap between asset owners and serfdom. He is either out of touch with the reality spoken loudly by the above chart, or he is pumping money into assets (via $2 Trillion deficits) with the intent to covert it to real assets soon: land, oil, silver and gold. It is hard to tell whether Trump is a Useful Idiot to Wall Street or a master strategist at this point.

We suspect we will all find out together fairly soon.

The question Trump asked, if sincere, suggest the former: Useful Idiot. Yet specific actions that have been taken suggest the latter: positioning for strategic change.

Trump's foray into Venezuela served to instantly back the US Dollar by Venezuelan, stabilizing the USD from the attack of BRICS' nations. Section 232 of the Trade Act set a floor on the price of silver, a massive policy change. The 'Golden Age' may suggest a return to the era of sound money … IE gold-backed dollars. And the quest for more strategic ***real*** estate (Greenland) also fits with the notion of backing USD with more real assets.

If we approach an end game, every country with fiat debt-based currencies at natural limits will have to sit around the table and 'pony up' its assets. Key assets will include oil/energy, real estate, productive industry, food/agriculture, precious metals, military strength, and geography/territory (the US is protected by 2 coasts, and chock full of many key assets).

Until then, we expect the printing to continue and asset prices to continue to inflate (as measured by exponentially increasing currency units; in our case US dollars).

The two most obvious items that could serve to topple this rising asset price freight train include: 1) War, and 2) Loss of Trust.

The fraud in the silver and gold markets has the potential to collapse trust … the fact that there is no longer physical silver to be delivered to the people who think they own it (because they bought it and hold instead a paper claim check) will reverberate to other 'markets'.

Fraud pervasive throughout federal, state and local governments can certainly collapse trust. Governments around the world are run largely by deviants whose skills consist of their ability to lie without conscience and exploit others (while saying the opposite). It is shockingly epidemic. Power corrupts, absolute power corrupts absolutely.

Nonetheless, until we collapse …

… fiat money flows into corporate revenues, thus earnings!!

The race is on in AI, no fiat-printing country wants to lose that race.

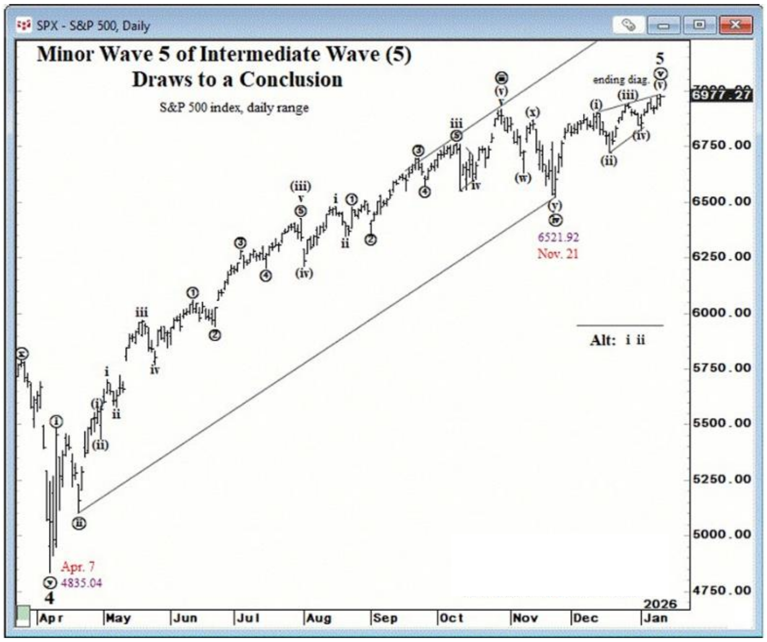
AI opportunities continue to exist: data center development is real: energy production, water supply (for cooling), heavy equipment, construction activity and materials are in demand.

Many AI risks remain: the shady accounting gimmicks (circular financing) discussed last quarter, the threat of competition (Nvidia = see Cisco from Y2k) and public pushback regarding job losses and wasted time (the glee of corporations and their shareholders over the early profits should get slammed as irate customers tire from having their time wasted by bots and offshored unhelpful live staff). AI also powers the surveillance state, enables Central Bank Digital Currency, and establishes control over individual liberties, none of which will be acceptable to the masses if and/or when trust dies.

Opportunity also seems to remain in energy, particularly oil and natural gas. Trump wants oil low (for now) because of its sizable impact on inflation, but after he gets his rate cuts (should he get them) and Bessent refinances the massive $9 Trillion in debt rolling over, they can let rates then rise again. Economic activity from the build out should increase demand for oil, hence oil prices should rise along with energy company profit margins.

Trump's National Security emphasis should remain intact for the next few years. We expect similar 'rescues' of strategic companies like Intel by the Trump administration, regardless of whether such a strategy is akin to turning the US government into a hedge fund or even a potential step towards fascism (the wedding of Big Corporations and the State). If we are looking for more upward price action, there remains opportunity for targeted government investment in the stocks of strategically important corporations.

Market technical patterns alert us for reversals. Elliott Wave tracks one noteworthy pattern that is moving to the downside aggressively today … with Davos meetings looming this week. Hostility between the US and Europe in Davos may top us, resolution could spark a rally:



The market is still fundamentally overvalued with the S&P 500 valued at 25 times earnings, and it is technically stretched as many charts illustrate. The Buffet Indicator is at all-time highs, suggesting the reason Berkshire Hathaway holds record cash balances now.

Fiat revenue and earnings can cause both fundamental and technical conditions to remain stretched as asset prices can inflate further. Or … the technical condition can resolve. We are mindful as always that technical patterns can resolve swiftly when greeted with unwelcome surprises or events (War + Mistrust).

The commodity super cycle we have written about in the past seems to be beckoning as nation states ramp up their quest for the raw materials necessary to supply the quest for military and technological supremacy.

We expect the ride to be bumpy, but more money to be printed regardless of whether the existing fiat system is stretched further or marked for a transition to sound money.

If this stuff all seems quite wild, do not despair! To anyone not familiar with monetary history, nor parsing the messaging broadcast by media, governments and various profiteer power players, things should seem wild. They are. Please do not think we are 20 years ago in time and things are operating under more stable and sane circumstances. They're not.

Our December Market Update (Updates go out very rarely now) contained a link to Ray Dalio's video that very well explained long economic cycles and incorporated monetary, military, and other factors. Within longer term historical context, all of this stuff is actually to be expected. In every cycle, **everybody** in the public arena is impacted by the particular cycle playing out. Everybody! Not many people were familiar with the causes then, not the who's, the what's nor the whys. Don't fret, but do become familiar, it may prove very helpful!

If you did not get a chance to read that update or view the video, please go back and do both! If you do not have time for the Update, here is the link to his video again, it is worth a watch:

https://www.youtube.com/watch?v=xguam0TKMw8

As always, call us if we can assist with strategic discussions or re-allocations.