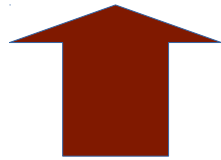


Black Swan Ascending

E = "mp3" equivalent



$E = m c^2$



E = 42 GJ / tonnes, oil equivalent

Some Oil & Gas Numbers

Yearly volume of produced and consumed oil&gas:

7,200 million tonnes of oil eq.

Yearly value of production at \$60/bbl of oil eq.:

\$3,200 billion

Equivalent of daily volume in oil future contracts:

156 thousand contracts/day (\$9.4 billion)

Actual number of contracts traded per day:

1.5 million contracts/day (\$90 billion ~ \$32 trillion/year)

Conclusion 1:

All Oil & Gas Energy is traded ~10 times before it reaches the physical market

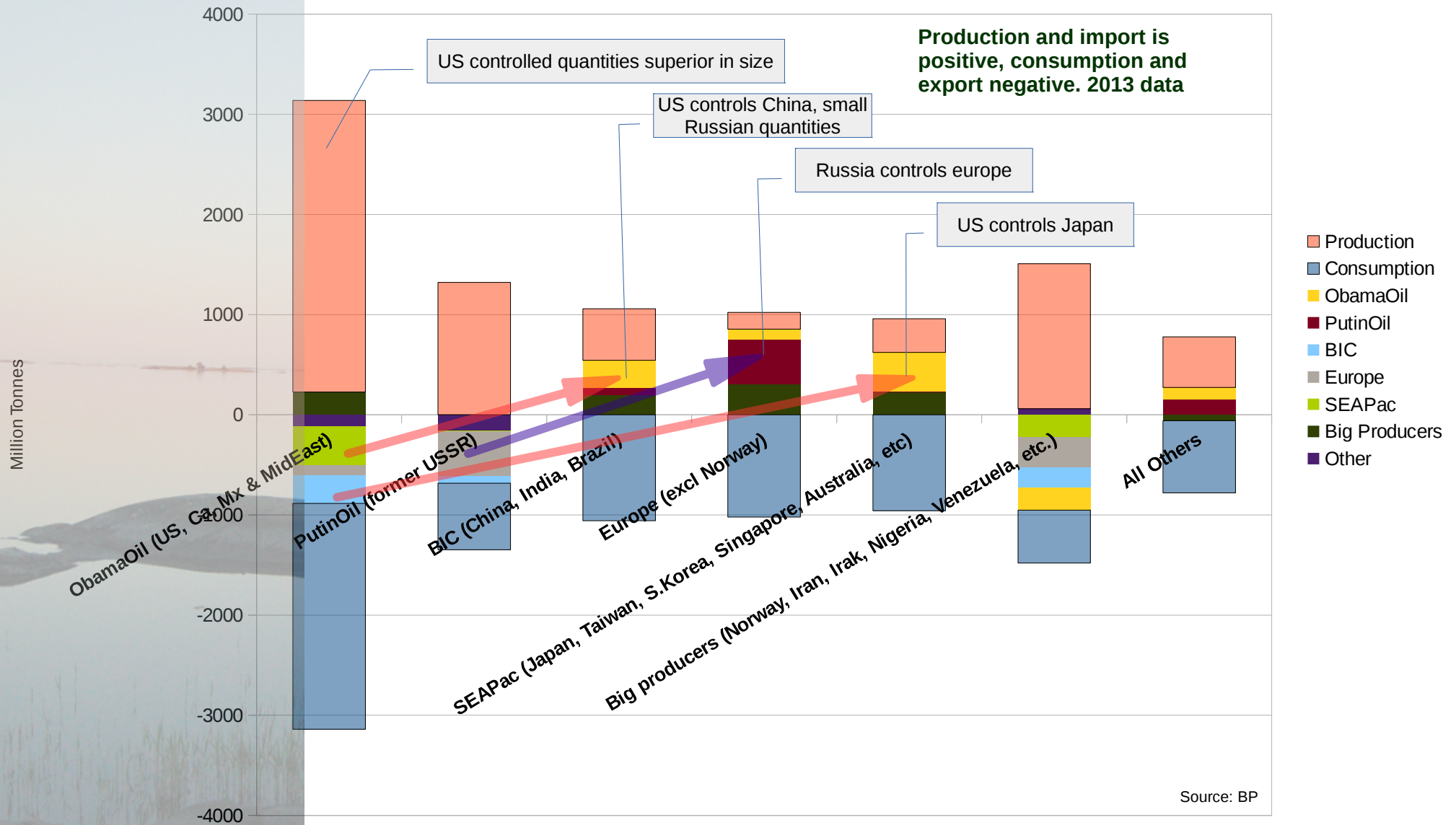
Conclusion 2:

Ideas of physical supply and demand are important, but the the price of oil&gas is set **and controlled** in the futures market.

Source: BP

Fossil Fuels of the World

Quantities and Movements





What about Control?

US controlled physical market

~50% of supply

(US, Ca, Mx, MidEast)

If we exclude coal, oil & gas accounts for >80% of all Energy supply world wide

US/UK controlled financial market

~100% of financial transactions

(New York & London – NYMEX/ICE)

Follow the Money ...

The future markets consists mainly of two sides:

a US\$ 24 billion Sell (short) side betting on the price going down:

Swap Dealers (ie. The Big Banks) + Producers (ie. The Big Oil Companies)

a US\$ 24 billion Buy (long) side betting on the price going up:

Managed Money (The Big Mutual and Pensions Funds)

Question 1:

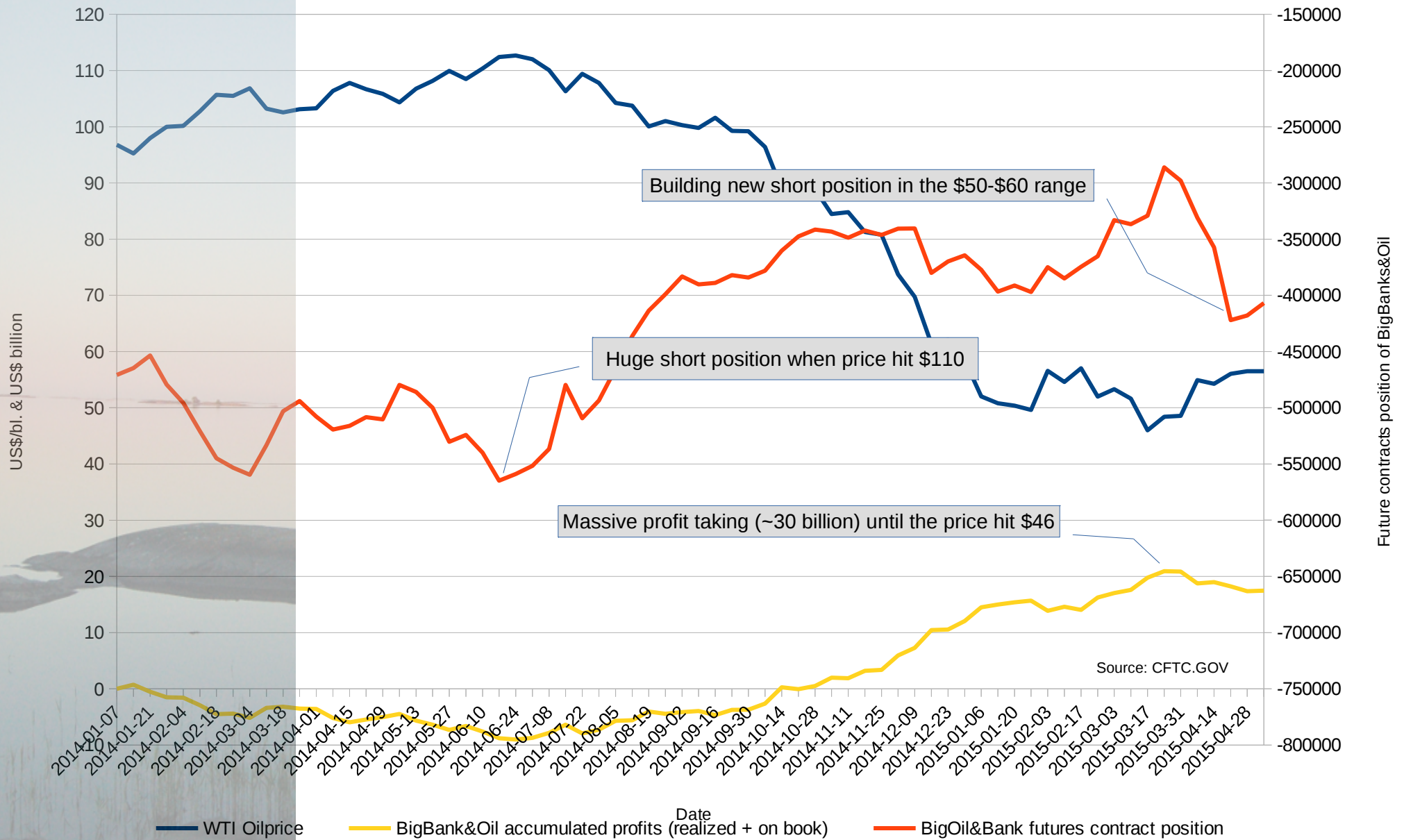
Which side is trading for their own books?

Question 2:

Which side is more likely to have the most information?

Source: CFTC.GOV

CFTC.GOV data & Oilprice



The Swap Dealers

JP Morgan Chase (US)

Goldman Sachs (US)

Bank of America (US)

Merrill Lynch (US)

Morgan Stanley (US)

HSBC (UK)

Citibank (US)

Citigroup (US)

Barclays (UK)

Deutsche Bank (DE)

UBS (CH)

...

Source: CFTC.GOV

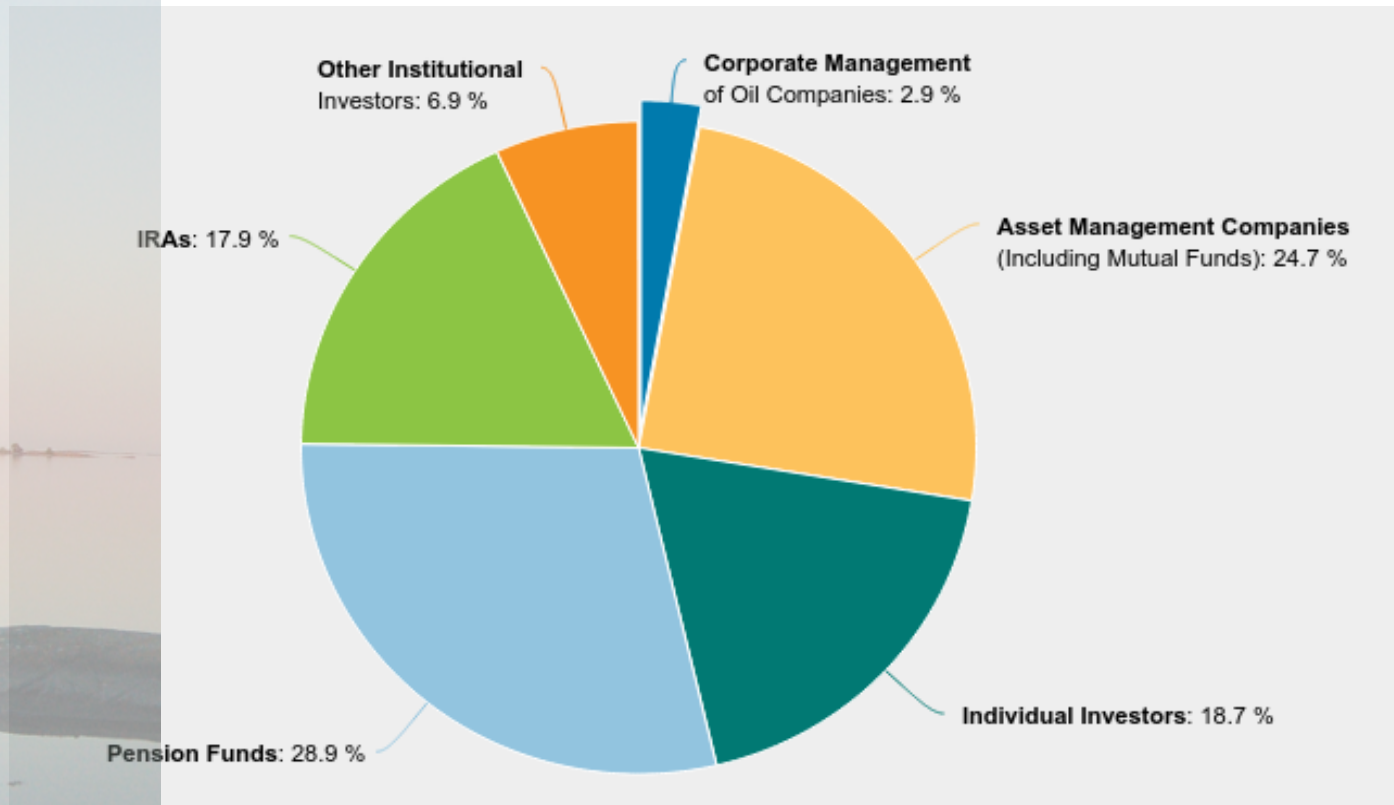
The Producers

order by revenue desc;	BBL/day	production	comment
1. <u>Exxon Mobile (US)</u>	5.3	(4)	supermajor
2. <u>Shell (UK/NL)</u>	3.9	(7)	supermajor
3. <u>BP (UK)</u>	4.1	(6)	supermajor
4. Sinopec (CN)	1.6	(23)	chinese gov
5. PetroChina (CN)	4.4	(5)	chinese gov
6. Saudi Aramco (SA)	12.5	(1)	oil fields
7. National Iranian	6.4	(3)	oil fields
8. <u>Chevron (US)</u>	3.5	(9)	supermajor
9. <u>Total (FR)</u>	2.7	(13)	supermajor
10. <u>Conoco Phillips (US)</u>	2.0	(21)	supermajor
11. Gazprom (RU)	9.7	(2)	oil fields
15. PEMEX (MX)	3.6	(8)	oil fields
~25. Kuwait Oil	3.2	(10)	oil fields

Source: Wikipedia

Conclusion: The supermajors are certainly most active on the financial market, controlling and setting price from the producer side, together with the banks.

Who Owns Big Oil?



Conclusions:

More than 90% of the listed companies (US) is owned by the taxpayer
Non listed companies are owned by governments and oligarchs of the producing countries

Source: whoownsbigoil.com

Size of Big Oil ...

<u>Supermajor</u>	<u>Market Cap</u>
Exxon Mobile	\$430 billion
Chevron	\$220 billion
Royal Dutch Shell	\$190 billion
BP	\$140 billion
Total	\$120 billion
Conoco Phillips	\$70 billion

Total market cap of the supermajors ~\$1 trillion, which will make the BigBank stake ~70 billion.

Further; these companies will never be worthless though probably underperform compared to the market. The BigBank \$24 billion hedge is certainly there for a reason. And they already made a nice \$30 billion profit.

The Game is on.

To Summarize ...

Big Banks controls the transactions

Big Banks&Oil controls the price

Big Banks/Big Oil/US military controls the supply

Big Banks are shorting oil since 2011

Big Banks are not owning Big Oil (<7%)

Big Oil is slowly getting out of the oil field business.

(From now on, it's all about processing and infrastructure)

Taxpayers are long oil futures (pensions and savings)

- a bad idea

Taxpayers owns Big Oil (pensions and savings)

- not necessarily bad, but will underperform

Governments, oligarchs and random war lords owns the remaining oil fields.

- will mostly become worthless

Value of Money ...

Gold backed? Not anymore.

The US\$ is primarily Energy (oil & gas) backed since the 70s (i.e. Petrodollar).

With the US controlling 50% of the supply and 100% of the transactions the conclusion is clear.

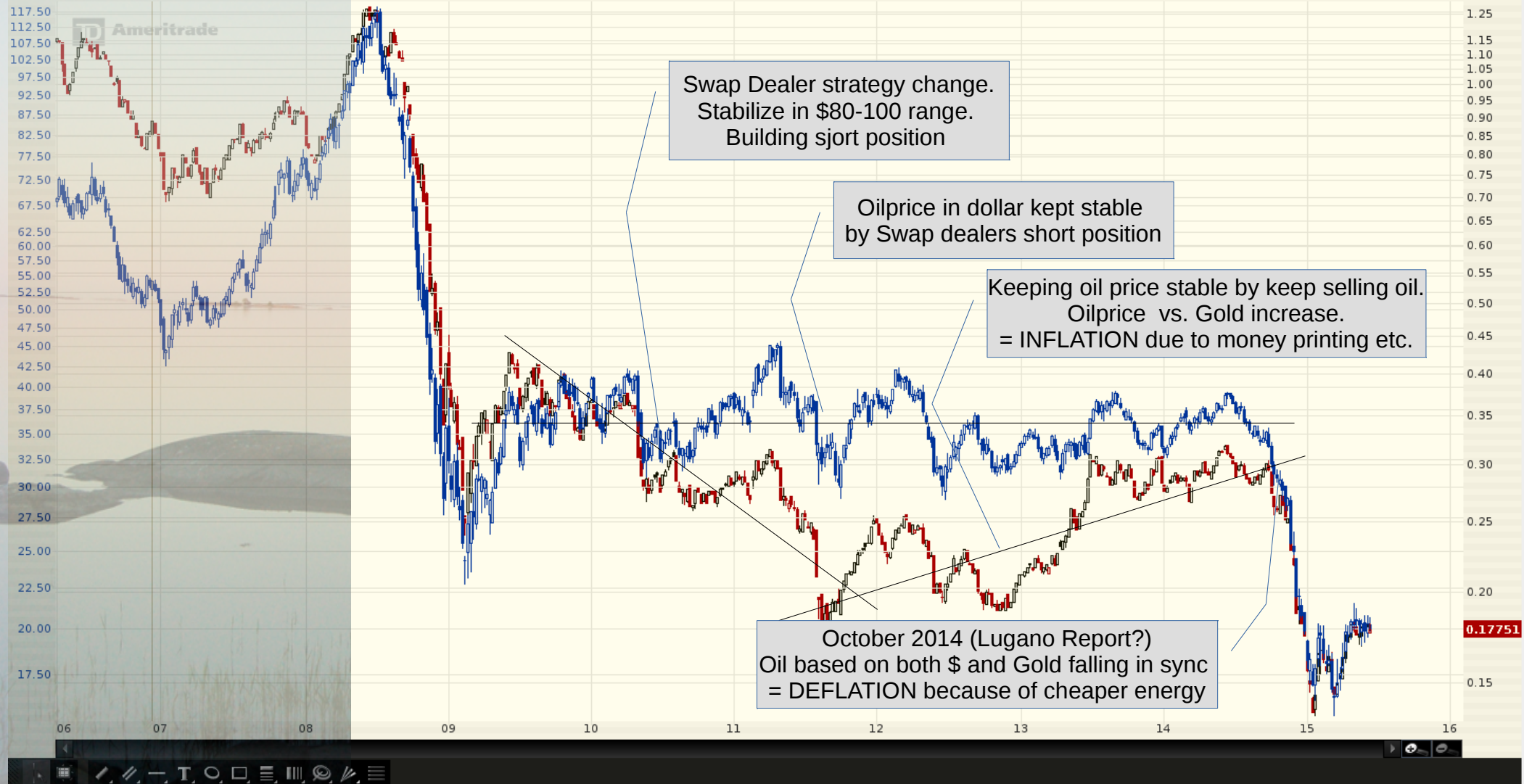
*The US\$ is the benchmark of physical value.
Physical gold being the distant no. 2.*

Oil priced in US\$ vs. Oil priced in Gold

(USO/GLD) 0.1775

D: 12/18/2006 O:0.8846 H:0.8846 L:0.8584 C:0.8584
COMPARISON(USO) +68.82 last=20.21

R:0.0262 Y:0.3042



Oil, US\$ and the S&P 500 index ...



Money Printing

This also explains why there is no limit in the amount of US\$ that can be printed.

They will keep printing and the price of energy will not be affected.

In this sense money is a free resource, but it requires control of the supply and the transactions.
(US military and FED working together with the Big Banks)

But ... What if ...


Energy becomes information ...
Ready to be copied like a MP3 file ...
With very low marginal cost ...

There will no longer be any material resources to back the US\$ (or any other currency.)

Oil was the last one, following land and gold in previous centuries.

The Big Banks knows about this. And they are acting on it - right now by:

- Not owning BigOil
- Since 2011 having short position in crude futures, previously hold by BigOil themselves
- Helping BigOil get exit the oil field business



Why the \$50-\$60 Range?

- Removes domestic expensive oil (shale, oil sands, deep water) in a controlled manner.
- Reduce exploration and investments without creating huge financial crisis.
- Still extremely profitable MidEast oil with increased market share and stable cash flow.
- Removes \$ profits from Russian oil without creating havoc. Reduce global Russian influence.
- Get out of investments in problematic areas. Sell and lease back to governments and oligarchs; ex. Nigeria, Angola, Kazaksthan, Venezuela, Algeria, etc.

Key tactical aim is keeping the transformation timeline slow, preferably in the 10 year range.



So, what will Big Oil do?

Big Oil is becoming pure processing and infrastructure.

We will see massive investments in processes using new (low cost) energy to create synthetic fuels from high temp. electrolysis and CO₂, pyrolysis of organic wastes, etc.

They already have the infrastructure. And they will not need the problematic oil fields anymore.

Volumes will go up and revenues will be stable. Profits will go down, since the market will be open to intense innovation like never before.



And, what about the Big Banks? *(i.e. governments)*

The value of a currency will be based primarily on the ability to tax, i.e. controlling the taxpayer (including small businesses)

Since "everything" is derivatives information it will require controlling the flow of information (transactions) between taxpayers.

To do that both physical (i.e. drones, police, FBI, CIA, etc.) and information (i.e. NSA, GCHQ, PRISM, etc.) surveillance will be needed.

This surveillance will include the companies that supply it. Ex. Google, Apple, Microsoft, Cisco, Facebook, Intel, Yahoo, Skype, and of course the operators of these networks.

This massive surveillance will be sold using arguments of increased security and fear (of criminals, terrorists, etc.).

It's already happening.


A Little Longer Macro Look ...

(SPY/USO) 10.5104

D: 12/02/2011 O:3.0036 H:3.0036 L:2.9623 C:2.9623

R:0.0413 Y:-57.924

COMPARISON(GLD) †120.95 last=113.64 COMPARISON(SPY) †98.64 last=211.89 COMPARISON(JJC) †39.5 last=30.62 COMPARISON(TLT) †85.18 last=116.65 COMPARISON(USO) †34.24 last=20.16 COMPARISON(JJG) †33.84 last=33.82
COMPARISON(FXE) †122.42 last=111.31 COMPARISON(IYR) †41.44 last=74.26

 Ameritrade

Since the BigBank/BigOil hedging strategy change this is how the markets have performed

- Stocks at the top, oil at the bottom (no surprise)
- Real estate coming next (still attractive and scarce assets)
- Bonds also performing well (lower interest rates because of QE/money printing)
- Gold, grains and copper becoming cheaper
- The USD strengthening compared to other currencies because of superior control over physical values and transactions.

Trading stocks against oil will continue to be a winner. Interest rates will rise as a result of the emerging LENR tech growth boom. (this trend is on since feb 15)



A Short Term Macro Look ...

(SPY/USO) 10.5104

D: 09/05/2014 O:5.5659 H:5.6513 L:5.5659 C:5.6513

R:0.0854 Y:-51.504

COMPARISON(GLD) +126.85 last=113.64 COMPARISON(SPY) +192.1 last=211.89 COMPARISON(JJC) +38.33 last=30.62 COMPARISON(TLT) +108.47 last=116.65 COMPARISON(USO) +39.16 last=20.16 COMPARISON(JJG) +45.52 last=33.82
COMPARISON(FXE) +134.22 last=111.31 COMPARISON(IYR) +69.52 last=74.26

Ameritrade

Since february interest rates have been rising on 20y treasuries. This is more or less the largest move since the end of the financial crisis 2009.

It is a result of deflation and adjustment to lower energy prices and it directly affects real estate prices as can be seen.

When the LENR boom gets up to speed the BigBanks will be able to both print loads of money AND raise interests. It will be extremely profitable.

The taxpayers will however be more in debt and controlled by the banks/government.





So, What Does it Really Mean in the Long Run?

The Big Banks will profit (even more) since they will be able to print money for themselves to counter deflation and thereby increase debts of others. And they will control all the transactions.

Since the margin price of energy will approach zero. Everything that requires energy for production will be a lot cheaper including; food, transports, natural resources, etc. Actually more or less everything that is scalable.

However, prices of scarce and attractive resources will go through the roof. Ex. status symbols like prime real estate, luxury brands, scarce knowledge & services that requires human time, etc.

Money will flow into stocks of companies that benefits from this revolution. In the end even BigOil and Utilities will benefit going into processing, distribution and smart grids.

And, the Winner is ...

Almost everyone, because:

Enough food, clean water and shelter could be supplied cheaply everywhere (if the rulers do not oppose violently)

A lot of people actually value security and fear criminals. And some of them will be happy even though they are watched ... They will keep eating even cheaper foods and keep watching TV.

(the "panem et circenses" principle really do work ...)

Other people will keep searching status, respect and self-esteem. So they will sacrifice their freedom, independence and integrity for these goals. Many of them will not understand the issue at all.



But, If You Really Care ...

You will be able to bail out and be more or less self sustained.
(some aspects could be illegal in some countrys)

Cryptography will be important if you want to communicate in private. Bitcoin like transactions and blockchain networks will exist and provide possibilities.
(although some countrys will regulate furiously in order to have control)

Read this: "You're a Criminal in a Mass Surveillance World – How to Not Get Caught"

Countrys that promote creativity and innovation will succeed and those that promote regulation will fail. Even more so when information becomes all there is.

In the long run innovation will happen where the freedom is. As always.

What about Innovation ...



Jens Voigt pushing the limits of human muscle power to 412W during one hour. He probably consumed about 1200 kcal in the process which is about 0.15 l of olive oil.



Dometic 2,5 kW generator, consumes 0,7 l diesel per hour. Only 25% less than Jense ... for 24h/day though



E-Cat LENR Reactor Produces 3 kW heat with COP 3.7 electr. input. Has been improved since now showing COP in the 20-80 range.

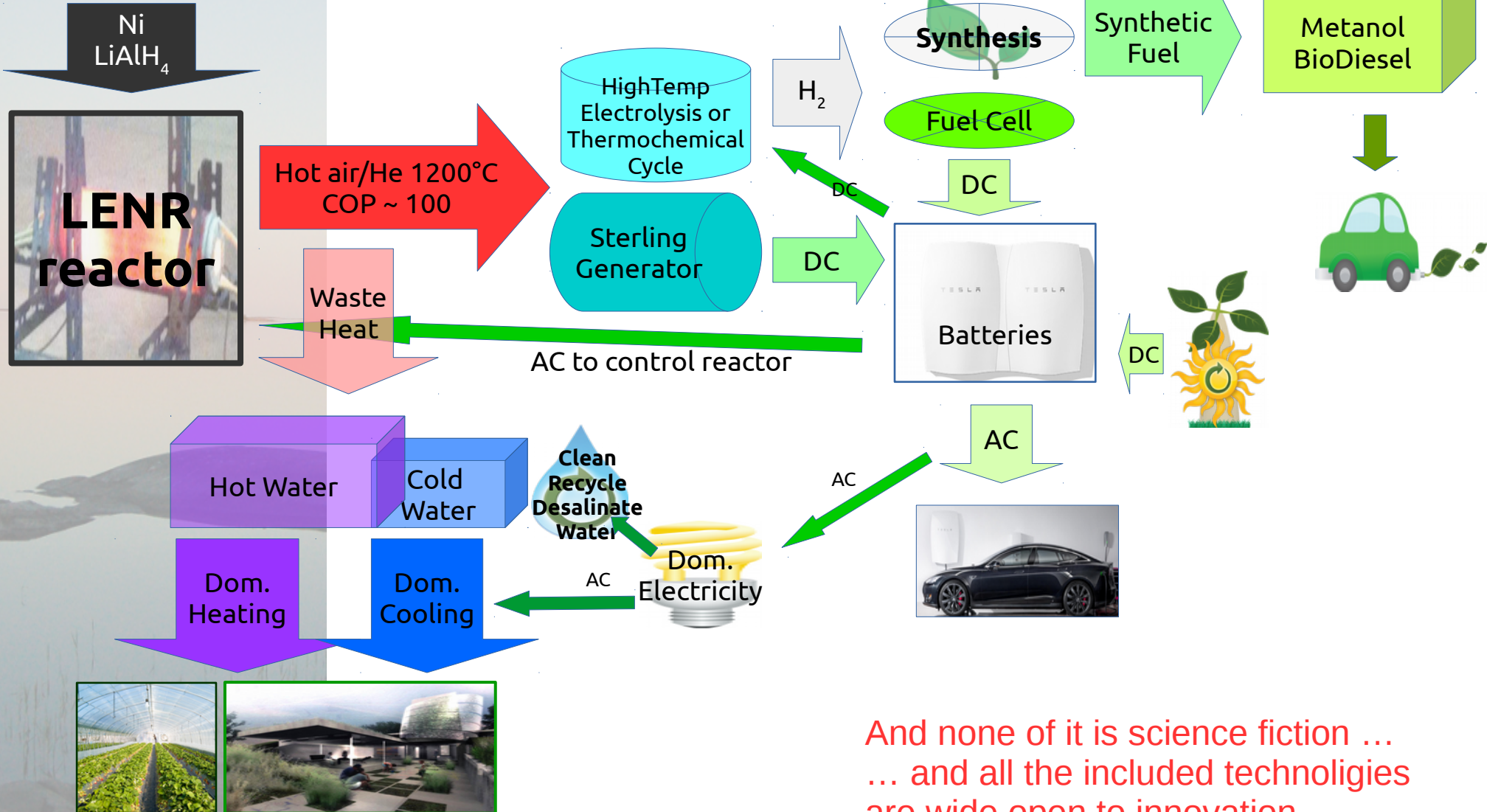
Opportunities are vast. Comparisons are sort of pointless, but I would chose the steam engine and the industrialisation.

From muscle power of humans or horses to burning fossil fuels ... and now ... LENR

A paradigm shift. Nothing less.

Lets have a look at the obvious one first:
Replacing fossil fuels in existing domestic technologies.

Cradle to Cradle Domestic Energy



And none of it is science fiction ...
 ... and all the included technologies
 are wide open to innovation.



Energy will Not Be Scarce, but ...

Time will always be scarce. Spend it wisely. They will try to control it using surveillance and debts.

Health, physical and mental, will be scarce.
(we are not genetically coded for an energy abundant life)

Prime real estate will always be scarce. And other luxury items and services.

People will still search for relative status, respect and self-esteem. And love. They will pay for it if they can. Since it's relative others, it will still be scarce.

Energy Will Not be a Problem

... but Information will ...

If you didn't follow the link before, then do so now:

[You're a Criminal in a Mass Surveillance World – How to Not Get Caught](#)

Below is a quick summary of stuff you'll have to learn about

1. Clean up. You might already be infected by spy and malware.
 2. Use Open Source Browser (Firefox) and Adblock Plus. Even better, learn and use Linux.
 3. Use StartPage instead of GoogleSearch.
 4. Manage your passwords
 5. Use encryption for your disks
 6. Secure you mobile device. Be careful with permissions in apps.
 7. Use secure cloud storage, if any.
 8. Careful whit surveillance based media like Facebook, Google, Twitter and Instagram.
 9. Encrypt you email, chat and texts
 10. Use an offshore VPN
- Be careful with PDF & doc files. Use Open Office.
 - Free is often a trap. Be careful.
 - Dump Flash
 - Cover your webcam
 - Use parental controls
 - Use double identification if possible (ex. password and fingerprint)
 - Encrypt, delete, trash and rewrite
 - Hide your consumption using as much cash and bitcoins as possible
 - Be careful with downloads and torrents
 - Gain knowledge, gain knowledge



What about Investments and Other Prognostications?

More or less any stocks versus energy will be good. Especially scalable technologies that utilize this "free" energy in new and innovative ways.


We will also use a lot more energy everywhere on the planet, but it will mainly be decentralized and we will spend less on it.

The knowledge and information intensive industries will consequently perform better than energy, utilities and materials.

Countries/regions quick to adopt and promote new technology will do better than the ones trying to regulate and delay it. For obvious reasons Italy, Sweden, Japan, Norway, China, India comes to mind, as well as Europe at large due to dependence on Russian oil/gas (including Ukraine where the LENR interest seems huge).

EU is kind of weird due to the chaotic nature of the "rulers". No one is really in control anywhere and this is actually good, **since weak governments are preferable**. Fortunately the upside of less Russian dependence is good.

Military "power" countries like Russia and US (incl. UK) are a bit more complex. Interesting stuff is happening, but the institutional stakeholders are not to be trusted. **They will try to take control**. This accounts for China as well, but the upside will make them quick to adopt.



Sifferkoll has a well established network within the LENR community. We offer insights, knowledge & analytics when in search of LENR business opportunities.

Contact:
info@sifferkoll.se
www.sifferkoll.se