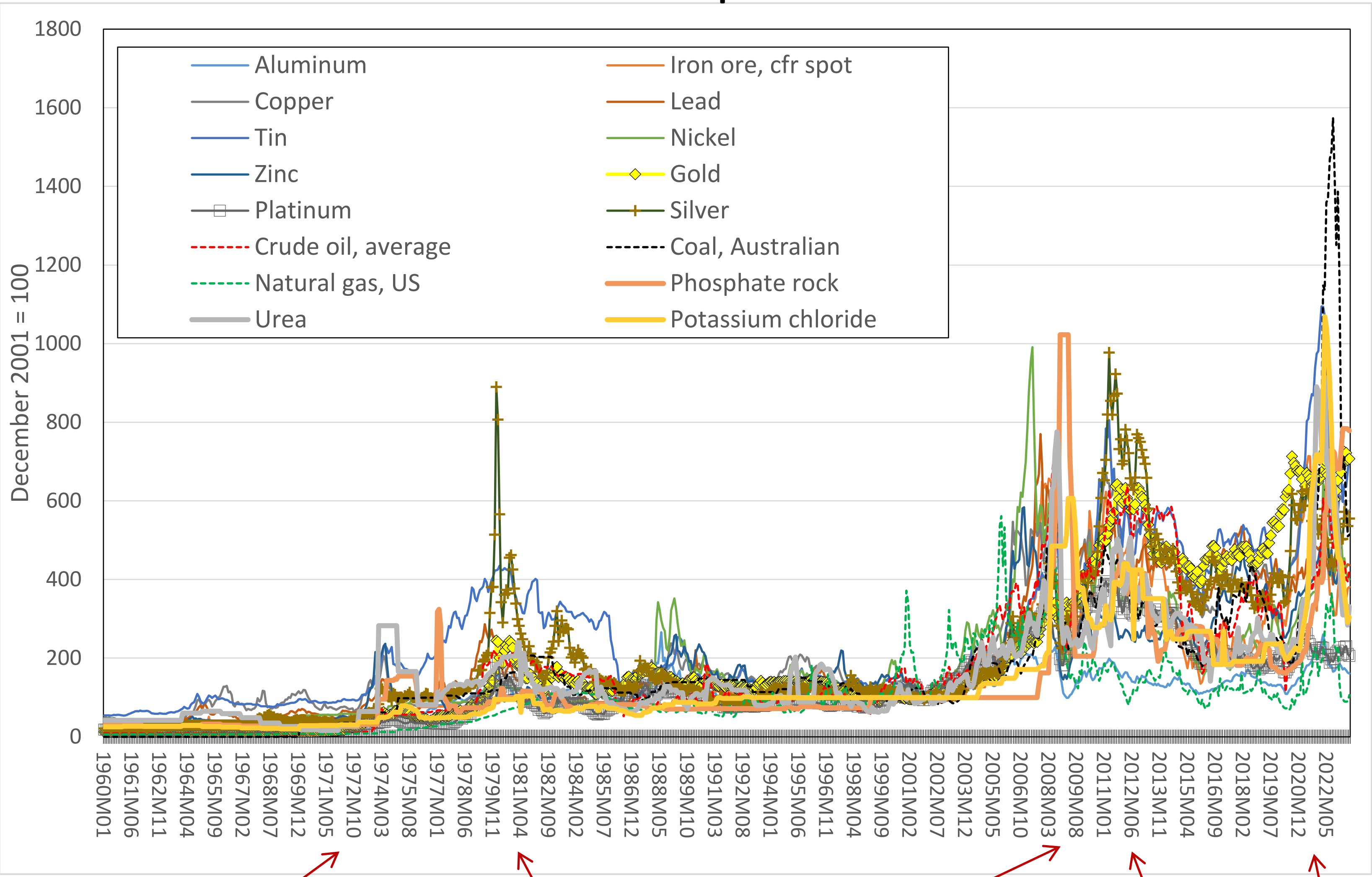
The industrial system started to correct to a new equilibrium in 2005



$USD decouples from gold standard

1979 Iran oil embargo

Global Financial Crisis (GFC)

Q.E. era

Covid-19

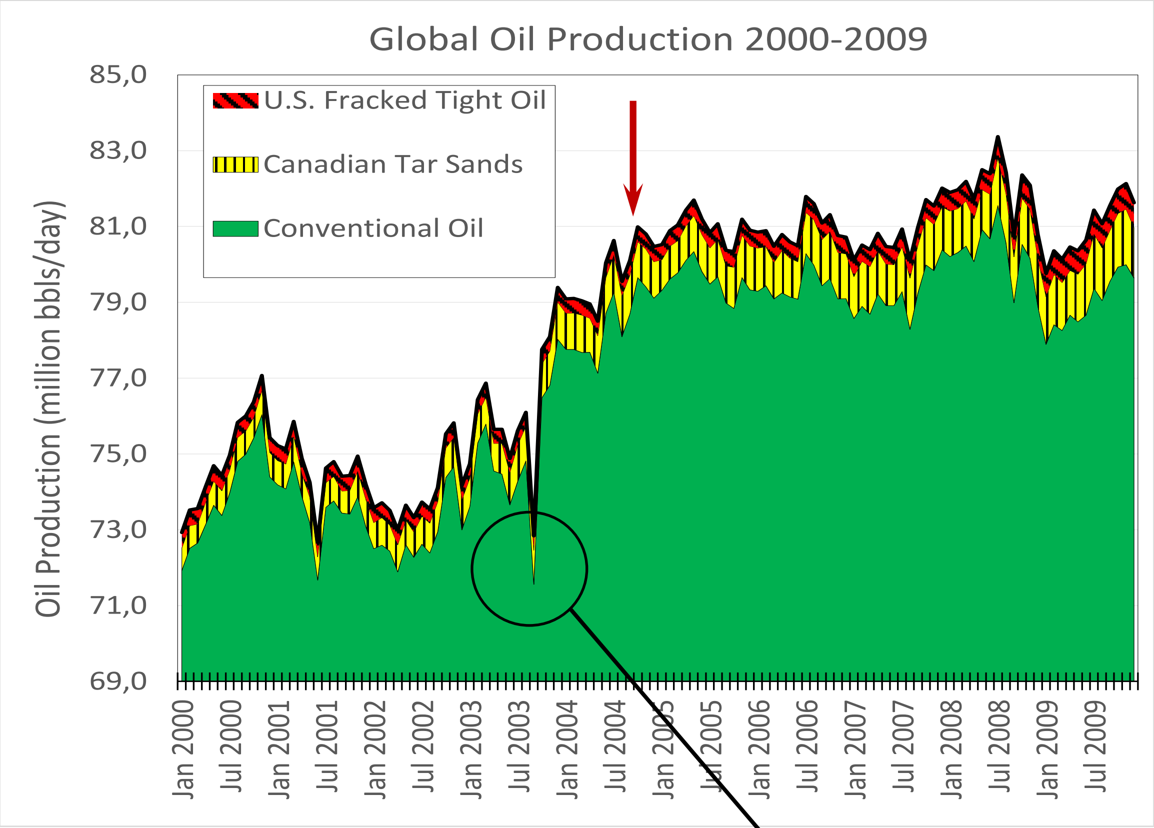
A case can be made that this blow out was a chain reaction started in the oil industry

A major economic correction (GFC 2008) did not resolve the problems

The change started something like 19 years in our past

What happened in 2005?

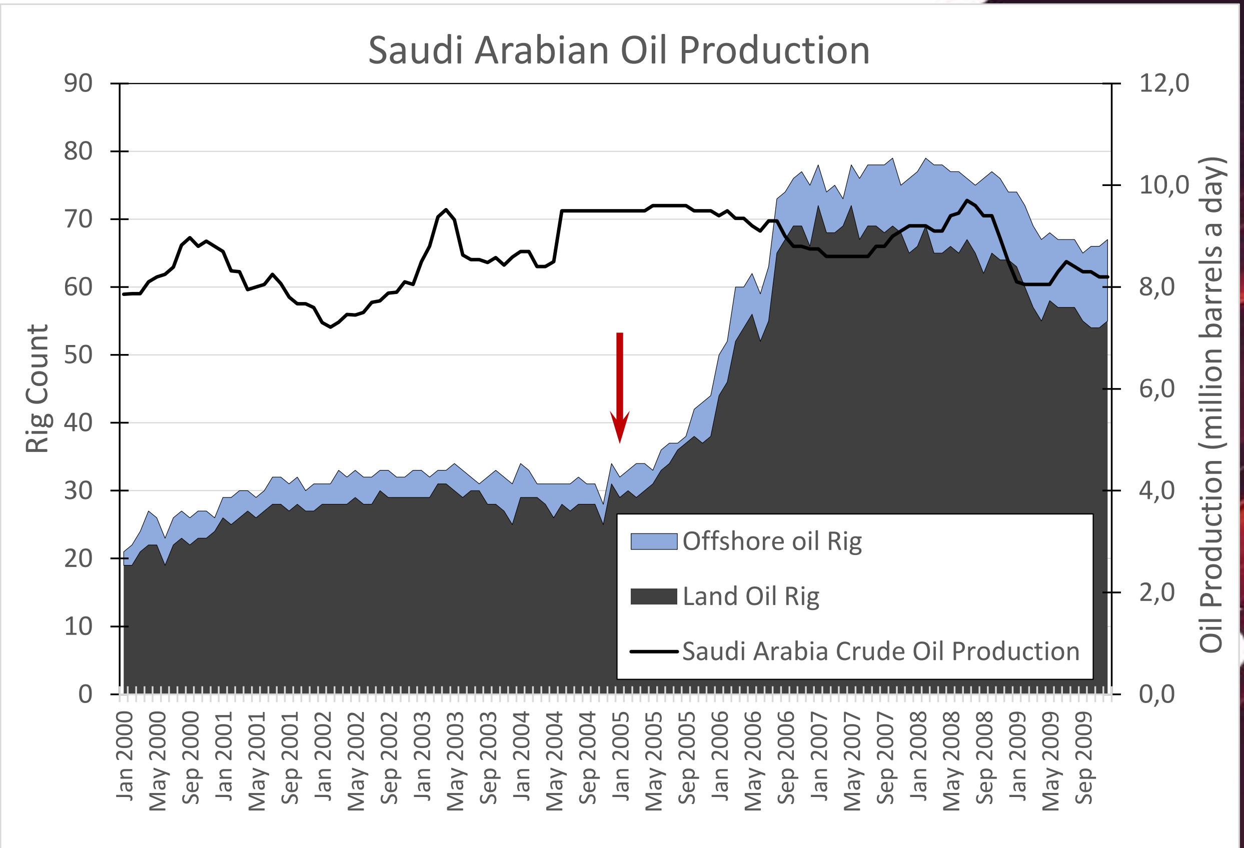
Oil supply was not able to expand and plateaued, yet demand continued to increase after a short pause



(Source: EIA monthly oil production statistics 2019, Canadian Association of Petroleum Producers 2019, Shale Profile 2019)

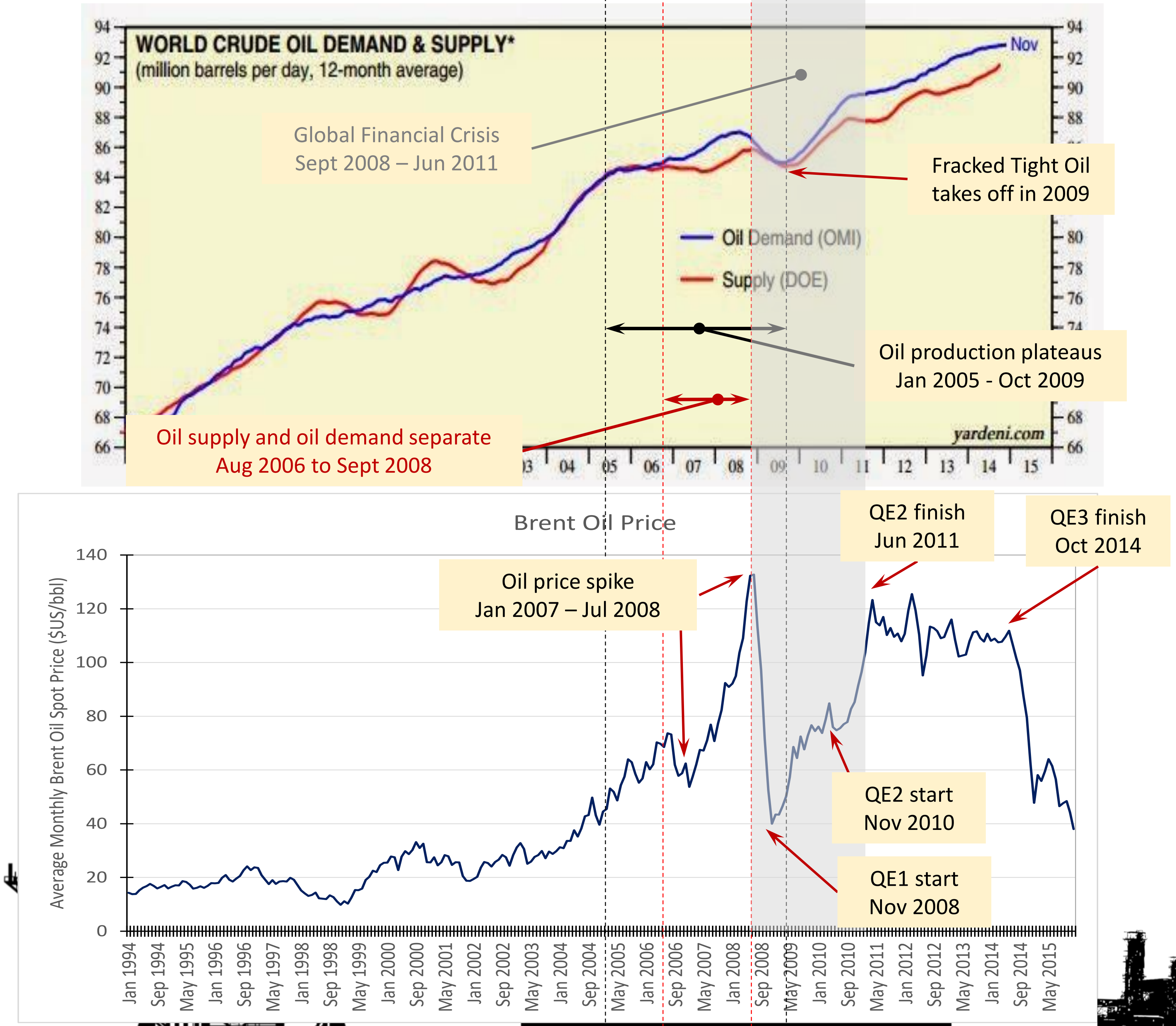
Iraq war starts in March 2003
4.6 million barrels a day go offline

The global industry 'Swing' producer, Saudi Arabia was not able to increase supply

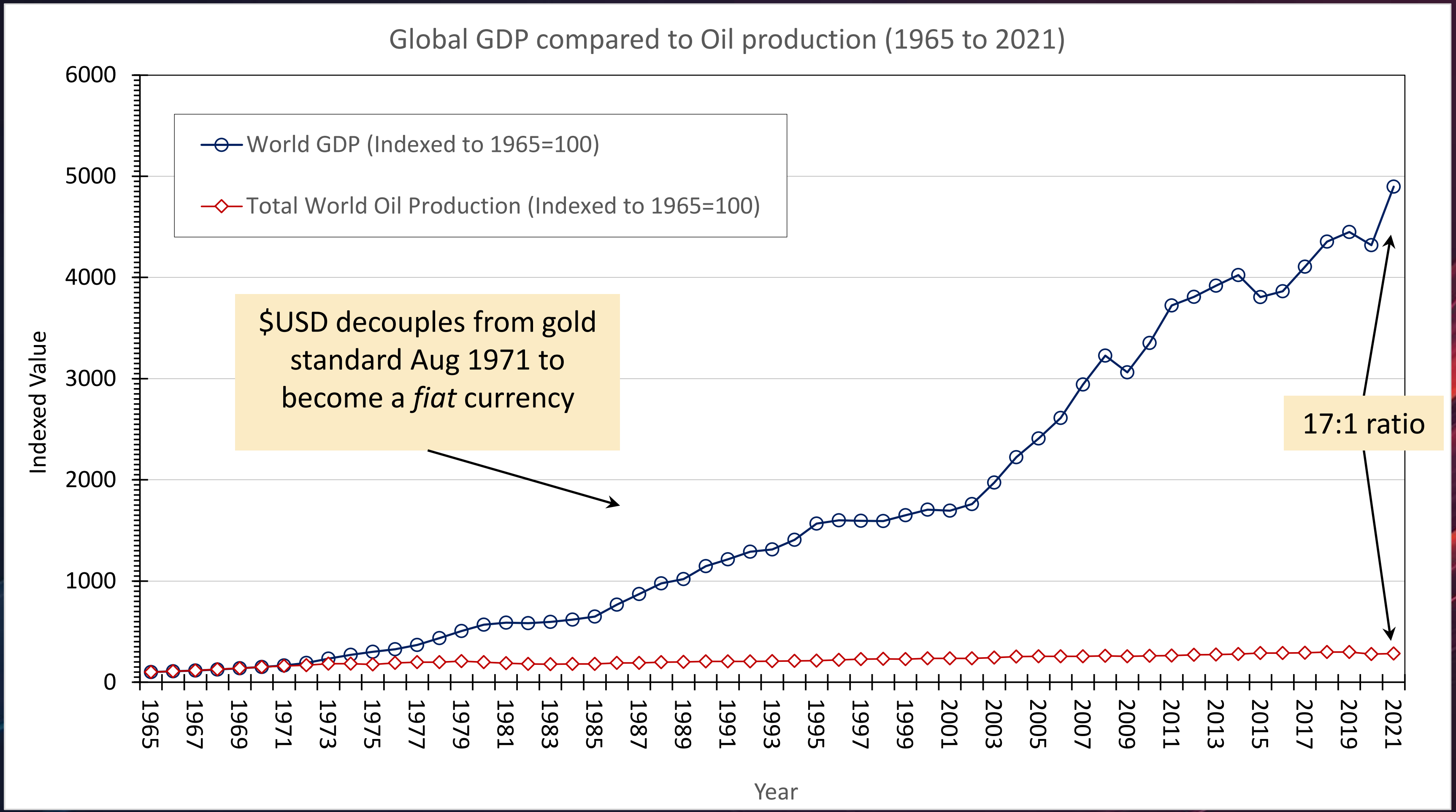


(Source. Baker Hughes Rig Count data, EIA monthly production data)

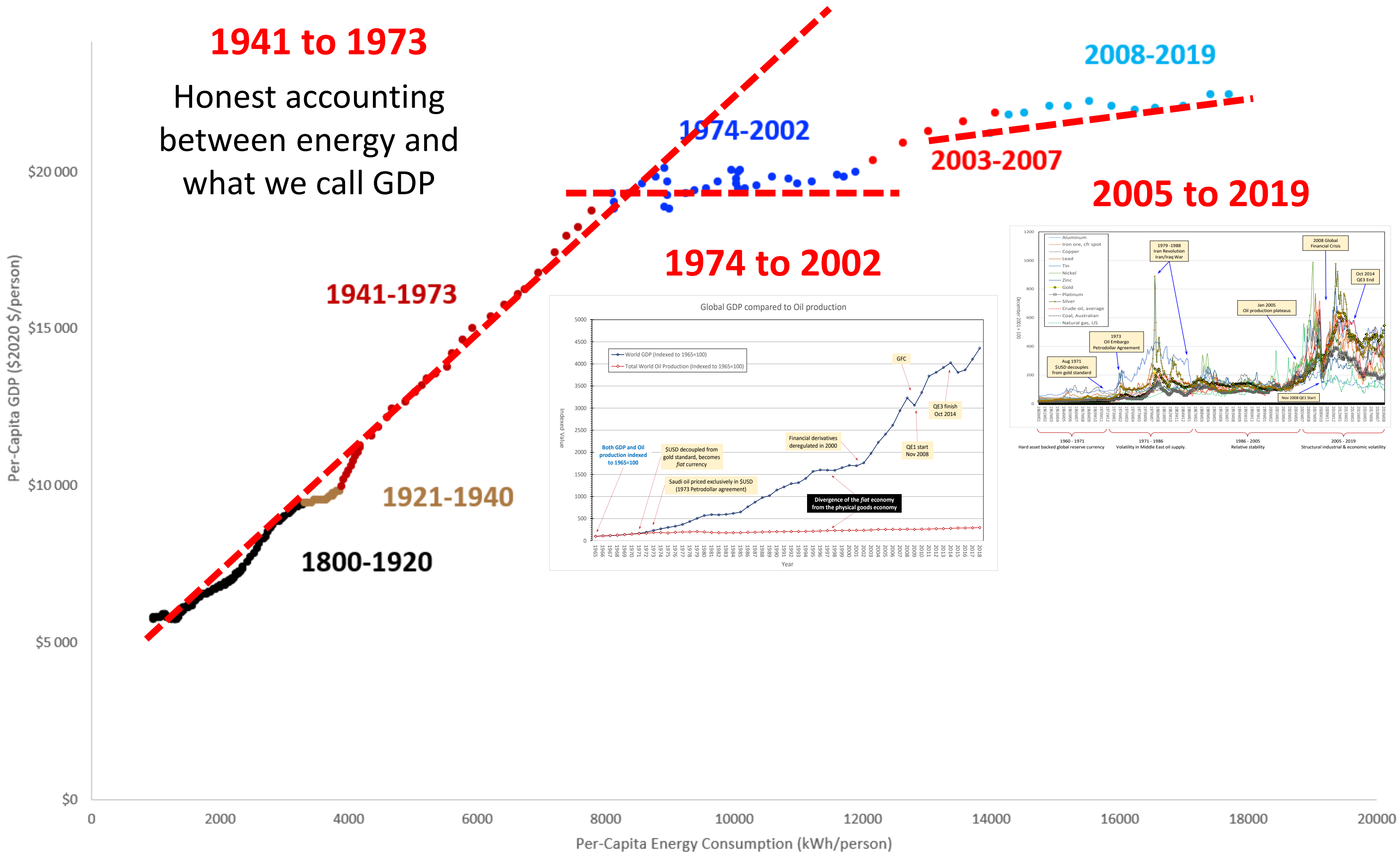
146% increase in rig count in exchange for -4.2% decrease in oil production



- A case can be made that the GFC was caused by a chain reaction with its genesis in the oil industry
- Quantitative Easing resolved the GFC crash
- Fracking or Tight Oil was able to make up the supply short fall
- US is now the global industry swing producer, with the majority of growth coming from Tight Oil

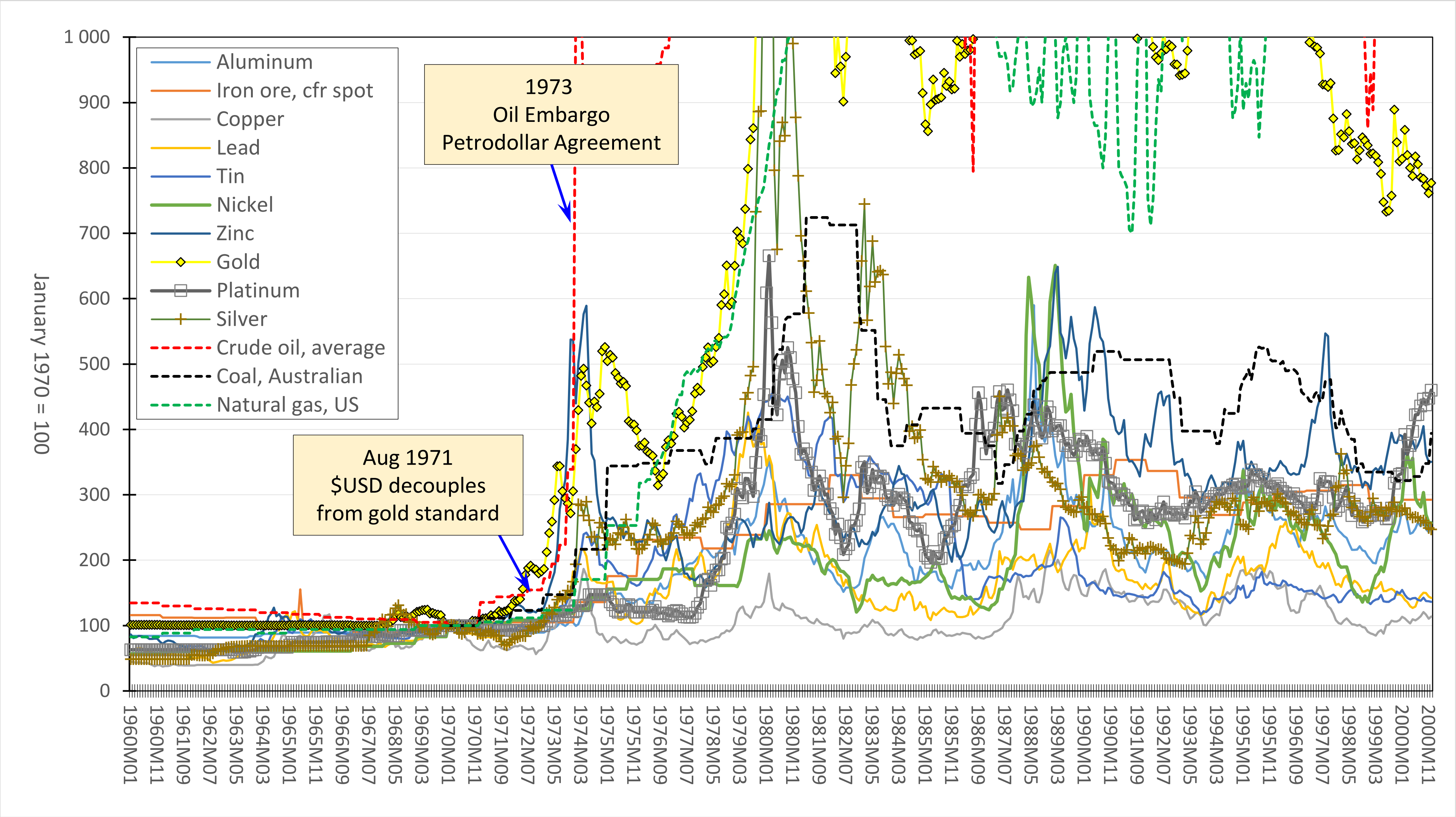

Global GDP compared to Oil production (1965 to 2021)
World GDP (Indexed to 1965=100)
Total World Oil Production (Indexed to 1965=100)
$USD decouples from gold standard Aug 1971 to become a *fiat* currency
17:1 ratio
Indexed Value
0
1000
2000
3000
4000
5000
6000
Year
1965 1967 1969 1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021

World per-capita GDP increased almost 1:1 with energy consumption from 1800-1973
GDP gains have been modest with ever-increasing energy consumption after 1973



Source: FRED, OWID, World Bank & Labyrinth Consulting Services, Inc
Labyrinth/Climate Change/OWID/ OWID PRIMARY ENERGY CONSUMPTION_global-energy-substitution

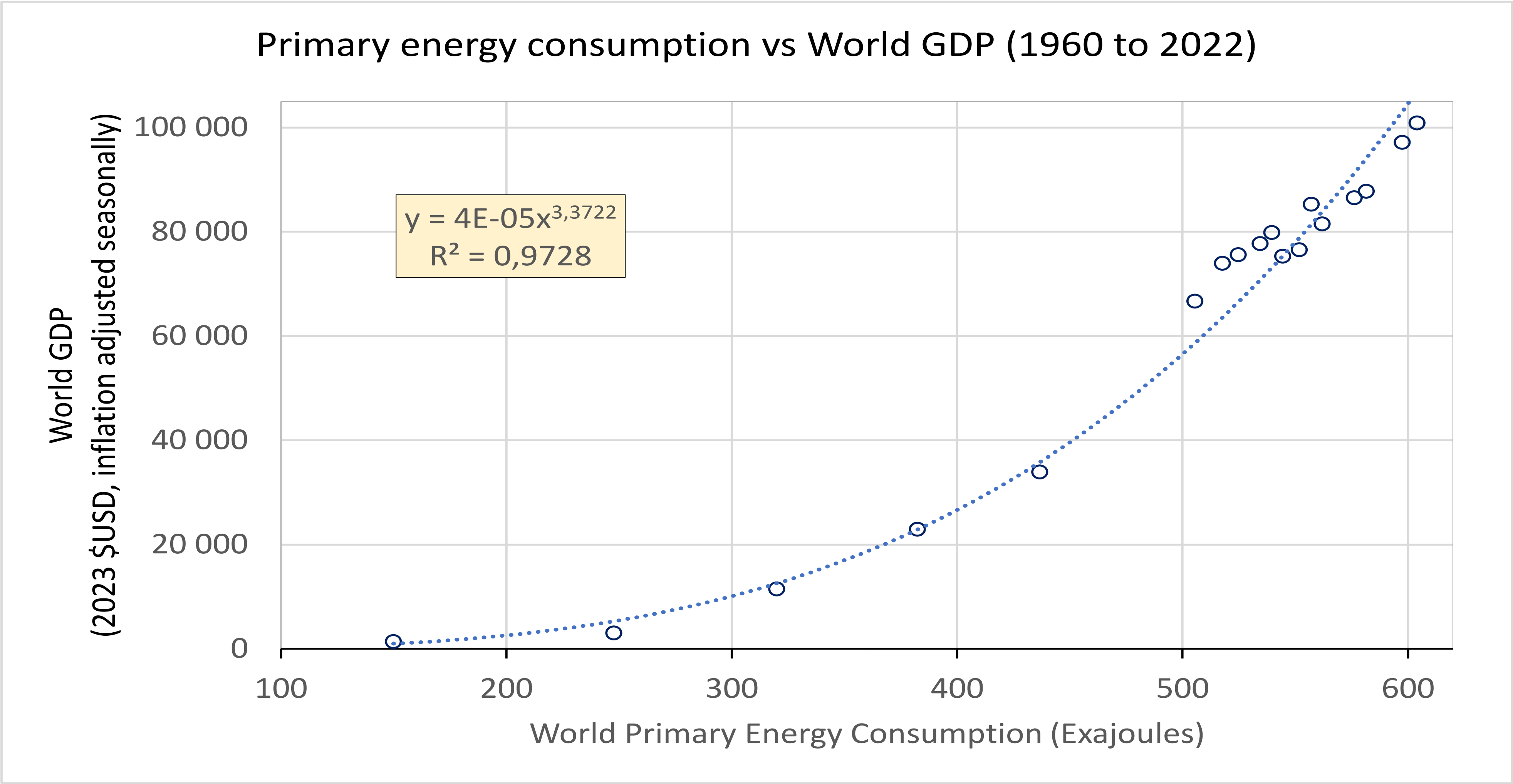
(Source: Labyrinth Consulting Services, Inc., Art Berman)



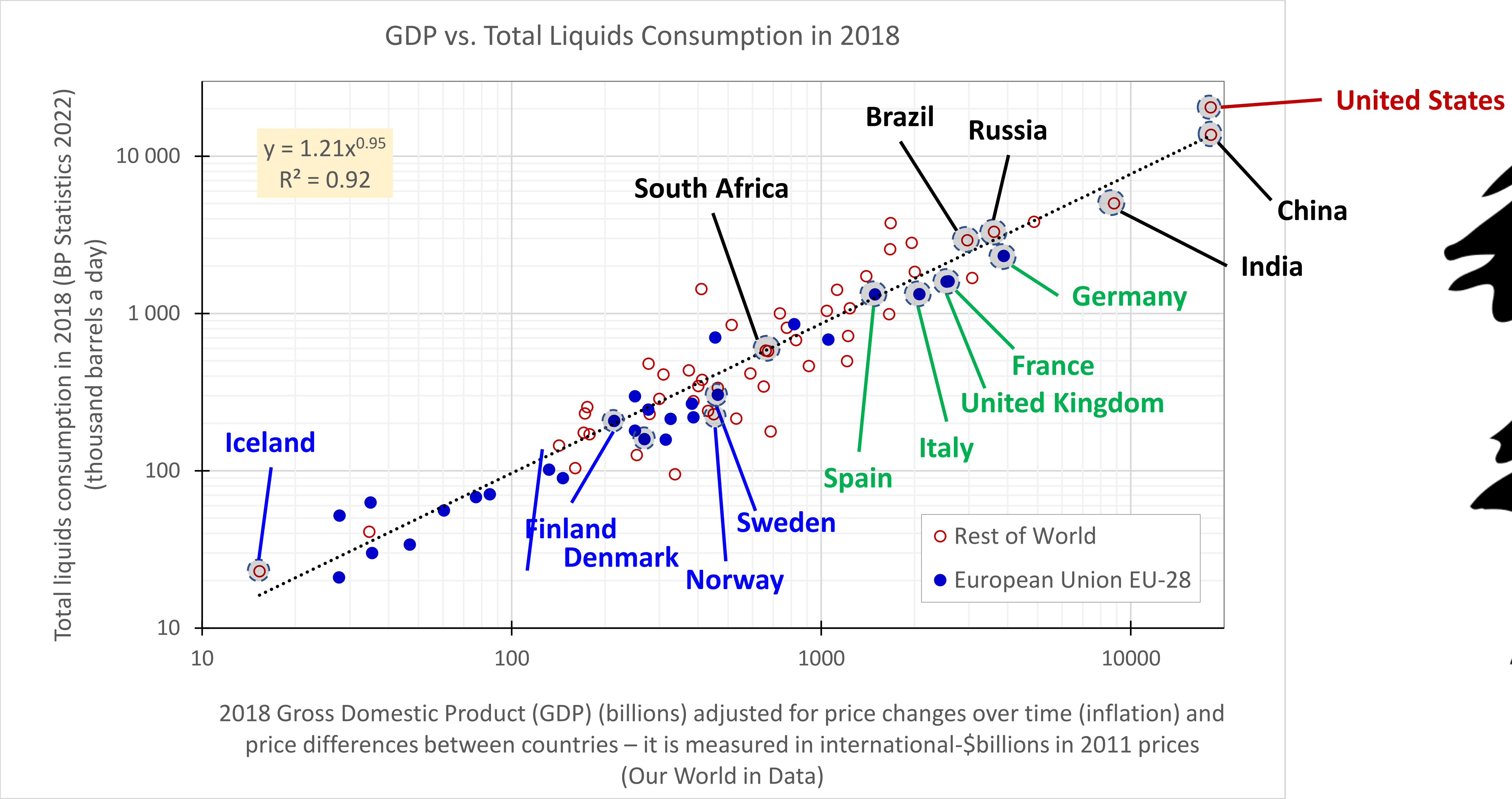
1960 - 1971
Hard asset backed global reserve currency

1971 - 1986
Volatility in Middle East oil supply.

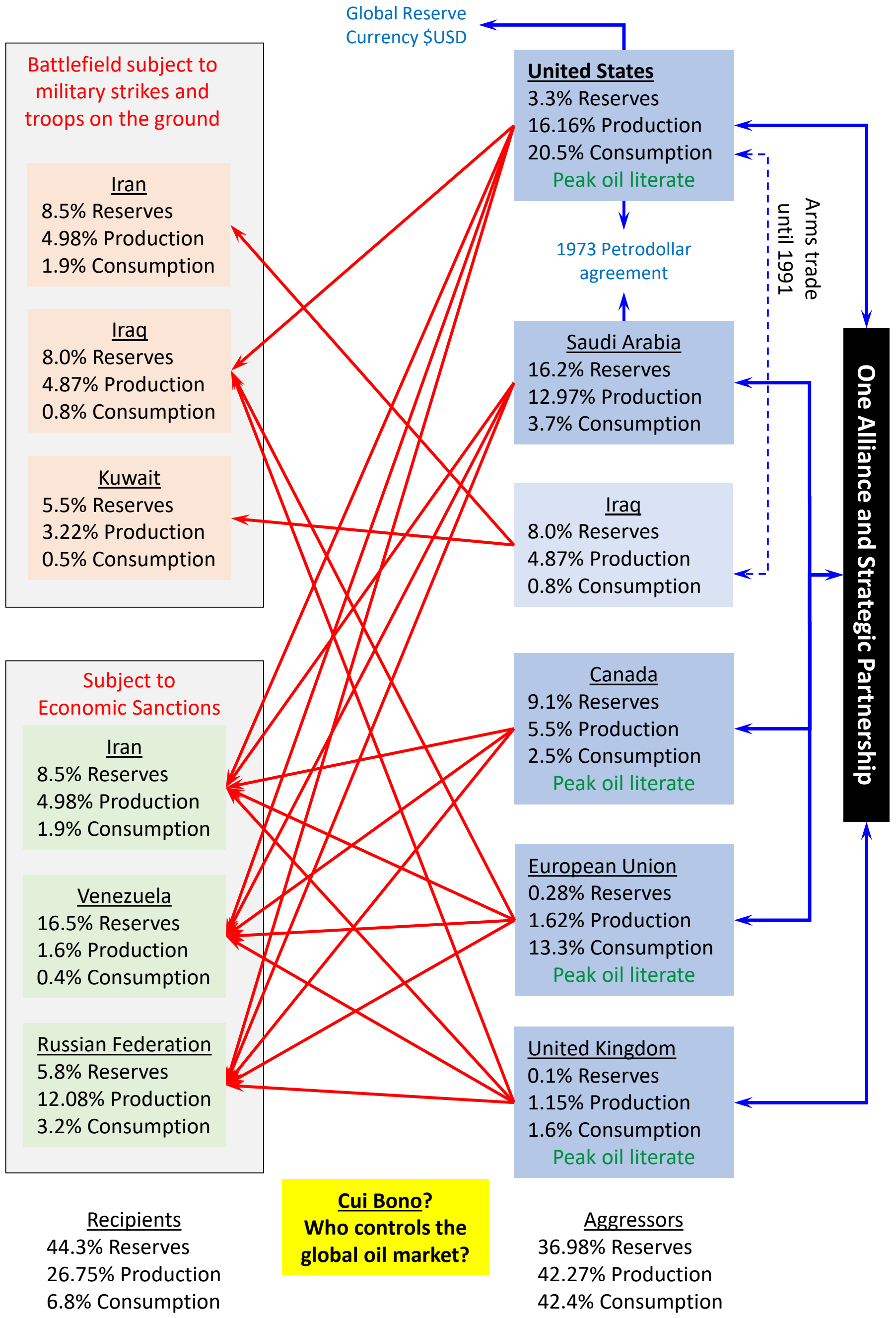
1986 - 2005
Relative stability



World GDP in 2023, seasonally adjusted US Dollars (vertical axis) (World Bank, OECD)
plotted against the world energy consumption from 1960 to 2022 (horizontal axis) (BP Statistics)

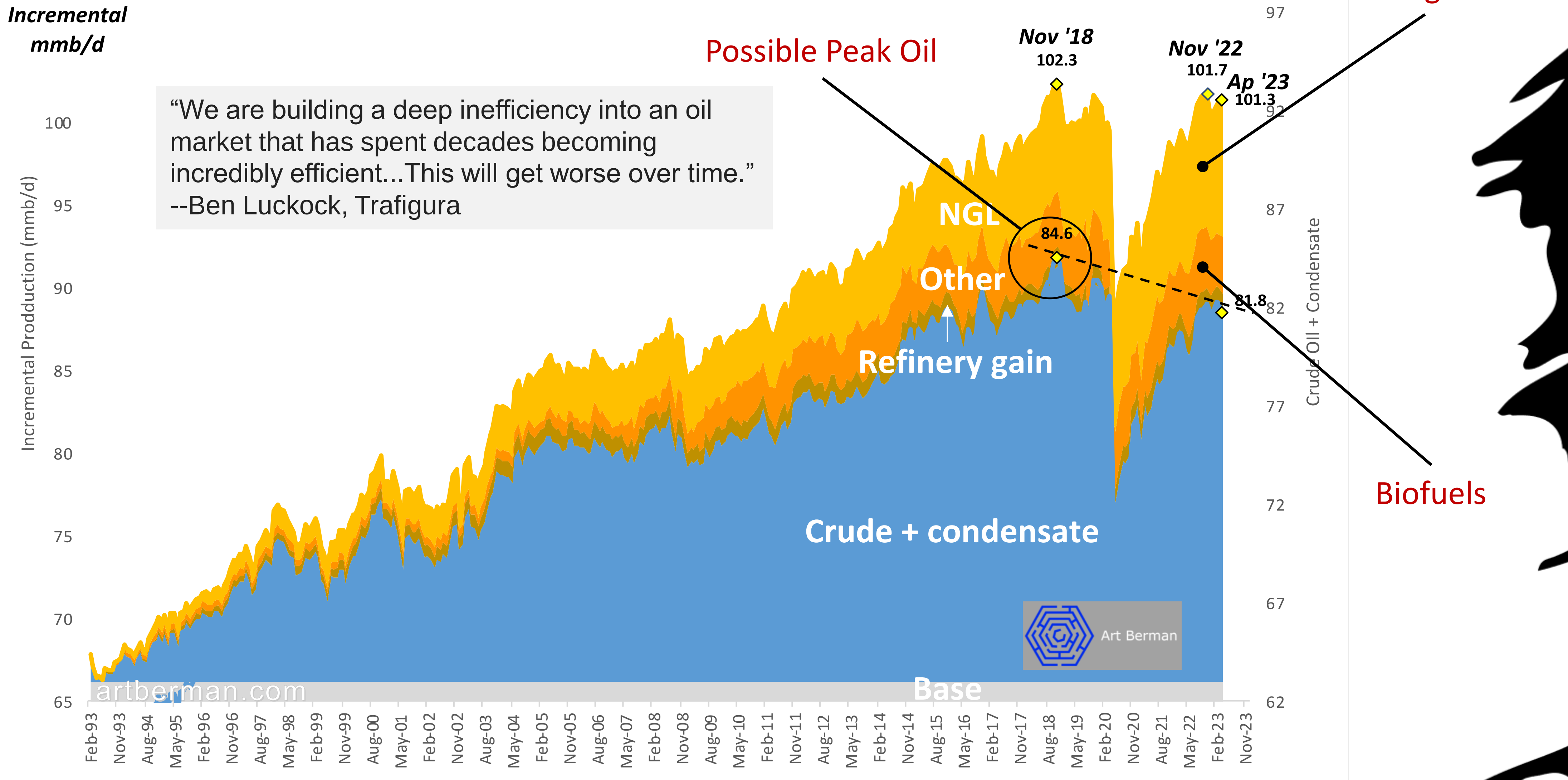


Developed from previous work, Labyrinth Consulting Services, Inc., Art Berman



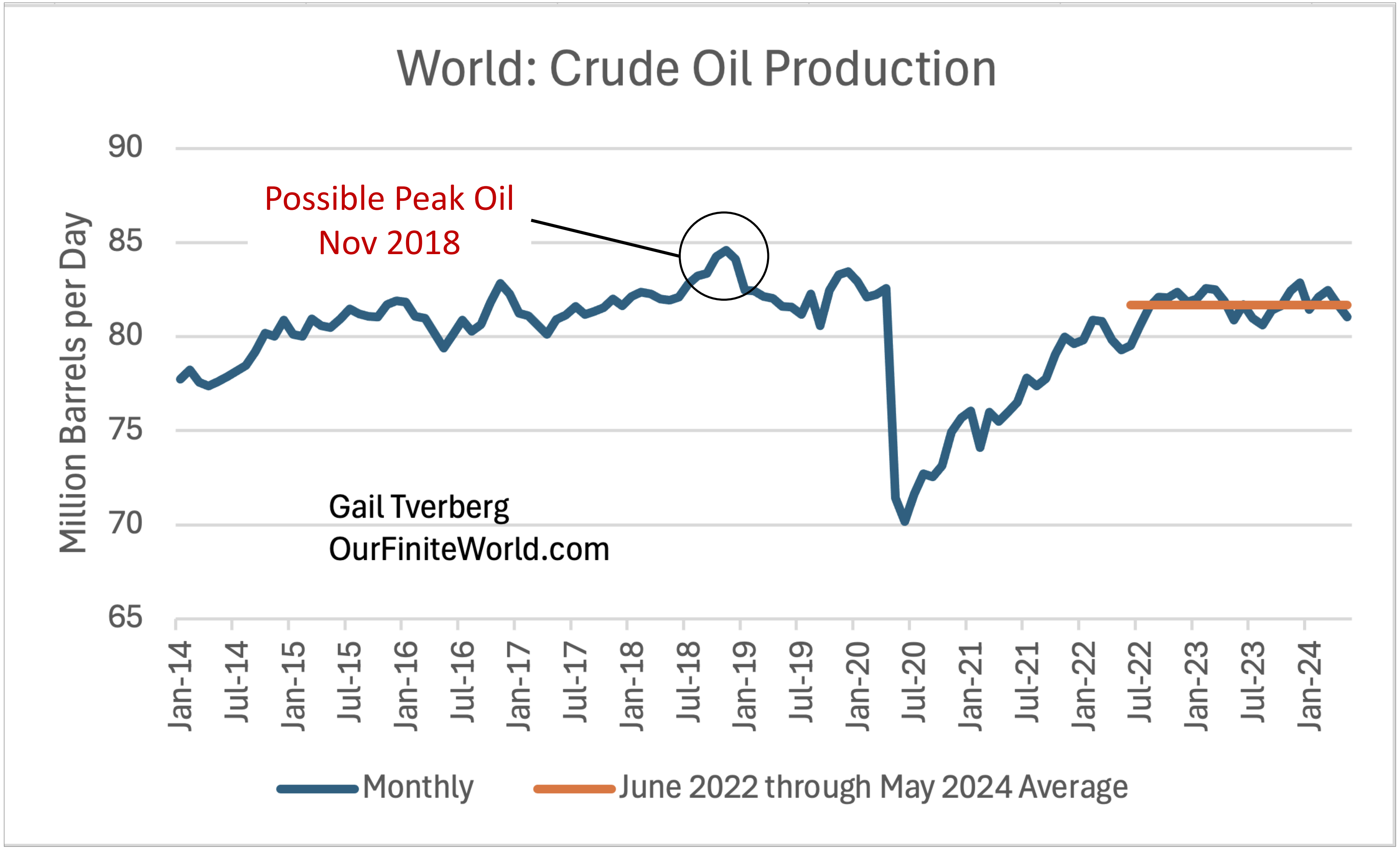
Global Reserve Currency $USD
Battlefield subject to military strikes and troops on the ground
Iran
8.5% Reserves
4.98% Production
1.9% Consumption
Iraq
8.0% Reserves
4.87% Production
0.8% Consumption
Kuwait
5.5% Reserves
3.22% Production
0.5% Consumption
Subject to Economic Sanctions
Iran
8.5% Reserves
4.98% Production
1.9% Consumption
Venezuela
16.5% Reserves
1.6% Production
0.4% Consumption
Russian Federation
5.8% Reserves
12.08% Production
3.2% Consumption
United States
3.3% Reserves
16.16% Production
20.5% Consumption
Peak oil literate
1973 Petrodollar agreement
Arms trade until 1991
Saudi Arabia
16.2% Reserves
12.97% Production
3.7% Consumption
Iraq
8.0% Reserves
4.87% Production
0.8% Consumption
Canada
9.1% Reserves
5.5% Production
2.5% Consumption
Peak oil literate
European Union
0.28% Reserves
1.62% Production
13.3% Consumption
Peak oil literate
United Kingdom
0.1% Reserves
1.15% Production
1.6% Consumption
Peak oil literate
One Alliance and Strategic Partnership
Recipients
44.3% Reserves
26.75% Production
6.8% Consumption
Cui Bono? Who controls the global oil market?
Aggressors
36.98% Reserves
42.27% Production
42.4% Consumption

World liquids production reached 0.5 mmb/d less than its peak 2018 level in late 2022 but crude oil + condensate is almost 3 mmb/d less than in 2018 April total liquids are about 1 mmb/d less than in November 2018



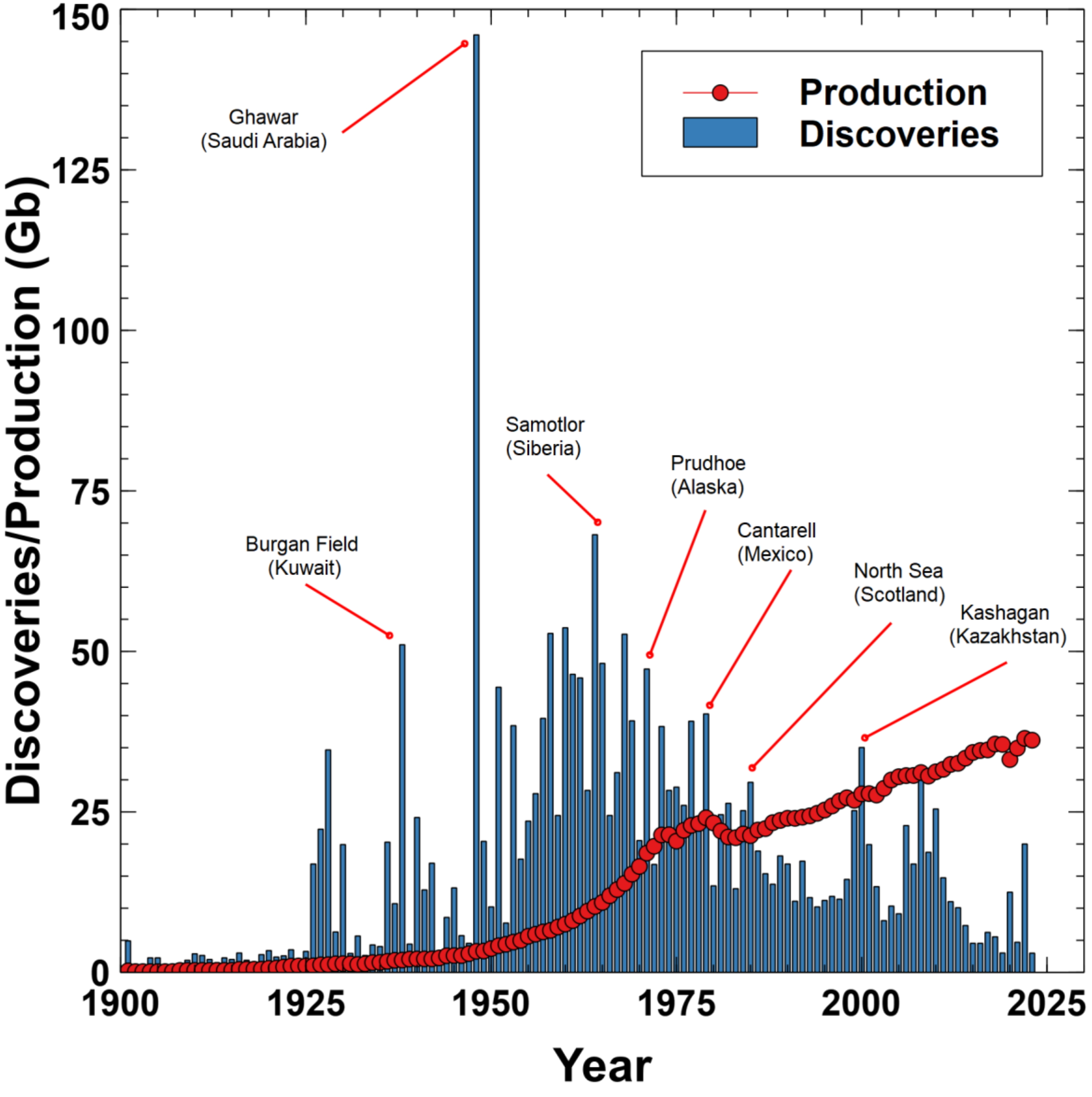
Source: EIA,& Labyrinth Consulting Services, Inc

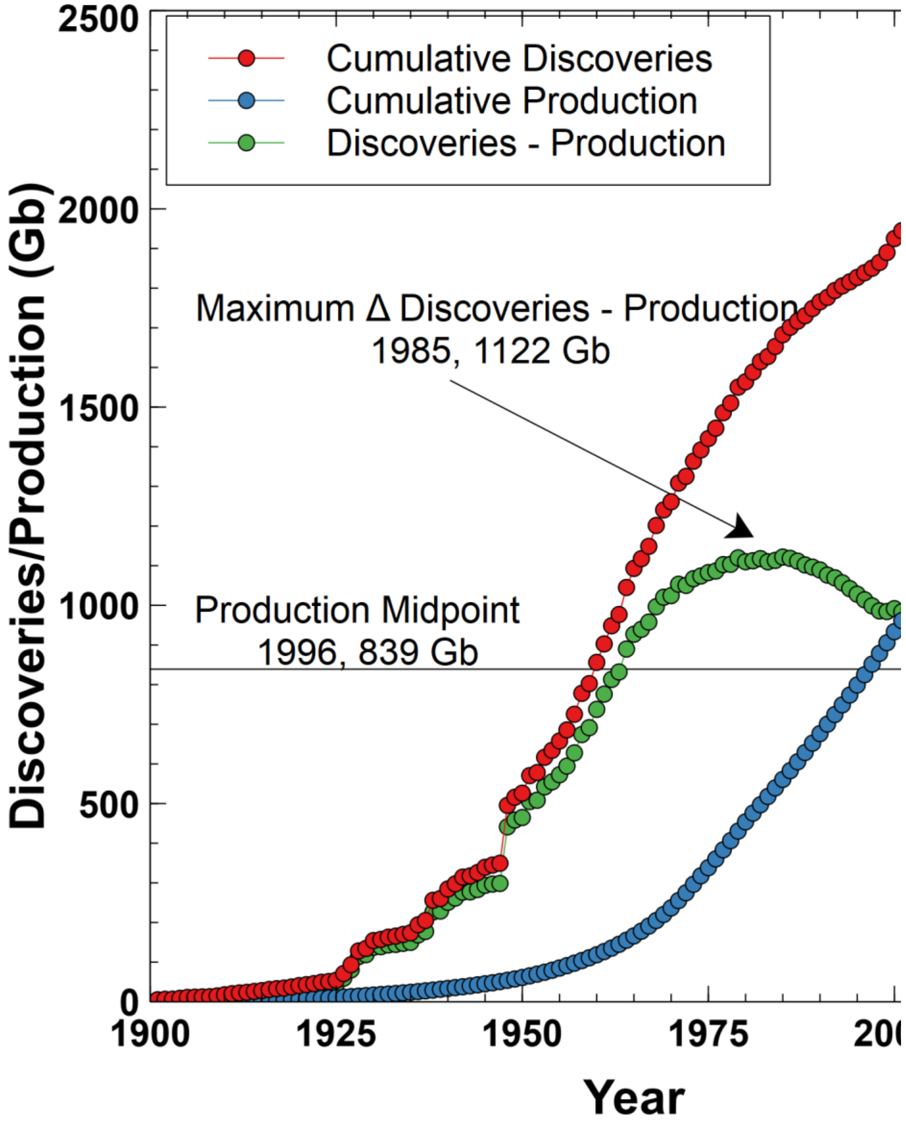
EIA/EIA International/International_data MASTER_2022.xlsx



https://ourfiniteworld.com/2024/09/11/crude-oil-extraction-may-be-well-past-peak/

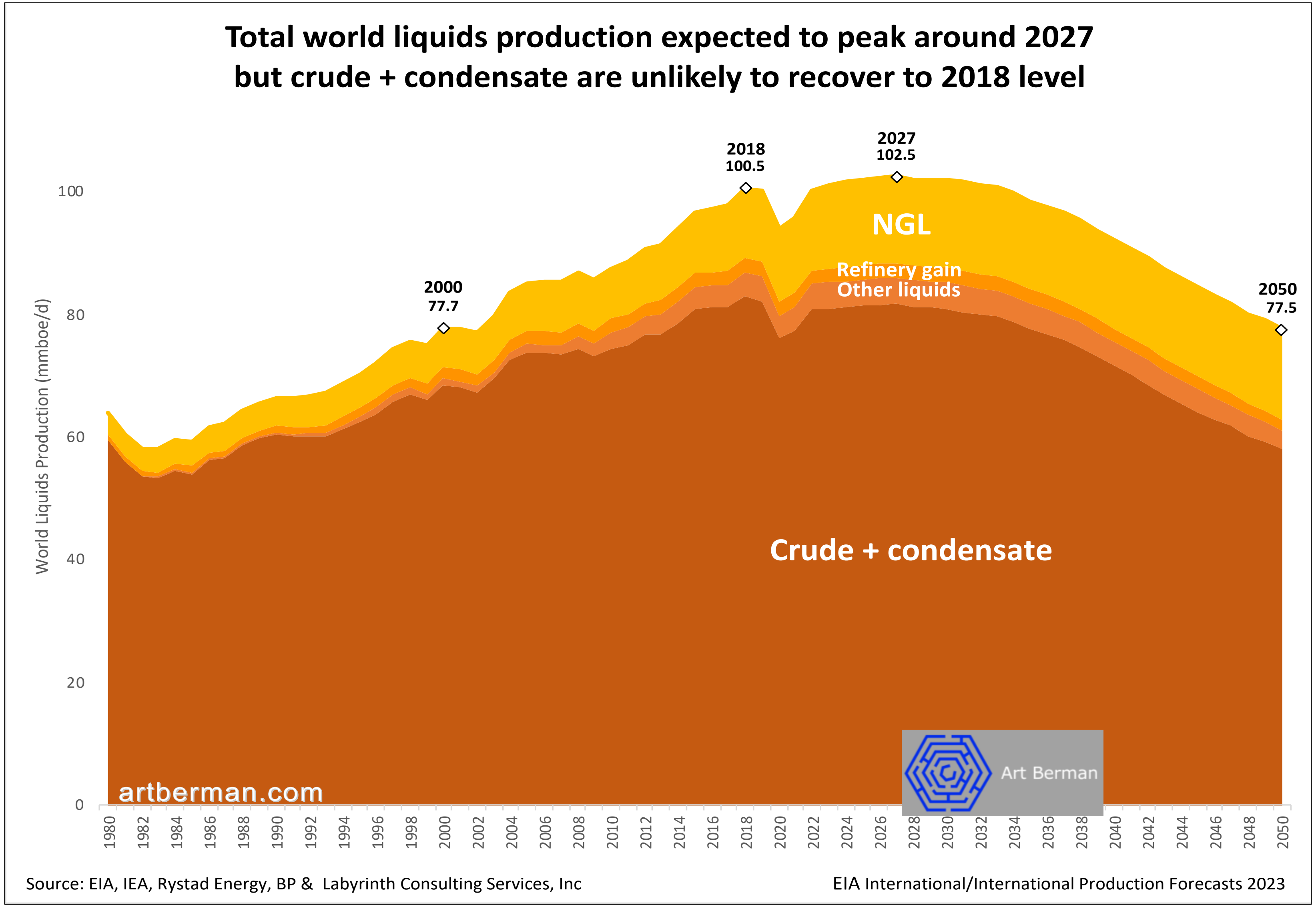
81% of existing oil reserves are being annually depleted at a rate ranging between 5 to 15%



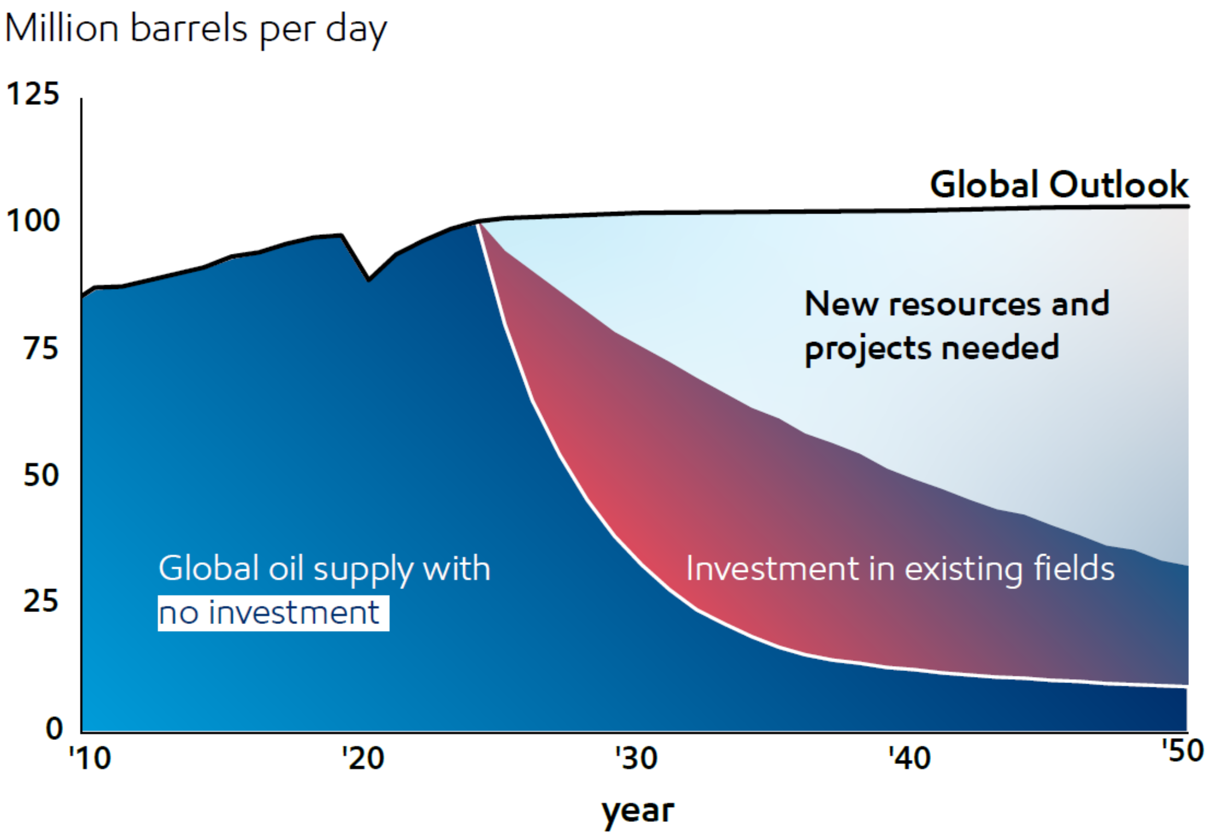


Source: John Peach, MIT Lincoln Laboratory (ret.)

Oils ain't oils….



Fossil fuels are being phased out



https://corporate.exxonmobil.com/sustainability-and-reports/global-outlook

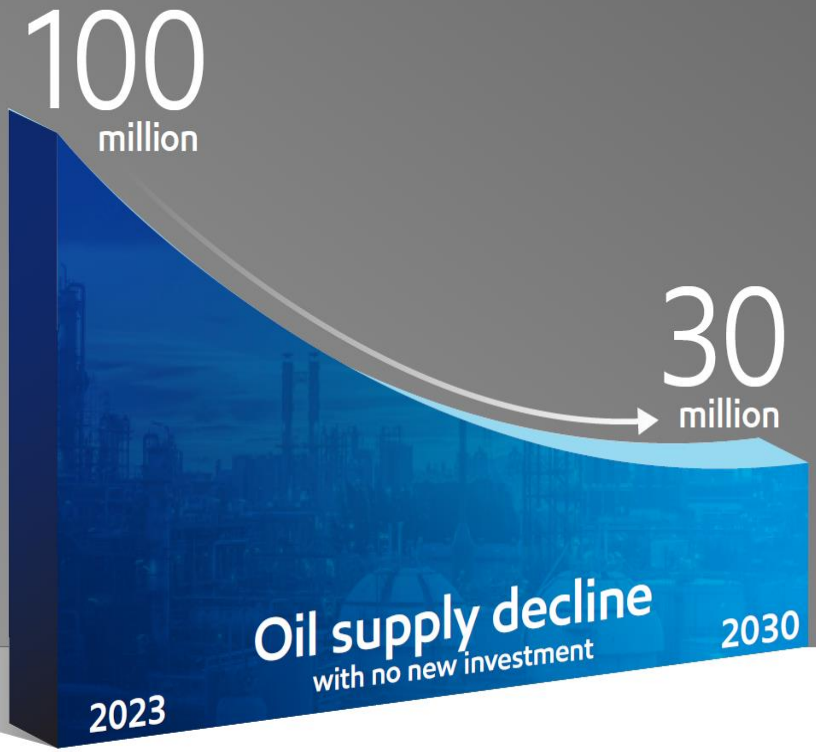
Fossil fuels are being phased out

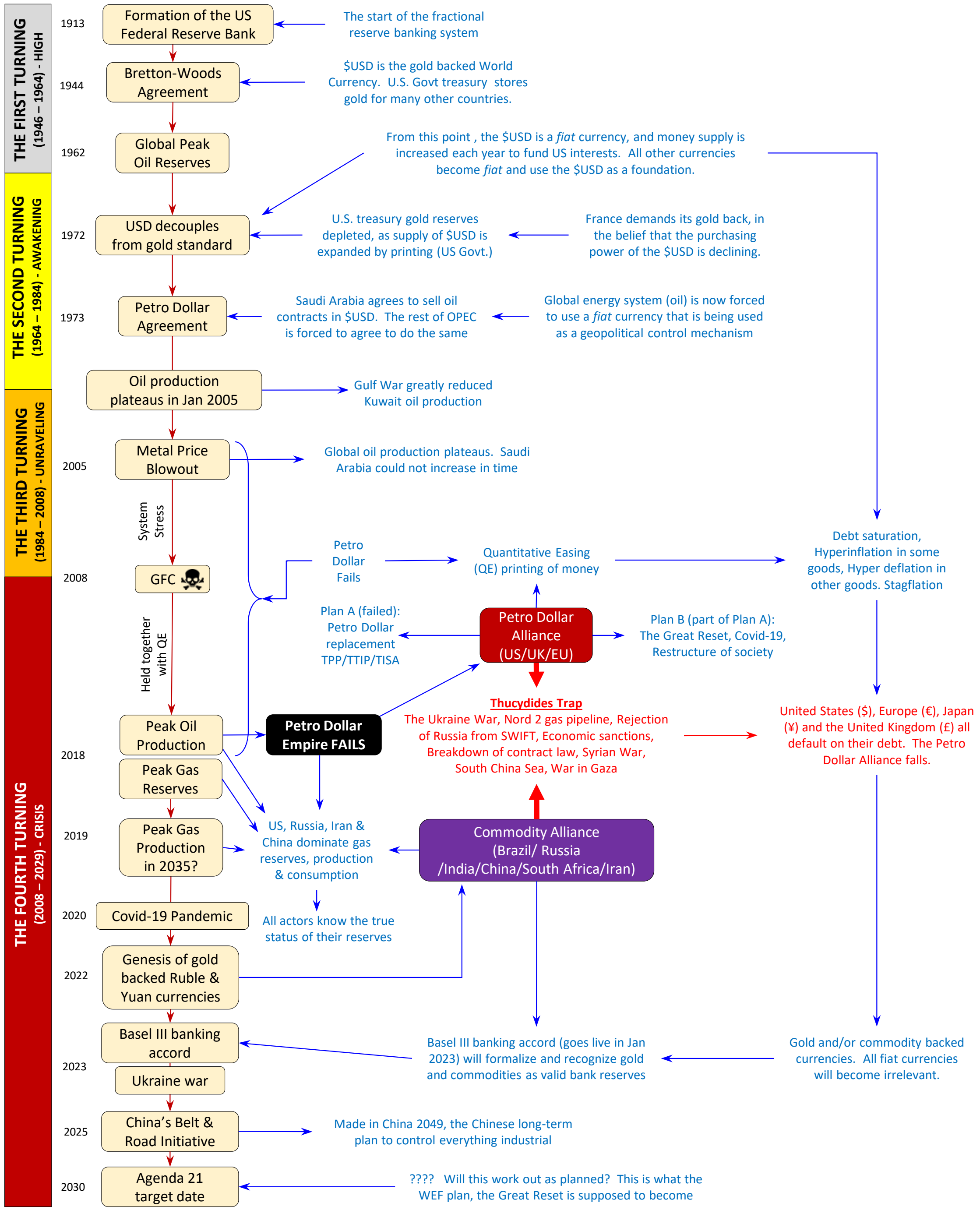
Sensitivity analysis: The economic effects of this kind of supply shock would be dire.

The world would experience severe energy shortages and disruption to daily lives within a year of investment ceasing.

Given price responses to past oil supply shocks, the permanent loss of 15% of oil supply per year could raise oil prices by more than 400%. By comparison, prices rose 200% during the oil price shocks of the 1970s.

Within 10 years, unemployment rates would likely reach **30%**. That's higher than during the Great Depression of the 1930s.




THE FIRST TURNING
(1946 – 1964) - HIGH
THE SECOND TURNING
(1964 – 1984) - AWAKENING
THE THIRD TURNING
(1984 – 2008) - UNRAVELING
THE FOURTH TURNING
(2008 – 2029) - CRISIS
1913
Formation of the US Federal Reserve Bank
The start of the fractional reserve banking system
1944
Bretton-Woods Agreement
$USD is the gold backed World Currency. U.S. Govt treasury stores gold for many other countries.
1962
Global Peak Oil Reserves
From this point , the $USD is a *fiat* currency, and money supply is increased each year to fund US interests. All other currencies become *fiat* and use the $USD as a foundation.
1972
USD decouples from gold standard
U.S. treasury gold reserves depleted, as supply of $USD is expanded by printing (US Govt.)
France demands its gold back, in the belief that the purchasing power of the $USD is declining.
1973
Petro Dollar Agreement
Saudi Arabia agrees to sell oil contracts in $USD. The rest of OPEC is forced to agree to do the same
Global energy system (oil) is now forced to use a *fiat* currency that is being used as a geopolitical control mechanism
Oil production plateaus in Jan 2005
Gulf War greatly reduced Kuwait oil production
2005
Metal Price Blowout
Global oil production plateaus. Saudi Arabia could not increase in time
System Stress
2008
GFC ☠
Petro Dollar Fails
Quantitative Easing (QE) printing of money
Debt saturation, Hyperinflation in some goods, Hyper deflation in other goods. Stagflation
Held together with QE
Plan A (failed): Petro Dollar replacement TPP/TTIP/TISA
Petro Dollar Alliance (US/UK/EU)
Plan B (part of Plan A): The Great Reset, Covid-19, Restructure of society
2018
Peak Oil Production
Peak Gas Reserves
Petro Dollar Empire FAILS
Thucydides Trap
The Ukraine War, Nord 2 gas pipeline, Rejection of Russia from SWIFT, Economic sanctions, Breakdown of contract law, Syrian War, South China Sea, War in Gaza
United States ($), Europe (€), Japan (¥) and the United Kingdom (£) all default on their debt. The Petro Dollar Alliance falls.
2019
Peak Gas Production in 2035?
US, Russia, Iran & China dominate gas reserves, production & consumption
Commodity Alliance (Brazil/ Russia /India/China/South Africa/Iran)
2020
Covid-19 Pandemic
All actors know the true status of their reserves
2022
Genesis of gold backed Ruble & Yuan currencies
2023
Basel III banking accord
Basel III banking accord (goes live in Jan 2023) will formalize and recognize gold and commodities as valid bank reserves
Gold and/or commodity backed currencies. All fiat currencies will become irrelevant.
Ukraine war
2025
China's Belt & Road Initiative
Made in China 2049, the Chinese long-term plan to control everything industrial
2030
Agenda 21 target date
???? Will this work out as planned? This is what the WEF plan, the Great Reset is supposed to become

Empire cycles, global currencies & monkey business