New Zealand's Commodity Prices Will Follow the Price of Gold Points out Central Banker Meg Bouldoukian

An exclusive interview with MSCNewsWire's Peter Isaac . . .

Meg Bouldoukian with Peter Isaac

NAPIER, HAWKES BAY, NEW ZEALAND, July 24, 2015 /EINPresswire.com/ -- Commodity prices will follow the prices of gold. These will include food commodities, insisted international banker Meg Bouldoukian in an exclusive interview with MSC Newswire.

The central banker should know. As vice governor for the Bank of Lebanon during the 1980s he took a long term position on gold which helped restore Lebanon's finances after its long civil war.

He estimates now that the price of gold will stay low for the next 10 years. His calculation is based on a very long time analysis of gold movement, based on "human behaviour."

Mr Bouldoukian (pictured with MSC Newswire's Peter Isaac) meanwhile remains bullish in the short and long term about the USD. The reason being he notes is that 80 percent of the world's trade is conducted in it. Dismay on the topic of the US deficit remains misplaced, he stressed.

This is because the sum of the deficit in practical terms funds world trade. This US deficit represents, in effect, the world's tradeable currency liquidity float.

United States manoeuvres in advancing the cause of its currency were rarely perceived at the time, he insisted. This especially applied to the ability of the United States to position the Chinese currency in a direction desirable to the USD.
The Euro he noted simply lacked the status to present any challenge at all to the USD. Mr Bouldoukian pointed out that a lowering of the value of the Euro would be in the best interests of the EU because it would make the union's exporters more competitive on the international market.

China's trading success, he pointed out, was due to the nation's ability to harmonise its industrialisation with its market for the products that resulted from that industrialisation.

China had simply applied the "best parts" of the United States industrial playbook, he observed. This contrasted, he said, with the Russian experience in seeking to implement a market economy in which industrialisation had failed to harmonise with the markets.

Evaluating the New Zealand economy prior to globalisation and afterward, Mr Bouldoukian said that the country had demonstrated one of the "human" characteristics that underpinned currencies and their fluctuations everywhere. This was the desire for people to possess imported products over the local versions.

This human characteristic endured regardless of quality and is based on the constant human desire to possess something made somewhere else. It was this known behaviour that generated imports, and thus the exports required to pay for them.

Mr Bouldoukian is widely known, and even feared, for his refusal to take at face value the United States imperative of stamping out money laundering, a generalised imperative backed, for example, by the provisions of the Patriot Act.

At one international conference and after the United States representative had declared the stern consequences for banks found to be stumbling in the matter, he had his public retort ready.

He pointed out that as the only issuer of the USD, it was therefore incumbent on the United States itself to be aware of the locations of the currency that it in fact had printed.

Observing the move of private banking from Switzerland to Singapore he said that any respite for Singapore would be temporary. The United States in due course would turn its sights on Singapore, he foresaw.

A characteristic of international finance, he observed, was for all concerned to fail to see the obvious. Thus, in nations which had unaccountable gaping holes in their accounts such as Greece or Armenia, for example, there was a reluctance to evaluate the role of these nations' taxation authorities.

There was, he said, a universal failure to ask the question "who takes in the money?"

As far as the United States was concerned, its banking structure was noteworthy still for several due diligence failures. There was the failure to investigate the extent to which their foreign bank clients allowed other foreign banks to use their US accounts.

Similarly US banks fail to identify in operational terms foreign banks with few assets and with inadequate credit relationships. In spite of all the precautions, "in certain relationships" these high risk foreign banks "fly in under the radar screen "of most US banks' anti-laundering vetting.

Mr Bouldoukian is the author of the standard work on this topic, The Management of Correspondent Banking. It is in this sphere of high risk foreign banks with criminal clientele having access to US correspondent bank accounts that he predicts is the greatest threat to US, and thus world, banking.

His advice to New Zealand organisations seeking to do business in emerging economies was to first evaluate the banking system of that country.

Size and population levels were not in themselves a reliable indicator of the strength of a banking system, he said, citing Yemen, with a population of 24 million yet with under 500 bank accounts in the entire nation.

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