



COURSE OF THE EXCHANGE



The cutler's tale

Developments in metals



The cutler's tale

'Cutlery' is an all-encompassing word for implements, especially knives used at dinner tables. However, 'cutlers' were originally *specialists*, as all qualified guilds' members once were, who fitted handles to knife blades and had responsibility for retailing of finished articles. In conjunction with cutlers, 'bladesmiths' fitted blades and 'sheathers' provided sheaths... but cutlers had responsibility for *retailing* of the finished articles.

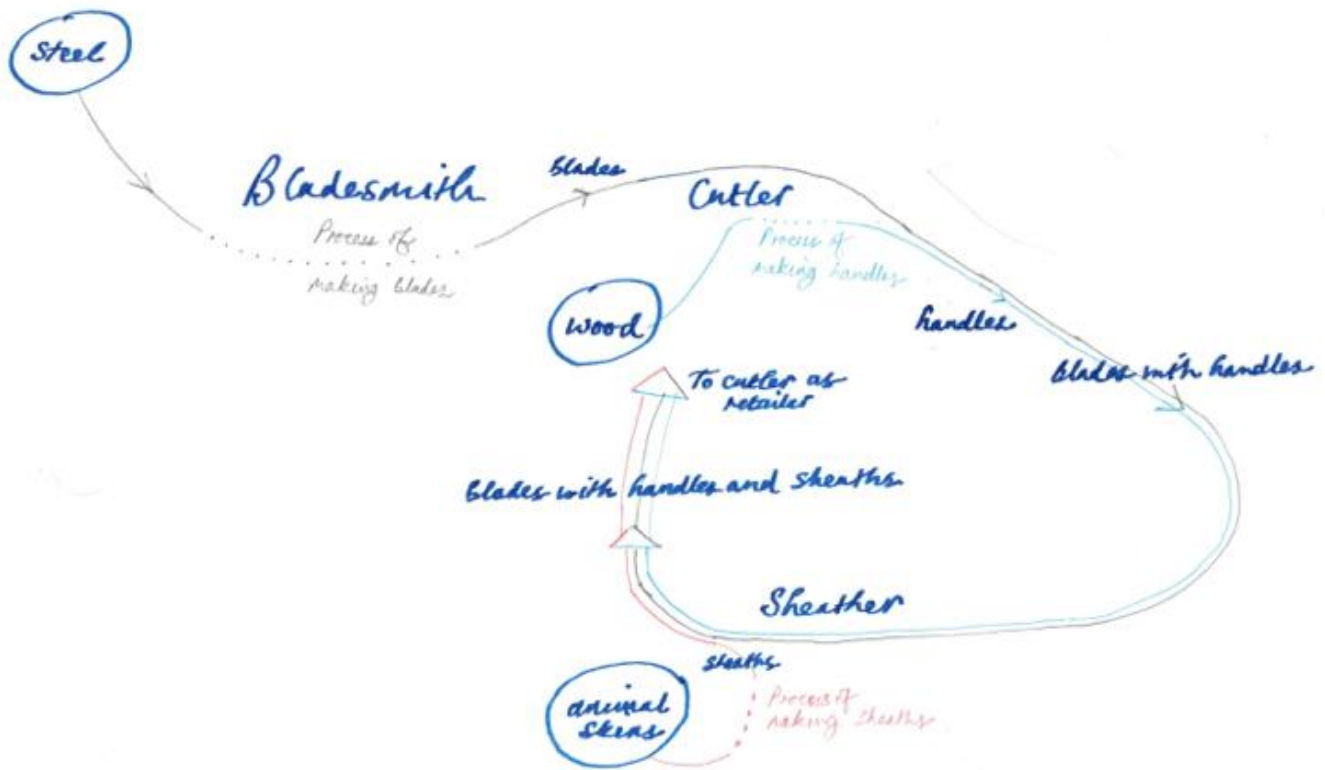
This put cutlers in an awkward position with the public, as they bore the public's ire in any fault in final goods; a fault which might have nothing to do with cutlers themselves. Cutlers, in their role as retailers of sheathed-knives, merely had to manage inventory or 'knives on shelves.' Apart from the burden of retailing, cutlers only had a part in the production process of the finished article, just like any individual as part in a production process.

According to City records, bladesmiths had a 'poorer standard of craftsmanship' at one time than cutlers and in order to delineate such quality differentials, bladesmiths were not allowed to practice the craft of cutlers and vice versa. Such an ordinance would have made suing the relevant people in the production process easier for the public – rather than resolving problems to do with poor quality knives. This supposedly beneficial delineation was found unworkable and 49 years later this ordinance was asked to be removed.

Bladesmiths and cutlers found this request 'difficult to be accommodated' as the Mercers' Company (general retailers) had built a side-line to profit from this ordinance by supplying finished-blades to cutlers, who weren't allowed to handle unfinished-blades! This was rectified when the Cutlers' Company was formed in 1415 and the Mercers' Company were forbidden from interfering with the cutlery trade apart from in their role as (secondary/second-hand) retailers of any arbitrary goods. For some strange reason even today, the Mercers' Company – which has nothing to do with primary production but second-hand retail – has 'precedence' over more important; creative City livery companies (i.e. all of them.)

On the next page, a diagram demarcating interaction between bladesmiths, cutlers and sheathers is given, as well as their interaction with (hypothetical) futures markets (steel, wood and animal skins.) In this way, we can see finished articles as composed of combinations of futures market transactions, plus that combined skill of specialists.

This will serve as a basis for expanding on how changes in futures markets results in changes to finished articles on 'shop shelves.'



nb – the author doesn't condone the use of animal skins for knife sheaths.



Developments in metals

In the last letter from 9th November, it was noted that metals apart from silver and gold were moving into actionable backwardation. Over the past month or so, carries for more metals have fallen with some resulting in actionable backwardation: aluminium, lead and tin have now joined copper and zinc. [Fiat is imploding in on itself and money-ness of metals, be those metals copper or silver, is being exposed for all to see.](#) On 17th December, aluminium went into a (spot/three-month) backwardation (positive co-basis) of \$12/tonne. On 17th, 18th and 19th December, tin's (spot/three month) co-basis registered \$30, \$25 and \$55 per tonne!

According to 'standard' economic theory, which just assumes validity of fiat as a preposition, metals only move into backwardation if there's a 'shortage' in that metal brewing. Without writing an essay on this word 'shortage,' such a stance is far from the truth... as 'shortages' of metals, according to 'standard' economic theory, only occur during 'booms.'

Are we in an 'economic boom?' From London to Sydney and Beijing, vast swathes of 'investment properties' lie empty; their owners looking for a bid... and with accepted 'rental charges' falling as well, such entities are being realised as liabilities rather than assets. 'Stock markets' the world over look like they've only just begun falling.

I wish you all a very happy Christmas and prosperous new year!



21st December 2018.