MONTHLY GOLD BRIEFING
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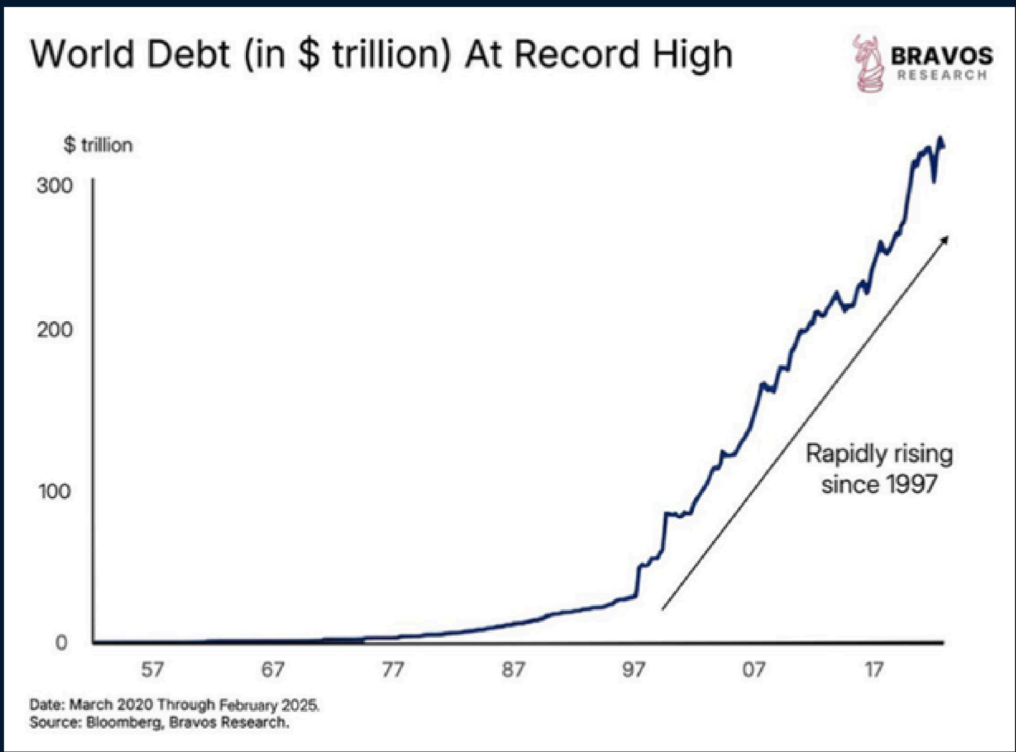
VON GREYERZ

PHYSICAL GOLD VS. DESPERATE DEBT & UNSTABLE COIN CENTRALISATION

To say that the world is feeling unstable would be an understatement...

SO MANY CRACKS IN PLAIN SIGHT

We are currently experiencing a watershed convergence of: the worst global relations since 1949; the greatest financial bubble in the history of capital markets; the highest geopolitical/war risks since the Cuban Missile Crisis; the lowest trust in Western leadership (from the G-7 to Isreal, DC to the Ukraine) and the greatest debt levels in the history of mankind.



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DEBT DESTROYS

This debt, and this chart, matter because debt matters. Debt, as David Hume warned in the 1750s, and von Mises warned centuries later, destroys currencies, freedom and nations.

Look around us. What do we see? The slow-drip destruction of currencies, freedom and nations.

PAPER MONEY BURNS, BUBBLES FATTEN & GOLD HOLDS

In just 54 years, the major fiat currencies of the world have lost 99% of their purchasing power against a milligram of gold. $100 dollars in 1971 now has the equivalent purchasing power of $13 dollars.

Meanwhile, gold, which has outperformed the S&P since 2000, has made consecutive all-time highs, while consensus financial advisors still declare it as "too volatile"?

As for national economic and market strength, the home of the world reserve currency is in an openly denied recession by every metric - from the Tsams Rule, the Conference Board of Leading Indicators, Yield Curve, M2 movements and record-breaking small business bankruptcies to over $1T in US consumer credit card debt, spiking "buy-now-pay-later" deals and auto/credit-card delinquencies at 13-year highs.

In the meantime, the US sits on a ticking time-bomb of $37T in public debt, a stock-market driven by seven names (whose CEOs are selling shares to the tune of billions per month) while margin debt ($1T) surpasses GFC levels and retail investors are chasing tops at an "all-in" pace that exceeds the dot.com bubble.

Even more crazy, is that with debt levels rising and Main Street falling, the US is blaming its trade deficits and overspending on the rest of the world rather than its own spending patterns. We are thus imposing trade-disruptive tariffs whose range and magnitude, as well as recessionary and inflationary risks, change with each daily tweet.

DESPERATE NATIONS, DESPERATE POLICIES

In short, the world in general, and the U.S. in particular, are not only in a debt corner, they are in a desperate corner.

Desperate nations, of course, do desperate things. The declining demand for USTs and USDs following the weaponisation of the same in 2022 has resulted in a need to create clever tricks and artificial demand for their otherwise unloved and distrusted paper dollars and IOUs.

As warned for years, history also confirms that every debt crisis involves a domino-like move toward greater centralisation and control from the extreme political left or right.

CENTRALISATION + FORCED DOLLAR DEMAND = STABLECOINS

If history's centralisation warnings and the real-time warnings of a broken currency are true, then the perfect marriage and symbol of this tragic combination could not be more obvious, more forewarned or more in practice than the new stablecoin hysteria.

Let's be blunt: These stablecoins are nothing more than CBDC issued by FinTechs and commercial banks rather than a central bank. In other words, tech lipstick on a centralisation pig.

NOTHING STABLE AT ALL...

Stablecoins are a blockchain asset with all the bells and whistles of transfer speed, with an extra dash of an issuer's promise of audited, 1:1 USD backing. In short, you give a bank or fintech stablecoin issuer your dollar, and they invest it for a profit ($26B for Tether thus far) in USTs while you get an e-currency with no yield.

The "coin" issuers thereby get a yield arbitrage while Uncle Sam gets new UST buyers (Tether is his 18th largest lender) and you get all the risk (and surveillance).

This is because a stablecoin backed by USTs is anything but stable.

USTs are the worst performing asset of the last 5 years, and if you need a more recent example of how a tanking UST can destabilise and otherwise "stable" façade, just ask Signature Valley Bank and the other UST-heavy banks who tanked under the rising-rate setting of 2023…

CBDC BY ANOTHER NAME

Far less discussed is the fact that these digital stablecoins are just as trackable, programable and "take-able" as a CBDC, but with a commercial bank or fintech doing the same dirty work.

Since COVID, the IMF has been telegraphing all the warm and fuzzy technology, speed and safety of digital money and CBDC without mentioning the scarier parts out loud. Stablecoins, like any tokenised asset, including gold, are not "stable" if what lies behind their bits and bytes lies direct links to market, intermediary and privacy risk.

MODERN DOESN'T ALWAYS MEAN BETTER

Which is why sophisticated gold investors who value their privacy, safety and autonomy invest outside of the so-called stability of banking, fintech and governmental over-reach.

Storing analog "pet rocks" in segregated/allocated accounts that you can feel and touch in legally safe-guarded jurisdictions within private vaults outside of this corrupted system may not be modern or sexy to the tech meme of today.

But freedom and wealth preservation goals, as well as direct ownership methods (in a world predictably and increasingly more centralised and dishonest by the day) are as timeless, honest and essential as the metals themselves.

There's only one way to truly own gold - and that's physical, not technical.
It must be held in your own name, outside the banking system
in the most secure private vaults.