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Macro Roundup Article

Headline: What I Think About the Silicon Valley Bank Situation

Article Link: https://www.linkedin.com/pulse/what-i-think-silicon-valley-bank-situation-ray-dalio/

Author(s)	Ray Dalio
Publication	LinkedIn
Publication Date	March 15, 2023

Tweet: .@RayDalio argues that the SVB bank run is evidence we are in the early stage of the debt-contraction cycle.

Summary: [SVB] is a very classic event in the very classic bubble-bursting part of the short-term debt cycle (which lasts about seven years, give or take about three) in which the tight money to curtail credit growth and inflation leads to a self-reinforcing debt-credit contraction that takes place via a domino-falling-like contagion process that continues until central banks create easy money that negates the debt-credit contraction, thus producing more new credit and debt, which creates the seeds for the next big debt problem until these short-term cycles build up the debt assets and liabilities to the point that they are unsustainable and the whole thing collapses in a debt restructuring and debt monetization (which typically happens about once every 75 years, give or take about 25 years).

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