# 🎬 Video Title

## "🔴 URGENT Market Update — Raoul Pal & Julien Bittel"

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## 🎥 Video Snapshot

**Duration:** 01:07:36 | **Uploaded:** April 7, 2025 | **Views:** 66,763 | **Likes:** 4,109 | **Comments:** 156 | **Channel:** Raoul Pal The Journey Man (@RaoulPalTJM) | **Category:** News & Politics

## 📝 Description:

🔥 \*Get my FREE PDF report to Unf\*ck Your Future:\* https://rvtv.io/3YOZZUe. Join us for this URGENT Update— markets are crashing, and Julien Bittel and I want to explain the big picture and help you navigate this with confidence.  
   
In this special update, Raoul Pal and Julien Bittel are here LIVE to share their analysis of what transpired last week, the new reality of global trade wars, and where markets could move next. Then, they'll take questions directly from RV Plus and Pro members.  
  
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## 📜 Video Transcript

Speaker 1: Well, hey everyone, welcome to a special flash update from Julian and I to help you navigate what the hell is going on and how to think about this. We think it's a really important week and I can sense peak fear out there. I put some tweets but Julian, I really wanted to go through in detail what is happening. Now this is happening across X, it's happening across YouTube and it's on the Real Vision platform. We will do the presentation first and a conversation. Then we'll go to questions on the Real Vision platform. So that's realvision.com/join, it's free, but there will be at least another half an hour of questions where you're going to get to hear our views as people do that. Now the only questions are from pro members and plus members. So you guys all get to hear the questions if you're on the Real Vision platform. Plus and pro, you get to ask the questions. At the end of this, the presentation will be made available to plus and pro members. There'll be some trade recommendation updates for Global Macro Investor and pro members probably in the middle of the week. We just want to see how things go. And there's also a special conversation with ChatGPT. I'll talk about that a little bit later towards the end of the presentation about how to think that through and that'll also be for pro and GMM members. So look, there's something for everybody here, but really for all of you on YouTube, X, Real Vision, we're here to help. We're here to guide you through what's going to really matter and how to think about things. As you know, Julian and I have built a massive framework. We're not just shooting from the hip using a few charts. This is based on 30 years of work and understanding of where we are.  
  
Speaker 2: So as ever, I like to start with the big picture so you understand how we think of things. Now, this is the core work that I've done for a long time at Global Macro Investor. And Julian and I put together in something called the Everything Code is where it all came together. And I'm not going to go through all of the Everything Code. You can see the YouTube video about it. But this should update you and understand. So this work is Global Macro Investors. I said, this is where our big thinking gets done, where all of the new ideas come from. That's the premium research service that most of you don't get and can't afford and whatever. But I do like to give it out to people from time to time to make sure you understand how we think. Before we kick off, I just want you to stare at this for a little bit. This is the don't mess this up rule book. And it's how to navigate these times. No leverage. Right? Anybody with leverage has been blown up. No FOMO. So don't chase the peaks and don't sell at the lows. The further you are out the risk curve, the further you will bag is down now. That's okay. I'm, you know, I have Sui Solana as my main holding. So they're down more, Bitcoin is down less. You need to understand the risk curve. Then don't get fleeced. Don't lose control of your tokens by attaching some stupid website. Only have a small DJ in bag. Remember when everybody thought that means we're going to be the biggest thing of all time. They've all gone to zero. That's because that's the so far at the risk of it should be small and it should be there for fun. Yet unlikely to make a fortune. The longer time, time horizon is everything zoom out, remove the noise and most importantly expect 35% pullbacks frequently in Bitcoin. And that means more in ults and buy the depth if you can. So those are the rules that don't mess this up. Understand that as we go through the presentation and you'll understand the opportunity set.  
  
Speaker 1: So let's go through the Everything Code. The Everything Code is the overall thesis of my understanding of how we got to where we are today, where we're going and how it all comes together. I've said before everything is demographics. The labor force participation rate is a representation of the demographics in the US economy. The US is better than others. Europe has worse demographics. Japan, worse, China, worse. But this is what drives economies, inflation and it also drives government debt. As the population ages out, this chart is one that I'm surprised that nobody's copied from us and is probably the single most important chart in all of macro. Government debt is a function of aging populations. It is there to paper over the cracks. If you remember GDP growth equals population growth plus productivity growth plus debt growth. Debt growth is the part that is papering over GDP growth. It is filling in the cracks. It is very important that you all understand this. But as debt to GDP increases, it becomes harder and harder to figure out how to finance it. So what comes along is the use of liquidity. Now we've used Fed net liquidity here. We'll talk about total liquidity later. The governments have shifted. The central banks and governments have shifted from originally balance sheet use back in 2008 when everything blew up till about Draghi and just after that period. Then they started using net liquidity. That's when you use the treasury general account. That's when you use the reverse reposy of bringing in the private sector into this and the government balance sheet, not just the central bank balance sheet. In recent times they've moved beyond that to use total liquidity, which includes the banking sector. But basically all liquidity is there is to service the government debt. This chart is incredibly important for you to understand.  
  
Speaker 2: So zooming in where we are today, you can see that U.S. total liquidity. So that includes the banking sector now, which is the new mechanism by which they're absorbing the debts and mandating banks to hold more government bonds. You can see it follows this debt to GDP chart. And here's the chart that drove the Everything Code. This is the interest payments going forwards. And here is liquidity rising to meet it. This is how you service the massive debts. You pay the interest. You do it by currency debatement. That's what liquidity is. It's a fancy word for currency debatement. And total liquidity is the way that they've been doing it. Now this is not new. This was all done after World War II. When at the same time the world was massively in debt, we had lost a large part of the working population by a war. And we then had to erode the debt by financial repression. Financial repression is when you keep yields lower than growth or lower than inflation, but generally lower than growth, nominal growth. And what happens is over time GDP rises, but debt doesn't rise as fast as GDP and you're eroding away of the debt. And that's by debatement. So that was very common in the 1950s. That lasted about two decades. What we were about, where are we now? 2008, we're almost two decades into this episode. And interestingly enough, the S&P now very much follows the S&P in the 1950s. And what we had then was the Everything Code as well. We had this perfect four-year cyclicality that plays out very similar to the cyclicality now. That cyclicality is the debt refinancing cycle. So in this stupidly colorful chart that nobody can read, if you're colorblind, you're totally messed up. But imagine you could see it. You can see all of these colors. And basically each color is a year. And in liquidity terms, these are broken into seasons. So we're currently coming into the fall season. Or autumn, if you're not an American, because falls have a stupid, because what leaves fall. Anyway, but anyway, the autumnal season, and it's the nice autumnal color on the chart, if you're not colorblind, is when you tend to see the main debt roll. So we've got about 10, 9 or 10 trillion of debts to roll this year. And you need a large increase in liquidity. The last cycle 2020, that most of the liquidity actually came earlier because of Covid. But generally speaking, the liquidity cycle is this year. So we're expecting an expansion of liquidity. Now there's various proxies for liquidity. Global liquidity is the important one, but it lags global M2, which is a faster reported series. Global M2 is driven a lot by the dollar, plus all of the private sectors and the government sectors around the world. So we found that these two have been really what matters. So when we think, now these are global numbers. Everyone gets confused. The Fed are going to cut rates. It's irrelevant. It's irrelevant. It's this global liquidity that pays the global debt. Don't forget 50% of the entire world's debts are in US dollars. That's one of the things that Scott Besson has been talking about. Steve Mairons ideas are about is trying to reduce that. Good luck to that, but that's what it is. And it's the global cycle. So we know that the dollar is weakening. We'll talk about that later. That's a big part of this. We know that interest rates are coming lower, which is part of global liquidity and also part of financial conditions. We know that the US has been using a drawdown in the reverse repo and the treasury general account. It will rebuild because of tax season coming now. But generally the US is injecting liquidity. It will not use the balance sheet yet, but it may well do later in the cycle. We need to see. But where the big game is to be played is China. China's balance sheet lags China bond yields. So if you remember the US said, well, we won't ever get to QE until our bond yields get close to zero. Well, that's happening in China right now. They're in a full debt deflation. And China's going to be very important to this story. And it's the most important headline that is going to come is what the agreement is with China. So the agreement with China will be, and I've been talking about this for a year in Global Macro Investor and Real Vision Pro Macro, the agreement with China will be you will agree to tariff terms. We will battle it out in public and make us look like we're all strong men. You will agree terms because you have a dollar debt problem. The Chinese have a dollar debt problem and they need to service those debts. The problem is the RMB is too weak and the dollar is too strong. They don't have the cash flows in a slow economic environment to pay for it. They know the US knows, Yellen even went to talk to them about it when she was still at the Treasury. They need a weaker dollar. Now the mechanism by which China gets access to those dollars is usually by the euro dollar market. And it's Japan that is the big driver of the euro dollar market. So when we look at the weakening of the dollar, I like to focus on dollar yen to think of how this plays out. The yen is one of the world's big exporting economies and it has a very weak currency. The yen needs to strengthen and a strengthening yen and a weakening dollar will allow capital to flow into China and other dollar borrowers via the euro dollar market. And the key thing that happens here is this chart of the Chinese currency against the yen. The Chinese currency was too strong versus the yen and that has been putting pressure on Chinese exporters and the Chinese economy. It needs to rebalance lower and this head and shoulders top and this head and shoulders top tell us the US, Scott Besson is going to get what he wants which is a weaker dollar. A weaker dollar will stimulate global demand. It stimulates and allows for the rolling of global US dollar debts. It allows for exports and imports to free up. It allows for the movement of trade even with tariffs. It's a very big deal. The dollar weakening and if China can have a weakening you want a strengthening you want a weakening you want against the yen. What it allows them to do is to compete and that rebalances global trade and gets the global growth cycle going. So China headline risk to the positive side is the big one. Everything else is carnage because this is the big rebalancing that the world kind of wants. Everyone has a trade-off here and everybody will come to the table for a trade-off even China. But of course everybody needs to look like a tough guy in negotiations but something will happen and we will rebalance a weaker move forward. This is exactly what happened last time when Trump was in power in 2017. What we had was called the Shanghai Accord. It was a kind of public not public agreement to weaken the dollar to allow the Chinese to stimulate because they need a weaker dollar to stimulate because they don't want a weaker currency by the currency band because if not you get a devaluation which they do not want. So that was the Shanghai Accord then the dollar fell dramatically and the Chinese stimulated massively. If you remember 2017 the Fed were raising rates. They were shrinking the balance sheet but China and Europe stimulated and that was via this mechanism. So this time around we have the Mara Lago Accord which is some generalized understanding that the agreement has happened. Now I know this is all going to be complicated. Those of you who are Real Vision Pro members and GMI members you will get my transcript from ChatGPT where I go through this in detail and stress test our ideas against it. It is a phenomenal tool if you have not used it. So you guys will get that to understand it but now I am going to hand over to Julian to go through the work we do in the macro investing tool which is part of Real Vision Plus. Foundationally this is all Global Macro Investor and then the added layer of benefits on top is the pro tier, the pro macro tier. But we do a huge amount of work on how this all comes together. So hopefully I have covered most things Julian unless there is anything else you think I haven't covered so far on the big picture.  
  
Speaker 2: No, I think that was a good summary and again most importantly just China, China, China as opposed to wins the Fed get a cut kind of story. Yeah the Fed cut is such a red herring because that is delayed versus actual liquidity, actual financial conditions. The financial conditions are the key thing and you will go through that because financial conditions have been easing so fast that it sets you up for something incredibly bullish which is I know it is hard because people today trade the headlines. And what they should be trading is what happened three months ago and we understand this lead and lag between what drives markets and markets themselves. So everyone creates false narratives around. So we will talk about that as you go through your bit. So let's go through your bit.  
  
Speaker 1: Yeah nothing changes set to be like price right. Yeah. Narrative like price. Yeah. Narrative fits. Well the first thing I was going to say before we get into the charts is you know Ralein I had spoke last week and we were like, Ralein wanted to do a flash update just you know to help people and of course you know I thought that was a good idea. We ended up putting a pack together but then I also had a lot of important charts that I wanted to share you know for MIT and I was going to write this all up in the weekly better for this week. But then Ralein was like well why don't we just do collectively you know a flash update for everyone make this available as a one off. And of course if you're as Ralein I'd say if you're plus or pro at this we're going to do you know some questions so that's kind of the value out there but really we just do that. So just for everybody just sign up now while we're just going through this stuff so realvision.com/join it's free and then you get all the questions and the new insights towards it it will help you a lot because we've got questions piling in from plus and pro members but everyone gets to listen to us answer the questions. They won't on X and they won't on YouTube or anywhere else. Again the idea being just we want to you know we really want to help as many people as possible so I'm just going to move you guys over here and then I'm going to share my screen one second. Okay so again this was going to be written report we're not going to do it in presentation format for those of you that are the follow MIT some of these charts will be familiar because I'm going to zoom out and try and explain certain concepts that some of the simpler concepts to kind of everyone but then there's also a lot of new charts at the end so let's get into it. So the first thing we need to talk about in order to set the stage oh I'm not sharing oh I'm not sharing there we are. Just got there a little the buzz in my ear hang on a second. Julian just not very professional let's know that's that's just horrible hang on but while Julian does that the idea here is to give you the framework of understanding of what is going on what's going on and what it means going forward and what the opportunity set lies.  
  
Speaker 2: Okay is that full screen okay yeah yeah it's rock and roll so the first thing we need to talk about is the Q4 tightening in financial conditions so what we have been writing about in Q4 when we started to address the outlook was the fact that financial conditions were tightening very quickly and on X I even wrote quite a long thread about the dollar wrecking ball and that's really what we're feeling now within the data and markets which we'll go through in this presentation but when you look at this so this is the dollar and bond yields right inverted so the tealine advanced by two months versus the US economic surprise index relative to G10. So we've seen US data coming in below consensus expectations and below that relative to what we've seen globally meaning that the US has weakened disproportionately fast as the dollar has been too strong and rates have been too high or they were in the past correct and so we saw it neither that was the back half of by the way the back half of 2024 was a very positive environment for risk taking and here we are again now the dollar and rates are coming down so fast setting the stage for an environment where we believe growth momentum will start to bottom and turn higher and we'll talk all about this more in a second but what's also important Ralein alluded to this back in the 2016-2017 cycles we saw exactly the same thing what happened with the dollar and rates moving higher in Q4 of 2016 much like we saw in Q4 last year was the market actually speculated that much like Trump version 1.0 Trump 2.0 tariffs would be inflationary and as a result of tariffs being inflationary that drove rates higher so that drove bond yields higher that drove the dollar higher and that drove inflation break even rates something we'll also talk about which actually set up conditions for a disinflationary environment as opposed to what they feared which is funny that's right and but that the point is that that all stopped and in the middle of 2017 and this has already reversed as I just pointed out and this is why this is old data I'm going to show you the updated data the updated chart on this in a second but essentially this is what drove the dollar strength in particular in Q4's what drove a lot of the data weaker so what we saw is if we look at the market US services PMI and I'm focused on this chart and I talk about it all the time because this is a chart a lot of people were focusing on when it fell to 49.7 in February and saying a recession is on the cards and we were I mean both Ralein and I were like well no and the state of stints reversed higher I'm going to show you the updated version in a moment but this chart this next chart really summarizes really what's just happened what's happened is that because markets are generally priced off of consensus expectations the minute data starts to come in below consensus expectations the opposite is also true right when economics prices are rising the market needs to reprice that so what's happened if we look at risk assets so here we're looking at Bitcoin but it's the same chart if we look at the NASDAQ so this is the quarterly change in Bitcoin prices we've had to price in data coming in weaker than consensus expectations and we've actually overpriced that which is what you can see now so again our view has been that this is a soft patch something we were talking about in Q4 last year and not a recession so the good news going forward is our GMI financial issues flagging this economic weakness in Q1 all the way back in October November of last year saying that Q1 is going to be weak and it's going to set the Fed up potentially to cut rates all sorts of things are going to happen the economic data has been weakening and this is playing out as we've talked about.  
  
Speaker 1: That's right and so the GMI financial conditions index is regression on commodity prices or certain commodity prices you know certain bond yields and the dollar okay and what you can see here once again is that this is what's been driving growth weaker in Q1 but now on the basis that you know inflation or tariffs are well they were inflationary but now the market's obviously reversing that narrative dollars lower which was again one of our base cases heading into this year something we'll talk about also a little bit later rate slower and commodity prices lower is now boosting our financial conditions index so it's moving a lot higher which again is setting this setting the framework or the groundwork for economic data to start coming in above consensus expectations now I said back in mid-March that the economic surprises would bottom in in March mid-March and that's currently seems to be the case and this will become more evident as we but they won't start accelerating until May so we'll have softish data and a nice backdrop for the Fed to cut yeah it's not the point it's not going to happen so fast that all the sudden the Fed's going to back off that's for sure no but they're still going to cut cutting is good for main street not wall street particularly doesn't really make a difference because wall street trades off financial conditions correct and then when we look to the extent at which and this is the chart I had shared on social yesterday right to the extent that you know Bitcoin prices have not only already priced in a lot of the weakness in the city economic surprise index it's fully discounted the Q4 tightening in financial conditions that we had been talking about now remember Julian we were using this chart that got us the exact low in the October November December period in 2022 it was the financial conditions that we viewed as our key indicator for the reverse the key reversals in narrative and price.  
  
Speaker 2: Yeah that's right in the I think I don't remember if it was September in November but we wrote the GMI article the turn is near and and charts like this one featured in there so this was a big basis for that so we know that this works is the point the other thing is that I can see a lot of people talking about you know the widening in junk spreads so credit spreads and that being the result of you know Trump's tariff announcements last week I mean that's that's true and not true it's actually is the result of the market speculating that tariffs were inflationary which all happened in Q4 which tightened financial conditions which started to drive credit spreads higher so credit spreads have actually been widening much like the city economic surprise index has been slowing over the entire all all since starts it's the beginning of the year now last week credit spreads obviously jumped a little bit more I think by you know 20-30 basis points on the on the fact that the VIX is spiking and and that and equities are selling off but the reality is is that credit spreads are widening because of everything that happened in Q4 of last year the market reaction to last week statement it's more of an overreaction but really what's gone on which I'll show to you later but really this is all a symptom of tighter financial conditions in Q4 which is now reversing now I said I would show you the updated version of this chart so at 49.7 back in February people were saying well it's a recession we were saying well financial conditions are now easing so quickly this data would improve over the next one to two months and we just got this data last week and we saw the services PMI jumped to 54.4 okay so improving and not a recession in our view and then the next thing you know I'm just going to say is that you know I don't expect the white line to go higher in a straight line but if we look at the OECD data so this is their leading indicators and we look at the percentage of countries rising month on month so this would be a measure of global economic breath the fact that financial conditions are like are daily real real time proxy for this kind of metric and that it's moving higher so quickly now that the dollar and rates are dropping and commodity prices this will goose lead indicators in the future right so we're in an environment where growth momentum should now begin to improve after we spend the last three months decelerating.  
  
Speaker 1: Okay so next thing I'm going to talk about is the business cycle now just because this is also being released on YouTube I'm going to talk about the ISM and so the ISM stands for Institute of Supply Management it's basically a monthly survey that goes out to supply chain executives and asks them to ask them about new orders so what they're expecting on growth that asks them questions about employment price pressure composites so our prices rising or are they falling and it basically creates a diffusion index which looks like this so the white line so anything above 50 means that we're gaining momentum in anything below 50 means that it's slowing and what we saw in the latest report in March was that it worked a little bit lower and that new orders fell rather considerably but once again you know this was this is a mix of liquidity and some other you know credit-based leads but you can see that really once again this was just the result of tighter financial conditions in Q4 which drove new orders lower so by the time we get to let's say April may data we should see new orders start to improve right and start to rise again as opposed to going to you know sub 40 sub 30 like or not maybe sub 30 but you know heading into recession and what's also important is not only are lead indicators starting to improve on the basis that financial conditions have eased over the last three months but you can see here if we're talking about Bitcoin pricing we've already priced down priced in a slow down to around 47 okay so it's already in the price and then when we look at this famous chart you know if we look at new orders less inventories this is you know largely a one-off if we talk about the spike in inventories obviously front-running tariffs right but this is also if we look at stichicles versus defenses it's already fully in the price right and then when we scratch the hood and you look at you know the number of industries reporting growth from you know one month to the next last month we were at 10 today we're at nine so it was hardly as bad a report as people had speculated and from here here's the really important bit is that if you look at financial conditions and this is precisely what Ralein was talking about just a second ago in Q4 of 2022 when we had written our article the Ternis near we were looking at an environment where financial conditions started to ease very rapidly and here it's advanced by nine months and currently suggests that will end the year you know just above the mid 50s currently it's suggesting 50%.  
  
Speaker 2: And from what we think Julian looking at the structure of the business cycle this and our expectations of a weak dollar and lower rates and potentially lower oil prices this should actually extend further so we should see a full ISM cycle above 60 probably into Q1 which is one of our ideas not yet confirmed about an extended cycle so we should see the business cycle be strong all year yeah and I think also that's a good point because the thing to keep in mind here is that financial conditions are advanced by nine months and so earlier in the year we were asked well does the cycle end in Q4 does it extend but because this is already advanced by nine months this pushes us into late Q4 and if we're in an environment where the Trump cycle is repeating which is something I'll talk about another section a little bit later then all of a sudden if we're in an environment where the dollar weekends are at least trends lower over the course of the next you know three to six months that's all of a sudden going to push this T line out even further so what I've always said is that the more financial conditions ease today so the more the dollar drops today rates go lower so on and so forth the more the business cycle can extend tomorrow and tomorrow I mean you know Q1 of next year and then you know what I what I always like and lead indicators and is when you take two separate approaches to completely separate approaches and they arrive at a similar conclusion so if we just get back to the GMI financial conditions index it was pointing to something around 57.8 and then if we look at another one of our lead indicators which is basically one of our internal growth scores coupled with the percentage of central banks who are cutting rates because it takes time for you know changes in interest rates to impact the real economy so here we're also forward by nine months this would suggest once again that we should be focused on the ISM moving higher from here as we progress through the year and not lower so all of those.  
  
Speaker 1: Because the market narrative is tariffs are going to lead to recession can't you see these guys are morons what we do not see is any evidence of that within our forward looking data which should be pricing this stuff in but is not pricing in a recession.   
  
Speaker 2: Yeah but again I think it's really people are confused by the market is speculated on you know not quite recession but the dollar rallied which typically happens in you know kind of a risk off environment. Bonneville's titan so financial conditions were tightening on both ends but this was all because we were pricing in the fact that inflation or sorry tariffs were inflationary in Q4 last year which is now with driving growth lower so we already kind of price that in if you see what I mean exactly and then what we know is that it's really these periods so currently the ISM's back below 50 but once we cross above 50 okay and we trend into our late cycle peak which is typically above or you know let's say around 60 and as I just pointed out before our lead indicators are already suggesting that we're going to approach those levels that this is typically where we see the big moves you know in Bitcoin and you know other risk assets more generally but if we just look at the 2016-2017 cycle so we're going to zoom in on this in a second you know you'll look at that white line in Bitcoin between those two kind of the gray bar and the pink bar so the ISM crosses 50 to the ISM peak and be like wow that looks like a straight line higher well no I mean over that entire period there was multiple 40% corrections multiple 30% corrections multiple 20% corrections so that's why in the beginning when Ralein said you know these are the rules these are our rules for engagement they absolutely are 35% corrections are the norm and you just have to get used to that as we've kind of always been saying is that you know crazy volatility is the price you pay for crazy returns so you just kind of got to let that sink in and then as the business cycle accelerates this is typically when we see all season right so we see all coins started to gain market share versus Bitcoin and this operates you know you can pretty much plot anything versus the ISM which is something both Ralein and I have been doing for a number of years but you could take commodity prices you know like copper you know copper gold oil prices you can take credit spreads you can take small cap versus large cap emerging markets emerging markets it's all the same thing the point being is that as the ISM rises you get you know more earnings a confidence starts to improve as confidence starts to improve that means that people reach further out the risk curve and that applies to small cap versus large cap equities you see it replies to like value over growth it you know it's just that cyclicality which is why what's fun sorry to interrupt Julian but that's chat GPT conversation I had that you've seen yeah it's very good so all of this put it all together and we ask the AI for how it thinks about all of this stuff what comes together we get it to nail how it sees alt season which is very similar to this again those of you in Real Vision Pro and Jeremiah guys you'll get this incredible transcript from ChatGPT which is like an independent third party stress testing our work I think you'll love it and this is a core part of it.  
  
Speaker 1: So anyway the point being is that this is you know for alt season to happen you know we need to see the ISM rise which is what we're expecting so people reaching further out what we call the crypto risk curve much as they do much as a credit spread behaves and much as like an equity risk premium okay so it's all the same thing and then if we look at you know crypto total market cap excluding Bitcoin and ETH all that's happened so far although it's all that happened all that's happened it's felt you know brutal as we've come back to retest the breakout of what I think is a larger wedge pattern and so this just all feels and Bitcoin by the way has just come back to retest in inverse a larger inverse head and shoulders pattern which is something that basically also the same as global M2 correct oh yeah that if you which is a chart we can show I'll show later but yeah you can take that same period it's it's all the same chart right so and then let's talk about I had mentioned this let's talk about the Trump 2017 cycle is repeating so this is a chart that we had shared in Q4 of last year round I had for some time I've been noticing the similarities between Q4 2016 and the dollar strength that we saw you know obviously in Q4 last year and this chart I mean it's just been working so well and then obviously we switched gears in our annual outlook talking about an environment where the dollar would weaken and not only weaken you know because what's funny about the dollar is actually over the last two years it hasn't really done anything it's just done this and that's directionally that's quite bizarre for the dollar and what that's meant obviously is that the business cycle really cannot pick up and these are charts I I didn't include in here but if you look at the ISM over that same time period you'll see that the ISM has done this liquidity has also done this so if the dollar actually trends lower over the course of this year very similar to it as it did in 2017 then that creates an environment where all of a sudden financial conditions are easing so rapidly that growth can start to pick up and as Ralein mentioned Scott Besson wants this JD Vance has talked about this you know Trump has talked about this you know Trump understands the implication of a strong dollar right it suppresses exports it hurts corporate earnings and generally as I just mentioned it keeps the business cycle sluggish that's a key thing I put a tweet about this is look Scott Besson is a macro hedge fund manager yeah he understands how liquidity drives markets what drives liquidity and he understands his three pillars of the dollar oil and rates what are the three pillars of our financial conditions index the dollar oil and rates that's right and so they're telling you him say you even heard him's he's he's even talked about financial conditions he's mentioned that word he's also talked about the Everything Code in the element of what they're trying to do is get rates below nominal GDP growth which is financial repression and the way to service the debts so we understand the big picture obviously I've known him for 20 years or so but it is very interesting when you've got a macro hedge fund manager running the show because he understands these things.  
  
Speaker 2: Yeah totally totally so again we still take to stick to our guns that it won't be a straight line lower very you know similar to what we saw in 2017 with the dollar should work lower over the course of this year and as this is happening because as Ralein had mentioned earlier a lot of the moving global M2 is driven by the dollar global M2 of course is also mirroring the Trump 2017 cycle perfectly okay now when we looked at our total measure which Raul had talked about earlier which is both public and private sources of liquidity we had said really all along that we were going to retest kind of the breakout zone here before pushing higher which is the same as that the market cap minus Bitcoin and E correct it's the same chart it just leaves it a little bit it's kind of all the same chart it's all liquidity it's all liquidity and coming to that point of it's all liquidity if this is right okay we know that our GMI total liquidity index versus Bitcoin has an R squared of around 89% okay and then for the NASDAQ it's 95% so of course the business cycle and liquidity are the two most important driver of risk assets and if we're right on the basis that China will stimulate Europe will stimulate and the Fed will stimulate this year in 2017 as Raul mentioned earlier we only really had China and the ECB the Fed was actually withdrawing liquidity then this is an environment where you know you want to be invested okay not only the other thing I'm going to say to the 2017 cycle is that you know tariffs are more aggressive this time around and also Trump didn't put in tariffs into really into effect until 2018 but over his entire term CPI average 1.9% core fell the entire time and inflation break even rates if we talk about the one year rallied Q4 of 2016 and peaked in March of 2017 that same year and what I had said in the MIT reports is that based on the fact that you know US trueflation numbers had been collapsing which I'm going to explain in a second why that's happened that break even rates would start to come lower and once the VIX stabilizes something we'll talk about in a second so volatility starts to come down um following one year inflation break even rates is is a good sign because what it basically means is that there's less hedging going on in real economy because there's less need for inflation protection and as a result of that is that we'll unlock a pool of capital which can then be invested used for risk taking used for hiring used for catbacks or whatever so I said the next shoot shoot to drop before inflation break evens came down would be inflation break evens coming lower and they're still quite a considerable amount of room for that to drop now on the basis of inflation coming lower I can see a lot of people saying oh well Trump broke the business cycle on this and that and therefore you know inflation's going lower you know no um trueflation numbers are lower because of what happened in Q4 again because rates were rising the dollar was rising my commodity prices were rising that tightened financial conditions and as a result of that that not only slowed growth but of course it slowed inflation which is why we've seen these trueflation numbers coming down so quickly and here our financial traditions and dexism is advanced by four months so what's the expectation here uh well I mean trueflation numbers probably based around these levels maybe one the two months from now whatever that is these numbers lead the CPI numbers by you know another one the two months and so we had said that CPI heading into this year that inflation metrics would fall you know further and that if anything the second half of the year would be where we would start to see signs of inflation but only in the headline right because the core is lagged because of rents.  
  
Speaker 1: That's right and as the bed cut rates mortgages come down which affects owner of equivalent rents and so the whole cycling co lags that's right so core should continue lower for the entire year the only reason that the trueflation numbers would start to rise would be particularly in kind of the core goods segment of inflation which is a function of the business cycle and rising commodity prices and what we're seeing right now is the opposite but the point being is once the ISM rises to the mid-55s or so that's when you know you start to take inflation seriously or the idea of that inflation will come back because the business cycle drives inflation and not the other way around right and so this is not something read the Fed that we should be worried about the when the Fed the Fed's always late to cut and they're always late to hike when you want to worry about the Fed and a more hawkish stance of starting a rate hiking cycle is typically when services inflation which is what Ralein just talked about starts to rise which is a function of unit wage costs so wages rising later in the cycle and that's just nowhere to be seen in our league indicators for the time being so again just wanted to point that out so this is what we're seeing in inflation currently and Trump breaking the business cycle Trump didn't break the business cycle he's created the slowdown but it has nothing to do with what's happened this year it has everything to do with what happened last year.  
  
Speaker 2: Even Scott Besson said the things you're worried about now you won't be worried about soon because he knows that financial conditions are easing so fast.   
  
Speaker 1: I mean this is a dramatic easing in financial conditions and we haven't really got going yet.   
  
Speaker 2: That's right that's why again this is why we wanted to put this out because it's kind of all you know coming together and with there's so much noise right. But Julian what does this start to mean for markets because markets are getting utterly terrified and a creating inflation narratives recession narratives broken business cycle narratives what is the market telling us right now sentiment and position um maybe I've seen the stack before maybe I know I think you have seen the stack before.   
  
Speaker 1: Well let me talk about that so if we talk I mean first of all let's just go back to the chart I posted on X I'm not going to skip all the way back up but you know you guys will have access to the stack but essentially if we look at the three month rate of change versus either the NASDAQ the S&P 500 or Bitcoin prices against our financial conditions index which is obviously advanced and inverted we've priced in all of the Q4 tightening in financial conditions and now financial conditions are easing so the expectation here is that now that markets if we look at this are extremely oversold so if we look at the S&P 500 the percentage of stocks trading with a 14 day RSI below 30 being oversold is that almost 50% and by the way the markets well that I don't have my bloom regorban but at the time we were recording this the market was rallying back but this does not take into account today's move whatever that is okay this is yesterday or this will be Friday's close so we saw you know move up to 50% which is the most since Q4 of 2022 when Ralein and I were riding that article to turn this near and before that COVID like when the economy the entire world economy shut down then you look at the NASDAQ and you're like oh right highest since COVID hmm okay very different environment obviously then if we just look at a series of other measures if we look at the percentages stocks trading about the 50 day moving average oversold 200 day moving average oversold this is the NASDAQ we look at the S&P 500 the percentages of members with new 50 week lows at nearly 30% Q4 of 2022 you know same thing with the NASDAQ and then when we talk about investor sentiment you know back in early March the AAI survey showed a surge to 60% of investors um uh surveying that they were they were bearish and that's only happened five other times looking back to survey inception back in 1987 or so and then if we just look at what happened last week on prices uh moving lower again we saw a spike to 62% which means that investors according to this survey are as bearish as they were in March of 2009 or that was last time we saw a push above or two 62% um and by the way so that was the global financial crisis excuse me and March 2009 was was below for the market and then if we look at the conference board survey um so 44.5% of consumers currently expect the stock prices to decline over the next 12 months and that's that's the highest since July of 2022 and before that October 2011 so the point here and I'm going to show you a couple more of these if we if if you don't think that we're heading for a 2008 style entrenched global recession which is not our view these are incredible data points to take a more contrary to you 2008 what was different if that was a collateral crisis that was before QE was used to stop collateral falling in value so that was a full on debt deflation that was stopped via the printing of money the debatement of currency which lowers the value of the denominator and optically makes assets rise once you do that you stop the risk of a collateral crisis which stops the debt crisis you pay for it via debatement of currency but it's a slower mechanism than losing 75% of the value of stocks correct so again these this is a very different environment to back then and if we look at some of the other surveys I've just pulled together you know if you look at the Bank of America fund manager survey so that's at the top left you know we saw the largest drop in U.S. equity allocation on record in March according to the alliance survey um you know what is it 51% of respondents are expecting another big market crash on the horizon and then if we look at the fear greed index which unbelief and again this will this will have been for Friday I believe it's an extreme reading of four and then you know that's like it and then and then the the the Renaissance macro long short exposure chart just in the middle there at the bottom shows the largest short position in over a decade so again gives you an idea of where the market is sentiment wise and then we look at Bitcoin so this is I think this is is a great chart this is Bitcoin and then it's 14-day RSI and what I had been saying at MIT from really uh I don't know when did this trigger what was that last month two months ago no a month ago when we fell below below 30 is that it's not unusual if you look back at the previous three times Bitcoin triggered an oversold reading to base and this base can take time and you you know in both the 2022 instance um and the 2023 instance and the 2024 instance we made uh lower lows and if we look at intraday pricing overnight we made a slight lower low versus uh the lower low which occurred or sorry the low which occurred last month but again this is where I believe we're in the process of the spacing uh so the kind of this accumulation phase and then if we look at um the last three times so that would be the uh the tealine so the average price trajectory following the last three Bitcoin RSI oversold readings and again oversold means below 30 this is the current trajectory versus the future trajectory so what you can see is I'm here I'm looking back two months and then forward four months if we just look at when things start to pick up it's really a month and a half after the original uh oversold reading is triggered so these bases take time and so and then the phase is very strong that's right and so when people what's been frustrating over this this phase is the chop and I can see all over Twitter and we've talked about this before people are like oh well Bitcoin's down another two percent no it's it or it's down another whatever it's not it's just been doing this and so you know it's been going up whenever 10 percent and down 10 percent we haven't really we made a new low intraday last night which we've already recovered and the point is normal and it's normal for ults to bleed in that environment generally because aether's more issuance yeah of ults and generally as people pull in from the risk curve ults come lower but they come back faster which is that ults season chart we talked about before I know nobody believes in it now there's too many altcoins it's all messed up it's only Bitcoin Bitcoin dominance forever will most likely probably basically speaking play out like it's always played out which is as the ISM rally through 50 this recovers what happens is ults out before right and the only other thing I'm just going to say on the business like all then we can get to technicals is really with break evens now falling and the dollar lower and rate slower plus you know city economic surprises if we talk about the US basic and moving higher really that's an environment of what Ralein and I classify as macro sprints so people are looking at the ISM report and saying it's stagflation the report was stagflation driven by what happened in Q4 against what's backward looking whereas if you look at financial conditions and that being paving the way for better growth better economic surprises you know going forward into the next several months plus as I say market implied inflation expectations dropping once the market settles which is what we're going to talk about now with technicals this is actually more conducive of macro spring so a disinflationary boom then then stagflation or macro macro fall.  
  
Speaker 1: Okay so let's talk about the technicals yeah this is what's getting me very excited is when you go from the very big picture which is where we started you then zoom in on the business cycle and the liquidity cycle and market sentiment and it matches the technicals it makes you and I get very very interested in the opportunity going forwards and the risk return and that's the key thing of this whole presentation is the fear is overextended versus the potential opportunity set that looks like it's set up so anyway let's go through this because these are great okay and yeah Ralein you know I talk about this all the time but another reason we wanted to put this presentation together and show you how many angles were coming at this from it's not just macro it's not just the Trump 2017 cycle on our and our conviction for a weaker dollar it's it's the technicals it's the sentiment we're trying to put it all together because what I've always tried to do in as an investor is and the best you can do is reduce as much uncertainty as possible before making an investment decision that's what we're trying to do here coming at it from all the different angles so yep the charts up so the first chart is just Bitcoin within its log regression channel and if we look at again that moment in time in Q4 of 2022 when when Ralein and I turned bullish we're now two standard deviations oversold within the log trend so pretty much an opposite signal to what we saw in kind of fed March of last year and then when we look at the demark counts okay just today we triggered a 13 daily buy and if you look back in time both into 2024 and also let's say December of last year these 13s work pretty well but where demark gets a little demark indicators become even more powerful is when you have the daily and the weekly stuff you know stacking up and so now we've also got a nine day sorry a nine weekly buy setup where again the nine's have worked well in the past and with Solana we've got this cluster of 13s at the low here very similar to what we had in Q4 kind of of last year and I don't know what is this Ralein a nine nine nine 13 13 39 or something stupid so it again looks very similar to what we saw last year and here again it also look at if you sorry go back Julian look at the top it had a similar kind of cluster of 9s and 13s so I just said yeah and then the bottom is the same and then we also have the the nine weekly buy setup okay and then when we look at the NASDAQ now I'm not sure this was taken before the or was this taken another seizeper the open but currently run seven day seven of nine lower so Ralein and I were talking about this today we we want them what if the market does kind of nothing here and muddles around over the next couple of days we'll still be able to trigger a nine buy what we don't really want is a sharp rebound here that then removes the count we would really like this to count down to a nine and then if we look at the the weekly setup on the NASDAQ it's on week eight of nine lower and so it's always impossible that won't be a weekly nine next week.  
  
Speaker 2: Yeah I think that's that's right and then the other thing I wanted to to address is I can see a lot of people are like quoting and I'm not sure who said this originally but all two in a Jones yeah nothing good happens below the 200 day moving average like really I mean if you are of the view that were not at the end of the cycle okay then if we look at post 2008 period there was you know five no call it six like you can see one I didn't even highlight there moves below the 200 day moving average which created fantastic you know buying opportunities to add and so once again we're just not a view that the cycle's over and so we're seeing this more as a buying opportunity and then when we look at the VIX very similar counts right and this is pretty remarkable that this the spike that we've seen in the VIX because it's as high as we saw during the yen carry trade on one on August 5th of last year and before that once again when the world shut down during during COVID so here we're on day as I say seven of nine a higher and then the weekly once again counting up into a nine where the last time we saw a nine cell on the VIX came during during COVID so the question you're all here for is the vidana soon cancelled the answer is in our view no first of all just to piggyback on what Ralein said in the beginning within the the don't mess this up checklist you know we have seen over the last two and a half years seven 20 to 30 percent pullbacks in Bitcoin and while you're feeling this current one because we're still in it at the moment you probably don't remember any of the other ones that we saw because off the low point Bitcoin even with prices coming up.  
  
Speaker 1: Yeah, a couple of the other 30 percent one which was that set 10-1 which that final flush yeah people remember that like they'll remember this but the rest I can't remember any of them.   
  
Speaker 2: Yeah I don't either I just remember being what we were calling at the time the boring sound just waiting it feels so long but again even with prices coming down um you know over the course of Q1 we're still up 400 percent off the low so you just you don't remember these things once once they come to pass and also what's interesting about that chart is okay so the correction is it is in line with expectations then again you've got the big picture macro the business cycle the liquidity analysis the sentiment analysis and the technical analysis all telling you that maybe everybody is overfearing and that the upside projections are much it's the probabilities are for upside as opposed to downside.  
  
Speaker 1: Well and as I had pointed out within the business cycle section you know Bitcoin is already priced in an ISM of around 47 okay and if that's right based on the move that we've just seen but as we've been highlighting financial conditions are now easing which means that over the next three months the data should start to improve so it's fairly unlikely that we get to 47 and so anything that comes out next month as I showed you that kind of new orders chart should start to move higher over the next one to two months you know that's not at all in the price right now given what we're seeing and then when we look at the 2017 cycle so the cycle that Ralein and I feel based on our views around the dollar and liquidity turning higher we saw two 30 percent corrections one 35 percent correction and two 40 percent corrections over the course of that year right and also also with that is the cycle didn't get going because we had the same tightening of financial conditions in Q4 2016.   
  
Speaker 2: Yep the cycle didn't actually get going till the end of April and then it accelerated and again it's very similar to us is where we are today well kind of more the kind of the end of March right so more where we are now actually yeah true so it didn't really pick up until the end of March which again looks a lot like today and but then if you just zoom out once again you know over the course of that year so trunk you know trunk victory in November in January on the 4th of January we saw that sharp harsh what was it I'm just gonna skip up is it 35 percent I think yeah 35 percent drawdown but then off that low point over the course of that year despite the five or so corrections I just mentioned two of which were 40 percent you know Bitcoin went on to 23x that year and now I say it's all time we're not expecting 23x so I'm just trying to set for you is the framework for understanding you know where we are and why we still think the best is is to come and speaking of that again one of the charts that Raul and I had originally published which now is all over everywhere um we've pretty much closed the gap with global M2 using the more correct 12-week I think the 10 weeks looks just as go either way it's one of the wall of upside to come.  
  
Speaker 1: Yeah and so what this would suggest I mean you know if we're right here and everything that we just outlined is that Bitcoin should be putting in new all-time highs or at least hovering around all-time highs by the end of the end of June and you know the same is true for the Nasdaq which has grossly undershot global M2 and what did you call this excess fear yeah it's like this is the market pricing excess fear this is the VIX going to 60 we didn't have the same in crypto this has been driven by equities because obviously you don't tariff cryptocurrencies but you tariff equities and the market is struggling to price this in but again once China's deal is agreed and the ugliness of the negotiation let's see how that goes but once that is agreed there is a big gap versus what liquidity is doing and we will have a very fast snapback I think.  
  
Speaker 2: Yeah I totally agree I think it'll be you know once we get the the demark count stacking up I think it's going to be a pretty v-shaped move yeah and then and and that comes next week sorry by Wednesday if it continues to count as it does and then next week should confirm a weekly nine as well so again it is opportunistically speaking incredible time yeah which is why you and I are putting together a trade list later on this week for yeah for pro macro and GMI will have a a list of what we think with best opportunities in the world are going to be.  
  
Speaker 1: Yeah and then just a few more charts to get through skipping back to of course to Bitcoin we're just you know nowhere near the conditions for kind of a late cycle peak as we've seen historically if we're looking at our GMI cycle top finder and then you know zooming out right this kind of another famous sort of you know originally GMI chart is we don't think that the banana zone is canceled the banana zone and some people have asked were you too early on that well no because in Q4 of last year at when Bitcoin was at 50 56,000 we said here we go we're we're still like what are we trading out right now 80 I mean you can't get returns like that but the most important point here is that we're still within this up cycle it's just that these corrective phases are just part of that journey so um I'd look how similar again go back how similar that 2017 cycle was that kind of weird double correction it had it's very simmering price time structure and the next phase is the next phase of the more banana zone which nobody believes to get trolled on Twitter all day banana zone canceled look at the chart does this look like banana zones canceled or are you just impatient and I just think people are just god damn impatient.  
  
Speaker 2: Well it's but it's it's it has been hard to be patient when it just does it's done this right just like oh my it's like the classic that boring zone just but you gotta be you gotta be patient you gotta be patient so hopefully everybody that has helped you understand the framework by which we are looking at markets how we understand it how we look at we build from the very big picture down to the very short term we're getting to an incredibly interesting buy the dip moment um we will update um pro macro GMI as we go but hopefully you can understand that nothing happening here is out of the ordinary apart from the peak fear narrative sentiment is wildly um overdone here and don't forget coming out of we're gonna tariff everybody a gazillion percent will be the walk back the discussions the negotiations the agreements and all of that will take uncertainty out of the market so on a forward looking basis ignore all the work that we've just done is there likely to be less uncertainty or more uncertainty in a month's time it is almost a hundred percent likely to be less uncertainty markets hate uncertainty more than anything else they overshoot when they're trying to price uncertainty and then they'll price in the outcomes so it is usually buy the rumor sell the fact when it comes to negative news this is where we are we're in a time that is almost as peak fear as COVID was it's similar to 2018 when the Fed pivoted these kind of things even 2008 these things don't come often but when they come they're a god damn gift so anyway we're going to move across to the Real Vision platform now for those of you watching this outside and we will answer questions I have a whole list of questions from um from plus and pro members so anybody who wants to come across the Real Vision you'll hear us answer the questions you just can't answer ask questions unless you're in that tier so realvision.com/join we'll just pause for a minute for you to just come and join you just need to pop in your email and join and then you can get the answers to the questions because I'm sure you guys in your heads have got lots of questions so we'll just wait for a sec for you guys to catch up realvision.com/join yeah you can scan the QR code on screen as well if that makes it easier I have no idea the fact to do that if you're watching it on or whatever but you know whatever I'm a boomer but just come across realvision.com/join also those of you who are plus and pro members you'll get this full deck you've seen many of the charts for they're all updated they're all good and you in the pro members and those you who do your mind members are watching this you'll also get my chat with ChatGPT which it really blew me away and everybody I've shown it to has gone okay wow this is incredible because we got to stress tests our entire thesis with AI talking about everything from terrorist to liquidity to alt season to everything and title together it was fascinating so you guys will get that and hopefully it'll show you how to use AI to further supplement your thing obviously if you're on the Real Vision platform there's the rail botters well you can ask just click on the left that picture of me you can ask it to me you can have the voice chat you can talk about your stresses and fears and you know as everything gonna we all gonna die all of those things and hopefully Raul will settle it down with a glass of wine and give you some answers.