Title: Strange Things Volume II: Triffin's Dilemma and The Dollar Milkshake
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Linked Post Content:
As the Fed begins their journey into a deflationary blizzard, they are beginning to break markets across the globe. As the World Reserve Currency, over 60% of all international trade is done in Dollars, and USDs are the largest Foreign Exchange (Forex) holdings by far for global central banks. Now all foreign currencies are crashing against the Dollar as the vicious feedback loops of Triffin’s Dilemma come home to roost. The Dollar Milkshake has begun.

The Fed, knowingly or unknowingly, has walked into this trap- and now they find themselves caught underneath the [**Sword of Damocles**](https://imgur.com/gallery/RvDxQ83)**, with no way out…**

[Sword Of Damocles](https://preview.redd.it/2ousuo07ytq91.jpg?width=470&format;=pjpg&auto;=webp&s;=d686c6710c9bc89ced20ace7f36101bf0a775298)

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“The famed “sword of Damocles” dates back to an ancient moral parable popularized by the Roman philosopher Cicero in his 45 B.C. book “Tusculan Disputations.” Cicero’s version of the tale centers on Dionysius II, a tyrannical king who once ruled over the Sicilian city of Syracuse during the fourth and fifth centuries B.C.

Though rich and powerful, Dionysius was supremely unhappy. **His iron-fisted rule had made him many enemies, and he was tormented by fears of assassination—so much so that he slept in a bedchamber surrounded by a moat and only trusted his daughters to shave his beard with a razor.**

As Cicero tells it, the king’s dissatisfaction came to a head one day after a court flatterer named Damocles showered him with compliments and remarked how blissful his life must be. “Since this life delights you,” an annoyed Dionysius replied, “do you wish to taste it yourself and make a trial of my good fortune?” When Damocles agreed, Dionysius seated him on a golden couch and ordered a host of servants wait on him. He was treated to succulent cuts of meat and lavished with scented perfumes and ointments.

Damocles couldn’t believe his luck, but just as he was starting to enjoy the life of a king, he noticed that Dionysius had also hung a razor-sharp sword from the ceiling. It was positioned over Damocles’ head, suspended only by a single strand of horsehair.

From then on, the courtier’s fear for his life made it impossible for him to savor the opulence of the feast or enjoy the servants. After casting several nervous glances at the blade dangling above him, he asked to be excused, saying he no longer wished to be so fortunate.”

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Damocles’ story is a cautionary tale of being careful of what you wish for- **Those who strive for power often unknowingly create the very systems that lead to their own eventual downfall. The Sword is often used as a metaphor for a looming danger; a hidden trap that can obliterate those unaware of the great risk that hegemony brings.**

Heavy lies the head which wears the crown.

There are several Swords of Damocles hanging over the world today, but the one least understood and least believed until now is Triffin's Dilemma, which lays the bedrock for the Dollar Milkshake Theory. I've already written extensively about Triffin's Dilemma around a year ago in [**Part 1.5**](https://www.reddit.com/r/Superstonk/comments/o4w45f/hyperinflation_is_coming_the_dollar_endgame_part/) **and** [**Part 4.3**](https://www.reddit.com/r/Superstonk/comments/stz5lm/hyperinflation_is_coming_the_dollar_endgame_part/) **of my Dollar Endgame Series, but let's recap again.**

Here's a great summary- read both sides of the dilemma:

[Triffin's Dilemma Summarized](https://preview.redd.it/s065ifu8ztq91.png?width=645&format;=png&auto;=webp&s;=4b6c4b553972b69f53ed0d8d9e4dd62ac6b1d3dd)

(Seriously, stop here and go back and read [Part 1.5](https://www.reddit.com/r/Superstonk/comments/o4w45f/hyperinflation_is_coming_the_dollar_endgame_part/) and [Part 4.3](https://www.reddit.com/r/Superstonk/comments/stz5lm/hyperinflation_is_coming_the_dollar_endgame_part/) Do it!)

Essentially, Triffin noted that there was a fundamental flaw in the system: by virtue of the fact that the United States is a World Reserve Currency holder, the global financial system has built in GLOBAL demand for Dollars. No other fiat currency has this.

How is this demand remedied? With supply of course! The United States thus is forced to run [current account deficits](https://www.investopedia.com/terms/c/currentaccountdeficit.asp#:~:text=A%20current%20account%20deficit%20indicates,used%20to%20finance%20lucrative%20investments.) \- meaning it must send more dollars out into the world than it receives on a net basis. This has several implications, which again, I already outlined- but I will list in summary format below:

1. The United States has to be a net importer, ie it must run [trade deficits](https://www.investopedia.com/terms/t/trade_deficit.asp), in order to supply the world with dollars. Remember, dollars and goods are opposite sides of the same equation, so a greater trade deficits means that more dollars are flowing out to the world.
2. (This will devastate US domestic manufacturing, causing political/social/economic issues at home.)
3. These dollars flow outwards into the global economy, and are picked up by institutions in a variety of ways.
4. First, foreign central banks will have to hold dollars as Foreign Exchange Reserves to defend their currency in case of attack on the Forex markets. This was demonstrated during the Asian Financial Crisis of 1997-98, when the Thai Baht, Malaysian Ringgit, and Philippine Peso (among other East Asian currencies) plunged against the Dollar. Their central banks attempted to defend the pegs but they failed.
5. Second, companies will need Dollars for trade- as the USD makes up over 60% of global trade volume, and has the deepest and most liquid forex market by far, even small firms that need to transact cross border trade will have to acquire USDs in order to operate. When South Africa and Chile trade, they don't want to use Mexican Pesos or Korean Won- they want Dollars.
6. Foreign governments need dollars. There are several countries already who have adopted the Dollar as a replacement for their own currency- Ecuador and Zimbabwe being prime examples. [There's a full list here](https://www.investopedia.com/articles/forex/040915/countries-use-us-dollar.asp).
7. Third world governments that don't fully adopt dollars as their own currencies will still use them to borrow. [Argentina has 70% of it's debt denominated in dollars and Indonesia has 30%, for example](https://www.stlouisfed.org/on-the-economy/2021/august/dollar-exposure-public-debt-asia-latin-america). Dollar-denominated debt will build up overseas.

The example I gave in Part 1.5 was that of Liberia, a small West African Nation looking to enter global trade. Needing to hold dollars as part of their exchange reserves, the Liberian Central Bank begins buying USDs on the open market. The process works in a similar fashion for large Liberian export companies.

[Dollar Recycling](https://preview.redd.it/ldh1w0gqztq91.png?width=804&format;=png&auto;=webp&s;=2a

59344121928af386c98529e1d9dd1274f11ff2)

Essentially, they print their own currency to buy Dollars. Wanting to earn interest on this massive cash hoard when it isn’t being used, they buy Treasuries and other US debt securities to get a yield.

As their domestic economy grows, their need and dependence on the Dollar grows as well. Their Central Bank builds up larger and larger hoards of Treasuries and Dollars. The entire thesis is that during times of crisis, they can sell the Treasuries for USD, and use the USDs to buy back their own currency on the market- supporting its value and therefore defending the peg.

This buying pressure on USDs and Treasuries confers a massive benefit to the United States-

[The Exorbitant Privilege](https://preview.redd.it/0dlig5xwztq91.png?width=608&format;=png&auto;=webp&s;=0668edbf5b917bbe7e7dd258b3e9ee0aeb01e51f)

This buildup of excess dollars ends up circulating overseas in banks, trade brokers, central banks, governments and companies. These overseas dollars are called the [Eurodollar](https://www.investopedia.com/terms/e/eurodollar.asp) system- a [2016 research paper](https://www.nedbank.co.za/content/dam/nedbank-crp/reports/Strategy/NeelsAndMehul/2016/September/TheRiseAndFallOfTheEurodollarSystem_160907.pdf) estimated the size to be around $13.8 Trillion USD. This system is not under official Federal Reserve jurisdiction so it is difficult to get accurate numbers on its size.

https://preview.redd.it/92wcmhdb0uq91.png?width=691&format;=png&auto;=webp&s;=20dbaf63f75ff6f2e255fff06e6f48c03170b11b

This means the Dollar is always artificially stronger than it should be- and during financial calamity, the dollar is a safe haven as there are guaranteed bidders.

All this dollar denominated debt paired with the global need for dollars in trade creates strong and persistent dollar demand. Demand that MUST be satisfied.

This creates systemic risk on a worldwide scale- an unforeseen Sword of Damocles that hangs above the global financial system. I’ve been trying to foreshadow this in my Dollar Endgame Series.

Triffin’s Dilemma is the basis for the Dollar Milkshake Theory posited by Brent Johnson.

The Dollar Milkshake

[Milkshake of Liquidity](https://preview.redd.it/moyaa14h0uq91.png?width=1136&format;=png&auto;=webp&s;=c6618339656780a9c9100b00ab739cd6618d7c2f)

In 2021, Brent worked with RealVision to create a short summary of his thesis- the video [*can be found here*](https://www.youtube.com/watch?v=xxzy3sLs4Bs&t;=3s&ab;_channel=RealVisionFinance)*. I should note that Brent has had this theory for years, dating back to 2018, when he first came on podcasts and interviews and laid out his theory (*[*like this video, for example*](https://www.youtube.com/watch?v=vDr3lRZ01Zo&ab;_channel=RealVisionFinance)*).*

Here’s the summary below:

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“A giant milkshake of liquidity has been created by global central banks with the dollar as its key ingredient - but if the dollar moves higher this milkshake will be sucked into the US creating a vicious spiral that could quickly destabilize financial markets.

The US dollar is the bedrock of the world's financial system. It greases the wheels of global commerce and exchange- the availability of dollars, cost of dollars, and the level of the dollar itself each can have an outsized impact on economies and investment opportunities.

But more important than the absolute level or availability of dollars is the rate of change in the level of the dollar. **If the level of the dollar moves too quickly and particularly if the level rises too fast then problems start popping up all over the place (foreign countries begin defaulting).**

Today however many people are convinced that both the role of the Dollar is diminishing and the level of the dollar will only decline. People think that the US is printing so many dollars that the world will be awash with the greenback causing the value of the dollar to fall.

Now it's true that the US is printing a lot of dollars – but other countries are also printing their own currencies in similar amounts so in theory it should even out in terms of value.

But the hidden issue is the difference in demand. Remember the global financial system is built on the US dollar which means even if they don't want them everybody still needs them and if you need something you don't really have much choice. (See DXY Index):

[DXY Index](https://preview.redd.it/zchwwigm0uq91.png?width=1652&format;=png&auto;=webp&s;=6226c15d53c4e2309dd58223ee3b2fdfed7a36e5)

Although many countries like China are trying to reduce their reliance on dollar transactions this will be a very slow transition. In the meantime the risks of a currency or sovereign debt crisis continue to rise.

But now countries like China and Japan need dollars to buy copper from Australia so the Chinese and the Japanese owe dollars and Australia is getting paid in dollars.

Europe and Asia currently doing very limited amount of non-dollar transactions for oil so they still need dollars to buy oil from saudi and again dollars get hoovered up on both sides

Asia and Europe need dollars to buy soybeans from Brazil. This pulls in yet more dollars - **everybody needs dollars for trade invoices, central bank currency reserves and servicing massive cross-border dollar denominated debts of governments and corporations outside the USA.**

And the dollar-denominated debt is key- **if they don't service their debts or walk away from their dollar debts their funding costs rise putting great financial pressure on their domestic economies. Not only that, it can lead to a credit contraction and a rapid tightening of dollar supply.**

The US is happy with the reliance on the greenback they own the settlement system which benefits the US banks who process all the dollars and act as gatekeepers to the Dollar system they police and control the access to the system which benefits the US military machine where defense spending is in excess of any other country so naturally the US benefits from the massive volumes of dollar usage.

https://preview.redd.it/yq1f1anq0uq91.png?width=1140&format;=png&auto;=webp&s;=27447e2acec884848a5c70ab3651820e487fc0f3

Other countries have naturally been grumbling about being held hostage to the situation but the choices are limited. **What it does mean is that dollars need to be constantly sucked out of the USA because other countries all over the world need them to do business and of course the more people there are who need and want those dollars the more is the pressure on the price of dollars to go up.**

In fact, global demand is so high that the supply of dollars is just not enough to keep up, even with the US continually printing money. This is why we haven't seen consistently rising US inflation despite so many QE and stimulus programs since the global financial crisis in 2008.

But, the real risk comes when other economies start to slow down or when the US starts to grow relative to the other economies. If there is relatively less economic activity elsewhere in the world then there are fewer dollars in global circulation for others to use in their daily business and of course if there are fewer in circulation then the price goes up as people chase that dwindling source of dollars.

Which is terrible for countries that are slowing down because just when they are suffering economically they still need to pay for many goods in dollars and they still need to service their debts which of course are often in dollars too.

So the vortex begins or as we like to say the dollar milkshake- As the level of the dollar rises the rest of the world needs to print more and more of its own currency to then convert to dollars to pay for goods and to service its dollar debt this means the dollar just keeps on rising in response many countries will be forced to devalue their own currencies so of course the dollar rises again and this puts a huge strain on the global system.

(see the charts below:)

[JPY\/USD](https://preview.redd.it/5fc39ieu0uq91.png?width=1648&format;=png&auto;=webp&s;=5f589b516892b3d74434e3109fb8abc4d03f48b6)

[GBP\/USD](https://preview.redd.it/m2f6a66w0uq91.png?width=1651&format;=png&auto;=webp&s;=d1d7fe6a2c2b490fb3823d83f0a87eecb137195c)

[EUR\/USD](https://preview.redd.it/w13yyzvx0uq91.png?width=1649&format;=png&auto;=webp&s;=1efbf28b6ac6a843ab97db66e566dd9b1991c544)

To make matters worse in this environment the US looks like an attractive safe haven so the US ends up sucking in the capital from the rest of the world-the dollar rises again. **Pretty soon you have a full-scale sovereign bond and currency crisis.**

https://preview.redd.it/72nlain01uq91.png?width=1141&format;=png&auto;=webp&s;=cbaa411acc88acb3849949d84a36624d75d6cfc4

We're now into that final napalm run that sees the dollar and dollar assets accelerate even higher and this completely undermines global markets. Central banks try to prevent disorderly moves, but the global markets are bigger and the momentum unstoppable once it takes hold.

And that is the risk that very few people see coming but that everyone should have a hedge against - **when the US sucks up the dollar milkshake, bad things are going to happen.**

Worst of all there's no alternatives- what are you going to use-- Chinese Yuan? Japanese Yen? the Euro??

Now, like it or not we're stuck with a dollar underpinning the global financial system."

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Why is it playing out now, in real time?? It all leads back to a [**tweet I made in a thread on September 16th**](https://twitter.com/peruvian_bull/status/1570825818905149448)**.**

[Tweet Thread about the Yuan](https://preview.redd.it/jxn3idn41uq91.png?width=604&format;=png&auto;=webp&s;=4de40b7f54b443d7e9bb51cd7bce23a439322fa9)

The Fed, rushing to avoid a financial crisis in March 2020, printed trillions. This spurred inflation, which they then swore to fight. Thus they began hiking interest rates on March 16th, and began Quantitative Tightening this summer.

QE had stopped- No new dollars were flowing out into a system which has a constant demand for them. Worse yet, they were hiking completely blind-

Although the Fed is very far behind the curve, (meaning they are hiking far too late to really combat inflation)- other countries are even farther behind!

Japan has rates currently at 0.00- 0.25%, and the Eurozone is at 1.25%. These central banks have barely begun hiking, and some even swear to keep them at the zero-bound. By hiking domestic interest rates above foreign ones, the Fed is incentivizing what are called carry trades.

Since there is a spread between the Yen and the Dollar in terms of interest rates, it thus is profitable for traders to borrow in Yen (shorting it essentially) and buy Dollars, which can earn 2.25% interest. The spread would be around 2%.

DXY rises, and the Yen falls, in a vicious feedback loop.

Thus capital flows out of Japan, and into the US. The US sucks up the Dollar Milkshake, draining global liquidity. As I've stated before, this has seriously dangerous implications for the global financial system.

For those of you who don't believe this could be foreseen, check out the ending paragraphs of [Dollar Endgame Part 4.3 - "Economic Warfare and the End of Bretton Woods](https://www.reddit.com/r/Superstonk/comments/stz5lm/hyperinflation_is_coming_the_dollar_endgame_part/)" published February 16, 2022:

[Triffin's Dilemma is the Final Nail](https://preview.redd.it/bx7qxik91uq91.png?width=626&format;=png&auto;=webp&s;=aa33beda1bd52127bd08dedf688ffc1093804a8d)

What I’ve been attempting to do in my work is restate Triffins’ Dilemma, and by extension the Dollar Milkshake, in other terms- to come at the issue from different angles.

Currently the Fed is not printing money. Which is thus causing havoc in global trade (seen in the currency markets) because not enough dollars are flowing out to satisfy demand.

The Fed must therefore restart QE unless it wants to spur a collapse on a global scale. Remember, all these foreign countries NEED to buy, borrow and trade in a currency that THEY CANNOT PRINT!

We do not have enough time here to go in depth on the Yen, Yuan, Pound or the Euro- all these currencies have different macro factors and trade factors which affect their currencies to a large degree. **But the largest factor by FAR is Triffin’s Dilemma + the Dollar Milkshake, and their desperate need for dollars. That is why basically every fiat currency is collapsing versus the Dollar.**

The Fed, knowingly or not, is basically in charge of the global financial system. They may shout, “We raise rates in the US to fight inflation, global consequences be damned!!” - But that’s a hell of a lot more difficult to follow when large G7 countries are in the early stages of a full blown currency crisis.

The most serious implication is that the Fed is responsible for supplying dollars to everyone. When they raise rates, they trigger a margin call on the entire world. They need to bail them out by supplying them with fresh dollars to stabilize their currencies.

In other words, the Fed has to run the loosest and most accommodative monetary policy worldwide- they must keep rates as low as possible, and print as much as possible, in order to keep the global financial system running. If they don’t do that, sovereigns begin to blow up, like [Japan did last week](https://www.reddit.com/r/Superstonk/comments/xlfm3q/japan_intervenes_to_support_the_yen_for_first/) and like [England did on Wednesday](https://www.nytimes.com/2022/09/28/business/economy/bank-of-england-bonds.html).

And if the world’s financial system implodes, they must bail out not only the United States, but virtually every global central bank. This is the Sword of Damocles. The money needed for this would be well in the dozens of trillions.

The Dollar Endgame Approaches…

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Q&A;

(Many of you have been messaging me with questions, rebuttals or comments. I’ll do my best to answer some of the more poignant ones here.)

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Q: I’ve been reading your work, you keep saying the dollar is going to fall in value, and be inflated away. Now you’re switching sides and joining the dollar bull faction. Seems like you don’t know what you’re talking about!

A: You’re mixing up my statements. When I discuss the dollar losing value, I am referring to it falling in ABSOLUTE value, against goods and services produced in the real economy. This is what is called inflation. I made this call in 2021, and so far, it has proven right as inflation has accelerated.

The dollar gaining strength ONLY applies to foreign currency exchange markets (Forex)- remember, DXY, JPYUSD, and other currency pairs are RELATIVE indicators of value. Therefore, both JPY and USD can be falling in real terms (inflation) but if one is falling faster, then that one will lose value relative to the other. Also, Forex markets are correlated with, but not an exact match, for inflation.

I attempted to foreshadow the entire dollar bull thesis in the conclusion of Part 1 of the Dollar Endgame, posted well over a year ago-

[Unraveling of the Currency Markets](https://preview.redd.it/5pp47ufj1uq91.png?width=627&format;=png&auto;=webp&s;=35933a528aefbe9ae9a9cb7584573860e34f0d6c)

I did not give an estimate on when this would happen, or how long DXY would be whipsawed upwards, because I truly do not know.

I do know that eventually the Fed will likely open up swap lines, flooding the Eurodollar market with fresh greenbacks and easing the dollar short squeeze. Then selling pressure will resume on the dollar. They would only likely do this when things get truly calamitous- and we are on our way towards getting there.

The US bond market is currently in dire straits, which matches the prediction of spiking interest rates. The 2yr Treasury is at 4.1%, it was at 3.9% just a few days ago. Only a matter of time until the selloff gets worse.

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Q: Foreign Central banks can find a way out. They can just use their reserves to buy back their own currency.

Sure, they can try that. It'll work for a while- but what happens once they run out of reserves, which basically always happens? I can't think of a time in financial history that a country has been able to defend a currency peg against a sustained attack.

[Global Forex Reserves](https://preview.redd.it/w6i7c7vr1uq91.png?width=651&format;=png&auto;=webp&s;=3722388dfd9eb144b29628660dcabda71be49599)

They'll run out of bullets, like they always do, and basically the only option left will be to hike interest rates, to attract capital to flow back into their country. But how will they do that with [**global debt to GDP at 356%**](https://carnegieendowment.org/chinafinancialmarkets/86397#:~:text=Global%20debt%2C%20according%20to%20a,356%20percent%20of%20global%20GDP.)**? If all these countries do that, they will cause a global depression on a scale never seen before.**

Britain, for example, has a bit over $100B of reserves. That provides maybe a few months of cover in the Forex markets until they're done.

Furthermore, you are ignoring another vicious feedback loop. When the foreign banks sell US Treasuries, this drives up yields in the US, which makes even more capital flow to the US! This weakens their currency even further.

[FX Feedback Loop](https://preview.redd.it/mj67gomu1uq91.png?width=1230&format;=png&auto;=webp&s;=5ad239fc7ac3d4f0f000f0ada20b8b15869011c4)

To add insult to injury, this increases US Treasury borrowing costs, which means even if the Fed completely ignores the global economy imploding, the US will pay much more in interest. We will reach insolvency even faster than anyone believes.

The 2yr Treasury bond is above 4%- with $31T of debt, that means when we refinance we will pay $1.24 Trillion in interest alone. Who's going to buy that debt? The only entity with a balance sheet large enough to absorb that is the Fed. Restarting QE in 3...2…1…

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Q: I live in England. With the Pound collapsing, what can I do? What will happen from here? How will the governments respond?

England, and Europe in general, is in serious trouble. You guys are currently facing a severe energy crisis stemming from Russia cutting off Nord Stream 1 in early September and now with Nord Stream 2 offline due to a mysterious leak, energy supplies will be even more tight.

Not to mention, you have a pretty high [debt to GDP at 95](https://www.statista.com/statistics/282841/debt-as-gdp-uk/)%. Britain is a net importer, and is still running government deficits of £15.8 billion (recorded in Q1 2022). Basically, you guys are the United States without your own large scale energy and defense sector, and without Empire status and a World Reserve Currency that you once had.

The Pound will almost certainly continue falling against the Dollar. The Bank of England panicked on Wednesday in reaction to a [$100M margin call on British pension funds](https://www.risk.net/derivatives/7954682/uk-pensions-hit-with-ps100m-margin-calls-as-gilts-and-sterling-slide), and now has begun buying long dated (10yr) gilts, or government bonds.

They're doing this as inflation is spiking there even worse than the US, and the nation faces a currency crisis as the Pound is nearing parity with the Dollar.

[BOE announces bond-buying scheme \(9\/28\/22\)](https://preview.redd.it/aw9n5nux1uq91.png?width=726&format;=png&auto;=webp&s;=c9a0731f7f376affc42dc5088be098d9b9b6d38e)

I will not sugarcoat it, things will get rough. You need to hold cash, make sure your job, business, or investments are secure (ie you have cashflow) and hunker down. Eliminate any unnecessary purchases. If you can, buy USDs as they will likely continue to rise and will hold value better than your own currency.

If Parliament goes through with more tax cuts, that will only make the fiscal situation worse and result in more borrowing, and thus more money printing in the end.

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Q: What does this mean for Gamestop? For the domestic US economy?

Gamestop will continue to operate as I am sure they have been- investing in growth and expanding their Web3 platform.

Fiat is fundamentally broken. This much is clear- we need a new financial system not based on flawed 16th fractional banking principles or "trust me bro" financial intermediaries.

My hope is that they are at the forefront of a new financial system which does not require centralized authorities or custodians- one where you truly own your assets, and debasement is impossible.

I haven't really written about GME extensively because it's been covered so well by others, and I don't feel I have that much to add.

As for the US economy, we are still in a deep recession, no matter what the politicians say- and it will get worse. But our economic troubles, at least in the short term (6 months) will not be as severe as the rest of the world due to the aforementioned Dollar Milkshake.

The debt crisis is still looming, midterms are approaching, and the government continues to deficit spend as if there's no tomorrow.

As the global monetary system unravels, yields will spike, the deleveraging will get worse, and our dollar will get stronger. The fundamental factors continue to deteriorate.

I've covered the US enough so I'll leave it there.

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Q: Did you know about the Dollar Milkshake Theory before recently? What did you think of it?

Of course I knew about it, I've been following Brent Johnson since he appeared on RealVision and Macrovoices. He laid out the entire theory in 2018 in a long [form interview here](https://www.youtube.com/watch?v=vDr3lRZ01Zo&ab;_channel=RealVisionFinance). I listened to it maybe a couple times, and at the time I thought he was right- I just didn't know how right he was.

Brent and I have followed each other and been chatting a little on Twitter- his handle is [SantiagoAuFund](https://twitter.com/SantiagoAuFund), I highly recommend you give him a follow.

[Twitter Chat](https://preview.redd.it/7209qmz12uq91.png?width=596&format;=png&auto;=webp&s;=3b86ab37882e4d03c478bbd85486967ad7b39691)

I've never met him in person, but from what I can see, his predictions are more accurate than almost anyone else in finance. Again, all credit to him- he truly understands the global monetary system on a fundamental level.

I believed him when he said the dollar would rally- but the speed and strength of the rally has surprised me. I've heard him predict DXY could go to 150, mirroring the massive DXY squeeze post the 1970s stagflation. He could very easily be right- and the absolute chaos this would mean for global trade and finance are unfathomable.

[History of DXY](https://preview.redd.it/csqatuw52uq91.png?width=1499&format;=png&auto;=webp&s;=dcaf46ee28e8a582f5145a8b6d62218943836c26)

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Q: The Pound and Euro are falling just because of the energy crisis there. That's it!

Why is the Yen falling then? How about the Yuan? Those countries are not currently undergoing an energy crisis. Let's review the year to date performance of most fiat currencies vs the dollar:

Japanese Yen: -20.31%

Chinese Yuan: -10.79%

South African Rand: -10.95%

English Pound: -18.18%

Euro: -14.01%

Swiss Franc: -6.89%

South Korean Won: -16.73%

Indian Rupee: -8.60%

Turkish Lira: -27.95%

There are only a handful of currencies positive against the dollar, the most notable being the Russian Ruble and the Brazilian Real- two countries which have massive commodity resources and are strong exporters. In an inflationary environment, hard assets do best, so this is no surprise.

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Q: What can the average person do to prepare? What are you doing?

Obligatory this is NOT financial advice

This is an extremely difficult question, as there are so many factors. You need to ask yourself, what is your financial situation like? How much disposable income do you have? What things could you cut back on? I can't give you specific ideas without knowing your situation.

Personally, I am building up savings and cutting down on expenses. I'm getting ready for a severe recession/depression in the US and trying to find ways to increase my income, maybe a side hustle or switching jobs.

I am holding my GME and not selling- I still have some shares in Fidelity that I need to DRS (I know, sorry, I was procrastinating).

For the next few months, I believe there will be accelerating deflation as interest rates spike and the debt cycle begins to unwind. But like I've stated before, this will lead us towards a second Great Depression very rapidly, and to avoid the deflationary blizzard the Fed will restart QE on a scale never seen before.

QE Infinity. This will be the impetus for even worse inflation- 25%+ by this time next year.

It's hard to prepare for this, and easy to feel hopeless. It's important to know that we have been through monetary crises before, and society did not devolve into a zombie apocalypse. You are not alone, and we will get through this together.

It's also important to note that we are holding the most lopsided investment opportunity of a generation. Any money you put in there can be grown by orders of magnitude.

We are at the end of the Central Bankers game- and although it will be painful, we will rid the world of them, I believe, and build a new financial system based on blockchains which will disintermediate the institutions. They have everything to lose.

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Q: I want to learn more, where can I do? What can I do to keep up to date with everything?

You can start by reading books, listening to podcasts, and checking the news to stay abreast of developments. I have a book list linked at the end of the Dollar Endgame posts.

I'll be covering the central bank clown show on Twitter, you can follow me there if you like. I'll also include links to some of my favorite macro people below:

* [Peruvian Bull](https://twitter.com/peruvian_bull) (my only account)
* [Lyn Alden](https://twitter.com/LynAldenContact)
* [Luke Gromen](https://twitter.com/LukeGromen)
* [Brent Johnson](https://twitter.com/SantiagoAuFund)
* [Raoul Pal](https://twitter.com/RaoulGMI)
* [Andreas Steno Larsen](https://twitter.com/AndreasSteno)
* [Jeffrey Snider](https://twitter.com/JeffSnider_AIP)

I'm still finishing up the finale for [Dollar Endgame](https://www.reddit.com/r/Superstonk/comments/o4vzau/hyperinflation_is_coming_the_dollar_endgame_part/)\- I should have it out soon. I'm also writing an addendum to the series which is purely Q&A; to answer questions and concerns. Sorry for the wait.

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Nothing on this Post constitutes investment advice, performance data or any recommendation that any security, portfolio of securities, investment product, transaction or investment strategy is suitable for any specific person.