

LISTEDRESERVE MoneyBits

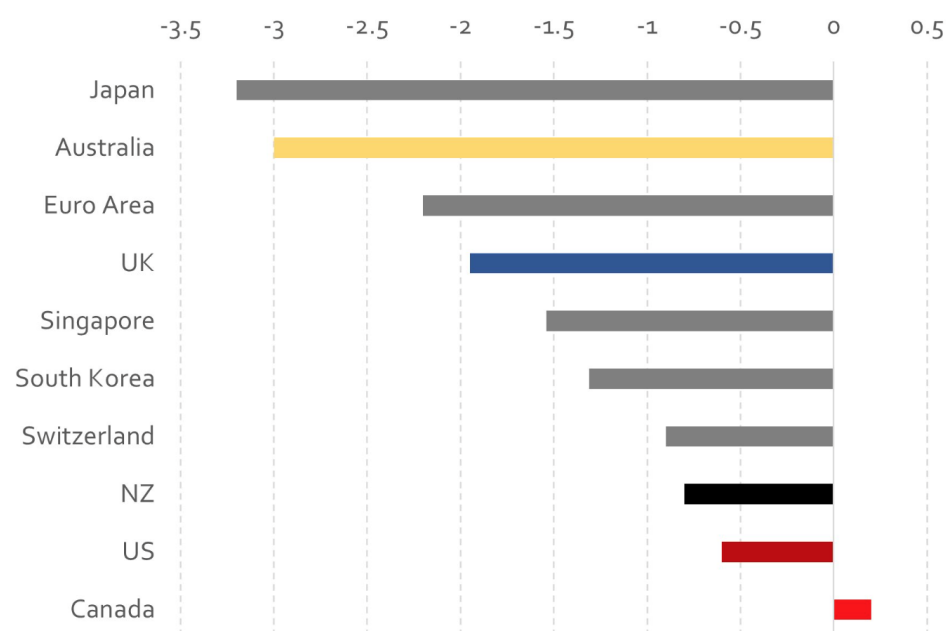
Yield

One of the main criticisms of investing in bitcoin is that it has no yield. That is entirely true, it does not. What is the point of holding an asset that gives you nothing at all?

I want to make the case that yield is quite possibly a mirage. All prices are relative. The only thing that actually matters is whether the asset you hold, plus its yield, will be able to be exchanged for more of the things you want in the future.

Perhaps another way to think about yield is how do I protect myself from negative yield. That is how most people think of it; they know for sure that cash sends them backwards (which is a remarkable piece of common knowledge when you think about it). So, they seek yield in bonds and high interest savings accounts for protection. It works optically but perhaps not practically. The only people who get rich from bonds are the people that sell them to the public; I have yet to meet anyone who got rich holding them.

The reason is quite obvious today and has been less obvious for a decade or more. In most developed countries the real interest rate is *still* hugely negative because of inflation. You might be getting 6% on your bonds but you are going backwards every day. Negative, everywhere save for Canada. It has essentially been a co-ordinated sovereign default since 2008 and it will likely continue.



Is it not remarkable then that people do not consider the denominator in any of their valuation equations? You will tell me that inflation is an input to the WACC but no valuation model in the world anticipated the US M2 money supply going from \$7.5 trillion in 2008 to \$22.5 trillion in 2022. That is 8% annually during a period where *reported* inflation was close to zero.

I am simply suggesting that yield is in many cases a marketing trick to stop everyone thinking about the denominator. A quick Google search makes the point nicely.

High interest savings account

Feel like a rockstar saver

Up to
4.60% p.a.

Variable interest rate on your Save accounts. [Bonus interest criteria](#) applies.

The headline inflation rate is 7%. 4.6% interest isn't exactly going to turn you into Mick Jagger I suspect. Inflation will fall too, but not as fast as that interest rate does so don't get excited.

Final point then. If yield is so important to you all, why has Google never ever paid a dividend since the day it listed? Talented people re-investing in a brilliant product from brilliant minds beats yield every single time. Nearly every year a Google share buys you more eggs than it did last year; and nearly every year bitcoin buys you more eggs than it did last year.


















That's yield, the other one is marketing.

Would you like fries with that?

McDonald’s is growing like crazy and opening new restaurants in the USA for the first time since 2014. It is also cutting staff, so the staff per unit sale metric continues to fall with automation.

As an economic microcosm, McDonald’s has always been excellent. Not least the [Big Mac Index](#).

The Big Mac index

Country		2000 — 2023	Under/over valued, %
Switzerland	Franc		35.4
Uruguay	Peso		27.8
Norway	Krone		22.9
Sweden	Krona		4.8
Denmark	Krone		0.9
United States	US\$	BASE CURRENCY	
Argentina	Peso		-1.0
Euro area	Euro		-1.4
Australia	A\$		-4.6
Saudi Arabia	Riyal		-5.6
Israel	Shekel		-5.7
Sri Lanka	Rupee		-6.9
Costa Rica	Colón		-7.4
UAE	Dirham		-8.6
New Zealand	NZ\$		-9.0
Chile	Peso		-11.4
Britain	Pound		-12.9
Kuwait	Dinar		-14.5

It also remains true that if you open up a shop near a McDonald’s, they have done the footfall research for you and it will increase because of them. They are an excellent guide to making money in otherwise unappealing locations.

I would suggest its relevance is now growing because it represents exactly what is happening at the forefront of the economy. The marginal economic participant (someone not always employed or in low income work) is normally a McDonald’s customer. The number of customers is rising quickly even though prices at McDonald’s are also rising. This company always does well in recessions because the cheapest meal in the world where you can rely on the quality is McDonald’s.

Crucially though, unit sales are off. The CEO pointed out in the quarterly report that “the number of people ordering ‘fries with that’ *is falling*”. These indicators are far more compelling than any of this yield curve inversion nonsense which I am occasionally prone to write about. The fact that the most identifiably marginal and economically active participant is now less likely to order fries and that person is now accompanied by a lot more similar people at the restaurant tells us something.

Apparently the US economy grew [1.1% in Q1](#). I very much doubt that given that inflation might be the reported 5% in the US, but earlier in the year it was 7% and by the end of the year I think it might well be negative again. 1.1% sounds like a politically expedient guess that was reported as ‘below estimates’. The estimate was 2%, I’d say a 45% miss is fairly significant but maybe I’m splitting hairs.

The signs from Uncle Sam are not good.

Finally, looking back at the Big Mac Index above, what is going on in Uruguay? In my brief research I discovered only 3.5 million people live there, I had no idea. That Big Macs have become reassuringly expensive there may be worthy of further investigation; I might report back on that.



Chips for bitcoin mining turned out to be the single biggest import in Bhutan in 2022. Representing 10% of the country's total trade.

Bhutan has masses of hydroelectric power thanks to its position at the foot of the Himalayas where snow melt drives giant water flows. The electricity is more than enough to power the entire country and its 800,000 residents and the balance has been put to productive use, apparently for several years now, mining bitcoin. Economically this makes total sense, there is little they can do with the excess power they are generating at present. In theory it could be exported but the distances are so vast that the power loss would make it a worthless exercise.

This entirely sensible (and 100% renewable) economic activity has drawn a mixed response though.

“It’s concerning that Bhutan’s resources have been invested in a secretive manner in a highly volatile and risky investment which has a big environmental burden,” says one former international advisor, who asked not to be identified.

This “international advisor” is not Bhutanese. Why are they concerned that it is secretive? What does it have to do with anyone other than people from Bhutan? Their mining is 100% renewable and yet is still vilified for its environmental burden, why?

There is genuine concern among the more developed nations about participation in Bitcoin. First we had El Salvador which came under sustained attack from the IMF and other US proxies for its adoption of Bitcoin. Then we had Argentina, which prior to its latest collapse, signed an IMF deal that specifically required they [ban](#) the use of digital currencies.

Now it is Bhutan’s turn. They have done something entirely sensible, using surplus 100% renewable energy to make money. Yet it’s “sinister” and “highly volatile.” They would have made an absolute killing, gross national happiness would be rising for sure.

If bitcoin is worthless, volatile and “rat poison squared”, why do countries keep adopting it? And why do countries with a vested interest in the dollar hegemony get so upset about it?

The Dollar is good for me (by GPT4)

Did I tell you First Republic bank collapsed? Nobody seems to care. Just the second largest bank in the US in history to fall over. No biggie. System is sound. No meaningful discussion in the media, so why should I bother.

Here is a totally unrelated poem about why the dollar is good for you along with all the other weapons of mass health destruction the Americans invented.

In the realm of green and plenty,
Where the dollar's call is strong,
A chorus sings the anthem sweet,
Of all that can't be wrong.

Like seed oils, golden and slick,
Their virtues whispered in my ear,
A symphony of heartbeats quick,
With each delicious smear.

Oh, Coca Cola's caramel hue,
A nectar sweet and true,
Your effervescence breaks the blue,
And lifts me through and through.

Breakfast cereals, boxes bright,
A mosaic of morning dreams,
With each spoonful, sheer delight,
In every sugared gleam.

Margarine, the silken spread,
A heartfelt, guiltless pleasure,
On toasts and breads, it lays its bed,
A love we all shall treasure.

And as I walk this path, I find,
Through feasts of modern age,
A love for sludge, the industrial kind,
In every turn and page.

Sorry to all of you that still eat that stuff. It will likely all be banned in our lifetimes. You're welcome.

Euro-Trash

European Central Bank Research @ECB_Research · Apr 26 ...
📢 Call for Papers: @cepr_org, @riksbanken, @BIS_org & @ecb will bring together female economists to present & discuss new research at the 3rd WE_ARE_IN Macroeconomics and Finance Conference, on 28-29 September 2023. Submit your work before 1 May! 📌

WE_ARE_IN will take place in Sweden later this year. The snappy acronym stands for something like “Women in Economics and Research Eternally Internationally Notwithstanding”.

The conference is ‘unique’ because it will discuss climate change (naturally), inflation and supply chain issues.

If you would like to submit a paper you can click [here](#) (I have*). There are some requirements though. Firstly (and inclusively), only females are allowed to submit papers so if you're one of those smelly boys, this isn't for you. Secondly, you need to be doing a PhD in Economics. Thirdly, you need to be willing to travel to Sweden in September. Finally, you must consider yourself “on the market” come September time and willing to “submit”. I don't know what that means but it is presented unironically for your interpretation, directly from their website.

We invite submissions from **female PhD students** to present in a poster session. Students who plan to be on the market this coming fall are particularly encouraged to submit.

I think this is a standout marketing campaign by the ECB on so many levels, I don't know where to begin. Suffice to say, my flights to Sweden are already booked.

Elsewhere, La Capitano, Ms Lagarde has thankfully recovered from her car crash. Those of you lambasting me for questioning her neck brace can relax, she is fine.



Not sure what the tweet is about but it's not Spanish youth unemployment or the technical bankruptcy of every bank in Europe so we can probably ignore it.

Until next week then.

**My PhD Thesis is called: "A Multifaceted Stochastic Examination of the Euro's Inevitable Demise: Unraveling the Cryptic Nexus between Currency Disintegration and Societal Subjugation". An early draft can be accessed [here](#).*