

LISTEDRESERVE

MoneyBits

American HODL

Of all the colourful characters in the bitcoin show, my favourite is American HODL. A frequent spokesperson for his generation (maybe 30ish), he has been a bitcoiner since his early 20s. During that time he got married, had children and rode the roller coaster.

His most recent [podcast](#) summarises his general view of the world. It's long and comes with a health warning because it might be too colourful for some of you. As a taster, here's an extract:

(1:18:29) was talking to my wife about this the other day that basically like the truth sucks right like the truth is painful man it's always painful it's way better to live in a delusion or in a fantasy and most people do live in a delusion or in a fantasy so there's like this very small percentage of the world who is willing to engage with radical truth, 100% truth and it's mainly a negative for your life it's kind of a got a lot of downsides because number one other people don't

(1:19:05) want to hear the truth so if you say it to them they don't want to hear it from you, number two you see how awful most things actually are right like be like behind the the curtain that's covering them up most things are pretty terrible right the way the world works is pretty terrible and it's kind of the same as in ancient times it's still all the same the stuff you think is like thuggery from the Roman Empire where they would just show up to a senator's house and just kill

(1:19:32) his family in front of him that still goes on it just has new names but it's the same thing right and so in a way seeing the world in an honest and transparent fashion is brutal and the individuals that engage in it are they do it only because they are compelled to do so and they simply must because they need to to order their world in the correct fashion uh but the silver lining of it is it allows you to read financial markets pretty easily and you can get rich doing it so like if you see the world clearly the silver lining is you

*(1:20:04) get to get rich the the rest of it is all awful but the getting rich part is pretty good you know also I think scientist scientists shared this too because science is a brutal horrible awful thorny process if done correctly not modeling as science I'm talking about real science where you're testing hypothesis is and every day you go into lab and you're just getting your d*** kicked in because none of the results match what you thought was going to happen that's real science and you know those*

(1:20:30) guys do it for they do it for the leveling up of humanity they do it because uh you know it's it's rewarding work but really they they simply just have to see the world that way it's like you're you're sort of like touched by God in a certain way where you just simply must engage with truth because yeah the the truth is awful and and no other human being wants wants to deal with it so you become like the uh you know the scapegoat here where you're you're the only person you know who engages with it.

The idea that engaging directly with what is true, irrespective of anything else, is both painful and profitable. Is it true that in most cases we simply outsource those decisions? Is it easier just to eat what we get fed, give our money to Australian Super and hope for the best. I think it is.

Who wants to do the homework? Who wants to be unpopular? Who wants to say the thing that can't be said? American HODL, however extreme, has done those things for years now and he's been incredibly successful.

It's a different point of view, some of you might find it refreshing.

Raoul's back

Global Macro Investor's Raoul Pal was [back this week](#) with a simple claim. The more global liquidity there is, the more some assets will go up. His question; "it couldn't be that simple could it?"



Raoul Pal ✓
@RaoulGMI

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Looking forward to the "It'll end in tears" and "correlation doesn't equal causation" reply guys...

People have been saying the same thing for a decade now and they WANT their 70%+ bear market and economic collapse. They want JUSTICE. But...



Raoul Pal ✓ @RaoulGMI · 4h

...

...what they got instead was financial repression and a debasement of fiat currency, optically driving up asset prices...

And in that heady mix, the powerful secular trends of adoption rise above all - The Crypto Super Massive Black Hole and The Exponential Age.

“Optically driving up asset prices.”

It seems rather obvious to me that with governments so heavily indebted, the price of everything must continue to rise, because there is no other option. There will of course be adjustments and crashes but the mirage of [financial repression](#) is here and now.

We have covered this before. Again, I recommend this excellent podcast by [Russell Napier](#), in which he describes the strategy of “stealing money from old people slowly.”

Russell Napier Interview- "Financial Repression- Stealing money from old people slowly"

Financial repression means some assets relatively collapse. Many of them will be in your super fund, bonds, commercial real estate etc.

Price is just a number. Everything can keep going up and the thing you are holding can still relatively collapse if you don't hold the scarce thing.

Remember the Austrian 100 year bond from 2020? They had \$16 billion in orders for that instrument. Down 67% since, but we don't hear about it.

Financial repression isn't coming, it's here.

RBA

Change is [coming](#). The new PR appointee at the RBA Sally Cray is an ex Malcolm Turnbull spinner and presumably choreographed Wednesday's press conference and data. In the Philip Lowe era, we didn't get much. Perhaps a few staid words and that was it till next time.

I'd like to make one observation on all this. I am reminded of the corporate world; leaders, particularly new ones, like to change things to embed their authority. You often see it in the annual reports of major companies who instantiate major programs for their employees about whatever the topic du jour is. An example from the Westpac 2023 report:

“More than 10,000 of our people are involved in one of our 10 Employee Advocacy Groups and together they work to strengthen inclusion. These groups provide a platform for targeted learning and development via mentoring such as ‘Curious and Wise’ that partners younger and mature employees, shadowing programs to promote cultural diversity and summits for learning and connection.”

That sounds good. Except it's pretty much what naturally happens. You learn from your older peers, they help you and then you respect them for doing so. It requires no 'Advocacy Group'. Indeed the very presence of such an advocacy group is a net negative. My point specifically is that what was excellent about workplaces (that you learn from others) is destroyed by the needless program. Let's face it, apprenticeships are thousands of years old.

So it will be with the RBA. The new press conferences will excite people, there will be data to write about and words to dissect and we will have fun mocking them. It will be jolly, but it will be worse.

The staff will forget that the very best central banks and central bankers accept that they *do not know*. So, they operate with *humility*. This will be replaced by the hubris of 'data driven' psychopaths who in fact believe that they do know the likely outcome of an infinitely complex system.

It just seems that so often, what is already very good is forgotten when change comes along. After an unbelievable, likely never to be repeated, period of stability in the Australian economy, there was no analysis (at least to my knowledge) of what was done correctly.

We have some Westpac readers, so back to you briefly. If I were Westpac I would simply do this, forgetting all the nonsense. Have a marketing campaign for the next 20 years that hammers this message:

“We sponsor every surf club in Australia, have done so for 50 years and we will for the next 50. We put the helicopter in the sky. For that reason alone you should have your mortgage with us.”

Simple messaging around the things you do well. Helicopters and mortgages.

The RBA should do the same.

El Salvador elections

Down in San Salvador, the President was just re-elected with 85% of the popular vote. Again while he is hugely domestically popular, he is still an enemy of the state in the USA. Some senators demanded action against his re-election.

Congress of the United States

Washington, DC 20510

January 30, 2024

Dear Secretary Blinken,

We are writing to express our significant concerns regarding democratic backsliding and an increase in reports of human rights violations in El Salvador. These concerns are especially pressing with elections planned for early next month, in which the incumbent President Nayib Bukele is running for an unconstitutional second term.

The State of Exception declared by President Bukele in March 2022 has provided the framework for tens of thousands of arrests without due process, including that of U.S. citizens, and has also served as a smokescreen for the targeted harassment of political opponents of the government, human rights defenders, environmental activists, and others.

President Bukele has also, during his first term, overseen the militarized harassment of the legislature, a significant erosion of judicial independence, and the *de facto* criminalization of civil society. With the election approaching, this crushing of dissent and restriction on multiparty democracy has extended to the arrests and arrest warrants of political opponents, including the former Salvadoran Ambassador to the United States, Rubén Zamora. Much of this persecution has been done with the active complicity of El Salvador’s judicial system.

Seems a bit rich coming from the USA. After all, nobody is arguing the elections were unfair. Certainly they are less contested than the last US election.

Still, El Salvador remains in a difficult fiscal position. Bukele gets five more years but isn’t out of the woods. The IMF won’t help either unless he removes the legal tender status from Bitcoin.

It’s a small country of 6 million people. The outcome here though might be significant and five more years will certainly help.

Euro-Trash

German economy dodges recession despite shrinking 0.3% in 2023

It’s pretty clear now that we don’t have recessions anymore. I’m glad because they were annoying and pesky and occasionally meant that politicians lost their jobs.

The German economy shrank 0.3% last year. In an environment where inflation is running at near 10% at some stages, it’s anyone’s guess how much smaller the economy really is, but there was and is no recession.



Robin Brooks @robin_j_brooks · Jan 31

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Three years after the start of the global financial crisis, German GDP was 5% below its pre-crisis trend. Three years after the onset of COVID, Germany's real GDP is already 6% below its pre-COVID trend. The Euro zone is heading back to big output gaps and borderline deflation...



It feels as though the word has been removed from the economic lexicon. They used to be welcomed as a clean out of debt but now they are gone.

Take the UK. Its last recession was apparently 2008/9. Yet its stock market has massively underperformed nearly everything else. In 2009 the FTSE 100 stood at 6,930, last week it closed at 7,615. 10% higher, *in fifteen years*. All the more remarkable because GDP figures are adjusted for inflation so I consider them entirely false. At least the FTSE 100 is a nominal price which we can compare.

In real terms then the FTSE has done nothing but go backwards for more than a decade. Any recessions though? No.

So now the curse of economic falsehood has hit Germany. Its economy will shrink for decades. GDP will steadily 'rise' though and there will be no recession.