

Sharing Real Facts Within a Surreal Financial System

written by Egon von Greyerz | October 8, 2021

In this brief MAMChat, Matterhorn principals Egon von Greyerz and Matthew Piepenburg exchange thoughts on the real vs. surreal financial system. They specifically address the blunt reality of unimaginable debt levels, tanking GDP growth, rising inflation, negative-yielding bonds and declining consumer sentiment against a current environment of engineered market highs, SPAC and crypto mania and the semantic fantasy of policy makers pretending inflation is “transitory” rather than an unspoken and deliberate necessity.

Toward this end, Egon touches upon the darker side of SPAC “value pumping” emblematic of the South Seas bubble while reminding investors of quantifiably dangerous valuation multiples on the current S&P alongside equally fatal margin debt levels.

Matt then revisits the hard math rather than clever Fed-speak of the “inflation debate” by addressing cost-of-living adjustments and the embarrassing reality behind public debt levels whose interest expense alone exceeds national tax receipts. Given such realism, do central bankers have any choice but more currency-killing monetary expansion to pay for otherwise unwanted government bonds?

But how and when will the lessons of objective debt and risk-asset bubble realities overshadow the current and surreal illusions? Egon addresses the additional and latest fantasy of an “orderly” reset ahead, concluding that it will be anything but orderly and involve dramatic inflation to deflation cycles which cripple already broken currencies. Gold, of course, is the ultimate reality-check and anti-dote to these painful cycles, and as both Egon and Matt remind, can't be measured in currency price forecasts, when the very currencies used to measure gold's “price” are declining in value with each passing day.

Watch the video on YouTube [here](#)