

Von Greyerz & Piepenburg: Challenges, Forces and True Wealth for 2022

written by Egon von Greyerz | December 21, 2021

In this year-end MAMChat, Matterhorn Asset Management principals, Egon von Greyerz and Matthew Piepenburg, round up 2021 by discussing the critical issues leading us into the new year.

Toward this end, Matthew is tracking four specific themes into 2022, namely: 1) inflation ripple effects; 2) Dollar illiquidity; Dollar relative strength; and 4) tapering into a grossly over-valued risk asset bubble. Despite staggering levels of monetary expansion and fiscal spending, the indicators (and implications) coming from the repo and Euro Dollar markets suggest an ironic *unavailability* of Dollars otherwise tangled up in toxic and complex derivative markets. The impact such illiquidity can have upon objectively (and grossly) over-valued equity markets and over-indebted global credit markets will be a key issue for 2022—a year whose risk potentials will only be exacerbated by a well-telegraphed Fed taper.

Paramount to Egon's thoughts heading into the new year are the ignored warnings of past years. In short, history's lessons cannot be over-stated enough. From Jefferson's prescient warnings of central bank controls over sovereign wealth to the true cyclical consistency of the debasement of currencies which always follow in the wake of extreme debt, the past has much to tell us of the future.

Debt, as Egon reminds, is the core driver as well as core risk trigger of every market bubble. Of course, the current "forever bubble" is no exception to this historical lesson and trend. Egon sees 2022 as a potential setting for this bubble's looming expiration date, recognizing, however, that central banks will do everything in their currency-debasing power to postpone inevitable breakdowns in fractured markets. Toward this end, Egon reminds that the imbedded (and mis-reported) risk in the global derivatives trade is among the greatest risks of all.

Egon and Matthew close with a brief discussion of true wealth, namely the invisible wealth of time and connection with those people, ideas and passions which can't be tracked or valued by rate hikes, inflation scales or asset prices. The holidays remind us that preserving financial wealth is simply a means toward preserving more time with, and priority for, those who matter most to us in ways no currency can measure.

Despite the financial and economic challenges facing 2022, we wish you a *rich* new year in every sense of the word.

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