

Von Greyerz: There's No One to Save This Broken System of Debt, War & Currency Destruction

written by Egon von Greyerz | October 24, 2023

In his first interview with Dunagun Kaiser of Liberty & Finance, Matterhorn Asset Management founder, Egon von Greyerz, offers his insights on the latest geopolitical and financial headlines.

Von Greyerz opens by discussing the patterns and parallels of debt, currency, geopolitics, oil and gold. Specifically, von Greyerz squarely addresses the historical use of war as a disturbing policy tool to excuse debt and justify further expansion of the same. Oil, of course, is often a protagonist in such an historical stage, and von Greyerz considers the various ways in which current conflicts within the Middle East and the Ukraine can escalate into a more global danger. Western policy, he maintains, has a woeful lack of statesmen. US leadership, in particular, remains mysterious, weak and marked by sending money and weapons rather than sophisticated peace negotiators.

War, of course, has immense implications on financial conditions, at home and globally. Wars, von Greyerz reminds, are costly. But where will the money come from given US debt levels? Sadly, the answer is "out of thin air," a pattern for which markets and central banks are all too familiar. Ultimately, this makes sovereign bonds and currencies in general, and USTs and USDs in particular, increasingly weaker and unloved. This trend, as well as distrust, away from the Dollar has only been accelerated by the weaponization of the USD following the war in Ukraine. Eastern central banks are thus selling USTs and stacking physical gold as confidence in, and trust for, the world reserve currency openly unwinds. This places pressure on credit markets already cracking under the immense weight of grotesquely over-levered derivative markets.

Taken together, these debt, currency and geopolitical risks have created a setting of risk unlike any von Greyerz has seen before. Money printing can no longer solve this convergence of open deterioration. Informed individuals, however, can protect their own financial conditions by doing what their leaders and 99.5% of their peers have failed to do—namely: Protect their purchasing power via direct investment in physical gold, a timeless asset whose real journey has yet to even begin. History, of course, confirms such a minority of investors are always rewarded for thinking carefully, wisely and differently; but as Egon concludes, gold's rise will be significant, yet sadly because the fall in global welfare will be equally so.