

BFI Perspectives

We cherish independent and rational analysis.

The “Everything Rally” and Fiat Fatigue

By Scott Schamber

Global markets are defying conventional wisdom and historical patterns, as asset classes from equities to commodities are rallying in unison. This represents a rare and very telling signal of deeper economic imbalances. Beneath the surface of this “everything rally” lies growing investor fatigue with fiat currencies and a flight toward real assets.

For quite some time now, financial markets have been exhibiting a very peculiar phenomenon dubbed the “everything rally,” as seemingly disparate asset classes that traditionally move in opposition to one another are instead surging in tandem. As of early November, gold had clawed back to around \$4,000 per ounce after a brief correction from its recent record high near \$4,400, marking a staggering 150% gain since its 2022 lows. Silver, its more volatile cousin, at the time of writing, currently trades at approximately \$51.80, expressing similar gains.

As for equities, almost nothing seems to be standing in the way of their upward ride: not President Trump’s tariffs, not actual raging wars, not labor market data and other extremely concerning economic fundamentals coming out of the US. The US dollar, however, seems to be “the odd one out.” While everything else is rising, the US Dollar Index (DXY) languishes near 100, down more than 12% from its 2022 highs, clearly reflecting waning confidence in fiat currencies.

A profound shift in investor psychology

This “everything rally” is no mere coincidence, nor is it an insignificant “blip” in the grand scheme of things. On the contrary, it represents a profound shift in said grand scheme and in investor psychology. The picture painted by markets is that of a massive flight away from fiat money and toward tangible, real assets that offer scarcity and actual intrinsic value. In an era of ballooning global debt (now exceeding \$310 trillion), central bank easing despite still ongoing inflationary pressures, and serious geopolitical uncertainties, assets like gold and silver are reclaiming their status as the primary hedges against monetary debasement.

The same sentiments are behind the stock market surge: investors see this bull market as unstoppable and as one they cannot afford to miss, not with inflation eating away at their cash positions. The problem is, however, that it has become a kind of self-fulfilling prophecy: if everyone thinks the “party” will never end, it will go on for much longer than any of the fundamentals justify.

It will end though, and for good reason.

BFI Perspectives

We cherish independent and rational analysis.

Be aware of skewed performance

What a lot of investors are missing is that the “everything rally” might include the S&P 500, but that doesn’t mean that “everything” in the S&P 500 is rallying. In fact, performance is profoundly skewed. The so-called ‘Magnificent Seven’ - namely Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta, and Tesla - now comprise 37% of the index's market cap, up from 12% in 2015 and triple the 2015 level. Nvidia alone has quadrupled to \$4.5 trillion since 2023, which pushed the group's share above 30%.

This level of concentration has not been seen since the 1960s Nifty Fifty era, and it means that the index's 16.5% YTD rise is obviously masking underperformance elsewhere. Indeed, small-cap stocks (Russell 2000) have been showing serious weakness and are actually now underperforming the Nasdaq by the largest margin in history.

Not all alternatives are created equal

This should ring all kinds of alarm bells for those with broad US equity exposure, and it should underline the fact that not all alternatives to fiat currencies are created equal. Real, tangible, and incorruptible assets like physical gold and silver provide much more solid insurance and long-term protection than equities, especially at this point. After all, stock markets are also highly susceptible to political and monetary manipulation, which is why central banks all over the world are doing their very best to continue providing support to artificially sustaining this seemingly “never ending rally.”

And, while central bankers could theoretically keep providing that support for much longer, the problem is that it could have severe consequences, as it did in the past. Inflation may have cooled from its 9% peak in 2022, but core measures still hover at over 3%, far from the 2% target. A premature return to rate cutting and easing is bound to unleash a fresh wave of consumer price hikes, perhaps even worse than the one we experienced in the covid crisis aftermath.

Time to invest in physical precious metals

This is a pivotal moment for investors, especially those who rely exclusively on US stocks for protection against the constant devaluation of fiat currencies. That is not to say that there are no attractive equities to be found in the US (and especially beyond the US). There are still many solid, healthy companies out there for investors that are willing to do the homework and search beyond mainstream financial press headlines.

However, even that approach is not risk free and even sound companies can fall victim to fiscal and monetary policy manipulation. The only asset class that is really immune to this are precious metals, particularly the physical kind.

BFI Perspectives

We cherish independent and rational analysis.

About the Author



Scott Schamber is the Managing Director of BFI Bullion Inc., a Swiss precious metals dealer and storage provider (bfibullion.ch). Scott advises international clients around the world. And, as a “good ole’ boy” from Wisconsin, he loves to work and help American clients too.



BFI Capital Group Inc.

Bahnhofstrasse 29
CH-6300 Zug
Switzerland
Tel. +41 41 712 2710
Fax +41 41 712 2711
info@bficapital.com

www.bficapital.com

