

Gold's "There's No Digital Me" Swag

"They don't give you gold medals for beating somebody. They give you gold medals for beating everybody." – Michael Johnson, US Sprinter



- **Gold** is **stamping its superiority** as the “real deal”. Specifically, in **destroying propaganda that Bitcoin is “digital Gold”**.
- Since we published on Gold late last week (9th Oct)* – on breaching \$4,00, and the fundamental shifts involved in its mind-boggling rallies – it is now nearly 40% on its road to \$5,000!
- Clearly, what bears repeating is that Gold is far **more than a mere inflation hedge**.
- Without being dismissive of inflation hedges, the wider point is that in theory, *any real asset ought to fulfil the inflation hedge property (pun intended)*.
- Whereas **Gold's real shine was in** its far more sweeping allure as **THE time-tested and unmatched hedge against fiat debasement risks**.

- Pointedly, in these times of eroding trust in governments and worries of fiscal profligacy that will be inflated/debased away. Gold's brilliance is hard to stop.
- Especially as Gold is **not merely revered but is actually being underwritten by hefty allocations from reserve asset managers**, who spooked by mounting prospects of wealth destruction (from large-scale debasement).
- Crucially, **Gold striking down Bitcoin as the “digital Gold” substitute burnishes its glitter.**
- Notably, **during periods of significant financial market stress** (“risk off”), **Gold stands out in its ability to retain value – with correlations vis-à-vis equities flipping negative.**
- **Whereas Bitcoin, while having super-charged gains during “risk on”, often crumbles at the most critical “risk off” junctures – revealing itself to be a “high-beta” risk asset, not a haven** (store of wealth).
- So, **Gold's real swag** is that there is **no digital variant** that replicates its ability *to both hedge against fiat debasement and store wealth through adversity.*

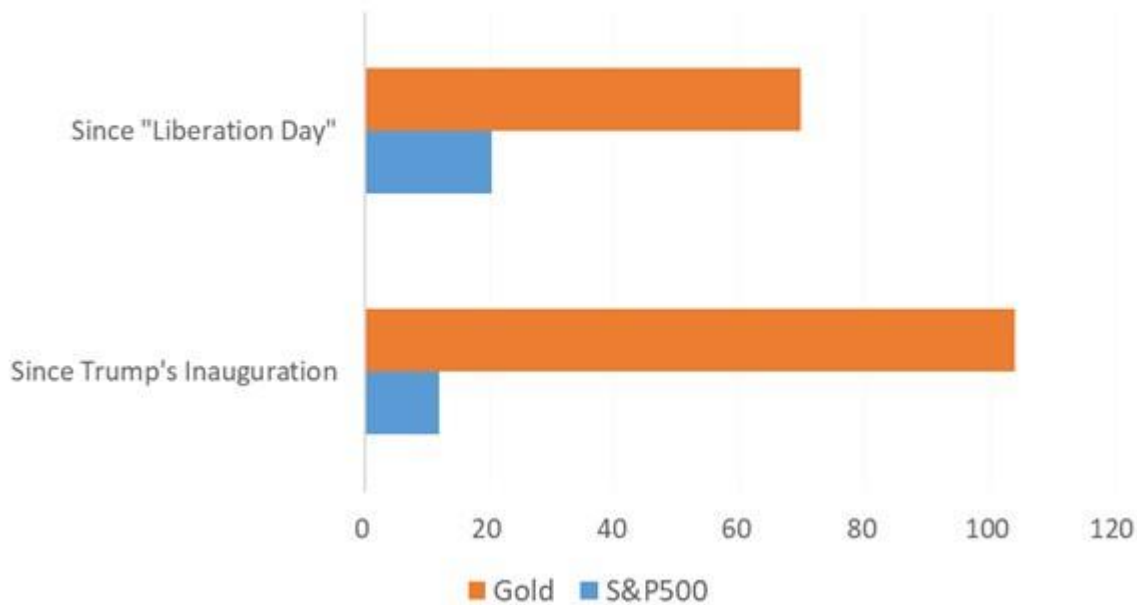
***9th October Publication on Gold:**

Midas & (Real) Money

In a Nutshell:

- **Gold's decisive surge past \$4,000, led by anti-fiat/anti-inflation hedge** and enhanced by elevated geo-political uncertainty, **defying higher (long-end) real rates.**
- Coincident surge in equities (“risk on”) suggest **headline haven allure is subordinated to structural debasement boost.** Hence, Gaza Peace deal may merely temper, not overturn Gold's bull run. [Sectoral “Tides” that Lift \(Many\) Boats](#)

Gold & Equities (S&P500) are Both Higher (Positive Correlation) with Trump 2.0 . Suggests Structural Debasement Boost Dominates.



Touched by Midas - Turning to Gold

- In Greek mythology, **King Midas** is granted his wish to have **everything he touches turn to Gold**.
- **Today**, with Gold's indefatigable surge decisively surpassing \$4,000/oz, it **appears markets have been touched by Midas**.
- At least insofar that **markets have insatiably been turning to** - *albeit in a slightly different sense of that phrase* - **to Gold**.
- To be specific, turning to Gold; i) for hedge against latent inflation risks; ii) for haven refuge amid elevated geopolitical risks and; iii) **above all**, as protection/hedge against mounting fiat (led by USD) debasement risks.
- **So compelling is this primal (and powerful) allure of Gold**, driven by **instincts to protect wealth and seek refuge**, that it has **overwhelmed the drag of elevated real rates (especially surging ultra-long-end) on Gold**.
- It was not too long ago - in fact, **just 7 months, back in March 2025** - that **\$3,000/oz** was a new psychological level surpassed.

- And *if inflation-debasement risks* and *geopolitical uncertainty persist*, even \$4,000/oz may be a pit-stop enroute to greater ascendancy.



Show Me the (“Real”, Not Fiat) Money!

- Notably, **Gold’s stellar run** has been **in tandem with, albeit far superior to, a coincident surge in equities**.
- First, the **emphatic co-movement/correlation with the rally in equities** suggest that **haven the lift from Gold’s allure plays second fiddle to** its compelling, if not **unmatched, debasement hedge boost**.
- If* that was **not** the case, there is a higher probability that the positive **Gold-S&P500 correlation would have** significantly **weakened or flipped even** (with Gold up and equities down on “risk off”).

- What's more, **Gold's spectacular outperformance** points to suggests **emphatic debasement hedge** (leveraging on its superior anti-fiat properties) being resorted to **as a complement to liquidity-driven, "post-Liberation Day" FOMO* rallies**.
- Simply put, this is a **conspiracy of Anti-Fiat "risk on"**, which wants **both the upside and the protection**.

* The solid rebound and sustained follow-up rallies after the initial sell-off from April's "Liberation Day" shocks prompted doubling down in "risk on" rallies to compensate (and keep up with benchmark performance).

Gaza Peace Deal to Temper, Not Topple

- And insofar as the compelling anti-fiat allure of gold is the dominant driver of its unfettered surge, Gold may be less susceptible to pullback in geo-political risks.
- That's to say, the any cyclical/headline-driven pullback in Gold expected from cooling geo-political risks may not permanently impair Gold's buoyancy, much less strike it down decisively.
- As a corollary, **any realization of a Gaza Peace deal** may **merely temper, but not topple Gold bulls**.
- Point being, while it may **admittedly provide a profit-taking opportunity** after such a significant run-up, it may **not undermine the structural boost to Gold** that may endure.

Global Reserve Managers Underwrite Gold's Shine

- Especially given that **Gold has risen in prominence** and in **stature with global reserve managers**.
- Specifically, as **mounting USD debasement fears** from US' policy adventurism.
- Point being, **global reserve managers are forced to confront dangers of wealth destruction from exchange rate risks associated with their massive stock of UST holding**.
- And given that when push comes to shove, global reserve managers will prioritize (wealth) preservation over income/carry, **Gold (and other real assets) must necessarily be re-weighted considerably higher in their portfolios**.
- That's to say, **global reserve managers** are the ones **underwriting the structural allure/ascendancy of Gold**, rather than headline-driven ebbs and flows of refuge seeking.
- And **"Sell America" from shockingly extractive US policies** makes this a **"You had me at hello" moment for Gold bulls**.

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