In Gold We Trust® Report

Nuggets

You can download the entire *In Gold We Trust* report free of charge at:
www.ingoldwetrust.report

A printed version of the *In Gold We Trust* report is availabe in the *In Gold We Trust* shop.

incrementum

In Gold We Trust Report

We would like to express our profound gratitude to our Premium Partners for supporting the *In Gold We Trust* report 2025

Agnico Eagle
Asante Gold Corporation
Barrick
Caledonia Mining Corporation Plc
Cerro de Pasco Resources
Dolly Varden Silver Corp
Elementum International AG
EMX Royalty Corp
Endeavour Mining
Endeavour Silver
First Majestic Silver Corp.
First Mining Gold
flexgold
Fortuna Mining
Harmony
Hecla Mining Company
McEwen Mining
McEwen Copper
Minera Alamos Inc.
Münze Österreich
Newmont
Northpeak
Pan American Silver
Royal Gold, Inc
Silver Bullion
Sprott
Tudor Gold
U.S. Gold Corp
Von Greyerz

In Gold We Trust Report

incrementum

In Gold We Trust Report®

Join Us on Our Golden Journey!

***In Gold We Trust* report 2025**
ingoldwetrust.report/download/46285/?lang=en

***In Gold We Trust* report 2025 Compact Version**
ingoldwetrust.report/download/46286/?lang=en

***In Gold We Trust* Chartbook**
ingoldwetrust.report/download/47140/?tmstv=1744727118

Monthly Gold Compass
ingoldwetrust.report/monthly-gold-compass/?lang=en

***In Gold We Trust* Nuggets**
ingoldwetrust.report/igwt-single-chapters/?lang=en

***In Gold We Trust* Classics**
ingoldwetrust.report/igwt-single-chapters/?lang=en

***In Gold We Trust* Archive**
ingoldwetrust.report/archive/?lang=en

LinkedIn
linkedin.com/showcase/ingoldwetrust-report

Youtube
youtube.com/c/InGoldWeTrust

X
x.com/igwtreport

Newsletter
ingoldwetrust.report/subscribe/?lang=en

DE EN ES 中文 日本語

The Gold Standard of Gold Research

ingoldwetrust.report

IGWT Report

From Trade Restructuring To Monetary Reset? – Luke Gromen debates Louis-Vincent Gave

We closed the gold window on Sunday, August 15th, 1971. I think we just closed the dollar window on Wednesday, April 4th.

Luke Gromen

- **At a time when severe distress is plaguing the global financial markets, Luke Gromen and Louis-Vincent Gave share their reflections on the epoch-making developments happening as they speak. To get a sense of what is happening in the markets, we delve into President Trump's high-stakes America First agenda and his plan to restructure international trade.**
- **The tensions arising from the White House's trade war is accelerating de-dollarization. This is a process that has been occurring for some time and is mirrored by the increase in demand for gold to be used as a monetary reserve.**
- **Not only have we witnessed a decline in the appeal of US Treasuries, which have historically been the backbone of the dollar's reserve status, but now the "Mag 7" tech stocks have been losing favor, too. Thus the question arises: What asset will now back the US dollar?**
- **Gold has been gaining recognition for its monetary functions, being positioned as a politically neutral reserve asset. The recent US policies appear designed to redirect foreign capital from Treasuries and tech stocks into gold, and there seems to be a historical precedent.**
- **The risky strategy of simultaneous fiscal tightening and trade conflict now being carried out by the US administration may lead to a deep recession, not just in the US, but in the world. Because of the close relation between government revenues and equity market performance, there could be a crisis of confidence in Treasuries, possibly triggering a "sudden stop" scenario.**
- **While the US is now trying to pivot toward economic self-reliance, China has already endured a painful restructuring and is showing higher resilience. Still, the two opponents seem to be misjudging each other's weaknesses and strengths, creating a dangerous setup for miscalculation.**

Louis-Vincent Gave is the CEO of Gavekal, a Hong Kong-based company he co-founded over twenty years ago with his father Charles Gave and Anatole Kaletsky. Gavekal has grown to become one of the world's leading independent research providers to institutional investors around the globe. Louis has written seven books, the latest being *Avoiding the Punch: Investing in Uncertain Times*, which reviews how to build a portfolio at a time of rising geostrategic strife and when very low interest rates and stretched valuations on most assets announce constrained returns over the next decade.

Luke Gromen is the founder of FFTT, LLC ("Forest for the Trees"), a macro/thematic research firm catering to institutions and sophisticated individual investors. Luke's vision for FFTT was to create a firm that would address the opportunity he saw created by applying what customers and former colleagues consistently described as his "unique ability to put the big picture pieces together" during a time when they saw an increasing "silo-ing" of perspectives occurring on Wall Street and in corporate America.

The discussion between Luke Gromen and Louis-Vincent Gave, led by Ronald Stöferle and Nikolaus Jilch[45], took place on April 7, 2025, just a few days after Trump's *Liberation Day*, a day that is likely to mark a turning point for the world and the financial markets. The two well-known analysts discuss the implications of recent geopolitical and economic developments.

The debate addresses, among other things, the question of whether the US dollar will retain its status as a reserve currency in the coming years. The topic of the quality and attractiveness of US dollar-denominated assets inevitably comes up as well. In the end, both Luke Gromen and Louis-Vincent Gave provide investment recommendations for this new and unfamiliar investment environment.

We are publishing the highlights of this debate below. The full version of the debate is available for download here. The video of the entire debate can be viewed on YouTube here.

[45] Over the past few years, Niko Jilch has contributed numerous articles to the In Gold We Trust report. He works as a financial journalist and podcaster. You can follow him on www.nikojilch.com, X, and YouTube, among others.

Ronnie Stöferle

We are very, very proud supporters and subscribers of both of your services. We deeply value your insights, your forward thinking, analysis on markets, on currencies, on geopolitical shifts, on commodities, on asset allocation. And today we'll examine the state of the US dollar, the future of gold, the evolving impact of Bitcoin, and the broader shifts in the world economy. Basically, no one else on this planet is better equipped to guide us through these really critical themes and topics that we're facing today. So, it's a real pleasure.

I think it's perfectly normal for the reserve currency of the world to run a current account deficit with other countries. And basically, as we all know, there's just one big deficit, which is US with China. I think the rest are basically peanuts.

Today is April the 7th, 2025. Quite a lot of things happened over the last couple of days. We had the so-called *Liberation Day* – and I'm sure that whenever you will listen to this interview, quite a lot will have happened in the meantime. So, let us start with the big elephant in the room, which is basically the US dollar being the reserve currency of the world. **I think it's perfectly normal for the reserve currency of the world to run a current account deficit with other countries. And basically, as we all know, there's just one big deficit, which is US with China. I think the rest are basically peanuts**.

So, the big question from my point of view, with all those developments over the last couple of days and weeks, is, will the US give up this exorbitant privilege? Will they give up the role of the US dollar as the world reserve currency? And taking a step back and analyzing the big picture, gentlemen, do you think that the US dollar will still be the world reserve currency in five years?

Luke Gromen

The other side, the side I tend to agree with, I hold up the dollar share of global FX reserves overall of just currencies, and it's gone from, call it, 70% share to 50, low 50% share over the last 15 years or so. And if you include gold into that, that market price, the dollar share of global FX reserves is under 50% now.

I think it depends how you define it, because when I get in these debates or these questions, one side says, *It's still used in 90% of global transactions, it's still dominant*; which is true. Then, **the other side, the side I tend to agree with, I hold up the dollar share of global FX reserves overall of just currencies, and it's gone from, call it, 70% share to 50, low 50% share over the last 15 years or so. And if you include gold into that, that market price, the dollar share of global FX reserves is under 50% now**. So, in terms of usage, if that's how we want to define the debate, I think yes, it absolutely will still be the primary or one of the primary used currencies in the world.

But, at the FX reserve level, I think in five years, the dollar's share is going to be below 50%. And when you add gold in there, I think it's going to be well under 50%, because I think what we are in the early stages of watching is a messy attempt to basically restructure the system in a way that gold runs the deficits, so to speak, instead of the United States. And there's huge executional risk and volatility associated with that.

Louis Gave

Just as equity markets have really been horrible this past week, US Treasuries have really done nothing, for all intents and purposes.

I don't disagree with anything that Luke just said, which I know for the purpose of this conversation, I fear that Luke and I agree on a lot more than we disagree on. I just want to add something, going back to your question on the reserve function. For me, one of the more important developments is that if you look at the past four years, you've had four consecutive down years on US Treasuries. **And just as**

equity markets have really been horrible this past week, US Treasuries have really done nothing, for all intents and purposes. I think the TLT is actually down today.

Behind the US dollar was always the US Treasury market. If you had excess dollars, if you were Saudi Arabia, China, Japan, whoever, if you had excess dollars, you bought US Treasuries. And in the past four or five years, that's no longer been the case. You had excess dollars, you didn't want to buy US Treasuries. You didn't want to buy US Treasuries for one of two reasons. Either you were afraid that they would get confiscated, if you're China, Russia, or essentially any non-democracy, or you were just looking at the US following extremely expansionary fiscal policies even in the face of low unemployment. It's like, *why would I own bonds when you're adding two trillion a year into the supply?*

What's happened in recent years is, instead of owning Treasuries, people abroad who had excess dollars decided, *Forget Treasuries, I'm just going to buy the Mag 7; I can buy Microsoft, I can buy Apple, I can buy Google*. They've got great liquidity. These are trillion, two-, three-trillion-dollar companies. They're actually better than Treasuries because they've got an inflation hedge embedded in them.

But now all of a sudden there's a realization, *Hold on, is Mag 7 that great?* They just spent hundreds of billions supposedly on AI, and that's probably going to be a massive write-off. They're about to get taxed, not only by the US administration but by the foreigners as well, as part of this new trade war. So, their margins aren't going to be what I thought they were. For me, that's the shift we're going through right now. To have a reserve currency you need to be backed by an asset that people want to own.

The US makes stuff up. That's the US comparative advantage. They're the best financiers in the world. So, you don't want a Mag 7. Don't worry; we've got something else sexy for you.

Now, you could say it doesn't matter, the US is great at coming up with the next thing. It'll be mortgage bonds, it'll be something. **The US makes stuff up. That's the US comparative advantage. They're the best financiers in the world. So, you don't want a Mag 7. Don't worry; we've got something else sexy for you**. There it is. I don't know what that something else is right now. I think Treasuries are done; I think Mag 7 is done. So, what's the next asset that's going to back up the US dollar? Not convinced.

Niko Jilch
Luke, you said "Gold is going to run the deficit." Could you explain that? Is gold the next asset that's going to back up the dollar? Is this also the reason why we're talking about a Bitcoin reserve right now?

When we had this America First Investment Policy memo, February 21st – this is a significant paraphrasing, but it said, China, take your money and go home; we don't want you here anymore.

Luke Gromen
I think the way Louis framed it was really… it's a great lead into this, because you're seeing for political reasons here, around the Trump administration and what they ran on and their electoral base, the steps taken by the administration, already year to date, have effectively told China, *we don't want your money in the Mag 7 anymore*. **When we had this America First investment policy memo, on February 21st – this is a significant paraphrasing, but it said,**

China, take your money and go home; we don't want you here anymore.

When you look at some of the proposals of the head of the Council of Economic Advisors, Stephen Miran, within that piece that he wrote about the reordering the global trading system, he talked about, and more importantly, this Trump America First Investment Policy memo explicitly discussed, bringing back a tax on Treasuries that China had been exempt from this whole time. So, you're talking about raising the cost of carry on Treasuries. You're talking about raising the cost of carry on foreign capital.

Additionally, curiously, within all of this trade war, there's one thing that didn't get tariffed in all this, and it was gold.

And the political side of it is, *We don't want foreigners buying our companies anymore; we don't want them buying our farmland anymore; we don't want them; they need to buy something else*. **Additionally, curiously, within all of this trade war, there's one thing that didn't get tariffed in all this, and it was gold**. The Trump administration made a point of not tariffing gold. If I just look at it as a straight, relative comparative, I'm going to have cost to carry up significantly, versus what it was on Treasuries, on Mag 7, on stocks. And if I'm China or other US trade creditors, the cost to carry on gold, in that context is nothing.

What I think is being brought back is something that was discussed in the '70s. You can find it in declassified State Department documents with Kissinger and Volcker, where they were having a similar problem.

When I say gold will run the deficits, ultimately, I think what we're going to see is the price of gold… basically, **these flows that went into Treasuries and then stopped, and then went into Mag 7; I think we are in pregame warmup, not even in the first inning of these flows going into gold**. As they do, you're talking about trillions in flows into an asset that's now up to a USD 20trn market cap.

When I say that gold is going to run the deficits, gold is going to be the neutral reserve asset, in my opinion.

But, there's still only new flows of USD 250bn year. **When I say that gold is going to run the deficits, gold is going to be the neutral reserve asset, in my opinion**. The Trump administration appears to be attempting to construct a set of incentives to redirect foreign capital, that first went to Treasuries and then to Mag 7, as Louis noted, into gold going forward.

Ronnie Stöferle
What's currently happening? Basically, it sounds a little bit like the wet dream for every gold bug. I mean, there's Luke now talking to Tucker Carlson about gold and explaining to him what gold means. We've got Scott Bessent saying that he's actually a gold bug. We've got things like an official audit of Fort Knox being discussed.

Louis Gave
Sure. You're right. It does seem to be a wet dream. And yes, when you start to see everything in the general media, then you get indeed to the question that Luke raised: Are we in the warm-up phase? Are we in the fifth inning? Are we in the

ninth inning? I think the challenge today, if you're a gold investor, is the very question we're discussing, and it's whether it's different this time.

At this stage, to get fired up about gold here, you have to make the argument: It's different this time.

Because, if you take a step back, you think gold relative to pretty much every commodity, whether energy, whether copper, whether silver, whether anything, gold today is expensive; gold relative to average hourly earnings in the United States or the price of US real estate. Gold is at the upper band of its historical trading zone against pretty much anything you care to look at. **At this stage, to get fired up about gold here, you have to make the argument: It's different this time**.

If you are a foreigner and you've got a bunch of US dollars and for years these US dollars were either going into US Treasuries or US equities, that was great and that did fine. Then, US Treasuries stopped working and now US equities are not working.

So, here it really depends on the global fundamental environment changing. I do fundamentally believe that today, **if you are a foreigner and you've got a bunch of US dollars and for years these US dollars were either going into US Treasuries or US equities, that was great and that did fine. Then, US Treasuries stopped working and now US equities are not working**. Now I'm like, *what do I do with these dollars?*

One option indeed is, *You know what, the world is a really uncertain place; I don't know what I'm going to do; I'm just going to buy gold*. I think that's what people in China have been doing. That's what people across the Middle East have been doing, and in India and lots of places.

There is no doubt that the overall willingness of people to stay in the US is probably decelerating very, very fast. This is not a political statement; it's just a reality.

There is no doubt that the overall willingness of people to stay in the US is probably decelerating very, very fast. This is not a political statement; it's just a reality. If you're a foreigner and you're looking at the US, you think, *What a dumpster fire, and what am I going to do with all these dollars? Do I still feel comfortable owning stocks in the US that are at the end of the day very expensive relative to stocks anywhere else? Maybe I shift them to gold; maybe I'll move to stocks outside the US; maybe I'll move to real estate outside the US*. There are other alternatives to gold, but gold is up there.

Niko Jilch
Luke, you talked about this discussion in the '70s, with Kissinger. I highly doubt that anybody in the US administration has read any transcript from that time. Do people still understand what gold really is? What role could gold play? Because last time I checked, it was a "tradition". Bernanke called it a tradition.

Luke Gromen
I do think there is still, at a certain level, an understanding of what it is and how it can be used. I do believe that. And I've, in various conversations, gotten certain levels of confirmation or comfort around that.

Louis Gave
Russia was kicked out of the US dollar, the euro, the Swiss franc, etc., obviously its trade with China went through the roof. Essentially, everything that Europe used to export to Russia, be it machine tools, be it cars, tractors, you name it, is now being exported by China.

If they truly believed that by imposing financial sanctions on Russia, they would turn the ruble into rubble and absolutely collapse the Russian economy because, lo and behold, it didn't have access to dollars, then I think they've just been reminded that, actually, if you have gold, you can settle your trade.

To the point of: do people still know what purpose gold serves? A lot of that trade ends up being settled in gold. If they had forgotten, if they hadn't read the Kissinger papers, **if they truly believed that by imposing financial sanctions on Russia, they would turn the ruble into rubble and absolutely collapse the Russian economy because, lo and behold, it didn't have access to dollars, then I think they've just been reminded that, actually, if you have gold, you can settle your trade.** You can buy stuff from abroad.

Ronnie Stöferle
Gentlemen, one major topic has changed over the last couple of days. On Wednesday, when the tariffs were announced, everybody thought we're having some sort of a further recalibration of portfolios, which will move assets out of the US into Europe. But, then I think over the next two days, it basically changed, because markets started to price in a US recession, but to some degree also a global recession.

Back in the day, we always said if the US sneezes, the whole world will catch a cold. Louis, you have got a very, very pronounced view on how less dependent China is on the US anymore. Would you say that we could see a US recession without moving into a global recession? Is that actually possible?

Louis Gave
Well, it depends how bad the recession is in the US, of course. And if it's a fairly shallow recession, then yes, it's absolutely possible. Right now, the US is trying to do, at the same time, fiscal consolidation, which arguably was very necessary. But it's saying, *We're going to do fiscal consolidation, and we're going to massively rearrange our trade relationships*, which, essentially, is saying, *We're going to crush the US consumer*.

Fiscal tightening at the same time as putting the squeeze on the US consumer – that's probably quite a recession.

When you look at it this way, you have to think that's quite a recession. **Fiscal tightening at the same time as putting the squeeze on the US consumer – that's probably quite a recession**. You could say that what's unusual about this one is that it's almost self-inflicted, right? It's a policy choice by the United States to go down this road.

So, if the US really is now saying, We're going to crush the US consumer, we're going to build our own industry – I'm very skeptical of their ability to do it, both politically and just physically of the ability to do it.

So, if the US really is now saying, *We're going to crush the US consumer, we're going to build our own industry* – I'm very skeptical of their ability to do it, both politically and just physically of the ability to do it. But if that's really the path of policy, then what does that mean if you're a European, Mexican, Chinese industrial and you've spent the past 20 years being used to selling to the US consumer? Now, not only are you going to lose that client, but you're going to gain a competitor. That doesn't seem like a super great recipe for growth, for investment, for risk-taking from the private sector, anywhere in the world.

Ronnie Stöferle
So far so good, one could say, because Treasury yields are down, the US dollar is down big-time, and the price of oil is down, of course.

Louis Gave

Are they down that much, though? Are you rushing out to borrow money, now that bond yields have come down like 30–40 basis points?

Ronnie Stöferle

I would say this detox period that he was referring to, it sounds great, but it's like the heroin addict who also has a cocaine and alcohol problem and a gambling addiction, says, OK, I'll stop it now; I'm becoming an Ironman and I'm becoming a vegan now.

No, no, I agree. **That's kind of cherry picking by Scott Bessent. I would say this detox period that he was referring to, it sounds great, but it's like the heroin addict who also has a cocaine and alcohol problem and a gambling addiction, says, *OK, I'll stop it now; I'm becoming an Ironman and I'm becoming a vegan now*.** It sounds... not very realistic from my point of view. But the question is, when will the pressure from markets be actually too big? And the pressure on the Federal Reserve – because Trump was very quick putting some pressure on Mr. Powell and Powell said, *Not going to happen.*

Luke Gromen

The United States has 120% debt to GDP. The deficit is what it is. It's an economy, as we've shown in our work, that is highly sensitive to stock prices. Stock prices go down, receipts are going to fall.

I think the executional risk is the huge part of the risk, and they're almost between two trapezes, where they're kind of letting go of the trapeze of the old world and flying towards the next one on the come. China was able to do this and they still had, however, many hundreds of billions of dollars a year coming in from, as Louis said, their trade surplus. In that time, it went from USD 200-something billion to a trillion plus. So, you've got capital flowing in throughout that whole process for them. **The United States has 120% debt to GDP. The deficit is what it is. It's an economy, as we've shown in our work, that is highly sensitive to stock prices. Stock prices go down, receipts are going to fall**.

And your interest and interest-like obligations in the United States – that is gross interest expense, plus entitlements, plus Veteran's Affairs – are 108% of all-time high receipts, already as a starting point. And now receipts are going to fall pretty sharply in the next six months, with just what stocks have done.

What I mean by calling their bluff is that the unthinkable is suddenly very thinkable in the United States.

As we sit here, April 7th, I think we are weeks, at most, maybe days, from the markets basically calling their bluff. **What I mean by calling their bluff is that the unthinkable is suddenly very thinkable in the United States**, which is an emerging market-like sudden-stop crisis. Scott Bessent and Trump have since February 26th knocked the S&P down by about 18%. That's USD 11trn in wealth out of the stock market. And they got 12 basis points since February 26, 12 basis points. I think it's very possible that by the end of this week they will have gotten zero basis points with even more stock declines. And by next week, they will have rates up with even more stock declines. And then what do you do? Does the Federal Reserve come in and cap yields?

Something that hit me over the week and I was thinking about: It was, what I'd been very vocal advocating, that there's an order of operations that must be respected, if the US is going to try to restructure in the manner that you highlighted earlier, Louis, which is you've got to devalue the debt first, if you're going to do this. And they didn't.

He is going to beat on those ribs until they submit. The broken ribs in this case are the debt for the US, which is going to feed on itself.

So now, because they didn't, to Louis' point, this is like an MMA fight, where one fighter knows the other fighter has badly broken ribs. What is he going to do? **He is going to beat on those ribs until they submit. The broken ribs in this case are the debt for the US, which is going to feed on itself**; and sort of everybody in the markets knows that.

Ronnie Stöferle
So, if we say that there's this MMA fight, China versus the US, China's strategy would basically be to stand firm, to resist and just wait for Trump's strategy to collapse. And it seems that actually China has a little bit more economic resilience, because they are actually facing more of a deflationary environment, currently. But the US might be facing a stagflationary development. Would you agree with that?

Louis Gave

China's been getting ready for this fight for the past eight years.

I definitely agree. **China's been getting ready for this fight for the past eight years**. That's the truth. When the US said no more semiconductors to China, it was a super-important moment for China. This was when China decided, *Okay, we're at economic war with the US; they've just fired the first salvo; now we get ready*.

The US didn't do this, to Luke's point. Once you told China no more semiconductors, the US should have said, *Let's spend a lot of money building up our own rare earths in Nevada or in Idaho or in Canada*.

Let's take a step back and also look at the leadership that you have in both countries. Xi Jinping is a guy who would have spent five years during the Cultural Revolution digging the earth with his bare hands in order to survive. He would have seen his friends, siblings, etc., literally starved to death. He's gone through a level of hardship that none of us on this call can even begin to understand or comprehend.

Obviously, they're now at each other's throats; and in any kind of negotiation, when you do a business deal or something, the worst setup is always when you think the other guy is weaker than he really is.

But this is where it gets interesting. The Chinese population has been taking pain for the past five years. They've had their real estate prices drop 30%. They've had no wage increases for the past five or six years. They've already taken on some adjustments in a way that the US just hasn't. I think, **obviously, they're now at each other's throats; and in any kind of negotiation, when you do a business deal or something, the worst setup is always when you think the other guy is weaker than he really is**. That's the worst setup, because when you think you have all the cards and you think the other guy is weak, that's not a good setup to get a deal done.

This whole media push of China is weak, it's about to implode, is so far from reality. You go to China today, you feel this is where the future is being built.

For the past five to ten years, all the media in the United States – and I keep writing about this – have kept saying China is about to collapse. It's this house of cards. You flick it and the whole thing is going to implode; it's on the verge of revolution, etc. **This whole media push of *China is weak, it's about to implode,* is so far from reality. You go to China today, you feel this is where the future is being built**. They've got flying cars; they've got trains that go at 450 km/h; they've got 6G telecoms. Literally, the engineering discoveries are all happening over there now. But, the perception is that China is about to implode.

Meanwhile, if you go to China, their perception is that the US has zero tolerance for pain. The US is fundamentally just about having a good time. Which I'm not sure is true either. I think the tolerance for pain in the US is actually quite high. The US is fundamentally a warrior nation. All this to say that as I look at it, both sides completely overestimate the other guy's weakness and underestimate the other guy's strength. It's a terrible setup for any kind of compromise.

Are they trying to basically let the air out of the stock market before it can collapse and then maybe try to collapse the yuan first?

Niko Jilch
One thing that is completely baffling is that we have the world superpower basically trying to inflict this pain on itself. I would like your diagnosis of what their point of view is. What are they really doing? **Are they trying to basically let the air out of the stock market before it can collapse and then maybe try to collapse the yuan first?** China first? Is that the MMA game that they're playing here?

I think the levels of pain tolerance in the US are sort of bifurcated, in the same way our society has been bifurcated.

Luke Gromen
I think so. **I think the levels of pain tolerance in the US are sort of bifurcated, in the same way our society has been bifurcated**. We've got the 1%; we've got everybody else, based on the policies of the last 30, 40, 50 years. And it's interesting that we just had a famous billionaire come out on Thursday and say, *Hey, the best negotiations happen when the other party thinks you're crazy; so, this might work great*. And three days later, that same billionaire is like, *Hey, hey, whoa, maybe we need to pause tariffs for 90 days*. So, his pain tolerance was exactly 72 hours. You come out to flyover country and…

Louis Gave
I think you mean 10% on the S&P, more than three days. The pain tolerance was 10% on the S&P.

You eat the tariff, or you pass it on to your consumers. That was not how this was supposed to go.

Luke Gromen
I thought it was a very under-reported story a few weeks ago: Walmart went to China. And our media in the West reported that Walmart was dressed down. To Louis' point, the world changed. Walmart went over there and was basically told, *bug off*; ***you eat the tariff, or you pass it on to your consumers*. That was not how this was supposed to go**.

If I'm China, I'm not devaluing anything. I'm going to sit here and I'm going to let them swing.

There is no business out there that's sourcing from China that can take a 104% hit to their margins, without massive layoffs, etc. So, if I'm China… people are saying right now, *We're going to push China; they're going to devalue; we're going to force them to devalue and then they'll break*. **If I'm China, I'm not devaluing anything. I'm going to sit here and I'm going to let them swing**.

You know the old story of Napoleon saying to his officers, when the enemy makes a mistake, you don't interrupt them.

In the Marxist church, your catechism is that big shifts in history – revolutions, riots, etc. – occur, not because of individuals or ideas, but because of economic forces. And there is no more powerful economic force than inflation.

They're doing the tariffs and the US dollar, instead of going up, is going down. Which means that the inflationary impact of the tariffs will actually be double, because you're going to take the devaluation and you're going to take the tariffs.

The protests, the riots are going to start in the bond market, but that's not where they're going to stop. It's just where we're seeing it first.

What they're trying to orchestrate is pretty naïve, because they think they can fine-tune, not only the US economy but the global economy like a thermostat.

Louis Gave
You know the old story of Napoleon saying to his officers, when the enemy makes a mistake, you don't interrupt them. So, if you're China today, devaluing the renminbi would be, essentially, helping out the US that's going to be dealing with an inflationary head. I don't think the renminbi is going to devalue. They're going to see how the US wears the pain.

The reality, when you look at the Chinese leadership, they might not look and feel communist, but they were brought up in the Marxist church. **In the Marxist church, your catechism is that big shifts in history – revolutions, riots, etc. – occur, not because of individuals or ideas, but because of economic forces. And there is no more powerful economic force than inflation**. This is why the Chinese leadership are so paranoid about inflation at home. As soon as inflation steps up, they step on the brakes.

Going back to the point that Luke made, if you listen to Scott Bessent and Donald Trump and to JD Vance three months ago, the narrative was, *We're going to do 20% tariffs and half of that will be paid for by the rising US dollar anyway*. The US dollar is going to go up on the back of the tariffs and, so, the hit to the consumer will be very little. Meanwhile, the government will make more money.

They're doing the tariffs and the US dollar, instead of going up, is going down. Which means that the inflationary impact of the tariffs will actually be double, because you're going to take the devaluation and you're going to take the tariffs. That's why the bond market is not rallying even though equities are down 18-20%.

If we'd all gotten together a month ago and Ronnie, you would have told me, *Louis, I can guarantee you, hand on heart, stocks are down 20% over the next month*, I would have said, *Well, just load up on US Treasuries; you'll do great*. Nothing.

Luke Gromen
Nothing. To your point about where inflation drives unrest, I think that where we're seeing the unrest first in the US is in the bond market. Again, because they didn't devalue the debt first, they left broken ribs, not just exposed but basically just standing there with their hands up over their heads saying, *Hit me*. **The protests, the riots are going to start in the bond market, but that's not where they're going to stop. It's just where we're seeing it first**.

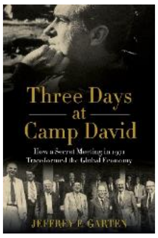
Ronnie Stöferle
Listening to Trump sometimes reminds me of this Tolstoy quote: *Because of the self-confidence with which he had spoken, no one could tell whether what he said was very clever or very stupid.* Sometimes I'm really confused with reading this stuff that Stephen Miran wrote, which is very, very interesting. Then listening to Scott Bessent, who's obviously a markets guy. Then, also listening to JD Vance, who made some very important points, actually, and the Europeans were, I think, quite annoyed to hear those inconvenient truths. But then at some point, I also think **what they're trying to orchestrate is pretty naïve, because they**

think they can fine-tune, not only the US economy but the global economy like a thermostat. It's a little bit more complex, I would say.

Luke Gromen

We closed the gold window on Sunday, August 15th, 1971. I think we just closed the dollar window on Wednesday, April 4th.

I don't think that's going to happen. I don't think there's going to be *the* sit-down. I would make the argument that the tariffs may have been the Mar-a-Lago Accord. Unilateral. In other words, I am increasingly coming around to the view that what happened on Wednesday was the Nixon Sunday night surprise. **We closed the gold window on Sunday, August 15th, 1971. I think we just closed the dollar window on Wednesday, April 4th**.



Ronnie Stöferle

Luke, may I just jump in? Did you read the book *Three Days at Camp David*? I loved it. People always think there was a big plan behind it, very structured. But actually, Nixon kind of made that up within a very short time. It basically confirms that many of the things that are happening, those things are actually not really planned.

Would you say that, with the tariff announcement, there's probably also not really a big plan behind it? They just said, *Okay, let's give it a try*.

Luke Gromen

The alternative method, which is really kind of scary is, Worst case, if no one will play ball, then we'll just burn down the whole thing.

I think there's one of two things. There is either a plan to try to sort of force people into it with tariffs – that is the preferred method. **The alternative method, which is really kind of scary is, *Worst case, if no one will play ball, then we'll just burn down the whole thing***; *we'll start with this, markets will crash, people will look for a bailout, the Europeans will want swap lines.*

If that still doesn't work to start to scare people out of American assets into gold, to start really devaluing the dollar, fine; then maybe American banks will start to fail.

If that still doesn't work to start to scare people out of American assets into gold, to start really devaluing the dollar, fine; then, maybe American banks will start to fail. *And when they start to fail, no bailouts for anybody over USD 250,000 deposit insurance. You got over 250, it's gone. If that doesn't do it, then we'll just keep doing it until the world understands that we don't want this system*. Do I think it's the right thing to do? Do I think it's likely? It's not my base case.

However, if you would have asked me three months ago, what are the odds the United States would stand aside and let the Treasury market dysfunction and maybe even up to and including a Treasury auction failure to achieve the longer-term goal of basically shifting capital out of the US to significantly weaken the dollar, to try to achieve what they see as the end state, I would say there's zero chance of that. And I think it's still a tail risk. But I don't think it's a 0% risk for these types of extreme outcomes anymore.

Louis Gave

I'll jump in as well. **I was a big proponent of the Mar-a-Lago Accord. I was a big believer in it. I wrote pieces. One of the reasons I was a big believer in it was that Scott Bessent himself kept talking about it**. And I thought, here's the narrative.

I was a big proponent of the Mar-a-Lago Accord. I was a big believer in it. I wrote pieces. One of the reasons I was a big believer in it was that Scott Bessent himself kept talking about it.

That was the goal. And I think that the process has now thrown them way off course. Because of the whole *Let's blanket tariffs on everybody and their penguin, let's rub Xi Jinping's nose in it*. Then, you leave him no options. I think that was the goal, but the process of how it was managed means that now it's not going to happen.

For me, the big question out of this, is it the US that ends up being isolated or is it China that ends up being isolated? That's the big question mark. **If it's the US that ends up being isolated, then I think the Treasury market melts down. If it's China that ends up being isolated, obviously it's terrible news for Chinese equities, but they're cheap anyway**. And I think the government will probably intervene at some point to just buy the market and crank it back up, because it's cheap enough and they can do it.

If it's the US that ends up being isolated, then I think the Treasury market melts down. If it's China that ends up being isolated, obviously it's terrible news for Chinese equities, but they're cheap anyway.

Niko Jilch

Luke talked about the ECB. We both love the ECB. The ECB is scared of stablecoins. They talk about the digital euro every day. **Bessent goes out and says the US dollar is going to stay the reserve currency of the world and we're going to use stablecoins to do it**. Are they really going to do that? Are we going to go "free banking" on crypto and anybody who wants can print some dollars and buy some Treasuries? And that's the way forward? Or is that just some other side show that gets blown out of proportion?

Bessent goes out and says the US dollar is going to stay as the reserve currency of the world and we're going to use stablecoins to do it.

Luke Gromen

You know, this is another one where in November, even in the third quarter of last year, into November, it seemed to be really, sort of, a credible way to find balance sheet capacity to manage the Treasury market through stablecoins. If we grow the size of crypto, we grow the size of the stablecoin market and we grow this as a Bitcoin, really. Bitcoin goes up, stablecoin market goes up. Stablecoins: We regulate to buy in T-bills.

So, **initially, all this made a lot of sense to me, and since then it's kind of devolving a bit, because you've got Bessent saying, *We're going to keep the dollar reserve currency through this*, *and the world is going to move into dollar-based stablecoins***. But the only way that's going to happen is if the US keeps running deficits to get dollars elsewhere, I would think. So, that doesn't make sense to me in terms of there being a real growth in stablecoins, dollar stablecoins, with which to flow back into Treasuries.

Initially, all this made a lot of sense to me, and since then it's kind of devolving a bit, because you've got Bessent saying, We're going to keep the dollar reserve currency through this, and the world is going to move into dollar-based stablecoins.

Ronnie Stöferle

Kierkegaard said that *Life can only be understood backwards, but it has to be lived forwards*. So let's say we've got Marty McFly. We've got this DeLorean in *Back to the Future*. Let's say it's now April 7th, 2030, and we're basically peering back in time through our DeLorean windshield. With the knowledge from the future, what would you have bought on April 7th, 2025, and why? And then would you say, in hindsight, that this Liberation Day was actually just a short-term blip, or was it really something that will go down in history books?

I think a lot of what the Trump administration has done in the past three months since coming in has been a game changer. Trump is signaling that the age of US empire is over.

If you're Thailand today, if you're Malaysia, if you're Indonesia; even, frankly, if you're Japan or Korea and you see this US folding back, you're like, Maybe I don't want to piss off China.

Louis Gave
I think it's a game changer, actually. But, **I think a lot of what the Trump administration has done in the past three months since coming in have been a game changer. Trump is signaling that the age of US empire is over**. He's saying, *We're moving back into our own borders; we're going to build Fortress America*. [Maybe you can call it Fort Monroe.] *Greenland, Canada, come inside. We'll get the Panama Canal back. But essentially, these are now our borders. It's the Western Hemisphere.*
The US is folding back into its own borders, which is why, I think, in this whole question we're having, is it going to be China that's isolated or the US that's going to be isolated? **If you're Thailand today, if you're Malaysia, if you're Indonesia; even, frankly, if you're Japan or Korea and you see this US folding back, you're like, *Maybe I don't want to piss off China*.** *As the US falls back, I may want to be close to China.*

Bottom line for me is when I look at this, the more obvious trend for the coming years is a weaker US dollar. And then from there, what do you buy when the US dollar goes down? I think today you buy the EMs, you buy EM banks, you buy commodities, you buy all the things that, historically, do well when the US dollar goes down. You can build a diversified portfolio between a lot of these asset classes.

Luke Gromen
I would obviously add gold and Bitcoin to those things. And then, something I've been harping on, US electrical infrastructure and things that touch it. We are so behind; there is so much investment to be done. So, I think the US domestic electrical infrastructure industry; and I'd be looking at different, sort of, higher-end US agricultural properties, at some point.

Ronnie Stöferle
Gentlemen, thank you very, very much for taking the time. It's been a true pleasure.

These were highlights of our debate with Luke Gromen and Louis-Vincent Gave on "From Trade Restructuring to Monetary Reset?". The full transcript of this debate is available for download here. The video of the entire debate can be viewed on YouTube here.

About Us

Ronald-Peter Stöferle, CMT

Ronnie is managing partner of Incrementum AG and responsible for Research and Portfolio Management.

He studied business administration and finance in the USA and at the Vienna University of Economics and Business Administration, and also gained work experience at the trading desk of a bank during his studies. Upon graduation, he joined the research department of Erste Group, where in 2007 he published his first *In Gold We Trust* report. Over the years, the *In Gold We Trust* report has become one of the benchmark publications on gold, money, and inflation.

In 2014, Ronnie co-authored the international bestseller *Austrian School for Investors*, and in 2019 *The Zero Interest Trap*. He is a member of the board of directors at Tudor Gold Corp. (TUD), and Goldstorm Metals Corp. (GSTM). Moreover, he is an advisor to *Von Greyerz AG*, a global leader in wealth preservation in the form of physical gold stored outside the banking system. He is also a Member of the Advisory Board at *Monetary Metals*.

Mark J. Valek, CAIA

Mark is a partner of Incrementum AG and is responsible for Portfolio Management and Research.

While working full-time, Mark studied business administration at the Vienna University of Business Administration and has continuously worked in financial markets and asset management since 1999. Prior to the establishment of Incrementum AG, he was with Raiffeisen Capital Management for ten years, most recently as fund manager in the area of inflation protection and alternative investments. He gained entrepreneurial experience as co-founder of philoro Edelmetalle GmbH. Since 2024, he has been a Member of the Advisory Board at *Monetary Metals*. In 2014, he co-authored the book *Austrian School for Investors*.

The *In Gold We Trust* Team

Gregor Hochreiter
Editor-in-chief

Richard Knirschnig
Quantitative analysis & charts

Lois Hasenauer-Ebner
Quantitative analysis & charts

Jeannine Grassinger
Assistant

Stefan Thume
Webdesign & media

Peter Árendáš
Contributor

Rudi Bednarek
Contributor

Ted Butler
Contributor

Daniel Gomes Luis
Contributor

Florian Grummes
Contributor

Katrin Hatzl-Dürnberger
Proof reading

Handre van Heerden
Contributor

Philip Hurtado
Proof reading

Nikolaus Jilch
Contributor

Theresa Kammel
Contributor

Ronan Manly
Contributor

Trey Reik
Contributor

Charley Sweet
Proof reading

Nic Tartaglia
Contributor

Marc Waldhausen
Contributor

David Waugh
Contributor

Incrementum AG

Incrementum AG is an owner-managed and FMA-licensed investment and asset management company based in the Principality of Liechtenstein. Our core competence is the management of investment funds and asset management.

We evaluate investments not only on the basis of the global economic situation, but also always see them in the context of the current global monetary system. Independence and self-reliance are the cornerstones of our philosophy, which is why the five partners own 100% of the company.

www.incrementum.li

The publishing rights for the *In Gold We Trust* report were transferred to Sound Money Capital AG in November 2023. *The In Gold We Trust* report will continue to be co-branded with the Incrementum brand as usual.

We would like to thank the following people for their outstanding support in creating the *In Gold We Trust* report 2025:

Gregor Hochreiter, Richard Knirschnig, Jeannine Grassinger, Lois Hasenauer-Ebner, Stefan Thume, Theresa Kammel, Rudi Bednarek, Daniel Gomes Luis, David Waugh, Handre van Heerden, Katrin Hatzl-Dürnberger, Ted Butler, Thomas Vesely, Katharina Vesely, Niko Jilch, Florian Grummes, Elizabeth und Charley Sweet, Anton Kiener, Matthias Flödl, Kazuko Osawa, Bruce (Yuichi) Ikemizu, Max Urbitsch, Trey Reik, Tavi Costa, Velina Tchakarova, Dietmar Knoll, Louis-Vincent Gave, Luke Gromen, Grant Williams, Markus Hofstädter, Seasonax, Jochen Staiger, Ilse Bauer, Heinz Peter Putz, Paul Wong, Fabian Wintersberger, Leopold Quell, Match-Maker Ventures, Harald Steinbichler, Richard Schodde, Silver Institute, dem World Gold Council, Mining Visuals, the whole wonderful team at Incrementum and of course our families!

Contact
Sound Money Capital AG
Industriering 21
FL-9491 Ruggell
Fürstentum Liechtenstein

Email: contact@soundmoneycapital.com

Disclaimer

This publication is for information purposes only and does not constitute investment advice, investment analysis or an invitation to buy or sell financial instruments. In particular, this document is not intended to replace individual investment or other advice. The information contained in this publication is based on the state of knowledge at the time of preparation and may be changed at any time without further notice.

The publishing rights for the In Gold We Trust Report were transferred to Sound Money Capital AG in November 2023. Furthermore, the report continues to be co-branded with the Incrementum brand as in the past.

The authors have taken the greatest possible care in selecting the sources of information used and (like Sound Money Capital AG and Incrementum AG) accept no liability for the accuracy, completeness or timeliness of the information or sources of information provided or for any resulting liability or damages of any kind (including consequential or indirect damages, loss of profit or the occurrence of forecasts made).

All publications of Sound Money Capital AG and Incrementum AG are, in principle, marketing communications or other information and not investment recommendations within the meaning of the Market Abuse Regulation. Investment recommendations are not published by either company.

Sound Money Capital AG is fully and exclusively responsible for the content of this In Gold We Trust Report.

In Gold We Trust® Report

AGNICO EAGLE | asante GOLD CORPORATION | BARRICK | Caledonia Mining Corporation Plc | CERRO DE PASCO RESOURCES | DOLLY VARDEN SILVER CORP | Elementum INTERNATIONAL AG

EMX ROYALTY CORP | ENDEAVOUR MINING | Endeavour SILVER | FIRST MAJESTIC SILVER CORP. | FIRST MINING GOLD | flexgold | Fortuna Mining

HARMONY | Hecla MINING COMPANY | McEWEN MINING | McEWEN COPPER | MINERA ALAMOS INC. | MÜNZE ÖSTERREICH | Newmont | NORTHPEAK

PAN AMERICAN SILVER | ROYAL GOLD, INC | Silver Bullion | Sprott | TUDOR GOLD | U.S. GOLD CORP | VON GREYERZ