

**SANTIAGO
CAPITAL**



MACROVoices

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The U.S. Dollar

When I was last on MacroVoices, the DXY was at 93.

A year later, despite “printing” over \$1.4T, a Democratic President, a Democratic Congress...



...numerous stimulus plans, a contested election and social unrest, the DXY is still at 92.

The U.S. Dollar

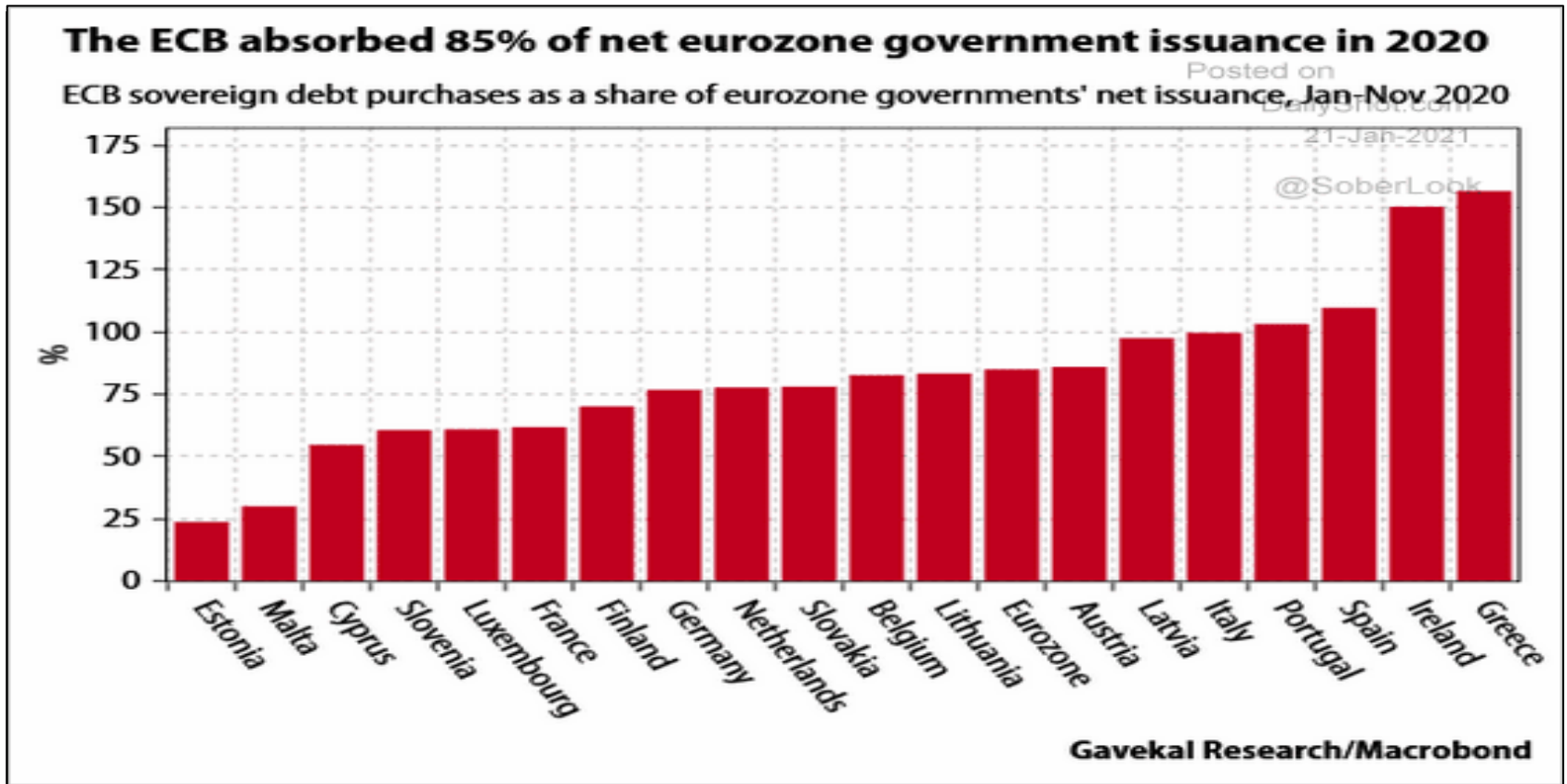
Despite 12 years of QE programs...



...the DXY is still higher than it was in 2008.

The U.S. Dollar

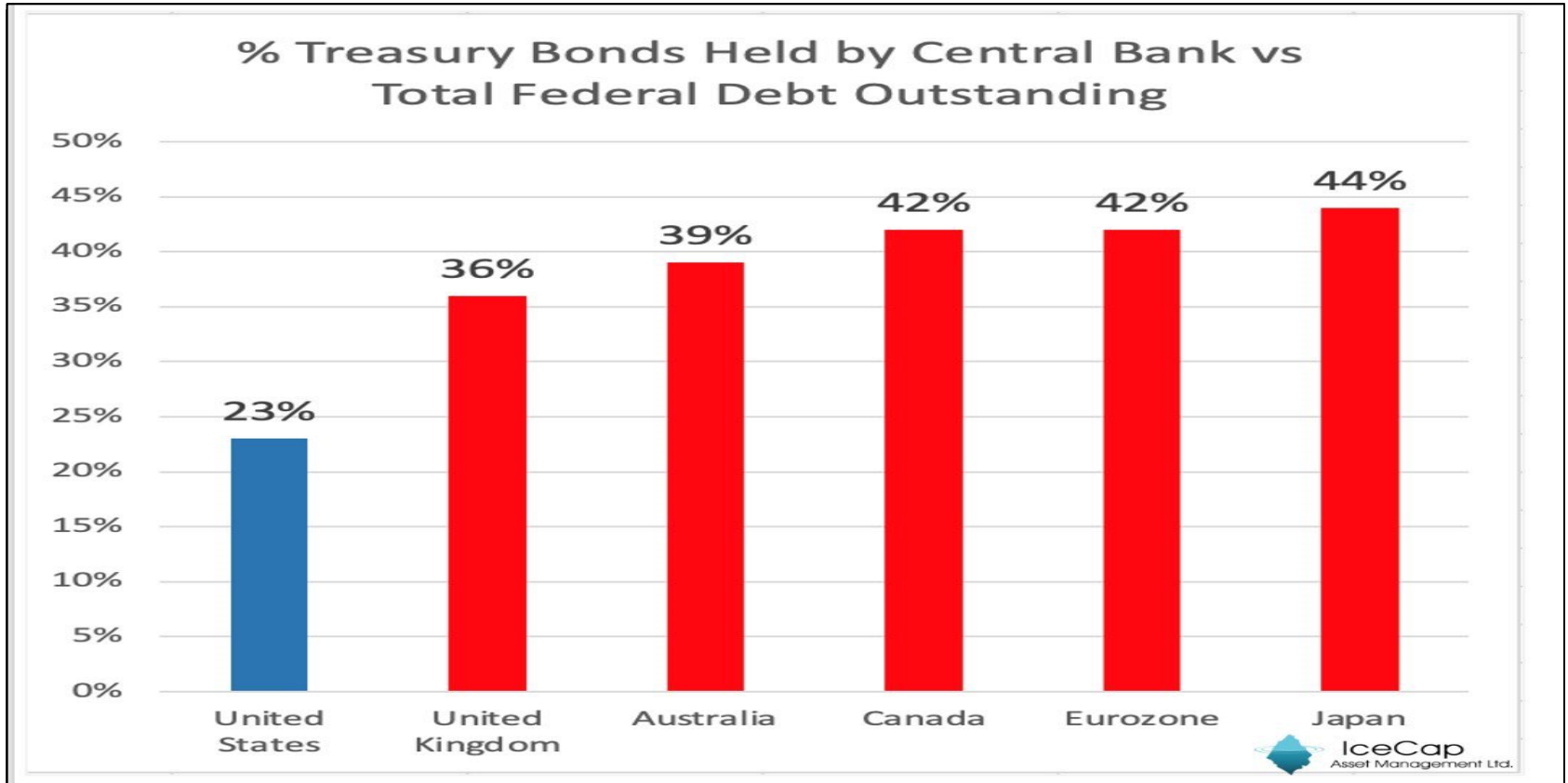
The U.S. has committed many Fiscal sins...



...but it is not alone.

The U.S. Dollar

The U.S. has committed many Fiscal sins...



...but it is not alone.

The U.S. Dollar

Last Week the DXY had a “Golden Cross”.

The 50 Day Moving Average is now higher than the 100 Day & 200 Day Moving Average.



The last time this happened the DXY rose for 2 years.

The U.S. Dollar

The Dollar always rises when there is a global economic slowdown or crisis.
Many believe it will be “different this time”.



I do not.

The U.S. Dollar

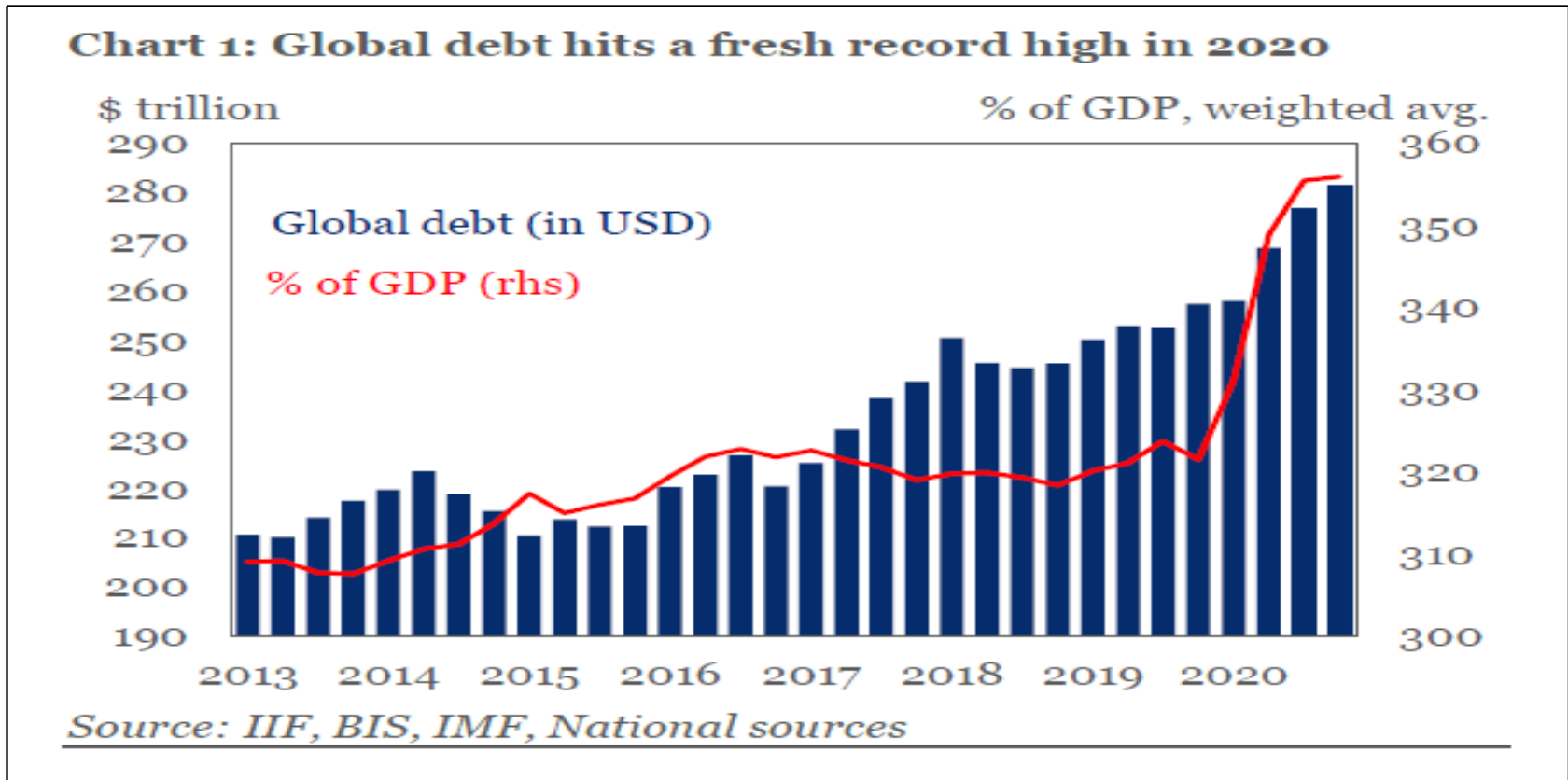
Do all these arguments mean the dollar is guaranteed to rally here...?



Of course not.

The Dollar Milkshake Theory

The DMT is an event driven thesis based on the consequences of too much Global Debt. If the world goes into a Sovereign Debt and Currency crisis, and the US Dollar does not rise...



...the theory will be proven wrong. Until then...

Inflation vs Deflation

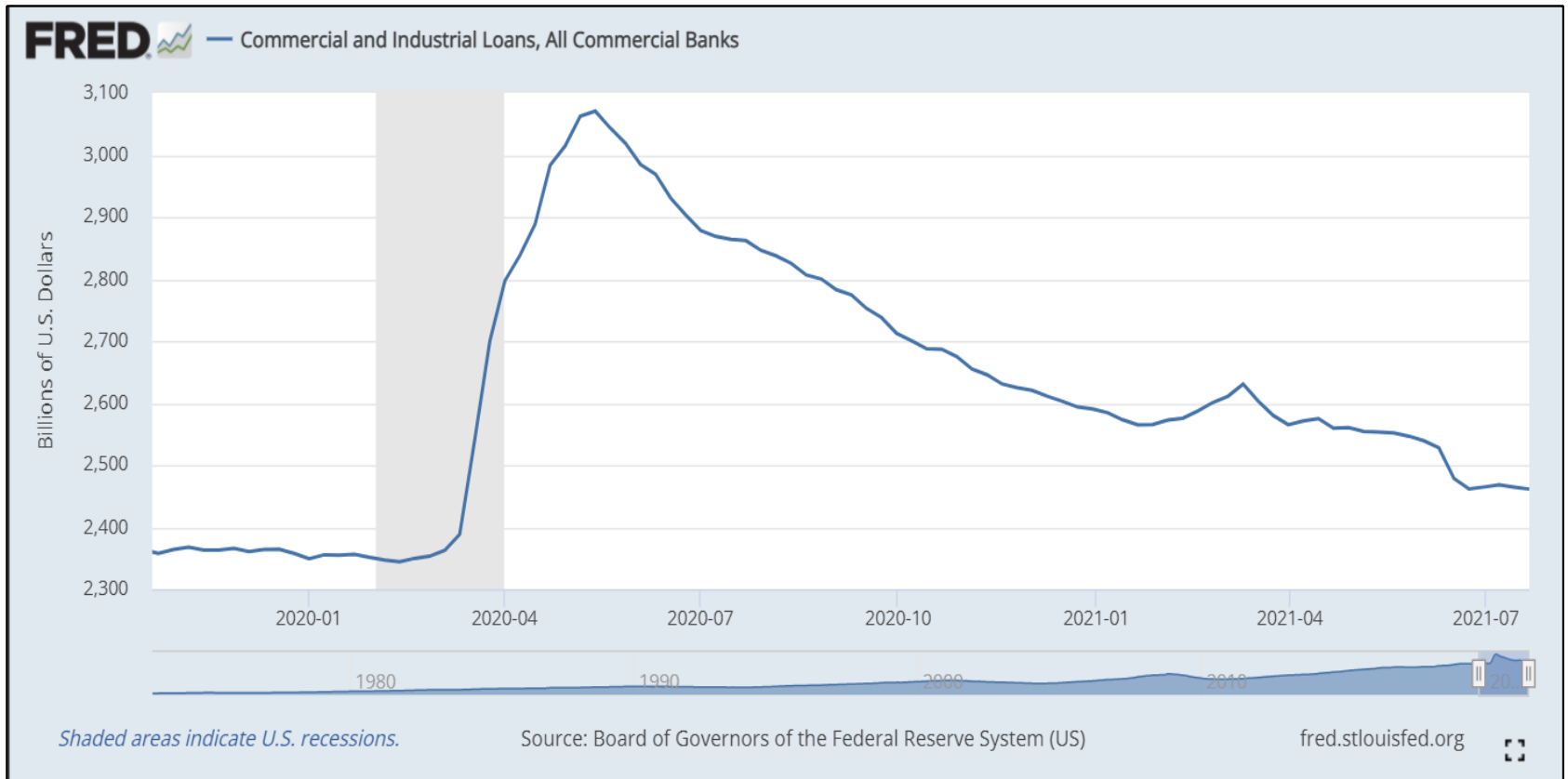
There is little debate that prices have risen significantly over the last 15 months.
The debate is whether the rise in prices is sustainable...



...or if prices will roll over...again.

Inflation vs Deflation

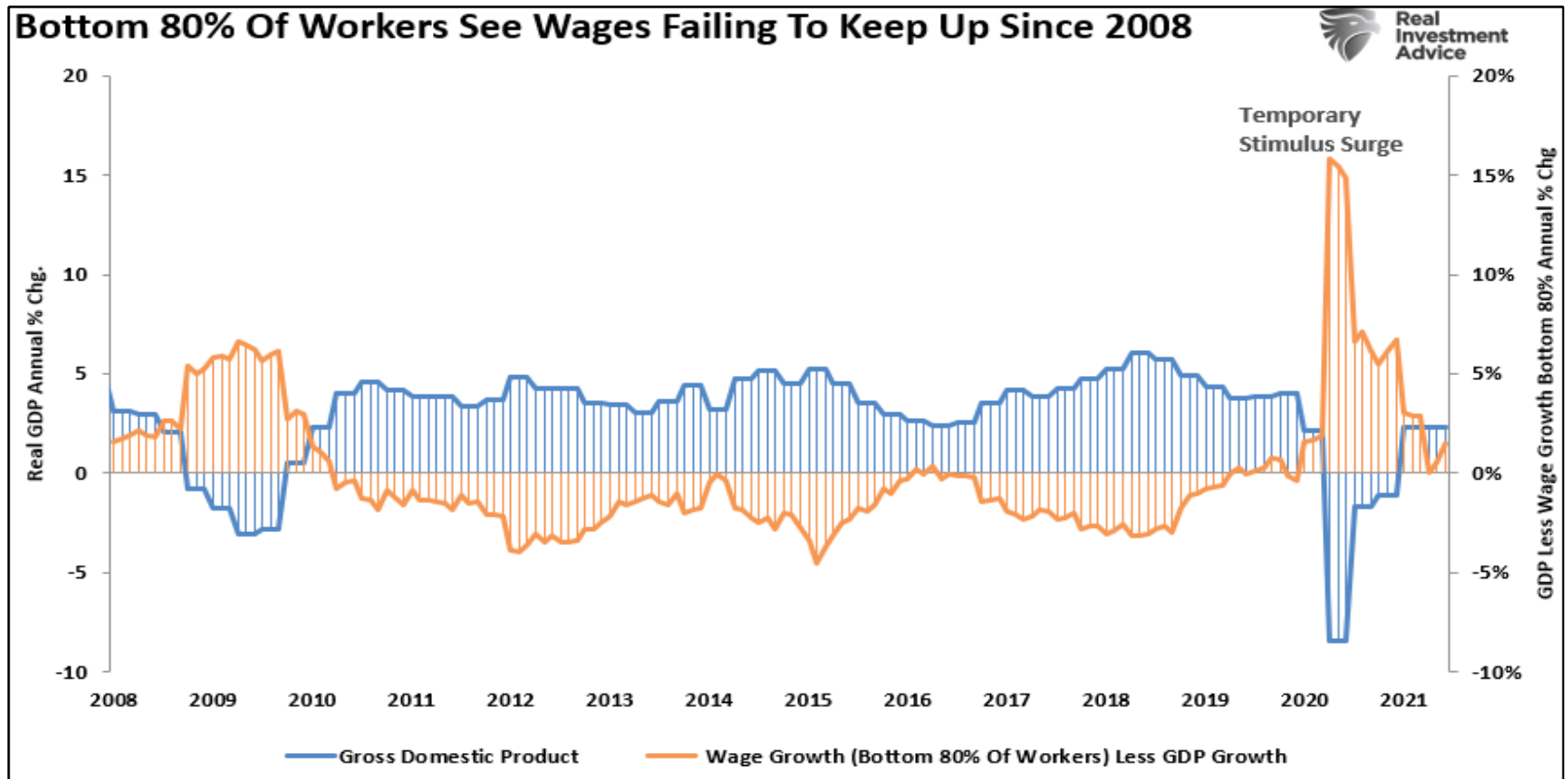
To get sustained inflation, we need the banks to lend...



...and they currently are not doing so.

Inflation vs Deflation

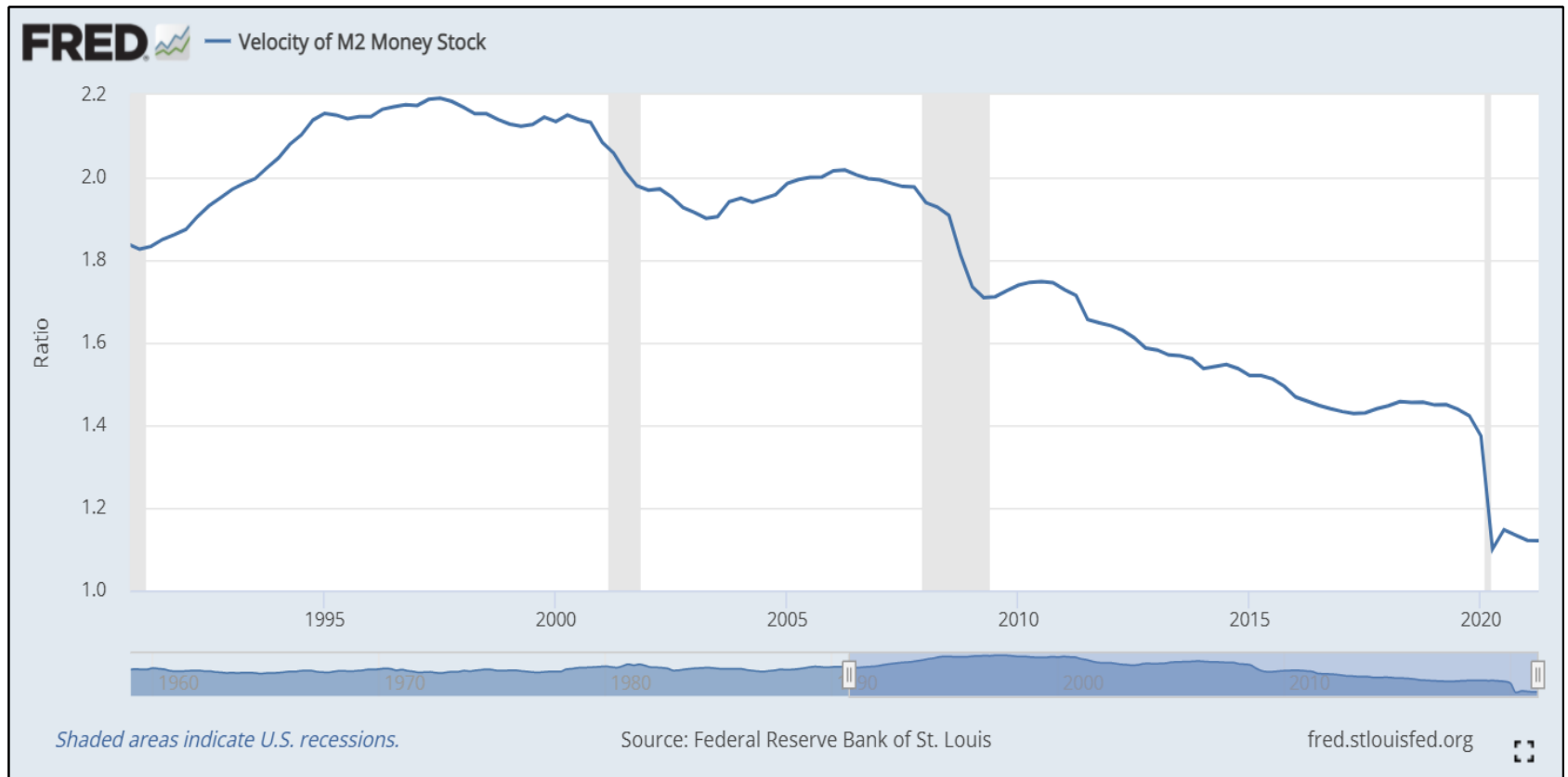
To get sustained inflation, we need wages to sustainably rise...



...and they are not yet doing so.

Inflation vs Deflation

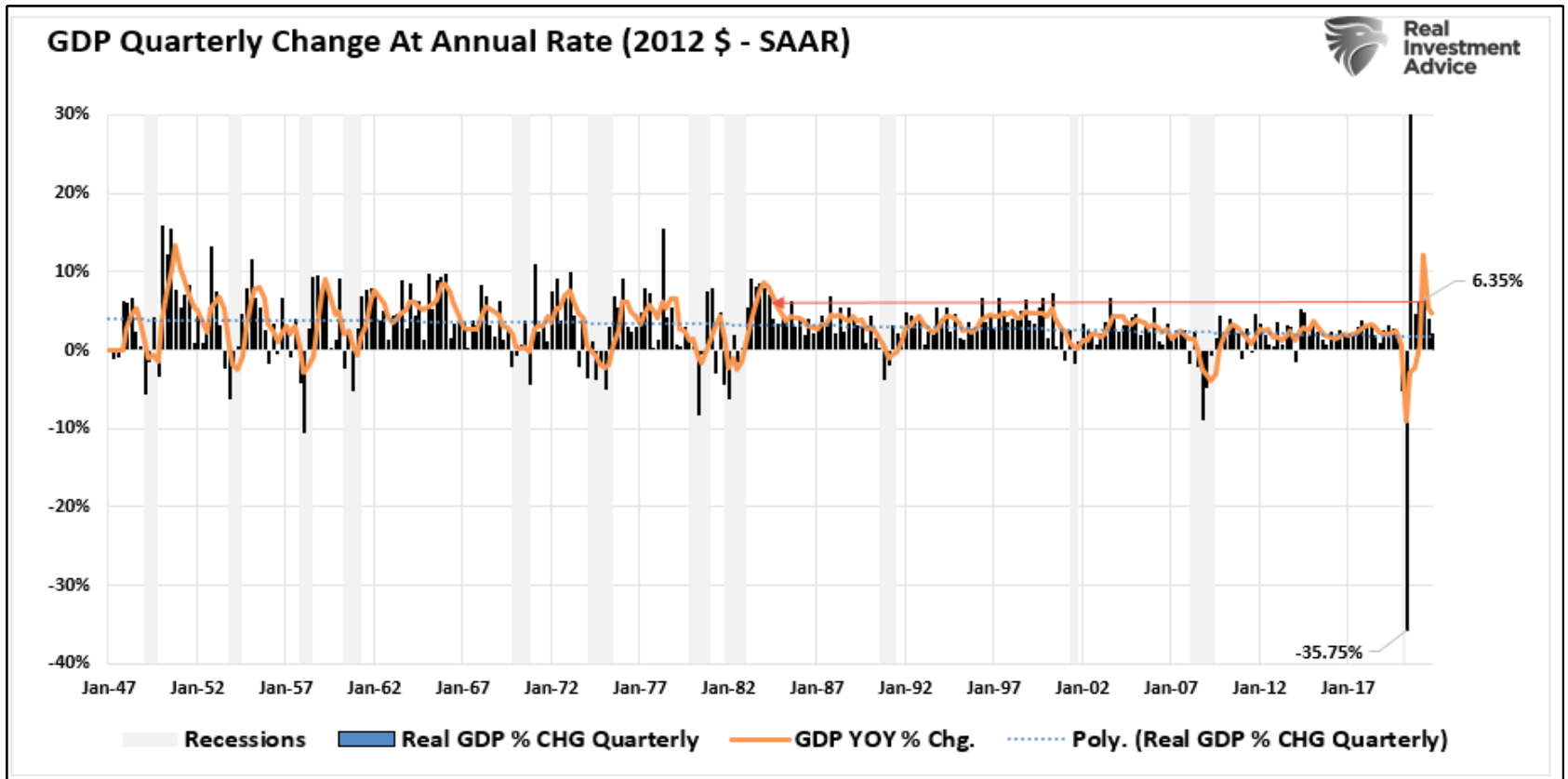
Velocity of Money continues to sit...



...near its all-time lows.

Inflation vs Deflation

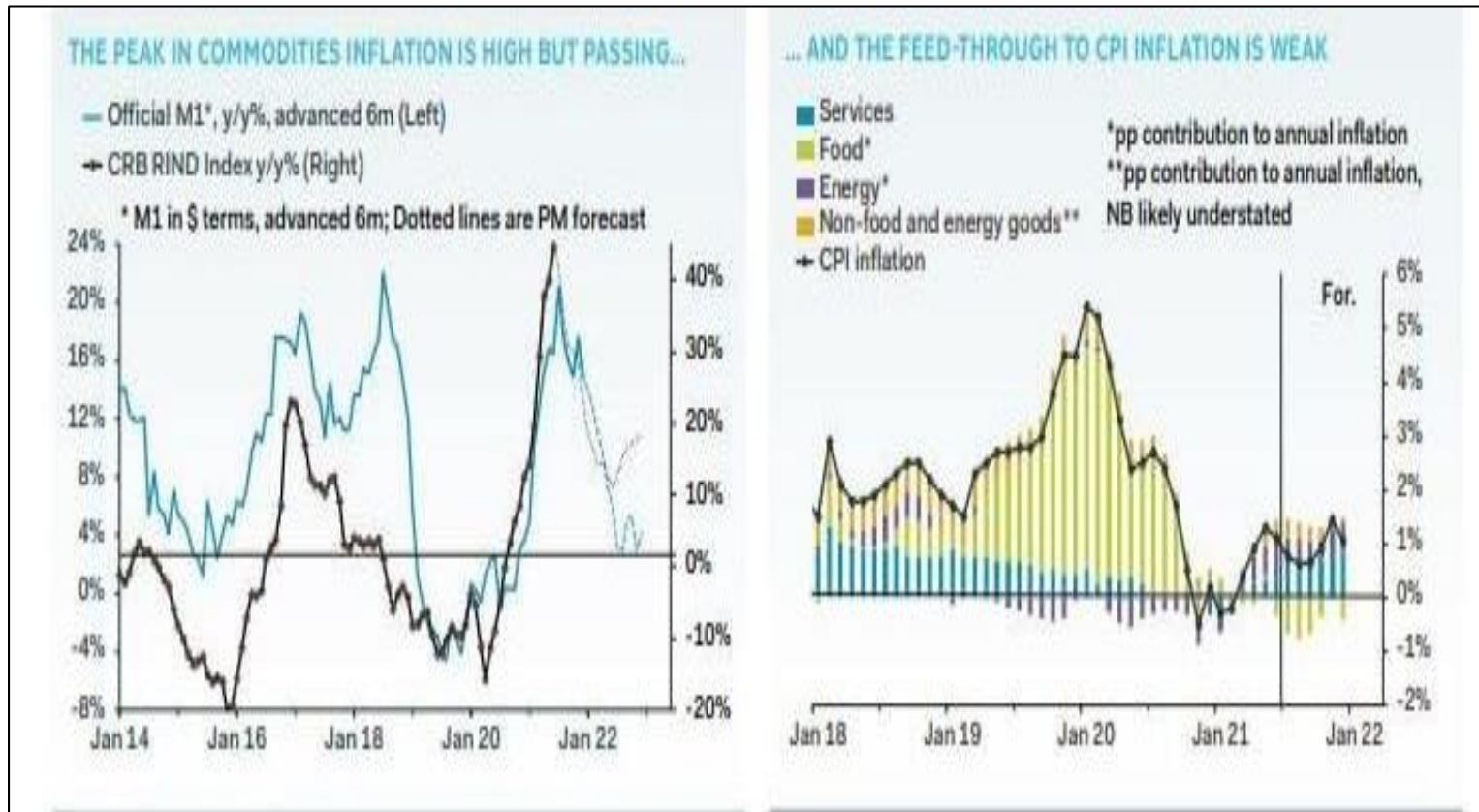
GDP Growth recently missed its forecast expectations...



...and is turning down.

Commodities

We have had a big move in commodity prices...



...but they have started to stall.

Portfolio Construction



Portfolio Construction

You can learn both good and bad investing habits...



...by studying the game of poker.



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Professional poker players participate in less than 20% of hands dealt...



...and very rarely go "All In".



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Going “All In” on a regular basis...



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Stock markets at all time highs. Negative yielding debt near its highs. Social unrest in North America. Europe, Asia, Africa. Fed & other CBs have lost their minds. And yet we have a Bull market in certainty. Everyone (on all sides) seems convinced they know how this plays out.

5:31 PM · Jul 23, 2021 · Twitter for iPhone

...is a recipe for disaster.

Portfolio Construction

Going “All In” on a regular basis...



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Whether it be the inflationists, the deflationists, the equity bulls or equity bears, gold bugs or bitcoin advocates, keynesians, austrians or MMTers...the further we go down this road, the more certain everyone becomes that they are right.

[#StayNimble](#)

[#SellCertainty](#)

4:44 PM · Jul 26, 2021 · Twitter Web App

...is a recipe for disaster.



Portfolio Construction

You control risk by diversifying, sizing trades appropriately...



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Replying to [@roysebag](#) [@amlivemon](#) and 8 others

I would start with this and then reallocate over time

- 20% Short/Medium Term UST
- 20% Gold/Precious Metals
- 20% Real Estate
- 30% US Blue Chip equities
- 10% Global Macro/Volatility

8:19 AM · Mar 3, 2020 · [Twitter Web App](#)

...and matching your investment time horizon to your idea time horizon.

Portfolio Construction

You control risk by being flexible...

Asset Class	Portfolio 0-18 Months	Portfolio 12-36 months	Portfolio 24 months +
Cash (US Dollars)	10%	5%	0%
Cash (Non US Dollars)	0%	0%	10%
ST Fixed Income (US Dollar)	20%	5%	
US Blue Chip Equities	35%	40%	0%
Developed Int'l Equities	0%	0%	20%
Emerging Market Equities	0%	0%	20%
Private Equity	10%	10%	10%
Strong Dollar	10%	10%	0%
Commodities	0%	5%	10%
Gold Mining Equities	0%	5%	10%
Gold Bullion	15%	20%	20%
	100%	100%	100%

...and understanding that you may need to reallocate over time.

Portfolio Construction

The 10 Year US Treasury...



...is currently yielding less than it did in 2012.

Portfolio Construction

The 10 Year US Treasury yield is still within the long-term trend...



...and I think it is likely it will ultimately go lower.

Commodities

Gold is down 10% over the last year...



...and in the middle of a two-year wedge pattern.

The S&P 500

In early 2020, I was looking for a move from point 1 to point 2.



I think it's very possible we have another move back towards point 3.

Commodities

Getting very close to breaking out of a thirty-year...



...Head & Shoulders pattern.

Commodities

Coffee has had a major break-out...



...and I am looking to possibly buy a pullback.

Commodities

Wheat has had a break-out...



...and I am looking to possibly buy a pullback.

Commodities

Soybeans have had a major break-out...



...and I am looking to possibly buy a pullback.

Commodities

Corn had a major break-out...



...and I am looking to possibly buy a pullback.

Commodities

Cotton is trying very hard to break-out...



...and I am looking to possibly buy a pullback.

Commodities

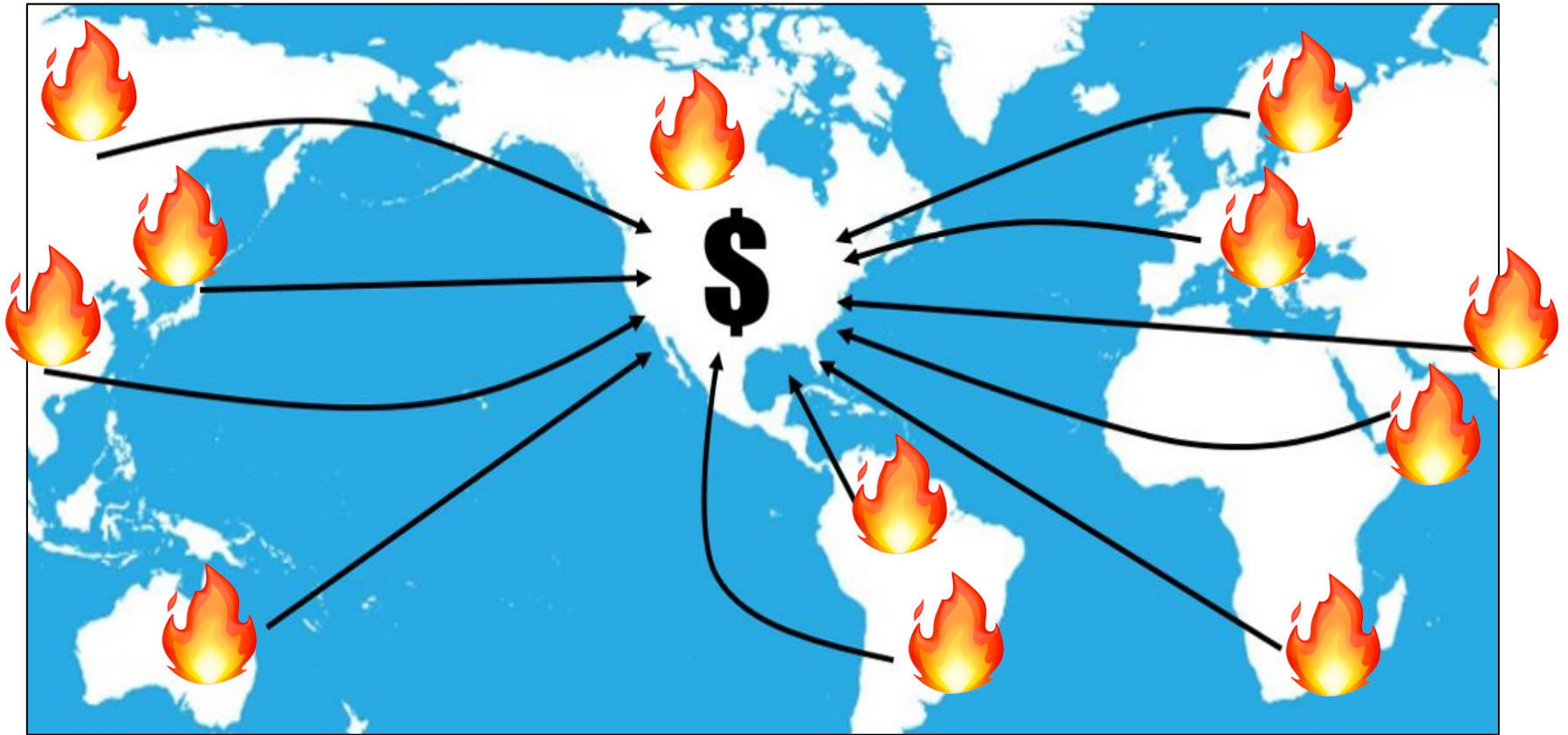
Sugar is trying hard to break out...



...and I am looking to possibly buy a pullback.

The U.S. Dollar

Tales of its Death have been greatly exaggerated...



...in times of Uncertainty, it is not prudent to go “All In” against it.