

# 2 Gray Beards Week 156 - One Page Summary

## Gold/Silver Surge: Year-End Flows, Not Fundamentals

**The move:** Gold up 60% in 2024, recent acceleration in gold/silver despite no macro changes

**Real driver:** Portfolio managers who missed the rally buying to improve year-end statements + tax-loss harvesting. NOT a debasement trade (Bitcoin would rally too).

### Strategy:

- Keep 5% gold benchmark allocation
- Sell out-of-the-money calls AND puts to monetize elevated volatility

## Two Major Catalysts = Stay Cautious

### SCOTUS Tariff Decision:

- Administration wins → aggressive tariffs → inflationary
- Administration loses → higher deficits + stimulus
- **Either way: Bad for bonds**

### Fed Chair Appointment:

- Even dovish chair only moves yields 10-50 bps
- Limited upside for duration

## Positioning

### Fixed Income:

- Stay 2-3 year only
- Avoid 5-10-30 year ("terrible risk/reward")
- Buying 10yr real yields <2% = "no risk reward"

### Equities:

- US: Fully priced, possible year-end melt-up to 7,000
- Non-US: Maintain allocation, cheaper valuations + weak dollar tailwind
- Wait for 2025 to reassess

**Overall:** No changes into year-end. Comfortable with current allocations. Markets will provide time to react when catalysts resolve.

**Core thesis:** Administration prioritizes growth over inflation → bullish gold/non-US equities, bearish Treasuries/USD

