The confluence of events the last year, layered on top of a structurally compromised economic system that incentivizes corruption and graft, has pushed the American financial system into even more risky territory. Perhaps we shall see if a global currency can remain in circulation through sheer force or arms or not. I'm sure a sure-to-be disputed election or Biden Harris Presidency will do wonders for consumer confidence. The VIX confirms as much. The sky is not going to fall, but forewarned is forearmed.

“While equities and gold benefited from the trillions of dollars in fiscal spending and monetary injections, those efforts are debasing the currency and have raised the possibility that the U.S. will go too far in testing the limits of government stimulus, [Ray] Dalio said Tuesday in an interview with Bloomberg Television.

The Bloomberg Dollar Spot Index has dropped 10% from its peak in late March as investors responded to the pandemic and efforts by central bank and government officials to contain the economic fallout. All of the world’s major developed currencies have gained against the dollar as have precious metals such as gold, silver and platinum.

Dalio said in July that investors should favor stocks and gold over bonds and cash because the latter offer a negative rate of return and central banks will print more money.”

Source

“In the history of the VIX futures contracts, we’ve never had an event risk command this sort of premium into forward-dated vol at a specific tenor,” Bloomberg macro strategist Cameron Crise wrote in a blog post. “That obviously suggests that markets anticipate some pretty incredible fireworks.” He excluded a higher premium on March 18 of this year since front-month futures expired that day, when the S&P 500 fell 5.2%.
If it starts trading above where it ‘ought’ to be, particularly given the risk premium lavished on the election, that could be a sign that punters are worried about 2000-style uncertainty,” Crise wrote, referring to the presidential contest between George W. Bush and Al Gore, which ultimately was decided by the U.S. Supreme Court. “You don’t need a particularly vivid imagination to think that that could get pretty ugly this time around.”

Source

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