

**Erik:** Joining me now is Jeff Currie, partner at [Carlyle Group](#), and also well known as the former Commodities chief at Goldman Sachs. Jeff, it's been way too long and it's great to get you back on the show. Since you're Mr. Commodities, I've gotta ask you, I think what we're seeing is the stock bull market of the early 2020's is giving away to even bigger commodity bull market of the late 2020s, is that what's happening? And if so, what's the macro driver? Why is it happening?

**Jeff:** Oh, absolutely. I think started back in October, 2020 through the middle of 22. You know, oil got up to like 130. We saw a big run up in commodities during that time period. The drivers of, you know, we, in fact, we made a call when I was at Goldman, you know, for a commodity supercycle.

In October of 2020, and I'd argue every point that we made at that point in time are valid, even more so today than it was then. So if you liked it, then you really gotta like it out. So why don't we just kind of go over the big drivers and, you know, from a supply perspective, you know, it. You know, the, the underinvestment, you know, you know, years of poor returns going back to 2014 saw capital redirected into other sectors, you know, like, like tech.

And as a result, you know, you look at like, whether, if it's metals or, or oil or yeah, agriculture. Most of these real assets have faced years of underinvestment with, like with oil. This year is the last time you have. Big surge in non OPEC production. In fact, it was in, you know, this coming month of March.

That's it. There's really nothing behind it. Refineries, there's nothing behind it. Copper. I can go down all the metals, you know, you, you, the underinvestment thesis it's been in place since then. Still very much in power. And when you look at metals, they've just been a straight line since 2020 actually, you look at the equal weighted you know, commodity indices, like, you know, the underweight oil, and we'll talk about oil a little bit later.

It's just been a straight line since, since 2020. So what were, you know, the, the drivers on the demand side and I really the same three are there, and it was deglobalization. Decarbonization. Well today you call it electrification, but let's call it electrification for current term, current terminology.

And then the third one was redistribution. So another way to say it is the you know, the deglobalization is the war on free trade. The decarbonization was the war on climate change. And the redistribution is the. War on income inequality. So let's go with the first one. The, on the, you know, the, the, the deglobalization.

It is so much further than what I ever envisioned. You, you know, whether, if it's defense spending supply chains, you know, like to say we've weaponized the periodic table. It's gotten so severe since then with, you know, China curtailing critical mineral supply in 22 natural gas you know, even more recently with the US sanctions on Iranian and in Russian oil, you know, all of it's been weaponized.

So that story, that theme is just turned up in volume. And that's even what's driving gold because ultimately. You de-dollarize 'cause you don't want any own, any dollar assets. 'cause the Americans can employ sanctions on you through the Swift system. So even gold is going up because that, so that de-globalization theme you know, alive and kicking and you know, again, another, actually another data point Europe.

5% of GDP committed to defense spending. It's all commodity. So anyway, that theme as, let's go to the next one. You know, we called it decarbonization in 2020 today called electrification Turbocharge. By the way, US, I'm putting US Europe and China record installation of renewables in 2025 and 2026.

And in China, as you and I are one of our favorite topics to talk about, nuclear capacity installation. China is just leading the world in that. So electrification that story, you know, is, and then you throw data center demand on top of that electrification story. It's far stronger than we ever dreamed of in 2020.

And then the, the third one, the redistribution. And that really goes to fiscal policy. And the need to you know, redirect capital into lower income groups to, to deal with the civil unrest and the problems that are associated with which are all over the world right now. And when we think about the spending, and this is the argument and you, you and I have talked about in the past, Eric, is when you money goes to the lower income groups, you get a proportionally larger spend on commodities.

So you put it together you know, demand even in oil. Surprising to the upside for many different reasons. We'll talk about oil later, but we're seeing across the board, and I just wanna address one last point here before we leave this topic. A lot of people are gonna go, you know, sorry, you're so wrong on oil.

Yes. I was so wrong on oil. It went down. And we think about commodities, all the ones that have a atomic number associated with them that are in the periodic table and the, I like to say the weaponization of the periodic table have gone straight up anything that has a carbon hydrogen into it. Really struggle.

What's carbon? Hydrogen hydrocarbon. So oil gas in coal carbohydrates like corn, wheat and so forth. What do these organic chemistry commodities all have in common? Affordability. They drive inflation. And when we think about. What, you know, the primary driver of every politician in the Western hemisphere in the Western West is get inflation down at all costs.

And so we think about what happened is that we go back to 22, 23, and we saw that the drop of inflation was globally synchronized. It occurred against record demand of commodities. Very strong US, GDP growth, relatively good GDP growth in China. So it really could not have been demand, it had to have been supply.

Because again, globally synchronized strong demand. So where did they get the supply? Turn a blind eye to Russia, Iran, Venezuela. Hey guys, turn up the volume. And then you look at immigration. Where did, how did you get the wages down? I mean, just tell anybody, go back and look at immigration across us, Canada, Europe, and the rest of them's a line going straight up.

Get your wages down. How did you get the food prices down? We don't care about what's, you know, the palm trees in Philippines, or you know, the, the land in Latin America, just harvest as much as you possibly can. Turn a blind eye to environmental. Regulations. So they did that. Now, what problems are all these countries facing with right now?

Well, US went into Venezuela. You got a problem in Iran, you got a problem in Russia. You're not doing that trick again. These guys are producing at max. Then you look at, and so you're, now you're turning them off again. And then you look at what happened with. You know, with immigration, you know, by the way, places like Canada were up, I think like two or three X, and here in the UK was up like a hundred percent.

US was up 50%. And now you're getting the backlash from that. So, you know, I'm not gonna say, you know, I'm not there. I know there's a lot of sensitivity around immigration. I don't wanna put it down, but, but I think the key point here is those CH commodities, those affordability, anything associated with affordability was forced out.

Eventually you're running out of those tricks. There's no more insurance policies. Next, this next time around, you're not gonna be able to open the floodgates on immigration. You're not gonna call up Iran going, Hey we don't care. Start exporting again against the sanctions. This is not happening again.

Anyway I think you get the point here is that story started back at the beginning of this decade, continued on in the, in the metal space in the Organic chemistry, the ch commodities, grains, and oil and food and fuel. It was delayed. And I think what we're witnessing right now, and especially with the hype of AI settling down that commodity supercycle is reasserting itself.

And as you point, I think it's not, it's, it's a continuation story, and it's only gonna get bigger as we go to the end of this decade. I can say, where are we in this right now? We're in the foothills of the Himalayas,

**Erik:** Jeff, A quarter of a century ago, you wrote a piece called Revenge of the Old Economy. You were diagnosing what went wrong with the.com bust and so forth.

You told me off the air, you've recently written a piece. I'm not sure if it's titled The Revenge of the Revenge of the Old Economy, but basically the same theme is back. Why is it recurring now? What. The new piece about,

**Jeff:** Yeah, we just bas I basically was a cut and paste of what we wrote back quarter century ago,

**Erik:** a few years back.

How's that?

**Jeff:** Yeah, yeah. Okay. Alright. All right. But the, but I think, let, let's talk about what we observed there. By the way, at the time I thought it was a one off and I'd seen something that, you know, and now I realize it's a cycle, so let's go. What I thought about in 2001 is that the story we told was due to poor returns.

In the in the old economy. And by the way, the stat that we had for it in in, you know, 2019 99 was that US emps destroyed 27 cents on every dollar they were given during that decade of the 1990. So they, they, they returned, they kept 73 cents of it. You know what that number is? In the 2000 and tens all the way up to 2021, 54 cents was destroyed.

That means they kept 46 cents of it. So you know that that's the type of wealth destruction that that occurred back in the, in the 1990s on that slide. So all the capital chased where the returns were, which was the new economy. Eventually you choked off so much investment into the old economy, you got shorted.

And by the way, that bull market really started in the late nineties, early two thousands. And then took a breather around September 11th, and then the whole thing came crashing down in, you know, late 2001 2002. And then you had that rotation. The story, why we called it the revenge of the old economy was pretty simple.

Lack of investment in old economy. You starve to the capital it needed and then you are off to the races. Then you throw in a demand shock like China on top of it, and then it got turbocharged. Now let's go back, and I'm gonna say at the time I thought, oh, it's unique. Then we started realizing, no, this stuff happens all the time.

And what are the two most important industries in the global economy? Technology and energy. If you can't, you know, if you can't turn the lights on nothing ever happens. If you don't innovate, you never progress. So technology and energy are the two most important sectors, and all we do is rotate over time between technology and energy.

And in fact, I saw somebody put this chart going, what are the big themes in investing? You look at it, you know, they don't really observe. They call it, oh, it was China, or something like that. But reality, you're always rotating between those two. And lemme give you, so I really realized it was about 2022 or 2023.

It's not old economy, new economy. It's actually asset light, asset heavy. And by the way, in what is a commodity supercycle. Or a, a asset heavy boom or an old economy boom. It is nothing other than a CapEx cycle. Really simple. And if you, you look at some of these charts we have just look at the CapEx cycle and that's, these are, you know, 25, 30 year cycles and that's what, what, what happens here.

But I wanna go back to the nifty 50. Let's start there and why do I wanna use the term asset light? So we, we, we begin the 1960s. We have excess commodity supply from the rebuild from the, the, the, the second World War. This put downward pressure on on interest rates, so you got low and stable inflation and boy equity markets like low and stable inflation le leads to low interest rates.

You know, you had LBJ Browbeat, Arthur Burns get interest rates down as much as you possibly can, and then he started spending. And so that you laid the foundation of those low interest rates. Now, what do low interest rates do? a lot of people think low interest rates should lead to CapEx boom because money's cheap.

No, it leads to a duration. Boom. You go, you, you wanna buy growth way out in the future when interest rates are low. And what were the nifty 50? McDonald's, Coca-Cola, they're all brands franchise. Think about McDonald's. It's identical to Microsoft. It was infinitely scalable at zero marginal cost because it was a franchise.

So it had that long-term growth story. It was all the same stuff in that 50 as the dotcom boom was in the nineties because it was all long-term growth. Technology companies, again, software infinitely scalable, zero marginal costs. And then in the 2000 and tens, when you had the low and stable inflation, it was like Google.

And so you look at the rotation in like 1968. Coca-Cola was the most valuable company in the world, and like Exxon was at the bottom. Fast forward to 1980 after you ran out of commodity supply, you had a huge inflationary shock. Exxon was at the top end. Coca-Cola was lower down. But I think the point here is don't underestimate the demand shock.

What was the demand shock that caused that inflationary boom in the, in the seventies? It wasn't you know, OPEC just turbocharged it with the Arab oil embargo, but the real cause of it. Was LBJ's great society. Remember guns and butter. And then we go into a period of a commodity. Boom, you, we debottleneck the energy.

And then you go into the, you know, the eighties and the nineties interest rates low. You get the.com boom. Now it's Microsoft at the top, Exxon at the bottom. And then you run out of supply. And then your big demand shock was ch, was China. Note that all those demand shocks were policies. It was LBJ in the late sixties with his, you know, war in Vietnam, plus the the, the, the war on poverty.

The Chinese one was a decision by policy makers to let them into the WTO. And then you get to the, the the twenties. It was COVID, you know, it was a shock to the system on their investment. Now what is it gonna be this year? 2026. Big, beautiful bill. Germany with, by the way, you have a fiscal policy bonanza this year.

You've got big, beautiful build. You have Germany, you have Japan, you have China. I think we, we haven't seen this big of a global synchronous pop to the system, actually, I would argue since, since COVID and look what COVID did. So I, you know, I, you know, I'm taking a long thing about why these cycles here.

So just, I think the way we, I could think about it now is it's. Rotation between asset light, asset heavy. Asset light is usually tech. Asset heavy is usually energy and, and commodities. Now there's one last twist, and I know I'm, I'm dragging on here, Eric, so bear with me. Is that if you can think about the, the asset light booms being driven by bits and the asset, heavy booms being driven by atoms.

One thing that is really different, and this is the core, the twist in the piece we put out. Yesterday is this time the bits meet the atoms. And how do you get the bit atoms take about? Think about what is AI compute? The, the technology companies are becoming asset heavy. They're putting steel in the ground and as they put steel on the ground, the bits meet the atoms.

You get a bit atom commodity called AI compute, by the way, you know, it sits on your Bloomberg screen. You can trade it. AI compute, send I think dollars per hour. And you have cryptocurrencies or mining where you're burning vast amounts of atoms to get a bit. So we're in a new world where the bits meet the atoms, so they have, that may be a normal rotation.

But I think it's, we're in an exciting new world and, and I think it's just gonna create even more demand for the physical world. Think about AI requires less labor, more commodity. So this one's gonna be bigger than the ones in the past. But I think around a long answer to your question these are big cycles.

We're in the beginning of new one. I'd say it's the bottom of the first ending.

**Erik:** Jeff, you mentioned China several times. I want to come back to that and I'll get to AI and energy demand in just a minute. But first, let's just touch again on China. They are stockpiling everything like it's going outta style.

Actually, let me correct myself. They're stockpiling everything. As if they are preparing for either war or major sanctions and embargoes. Is that what's driving this? I I, I, you know, are we headed imminently toward a US China conflict and what will it mean in terms of commodity markets if it happens?

**Jeff:** By the way, everybody's hoarding.

It goes back to the geopolitical. Going back, what was one of the key drivers to the supercycle call? It's the deglobalization. And, you know, deglobalization in the war on free trade, you can't get it. And if I'm China, think about this. I'm China. I watched the US go into Venezuela, just cut my oil.

I put a hundred billion dollars into that country to develop all that oil. And they just stopped it and they, the Russian escort to the tanker just got stopped, pulled over. My supply is being curtailed. And by the way, I, we wrote a piece recently talking about Venezuela, Russia, and Iran. These guys are all Chinese colonies.

I mean, let's just be blunt about it. But I think the key point here is if you are a consumer of oil, you're China, you're India, you are Europe world's really dangerous because the US just cut your supply off.

You know, there's these sanctions, particularly if you're India or China. So whatcha gonna do, you're gonna hoard, what did President Trump just announce the vault? He's hoarding critical minerals. You know, I can go down the list. I mean, if you're, if you're sitting there and you're, you're procurement officer in one of these companies, you gotta be going, Hey, how does my supply chain look like for tomorrow?

So I, I think what you're, you're arguing whether you wanna say you're preparing for war or whatever. Bottom line, the world's more dangerous. And let's put gold into this story. Why is gold into the moon? You're hoarding gold. Why are you hoarding gold? Because owning dollars is dangerous. So it's all of the same story.

Look at the US in the Comex it's hoarding all of the world's copper into the Comex. Why fears around tariffs? So the list goes on and on and on. So you're absolutely right. China is hoarding all sorts of commodities, but we're seeing this everywhere and people go, oh, what's going on in, in, in China? It's gonna end tomorrow.

Let me remind all these listeners that the US hoarded oil like this in the 1980s, late seventies, from 77 to I think to like 88 or 89, for over a decade, it doesn't stop. And so when we think about how long this can go on, it can go on for an incredibly long time. And by the way, we, I don't, in fact, I do wanna get into this oil glut narrative.

I've never seen that a narrative take hold with zero credibility or evidence behind it. You know, 'cause this stuff is demand. It's real demand. And I think gold is the one that's most sim symbolic of it.

**Erik:** Jeff, I definitely want to come back to gold and silver and the oil glut. But first I want to go a little bit deeper on what you said before about AI and the bit atom connection.

It seems to me like AI is something that has become an existential, if you will an arms race of AI technology. Its military implications are so strong that. You can't just say, oh, well AI started to take off too much energy. Let's scale it back. They can't scale it back because it's an arms race. So I think we're gonna get into AI becoming the bad guy on the public stage that used up all the energy and made everybody's electric bills, you know, double.

Is that a realistic fear? And if so, how do you see it playing out

**Jeff:** by the way, the, the digital demand for, for power. It is just a steady, upward trend. It was crypto before AI. It was big data. It was cloud, big data. It keeps going back. This has been going on for two decades. People talk About, it's just a steady upward trend.

It's just becoming so large now that it, it, it's now starting to put some demand growth in places like the US where we haven't seen it before. Am I willing to say it's going to be the primary driver? I mean, at the edge we're talking, you know, moving from flat to two to 3% or maybe even 4% starts to put a lot of pressure on it.

But I, but I think that people are underestimating the technological innovation and the ability to do this stuff. You know, I look at the, the, I always compare AI to the shale revolution. You know, on the eve of 2014 or 13 on the eve of the, the collapse in oil prices you know, everybody was investing in shale because they, it was gonna be the demand.

Everything's gonna be there wasn't the demand that destroyed shale. What destroyed shale is the engineer pumped out three times more than what anybody ever thought. They, you know, I had to say, don't bet against an engineer. Give them enough time and money. They, they'll solve the problem. By the way, in 2013, they loved energy and they hated tech.

By the way, there was a tech supply glu back then. You didn't, it was peak pc. Demand. Didn't wanna go near it. Just wanted energy, energy, energy. But the reality is. Did those engineers create an oil supply glut in 2014 and 15? I think when we think about what's going on in AI today, I would argue, you know, that, that by the way, you look at AI compute, yeah, it's going down because of obsolescence, but that price is weakened from like three bucks down in like to the \$2 range.

And part of it is they just get better and better at. So I would be cautious about. Ai, by the way, where everybody's focused on the oil supply glut today, and

nobody thinks there's an AI compute glut. I'd be a lot more worried about an AI compute glut because these engineers are so bright than I would be of an oil one.

**Erik:** You're worried about an AI compute glut, too much computing capacity, including the energy to run that computing capacity? Or do you just mean too many computers

**Jeff:** too, too many that the price of compute goes down. By the way, if it goes down, they'll even use more of it and use more energy. But the the, the ability to, by the way, every single one of these technological revolutions always ends in tears for the equity guys always.

You and I live through the, through the shale one. And by the way, the shale one looks identical to the AI one. Even the SPVs, the, the structures of the financial engineering identical. It's like they took the pitch books from the shale guys, rubbed out the names of the energy companies and wrote in all of these open AI and the rest of it and just redid it.

'Cause, think. They had the MLPs. The only difference is, is the oil guys went downstream into the MLPs Here. The data center guys go upstream into the power guys. Other than that, it looks identically the same. So, you know, I I, I, I look at, that's why, so I wanna say it, AI compute blood. I'd be less worried about energy collapsing than I would the price, because remember, there's a commodity called AI compute.

It's H hundred. Look at silicon H hundred on your Bloomberg terminal. It's gone up. It's at 2 42, but it's still well off the \$3 range. So I think the, the key point here is I would be, I'd like to say don't bet against the engineers. Give them enough time and money they can really surprise you

**Erik:** on that theme. I'm convinced that the give them enough time and money for the AI compute demand ultimately is going to lead to a really increased nuclear renaissance, because that's the right technology solution for AI energy demand.

The problem is until we get off of conventional lightwater reactor technology onto something better, and that's gonna be a while. It takes just too darn long to build a new nuclear power plant. I think it's going to create a natural gas boom. It's an interim boom. You know, from now until we can really build out the nuclear, I think we're gonna have to figure out how to build more energy some other way.

And I think natural gas is the obvious benefactor. Would you agree? And if not, why not

**Jeff:** a hundred percent agree with that? And by the way, I'll be very careful. While I say the price of computes going down, it doesn't mean I'm saying that it's, it's gonna lead to less energy demand. I just think they're gonna get more efficient at it.

But the, when we think about the, about the demand out there, ultimately when we think about AI, where are the bottlenecks gonna be? It's gonna be the natural resources and the data you feed the LLM bottles, that's it. Everything else, that margins are gonna get crushed. And so you wanna own the commodities and particularly power, and you wanna own the.

You wanna own the, the, the data that gets fed into the LLMs. And so if you're think about power, you know the place that you're gonna get the, the, the most efficient increase in power is gonna be through, through nuclear generation. So I absolutely agree, but that's not gonna happen for another two decades or decade So what's your best bet for today?

It's gonna be natural gas. It's the easiest, fastest way to bring on power. So I, hundred, you a hundred percent agree, but I know people who put that trade on last year and it's been a really rough, rocky road we went up to. \$7 recently and came crashing back down to three 20 of where we are today right now.

But I think the, yeah, the key message there though is I think you're absolutely right. You start to get the summer of this year, summer of next year. I think natural gas is gonna see a lot of upsides.

**Erik:** Jeff, let's go back to gold and silver. We just had a, I don't know what to call it, a gut wrenching correction.

\$1,200 correction in gold. The catalyst probably that triggered it was the market misinterpreting the Warsh nomination. I think it was really just the, the market was so overstretched, it needed a correction. I thought with something of that magnitude, surely it would take months and months and months to consolidate before we could move higher.

But the news, I think this week, at least so far as we're recording this on Wednesday afternoon, is gold has moved above the 61.8% Fibonacci retracement. The, the old adage in technical analysis is once you're past the 61 8, you're probably headed to a hundred percent retrace. If we get a weekly

signal, if we're above 5166 on gold, and I'm looking at 5224 as we're recording, if we're above 5166 at the end of the week, it says to me that, you know, maybe this is already recovering and headed higher.

Could that be true this soon after such a big correction?

**Jeff:** Absolutely. And if you think about the period in the 2000 supercycle, it was incredibly volatile. I like to point out. You know, these, these super cycles are just sequence of, of price spikes. You know, I, they go, oh, you know, it's down, and then you catch, here's the way I like to think about what happens, particularly in silver in this case.

Is the, the system gets overstretched. Investors buy it and they run the price up so high and demands pushing up against supply constraints. Eventually, the demand gets so high, demand collapses underneath it, then it falls off, the supply constraint comes crashing back down. Then people go, oh my God, this is cheap.

They start buying again and boom, smashes into the supply constraint again. Explodes. And it just does that over and over and over. And by the way, that discourages the investment. 'cause everybody gets scared. Oh, it's gonna collapse again. It's gonna collapse again. And so you don't get the investment on a long-term basis.

And that's why you know, the initial phase of these super cycles, they get really, by the way, you remember like aluminum and power back in 2001 and 2002. It was that same type of dynamic. It was like you're going up and down and up and down and it makes it nearly, you don't trade this stuff and you don't, unless you absolutely have to.

And so I think, you know, that's, this is gonna be what you're seeing in gold and silver is we're gonna see this across the the, the com commodity complex. And that's what all these super cycles. It becomes a common feature of, again, the equities. By the way, the equity trade for the, for the metals and energy has been a nice, smooth, easy ride.

So, by the way, if you, if you want this nice, easy, smooth ride, own the equities, don't own the commodity but the commodities, it's gonna be, it's gonna be a rough rock. Like we're just talking to natural gas, seven bucks to three 20. And by the way, we, all it takes is, you know, get you throw in some more weather and, you know, put some data center demand on it.

You'll be up the races on that one too. So, you know, I think, hang on and on gold this, I don't see how you come up. It's not as price sensitive as silver or natural gas. And the underlying theme there in this environment, it's like the Swiss Franc as strong as it's there's, there's no end in sight.

And I, you know, what the demand is coming out of. Not only people hedging themselves against the Debasement trade, but you have de Dollarization going to buy central banks all over the world afraid to own dollars for sanction reasons. And then you gotta own the stuff for diversity reasons in your portfolio.

Everybody's still under invested this space. You know, I could point out the metal space. 200 billion a market cap. You know, so, you know, you start throwing money and it's explosive. Anyway, I think this is a feature of a, of a Subaru cycle and expect to see a lot more of it. And I, we're gonna go higher.

**Erik:** Let's talk about silver. Some people have suggested the dynamics there are different because silver had really gotten ahead of itself before the correction. Some people thought that that was really a result of the people who were pimping it, the Wall Street, silver, and all that kind of stuff. And.

Maybe after that blow off that we saw it was certainly, it, it, it is recovering, but it's not recovering on a percentage basis as strongly as gold is. And it was outperforming gold before the correction. What do you see ahead for silver?

**Jeff:** I mean, you're, you're back to 91 right now. Yeah, it briefly got up above a hundred and hit I think 120 at, at, at the high.

You know, long run, you know, it's a turbocharged version of gold. I mean, that was one of our favorite picks back in 2020 when, when we first made the supercycle call because it, you know, it has the same underlying precious metal dynamics as gold, but it's a key input to all this electrification.

Back then we called the decarbonization today, we call it electrification solar panels, and, and it's a core input. To all of that electrical equipment that places like China make, and again, China short this stuff, which is part of the reason why China has been, you know, a big buyer of it. And again, the demand from corporates to afford it and things of that nature.

I'm not in the forecasting visits anymore, but some of those banks I think it's BOFA, Michael Wi, I think, does he have like 170 or something like that? He's

been doing this as long as you and I have. So I, I, I, I think there's a, you know, the potential here, there's, there's a, you know, for significant upside still.

**Erik:** Jeff, let's come back to the inflation outlook, which you mentioned earlier in, in your first answer. With all of this appreciation that we're seeing in gold and silver, what are we really seeing? Is the price of gold going up because of greater central demand, are we really seeing the value of the dollars that gold is priced in going down?

**Jeff:** I think it's a combination of both the, the initial surge, the de dollarization occurred the first time the Trump administration used sanctions against the Russians back in 2018. That was a shock to the system and you realize you own US bonds, you got problems. Then it, then after you look at when it got turbocharged, soon as the US sees the Russian Central Bank assets in 2022, after the invasion we're off to the races that is d Dollarization.

You don't care. You're getting rid of your dollars. 'cause you don't want to get sanctioned in votes on you. And at this point, emerging markets are doing this all over the world. And now they just continue to add to the reserve. That's not, that has nothing to do it. The debasement demand, which is mainly from investors.

That's what you're talking about. But you put the two together, it, you know, I like to point out dollar. Yeah. It's trading what, 1.34 against the pound sterling? Well, 1.17 against the Euro. The only, the only currency out there that it's just been, you know, slaughtered by is the the Swiss bank. I think it's trading 0.77 against the dollar.

So there, yeah, I think a story you're talking about the rest of them, you know, it's, it's, it's not that big of a shift. And when we think about the, you know, the dollar you know, it's, it's weakened, but in nowhere, think about an oh eight at the end of that commodity supercycle, it was trading 1.61 against the Euro.

The Euro. That was the peak of the dollar against the euro. And so we're at 1.17 today. That's a long ways to go. So the answer to your question, there's been a little bit of it, but this is real. Like, hey, all these currencies are in a bad shape. Another way to think about this is, this is not the dollar being singled out as being the bad character.

this is FIAT currency been singled out as the bad character.

**Erik:** Let's come back to the oil glut narrative that you said you wanted to debunk. I couldn't agree with you more that the notion that there's a fundamental oil glut is crazy. I think that the long-term fundamentals for oil are extremely bullish, but hang on.

Between now and the midterm elections, president Trump really doesn't have anything more important on his agenda. Than keeping energy and affordability prices low through the elections. So it seems to me like there's likely to be a, a lot of invisible hands at work trying to keep energy prices low for the next six months.

Would you agree with that or are we looking at fundamentals that nobody can manipulate?

**Jeff:** I'm gonna have to answer that question. Is I think there is gonna be a, a tipping point where it can't be manipulated, but there's no way. How, how do you manipulate it? I, I look at back at this. And I asked myself, how did this happen?

I've ne I've, I've been doing this 30 years. I've never seen a narrative without any real fundamental evidence. And when you look at the actual fun, the real data inventories are low. You know, they're in the OECD countries today. They're lower today than they were a year ago. A lower data a year ago.

That's, that's the real data they have. Yeah. You may have the satellite data. Some, and even there, they showed that the inventories floating at sea have turned over. The curve has been very backwardated. You and I both know a backwardated curve is bullish. Refining margins are really wide. Spreads are early.

Yeah. The OSPs of the, the, the, the OPEC countries have come off, but they come off from relatively high levels. I'm just going, what are they looking at? And I don't know where the narrative it, how did they get started? And where did it come from and how did it get it go on for 18, 19 months? You know, when we think about AI in the productivity gains.

You know, the one thing is that is, is that you, you gotta verify the results of ai. We don't know if it is, is telling the truth or not. And as people in workplaces start using it more and more and more, you need more humans to actually verify that what they're doing that's not measurable is right. And you could think of it about the same way in in markets, you have more markets being traded by algorithmic trading than we've ever had before.

They tee off sentiment numbers and things like that that can drive it down because every other measure that you and I know says this oil market is bullish except for the flat price. But the flat price can trade off the sentiment, but there's nothing there left to verify because it's too expensive to verify it.

And I think that's, you're gonna see that in the productivity. The, the workshop's gonna go, Hey, the cost to me to verify this is so much, and the potential for it error becomes so great, they're just gonna quit using it. And it's the same thing going on in oil that is being driven by algo's trend followers and the sentiment to a point.

Where it cannot correct itself unless you can go down underneath and go at the micro level and create enough upside to it. Maybe it's the, you know, an invasion in Iran or something that gets us outta this trap. The price level is driven by liquidity.

Not by fundamentals or anything like that, and the liquidity's been drained out. People are just, they don't want trade. I think is that a lot of people have lost a lot of money trading oil, whether it's short or long over the last two years. But to answer your question, it's gonna happen. When is it gonna happen?

And the you a crude awakening. And so yeah, it's, you know, is it between now and the midterms? Is it, you know, a potential with Iran? It could be. But I think it, it's definitely it's not a question if it's a question of when.

**Erik:** Jeff, final question. You told me off the air that you're expecting an explosion of liquidity.

What's that about? And the other thing I wanted to follow up with you on is you've been in touch with our good friend, Josh Crumb, founder of Abaxx Technologies. Those guys were doing some really exciting stuff specifically around liquid Natural gas and futures trading and so forth. Do you have any update?

'cause we've had a lot of interest on our listeners for an update on what Abaxx is up to.

**Jeff:** Yeah, I think they, the, the, this discussion just goes hand in hand. You know, when we think about the liquidity explosion, I like in, you know, what we've seen in the Genius Act Web3 0.0, I don't like the word crypto.

Call it DLT, distributed ledger technology, or whatever it might be in ai. You put those three together, it's just like the CFMA act of 2000 and Web 1.0 that unleashed a liquidity explosion in commodity markets like we had never seen before in the two thousands. Why? Because the technology allowed you to go downstream and trade things we could never trade before because of Web 1.0 was big data and what we're on the cusp of right now.

You put, you know, Web3 0.0 combined with ai, combined with the Genius and Clarity Act, I think you're ready to unleash a, a liquidity explosion like the world has never seen before. And what's really gonna be allow us to get down. Really what it's gonna do is allow us to go downstream and trade things that we've never traded before.

And how is it going to do it? Is, is, is Crypto was never made for human beings. It was made for machines. It's clumsy, it's hard to do. We're gonna have AI, bots trading, crypto, or trading you know, tokens. I don't like the coins. I don't like the crypto. I like the d the, the technology. I like the tokens that are in commodities like gold and silver, real world assets.

Tokenized real world assets that we can partition into levels that are going downstream, unlike ever before. And like to point out in the first wave. At Goldman Sachs, we could never trade plastic because we couldn't get downstream enough into the plastic markets because they're so fragmented. When you put AI and crypto together, we're gonna be able to go and make markets there.

And we take somebody like, like Abex, and it's doing this in natural gas and getting into markets that you couldn't make before. The technology is allowing us to, to make market in natural gas, LNG hubs all over the place, getting into lithium carbonate power markets that are further downstream. So, you know, I, I'm really excited about the future of trading.

You know, I'm. I'm a NED and a, you know, a non-executive director at, at Abaxx. And you know, I, I, I think the technology is extremely well positioned as we go into what we have to say, a liquidity explosion.

**Erik:** Well, Jeff, I can't thank you enough for another terrific interview. Before I let you go, please tell our listeners what you do at [Carlyle Group](#).

I know it's only institutional, so you can't help our retail audience directly, but for our institutional listeners, what services are on offer there?

**Jeff:** I'm with the energy teams and, and do work with like the aerospace and defense team. And going back to this, this supercycle theme and theme around deglobalization, let's forget, you know Carlyle caught space in the aerospace defense sector.

So Carlyle's extremely well positioned as we go into this commodity supercycle, whether if it's in, you know, the energy team. You know, he is got a long history of, you know, developing assets in, in, you know, the upstream and refining and, you know, obviously given the defense spinning going around the world.

So I, I'm super excited about the opportunities at Carlyle,

**Erik:** Patrick Ceresna and I will be back as Macro Voices continues right here at [macrovoices.com](http://macrovoices.com).