



Why Gold is Destroying Bitcoin & The S&P 500 Right Now

An Analysis of a Generational Capital Rotation Event

Based on the analysis by May from the 'What Changes' channel.

A Silent Battle for the New Monetary Order

A fierce, unspoken conflict is being waged in the financial markets. On one side, we have gold, the most traditional store of value in human history. On the other, the modern digital challenger, Bitcoin. Recent market movements suggest a highly unusual and significant shift is underway.



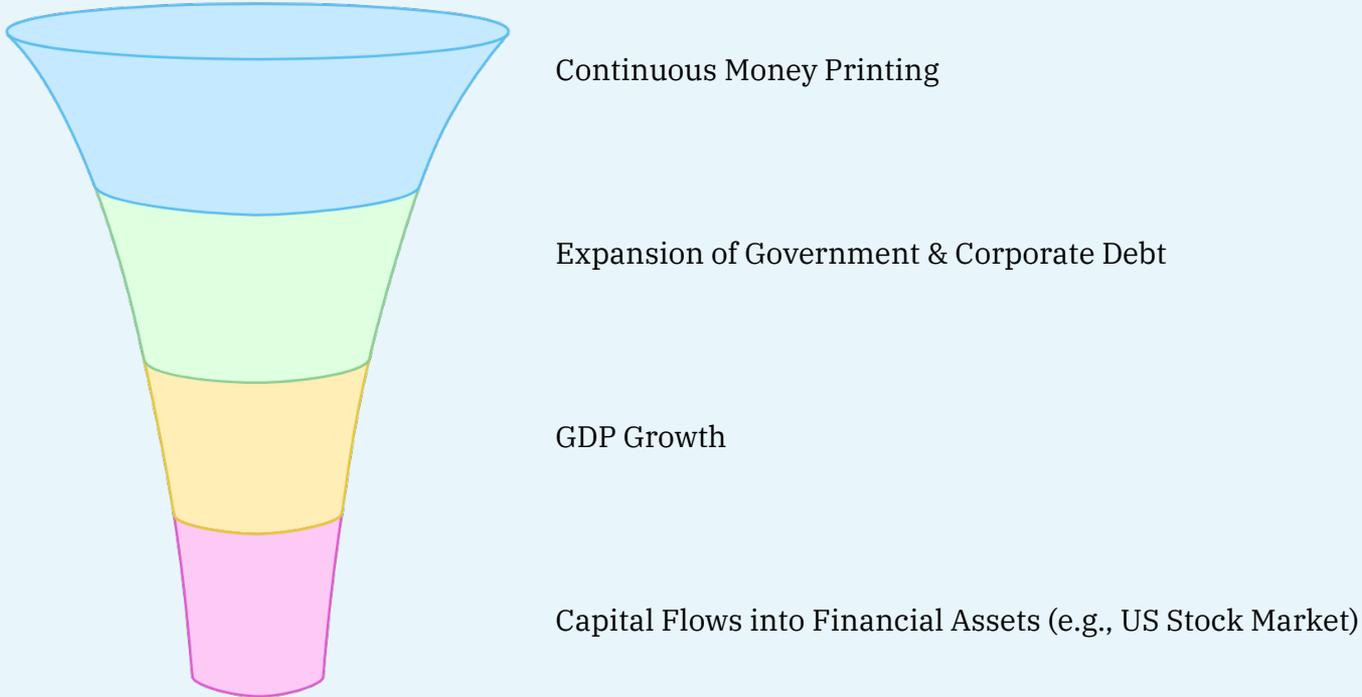
Traditional Gold



Digital Bitcoin

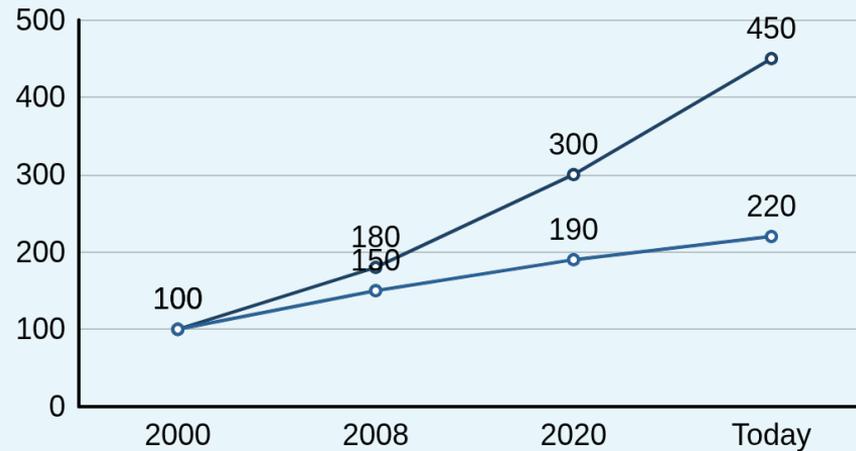
The Old System: A Foundation of Debt

For decades, the global economy operated under a structure designed for one primary goal: growth. To expand Gross Domestic Product (GDP), governments and central banks had to continuously expand debt and the money supply, injecting capital that flowed primarily into US dollar-denominated assets.



The Breaking Point: Unsustainable Debt

This system has reached a dangerous breaking point. Global debt has exploded and is now growing significantly faster than the underlying economies meant to support it. This mathematical unsustainability is causing the 'global old rules-based order' to fracture.



The Flight to Safety

Throughout financial history, when a monetary order breaks down, 'terrified money' seeks a safe harbor. It looks for the safest neutral asset—an asset with a finite supply that exists outside the traditional financial system and has no counterparty risk.

- Not tied to any single country or government.
- Survives even if a government collapses.
- Cannot be printed or created to pay off debts.
- For millennia, the ultimate neutral asset was gold.

The Modern Contradiction

Many believed Bitcoin, being digital and mathematically finite, was destined to be the new 'digital gold'. In a crisis, it was expected to outperform everything. However, the current data shows the exact opposite.

Gold's Performance

- Breaking out to incredible new highs.
- Central banks are buying at the fastest pace in decades.

Bitcoin's Performance

- Losing value relative to gold.
- Struggling despite a favorable environment for hard assets.

A Framework for Understanding the Chaos

To understand this divergence, we can divide the financial world into two distinct forces. This analogy from physics provides the best way to decode the market's behavior.

The Macro Force

Like General Relativity in physics, this force represents the slow, inevitable, majestic movements of massive objects. It has immense gravitational pull and dictates the long-term direction of the global economy over decades.

The Technical Force

Like Quantum Mechanics, this force explains the hyperactive, chaotic, and often unpredictable short-term movements of markets. It's the world of charts, moving averages, and day-to-day noise.



Gold's Surge: A Purely Macro Story

Gold's recent, powerful breakout is perfectly explained by the Macro Force. The 'structural gravity' pulling wealth towards it is immense and driven by several key factors.

Record Government Debt

US government debt relative to GDP is at its highest point in history outside of World War II, creating systemic stress.

Fracturing World Order

As the unipolar, dollar-dominant world ends, nations are losing confidence in traditional paper assets like US treasuries.

Aggressive Central Bank Buying

Sovereign nations are accumulating physical gold at the most aggressive pace in modern history, choosing a neutral asset over paper promises.

Bitcoin's Struggle: Trapped by the Technical Force

While macro logic suggests Bitcoin should be soaring alongside gold, it is not. Its current price action is dictated by the chaotic, short-term Technical Force. The charts are screaming that Bitcoin's market correction may not be over, creating a major conflict between the two forces.



Are We Witnessing a Capital Rotation Event?

This divergence suggests we may be in the early stages of a historic capital rotation—a fundamental, multi-year shift of investment money from one asset class to another based on changing economic conditions.

Market Index	Performance vs. Gold	Implication
S&P 500	Losing	Capital rotating out of broad stocks
NASDAQ (Tech)	Losing	Capital rotating out of tech stocks
US Dollar Index	Losing	Capital rotating out of fiat currency
M2 Money Supply	Losing	Gold is outpacing money creation

When everything loses to gold simultaneously, it's a massive red flag.

History Lessons: Capital Rotations Are Long & Brutal

These events aren't short-term trends. They are enduring eras, typically lasting 5-10 years, where hard assets dominate while traditional stock markets either collapse or stagnate in real terms.

1930s

Post-market crash, gold was revalued higher and dominated for ~7 years. The stock market took 25 years to recover its 1929 high.

1970s

A decade of high inflation. Stocks went flat in real terms while gold rocketed up by over 2,000% in 9 years.

2000s

After the dot-com bust, gold began a decade-long super cycle, launching from the \$200s to over \$1,900 by 2011.

The Investor's Trap: Nominal vs. Real Returns

During a capital rotation, your portfolio might go up in 'nominal' terms (the numbers on the screen), but you could still be losing 'real' purchasing power. Understanding this difference is critical.

An Everyday Example

Imagine you get a 10% raise at work. Your nominal income is up 10%. But if the cost of living (inflation) rises by 11%, your real income has actually fallen by -1%. You feel richer, but you are actually poorer.



Decoding Bitcoin's Technical Weakness

Technical analysts point to eerily consistent historical patterns in Bitcoin's price cycles that suggest the bull market is over and a painful correction phase has begun.

1

Historical Rhythm

Cycles show a ~3 year climb followed by a ~1 year bear market crash. Peaks consistently occur in Q4 of the year after a halving.

2

The 50-Week Moving Average

When price falls and stays below this line, it has historically marked the official start of a long bear market.

3

The 'Date with Destiny'

After losing the 50-week average, price is inevitably dragged down to test the 200-week moving average, a significantly lower price level.

The Sobering Reality for Bitcoin

The Bitcoin of today is different. It has been financialized and securitized by Wall Street through ETFs, derivatives, and collateralized debt. This means its price can be heavily suppressed by paper trading in the short term, disconnecting it from the pure macro fundamentals of scarcity.



The Bear Market's Purpose: To Deceive

A famous piece of wisdom from analyst Benjamin Cowan states: 'Bull markets make everyone look like a financial genius, but bear markets make fools out of both the bulls and the bears.'

What This Means:

- The market is designed to chop up impatient money.
- Violent rallies can trick bulls into becoming overconfident.
- Sudden crashes can wipe out both bulls and trick bears into selling at the wrong time.
- The market will actively try to make everyone look foolish.

The Investor's Dilemma & A Path Forward

Given the uncertainty, the speaker suggests the smartest question is not 'Should I panic sell?' but 'How do I allocate capital to thrive regardless of the outcome?' The proposed solution is rigorous, calculated diversification.



A Diversified Strategy for a Chaotic Era

Hold Long-Term Assets

Maintain a core position in Bitcoin for asymmetric upside and the S&P 500 for broad market exposure.

Focus on Dividends

Own robust dividend-paying stocks, which can perform well in stagnant, sideways markets.

De-Risk and Hold Cash

Reduce personal debt (e.g., selling rental property) and hold a larger cash position. Cash provides the 'ammunition' to buy undervalued assets.

Deploy Capital Methodically

Use dollar-cost averaging to slowly buy assets and reinvest all dividends back into the market.

Key Takeaways & Book Recommendation

Final Summary

- A major capital rotation to hard assets seems to be underway.
- Macro forces (debt, geopolitics) are driving gold's breakout.
- Technical forces and financialization are suppressing Bitcoin for now.
- Prepare for a multi-year period of high volatility and low 'real' returns in stocks.

Further Reading

To understand the long-term cycles of money and power, the speaker highly recommends the book:

