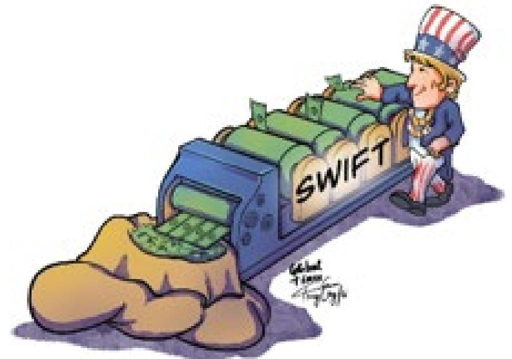
HEYÓKHA BROTHERS

De-dollarization: The Fall of the American Empire?



The global dominance of the U.S. dollar is facing a mounting challenge as nations increasingly turn to alternatives like gold, cryptocurrencies, and Central Bank Digital Currencies (CBDCs). This report explores the forces behind the accelerating trend of de-dollarization, drawing parallels to the historical cycles of currency power shifts. From the decline of empires to the rise of the BRICS bloc and digital currencies, the U.S. dollar's reign may be at a tipping point. Can the dollar maintain its supremacy, or will a new financial order emerge? Dive into the historical context, geopolitical shifts, and the future of global currencies in this comprehensive analysis.

"The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin. But both are the refuge of political and economic opportunists"

- Ernest Hemingway

Special Report
Q3 2024

Contents

Introduction 3
Historical Background 3
The Debt Spiral: Growing U.S. Deficit and Interest Costs 4
Accelerating De-dollarization: Insights from Historical and Geopolitical Shifts 6
BRICS and the Push for De-dollarization 10
Central Bank Digital Currencies (CBDCs) and Their Role in De-dollarization 12
Contrarian View: The Dollar’s Resilience 13
Conclusion 15
References 17

Introduction

"I came, I saw, I conquered", were the famous words of Julius Caesar as he surveyed the kingdom of Pontus (modern-day Turkey), now firmly under his control. The reality was a bit less dramatic as he wrote rather than spoke these words in a letter to the Roman Senate. In Latin, he would have written "Veni, Vidi, Vici". Latin was the 'Lingua Franca' of its time which served as the trade and common language across ports, where merchants from various countries needed to communicate effectively for commerce.

As centuries passed, Latin gradually lost its status as the dominant international language, replaced by others as global trade and power dynamics shifted. Today, English has taken on this role as the most widely spoken global lingua franca, driven by the influence of British colonialism and, more recently, the global reach of the United States in trade, media, and technology.

What was once dominant inevitably gives way to change over time, and the same can be said for the U.S. dollar—a currency that has had a firm grip on the world economy for decades. Since emerging as the world's reserve currency after World War II, the global economy has been anchored by the U.S. dollar. However, a growing movement—known as de-dollarization—is now challenging its dominance.

This trend toward de-dollarization represents a profound shift in global economic power, driven by geopolitical changes, a reassessment of financial dependence on the U.S., and a desire for more autonomy in monetary systems. This report explores the catalysts behind this movement, with special attention to the historical context, gold and cryptocurrency trends, the rise of BRICS, and emerging alternatives such as Central Bank Digital Currencies (CBDCs).

Historical Background

The Bretton Woods Agreement (1944)
As World War II was coming to an end, 44 allied nations gathered to establish a new international monetary system where currencies were pegged to the U.S. dollar, which was convertible to gold at $35 per ounce, establishing the dollar as the world's primary reserve currency.

The Nixon Shock (1971)
Facing economic pressures from the Vietnam War and rising inflation, President Richard Nixon made a pivotal decision. He announced the U.S. would no longer convert dollars to gold, effectively ending the Bretton Woods system, ushering in the era of fiat currencies. The dollar's value was no longer tied to gold but backed by the faith and credit of the U.S. government.

The Petrodollar System (1974)
In the wake of the 1973 oil crisis, the United States struck a landmark deal with Saudi Arabia. The agreement ensured that Saudi oil would be priced exclusively in U.S. dollars, with other OPEC nations soon following suit. In exchange, the U.S. offered military protection and economic cooperation. This arrangement cemented the dollar's status as the world's dominant currency, creating a consistent global demand for U.S. currency and allowing America to run persistent trade deficits while maintaining the dollar's strength.

Global Financial Crisis (2008)
The crisis marked the beginning of large-scale money printing by the U.S. Federal Reserve, launching unprecedented quantitative easing (QE) programs. Starting with QE1, the Fed expanded its balance sheet from about $900 billion pre-crisis to over $4.5 trillion by 2014 through massive asset purchases, including mortgage-backed securities and Treasuries. This era of "money printing" prompted many countries to question their reliance on the dollar, as central banks worldwide injected trillions to stabilize economies. The reliance on debt-financed stimulus set a new norm, influencing global perspectives on reserve currency security.

COVID-19 Pandemic (2020)

In 2020, the COVID-19 pandemic triggered another surge in U.S. debt-financed stimulus, further increasing the Fed's balance sheet to over $8 trillion. From January 2020 to November 2024, U.S. national debt skyrocketed from around $23 trillion to approximately $36 trillion, driven by relentless deficit spending and rising interest rates. This aggressive "helicopter money" response deepened global concerns about the sustainability of the dollar-backed system, as central banks and nations reassessed their reserve strategies, wary of potential risks tied to dollar dependency in times of crisis.

Seizing of Russian Reserves (2022)
The 2022 freezing of approximately $300 billion in Russian central bank reserves had serious implications for global confidence in the U.S. dollar as it infringed on sovereign property rights. Part of a sanction's response to Russia's invasion of Ukraine, this move questioned the USD's reliability as a global reserve currency. By freezing Russia's reserves, the U.S. and allies signaled that foreign-held assets are vulnerable to political intervention, particularly for nations with potentially opposing views to the U.S., such as China and countries in the Middle East.

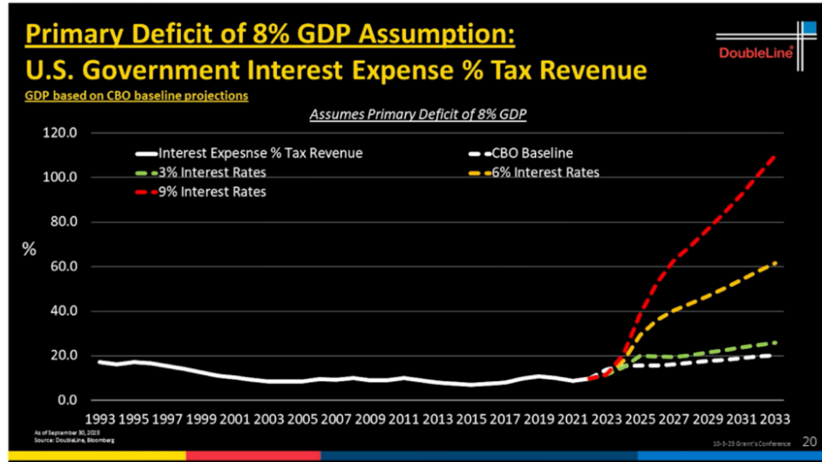
The Debt Spiral: Growing U.S. Deficit and Interest Costs

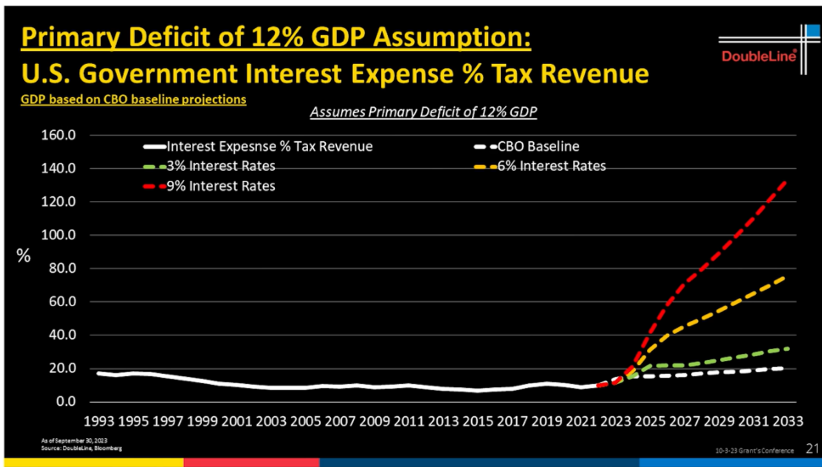
In recent years, the U.S. government has increasingly relied on debt-financed stimulus to navigate economic downturns, causing a sharp rise in both national debt and the interest payments needed to service it. This cycle of large-scale government spending and borrowing raises the national debt, which in turn drives up interest expenses funded by tax revenue. Rising interest rates amplify this burden, with a growing portion of tax revenue now diverted toward servicing debt rather than essential programs, creating a self-reinforcing debt spiral.

Source: South China Morning Post

Rising rates and deficits are driving the US towards a debt spiral

Projected scenarios of U.S. interest expense as a percentage of tax revenue if primary deficits as a % of GDP were to increase





Source: Bloomberg, DoubleLine Capital

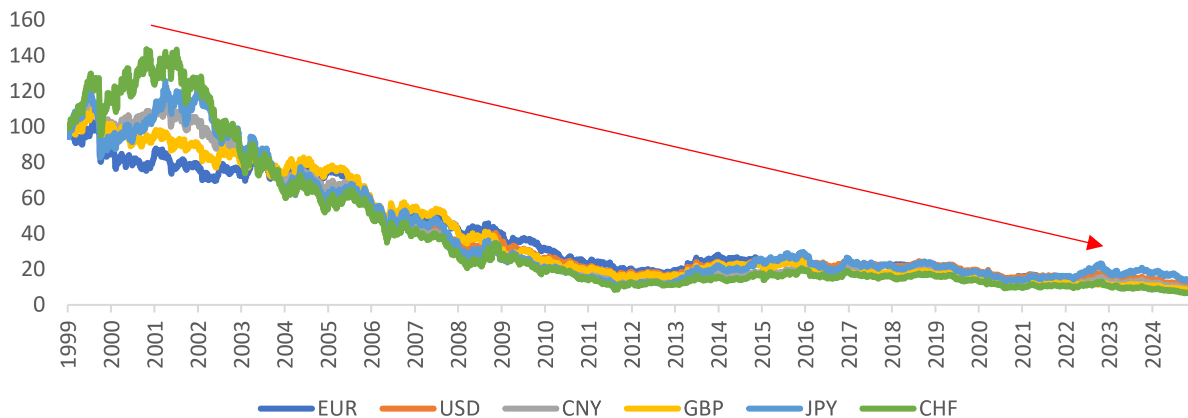
The unsustainability of this trajectory is becoming increasingly evident. With the U.S. deficit already around 8% of GDP, an increase to 12% could push interest expenses to consume an overwhelming portion of tax revenue, potentially exceeding 100% of revenue if interest rates climb to 6% or higher. Without structural changes to reduce debt dependence—a shift we see no evidence of from either Presidential candidate—this escalating cycle could force cuts to essential programs or require even more borrowing just to cover interest obligations, raising serious concerns about the long-term stability of the dollar-backed system. These dynamics are increasingly prompting global actors to explore alternatives to the dollar.

Accelerating De-dollarization: Insights from Historical and Geopolitical Shifts

The devaluation of fiat currencies follows a familiar historical pattern tied to war and financial mismanagement. Governments often resort to money printing to finance conflicts, leading to inflation, public unrest, and, over time, the weakening or collapse of empires.

Major currencies compared to gold have dropped in value by a staggering 98.97% since 1999

Major currencies (Euro, US Dollar, Chinese Renminbi, Pound Sterling, and Swiss Franc) relative to gold price

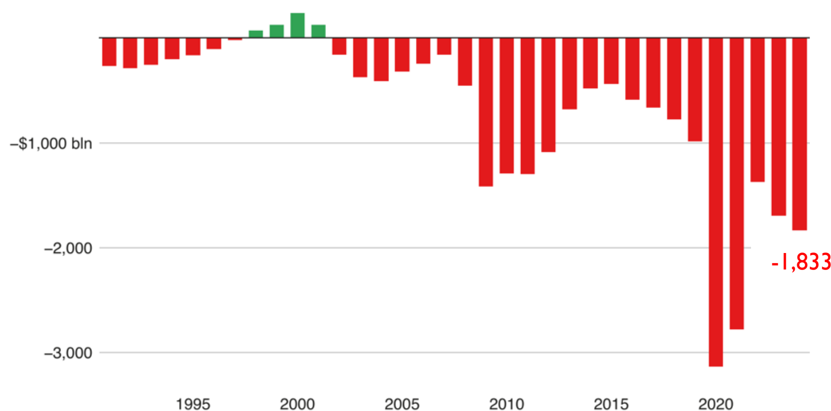


Source: Bloomberg

The shocking 99% depreciation of fiat currencies relative to gold highlights a historical trend and signals why some countries are now seeking alternatives to fiat reliance, including the U.S. dollar. As the world's reserve currency, the U.S. dollar is facing challenges due to increased money supply and fiscal imbalances. Since 2008, the U.S. has substantially expanded its money supply in response to financial crises, with the trend accelerating during the 2020-2021 period amid global disruptions caused by the COVID-19 pandemic.

In fiscal 2024, the U.S. budget deficit reached $1.83 trillion, driven by growing expenditures on Social Security, healthcare, and military spending. For the first time, U.S. interest payments on its national debt exceeded $1 trillion. This increasing reliance on debt financing is causing some global investors to question the long-term stability of the U.S. dollar. However, it's important to note that while some countries are exploring alternatives, the U.S. dollar still remains dominant in global trade and finance.

The U.S. is running the largest budget deficit ever outside of COVID



Source: Reuters, U.S. Treasury Department

HEYÓKHA
BROTHERS

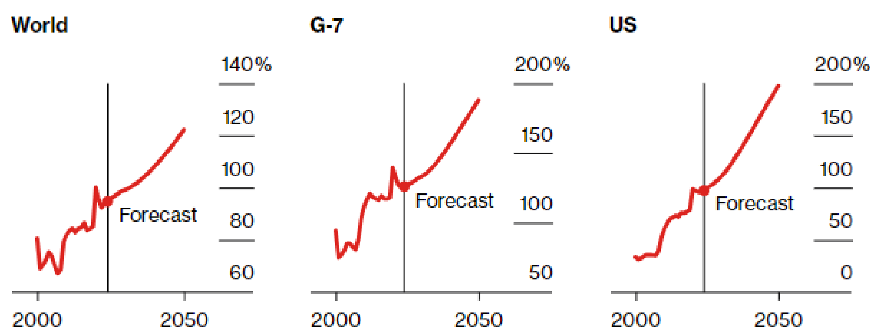
When it comes to addressing the ballooning national debt, we turned to the U.S. leading presidential candidates and found…

there is no plan – only the prospect of even more debt

Looks like we're in for a ride…

Debt is expected to expand globally

Performance of debt as proportion of GDP



Source: Bloomberg Economics

Globally, debt has reached over $100 trillion, raising concerns about the sustainability of fiscal policies. As fiscal imbalances grow, countries are turning to alternatives like gold, cryptocurrencies, and other currencies to hedge against instability and the risks associated with dollar-denominated assets.

Paul Tudor Jones, founder of Tudor Investment, further underscores these concerns in a recent interview, highlighting the fiscal dangers facing the U.S. due to rising debt and inflationary pressures. He emphasizes that letting Trump-era tax cuts expire, raising taxes, and maintaining a dovish monetary policy to manage debt will likely lead to persistent inflation. Jones underscored his view that these assets are essential stores of value as inflation erodes the purchasing power of fiat currencies like the U.S. dollar.

HEYÓKHA BROTHERS

"I'm long gold, long Bitcoin"
- Paul Tudor Jones, Founder of Tudor Investment and Robin Hood Foundation

According to Charles Nenner, named one of the legendary technical analysts by Forbes, a key factor behind de-dollarization is driven by internal and external challenges that weaken its global economic and political clout. Rising debt, inflationary pressures, and global discontent with U.S. foreign policies are hastening the world's shift away from the dollar. As nations like China, Russia, and the BRICS bloc increasingly settle transactions in currencies other than the dollar, this trend is expected to accelerate.

Nenner argues that countries are preparing for a world where the dollar is no longer the dominant force in global trade. With many nations stockpiling gold as a hedge against instability, this movement is reshaping the global financial architecture.

Precious Metals on the Rise: Gold and Silver Shine Amid Global Instability

The prices of precious metals, particularly gold, have surged in recent years, driven by economic instability, inflationary pressures, and a growing demand for non-USD safe havens. As inflation begins to ease and interest rates are expected to lower, uncertainty in financial markets continues, further boosting demand for gold. As demonstrated in the currency debasement chart, gold has retained its value while fiat currencies have sharply declined. This trend underlines the appeal of gold as a reliable store of value amid de-dollarization efforts. Central banks, especially in emerging economies, are reducing their reliance on U.S. Treasuries and increasing their gold reserves, contributing to the rise in gold prices, which as of mid-November 2024, hovered around $2,700 per ounce. This reflects broader geopolitical risks and ongoing de-dollarization efforts.

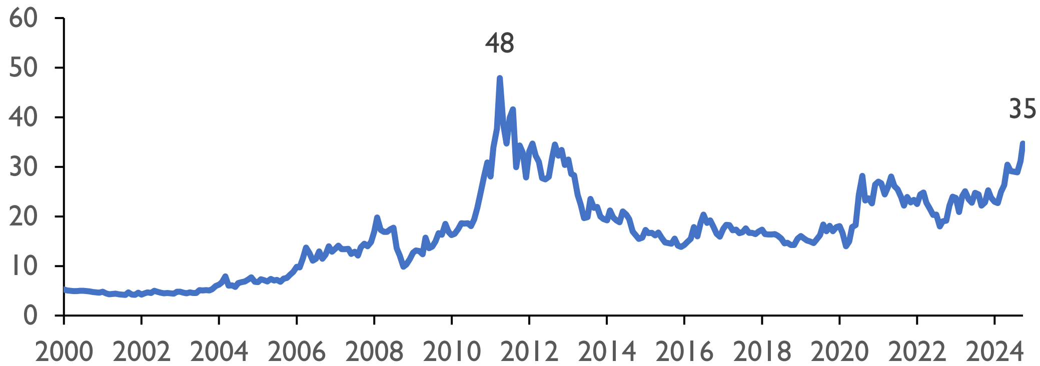
An interesting case in point here is India, the U.S.'s newest confidant to counter China's influence in the Indo-Pacific region. Despite its strengthening ties with Washington, India has accelerated its gold acquisitions significantly, becoming the third-largest buyer of gold globally. In 2024, the Reserve Bank of India (RBI) ramped up purchases, adding 37 tons in the first half of the year—its highest accumulation since 2013. With this increase, India's total gold holdings now reach 831 tonnes, or 8.67% of its total reserves, up from 5.37% in 2019. This makes India the second-largest gold buyer globally in this period after Turkey, surpassing China, as Beijing paused purchases due to market conditions.

India's gold strategy is driven by three factors:

1. **Autonomy in Reserve Management:** India's approach to foreign policy autonomy extends to its reserve strategy, aiming to shield itself from risks such as reserve freezes by other nations. To reduce reliance on the U.S. dollar, India is moving toward local currency payments with net settlements in gold, a step that secures energy supplies and mitigates economic vulnerabilities.
2. **Rising Oil Prices:** As a major energy importer, India is heavily affected by oil prices, which continue to climb in dollar terms. Leveraging gold has proven advantageous, as oil prices in gold terms have been more favorable, helping India avoid excessive economic strain.
3. **Strategic Partnerships with Energy Exporters**: Strengthening ties with energy-exporting nations like the UAE, Qatar, Russia, and Iran is essential for India's economic resilience. The recent 10-year agreement with Iran to operate the Chabahar port—facilitating trade routes to Iran, Central Asia, and Russia—highlights India's commitment to maintaining autonomy amid complex geopolitical challenges.

Silver is making its own comeback

Performance of silver in the last decade

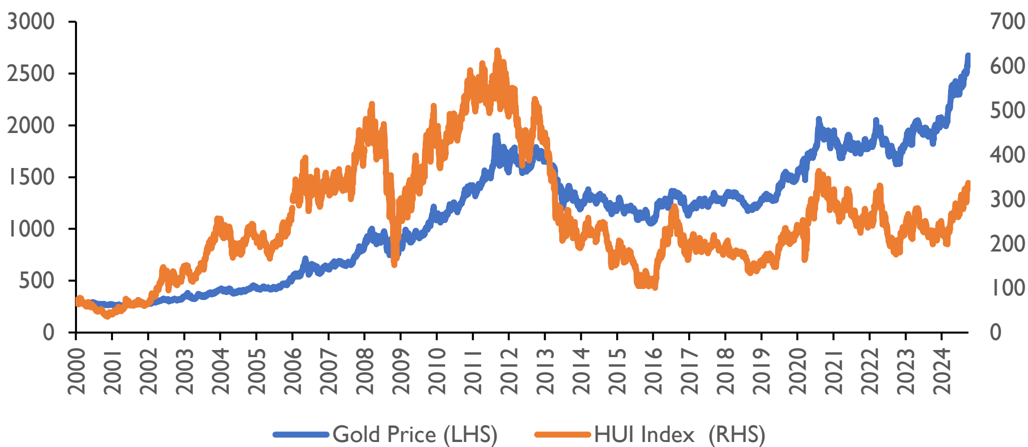


Source: Bloomberg

Silver, too, has seen a surge in demand, not only as a safe-haven asset but also due to its critical role in the global energy transition. The boom in solar power has significantly driven up demand for silver, which is essential for solar panel production. With global solar installations projected to grow by 22% annually, silver's industrial use is set to rise, further supporting its value alongside gold.

Gold reaching all-time highs

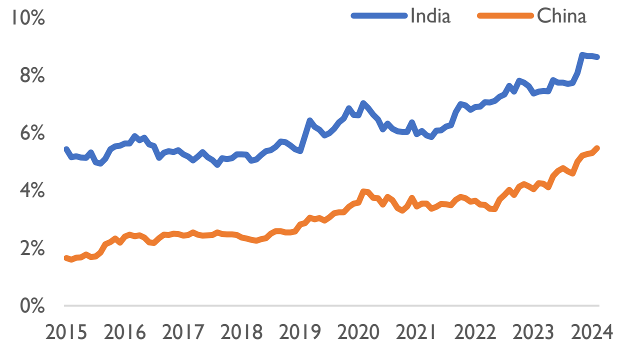
Performance of gold price and gold mining stocks the last 20 years



Source: Bloomberg

This environment has been highly favourable for gold mining companies. Historically, the value of gold miners has closely tracked the price of gold, particularly during periods of economic instability. For example, after the Nixon Shock of the 1970s and during the 2008 financial crisis, gold prices surged, leading to significant gains for companies like Barrick Gold and Newmont Corporation. In 2011, when gold peaked at $1,900 per ounce, these miners saw record highs in their stock prices.

Major developing economies increasing gold holdings while reducing US treasury investments



Source: Bloomberg

While gold miners' valuations remain below their 2011 peaks, the demand for gold continues to rise, particularly as BRICS nations and other developing economies diversify their reserves. This ongoing demand, coupled with the ability of certain miners to control costs more effectively, creates a favourable environment for gold mining companies, particularly those with lower production costs. Miners that can manage operational costs effectively stand to benefit most from the sustained demand for gold and silver as alternatives to USD-denominated assets.

BRICS and the Push for De-dollarization

The BRICS nations (Brazil, Russia, India, China, and South Africa) are leading the charge in efforts to de-dollarize the global economy. With the addition of four new members who joined in January 2024—Egypt, Ethiopia, Iran, and the UAE—BRICS now accounts for a quarter of global GDP. Over a dozen other nations have applied or expressed interest in joining, potentially raising the group's share to a third of global GDP.

Since 2011, China and Russia have gradually shifted away from using the dollar in bilateral trade, instead opting to settle payments in yuan and ruble, particularly for energy transactions. At the 2022 BRICS summit, Russian President Vladimir Putin revealed plans for a new international reserve currency, potentially backed by a basket of currencies and other assets like gold, that would reduce reliance on the U.S.-dominated financial system.

Moreover, BRICS has been developing alternative payment systems, allowing for trade to occur without routing through U.S.-controlled financial infrastructure like SWIFT (the Society for Worldwide Interbank Financial Telecommunication), which is a global network that enables financial institutions to securely exchange transaction information, including cross-border payments. SWIFT is widely used by over 11,000 institutions in more than 200 countries, making it integral to the global financial system. However, since SWIFT is based in Belgium and often complies with U.S. and European sanctions, it has become a tool of geopolitical influence, leading countries like China and Russia to seek alternatives to bypass its control.

A look into the future: BRICS Banknote and BRICS Pay Card trial demo at the 2024 BRICS Summit

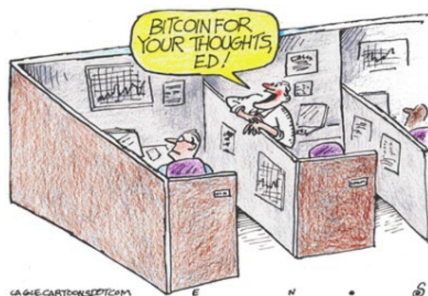
These steps reflect the growing frustration with U.S. sanctions and monetary policy, which many countries feel have weaponized the dollar against them. The expansion of BRICS, with countries like Turkey and Saudi Arabia and even Indonesia showing interest in joining, further suggests that the global south is increasingly seeking alternatives to dollar hegemony.

The U.S. Response to Alternative Payment Systems and Cryptocurrencies

To protect the dollar's supremacy, the U.S. has actively worked to limit the rise of competing currencies, particularly cryptocurrencies. Early signs of this approach appeared in the crackdown on Silk Road, the online marketplace once operated by Ross Ulbricht, where huge quantities of Bitcoin were confiscated. The twist? These seized Bitcoins were later auctioned off by the U.S. government and purchased by prominent U.S. venture capitalists, including Tim Draper. Attempts to funnel out competition only led it to be re-cycled back into the economy as even the traditional financial institutions saw the value in it.

More recently, the collapse of cryptocurrency exchanges like FTX, which imploded due to fraud, and increased regulatory scrutiny on platforms such as Binance and Coinbase underscore U.S. efforts to protect investors and ensure the stability of financial markets as digital currencies gain prominence. Even initiatives like Facebook's Libra (now Diem), which aimed to create a global digital currency, were stifled by regulatory roadblocks.

A notable case illustrating this regulatory pressure is the ongoing legal battle between the U.S. Securities and Exchange Commission (SEC) and Ripple Labs, the company behind the cryptocurrency XRP. The SEC has accused Ripple of conducting an unregistered securities offering, raising important questions about the classification of cryptocurrencies as securities. The outcome of this case could have significant implications for the broader cryptocurrency market, as it may establish clearer regulatory boundaries for digital assets.



Cryptocurrencies are viewed as a significant threat to the dollar's dominance because they offer decentralized alternatives for global transactions. While the U.S. government's aggressive stance has historically aimed to limit their proliferation, recent developments like the approval of Bitcoin ETFs indicate a shift toward integrating cryptocurrencies within mainstream financial systems.

However, the U.S. now faces new challenges as countries develop alternative payment systems to reduce reliance on dollar-based frameworks. China's Cross-Border Interbank Payment System (CIPS) has gained attention as a yuan-based alternative to SWIFT, used for transactions across the Belt and Road Initiative. HSBC Hong Kong's recent move to join CIPS as a direct participant exemplifies major institutions adapting to these

shifts. According to David Liao, co-CEO of HSBC Hong Kong, “The economic fundamentals that had led the US dollar to dominate global payments were changing.”

Wang Wen, Executive Dean of the Chongyang Institute for Financial Studies at Renmin University, emphasized this shift, stating, “In the past two years, the US has promoted the weaponization of finance and abused the US dollar payment system...forcing countries to be willing to accept new cross-border payment systems.”

Central Bank Digital Currencies (CBDCs) and Their Role in De-dollarization

Alongside cryptocurrencies, Central Bank Digital Currencies (CBDCs) are emerging as a powerful tool for de-dollarization. CBDCs are digital forms of a country’s fiat currency, controlled directly by the central bank, offering a more stable and regulated alternative for international transactions. China is at the forefront with its Digital Yuan, which is being used domestically and internationally, particularly among Belt and Road Initiative partners. By promoting the Digital Yuan in global transactions, China aims to reduce reliance on the U.S. financial system. Sweden is exploring the e-krona, and the European Union is working on the Digital Euro to modernize their financial structures and reduce dependence on the U.S. dollar.

The Bank of Thailand (BoT) also recently completed a pilot program for a retail CBDC, involving 4,000 users and 140 merchants. The pilot tested CBDC use for real-world transactions, such as payments via QR codes, and explored programmable payments through innovative features like the "Grow Up Wallet." The program demonstrated the CBDC’s capacity to enhance transaction speed and security, but challenges remain in offline functionality and user adoption. The next phase will focus on expanding these innovations and exploring the CBDC’s scalability.

CBDCs improve efficiencies in several ways:

1. Bypassing traditional payment systems: International trade and cross-border payments currently rely on systems like SWIFT, which is dominated by U.S. interests. CBDCs offer a direct digital alternative, allowing countries to conduct transactions without using the dollar or U.S.-controlled financial systems, thus facilitating de-dollarization.

2. Faster, cheaper transactions: CBDCs eliminate intermediaries in the payment process, reducing transaction times and fees. This makes it more appealing for countries and businesses to settle transactions in a digital currency rather than through a dollar-based system.

3. Enhanced financial inclusion and security: Since CBDCs are controlled by central banks, they ensure greater stability, security, and regulatory oversight compared to decentralized cryptocurrencies. They can also enable greater financial inclusion by offering easy access to digital currencies even in regions with limited banking infrastructure.

Additionally, the use of blockchain technology, which underpins many CBDCs, further supports these benefits. Blockchain allows secure, transparent, and unalterable data recording. This distributed ledger system lets parties in a transaction share a single ledger, reducing redundancy and the need for each party to maintain its own records. This results in increased transaction speeds, lower costs, and fewer errors in data recording and processing. Blockchain also introduces the concept of “smart contracts,” which automate the execution of agreements when predefined conditions are met, enhancing the efficiency and reliability of payments and contract enforcement.

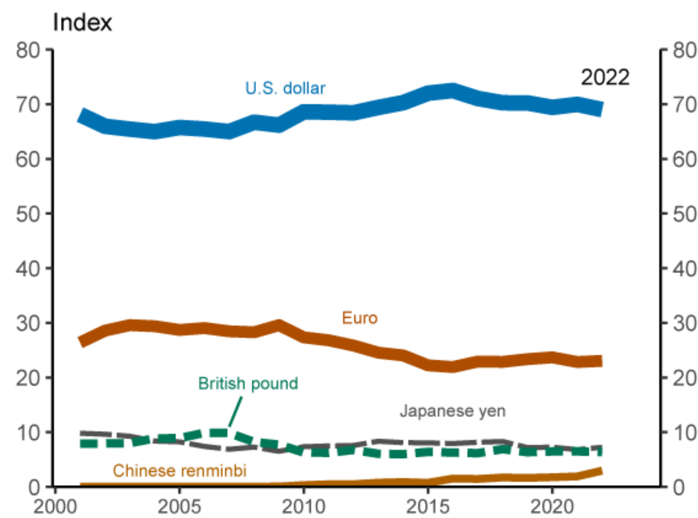
Contrarian View: The Dollar's Resilience

Despite the growing momentum behind de-dollarization, the U.S. dollar remains deeply entrenched in the global financial system. A major reason for this resilience is **the network effect**—a phenomenon where something becomes more valuable and widely used simply because so many people already use it. This effect can be seen with the iPhone. Even though there are other smartphones with similar features, loyal Apple users tend to still choose iPhones because their friends and family use them, making communication and compatibility easier. The more people who use iPhones, the more natural it feels to buy one, reinforcing its popularity over brands like Huawei or Samsung. Similarly, the dollar is the currency of choice because it's already so widely accepted and trusted worldwide. This network effect strengthens the dollar's role in global transactions and reserve holdings, making it harder for alternatives to gain ground.

The dollar's dominance is further supported by the unmatched liquidity and stability of U.S. financial markets, a broad network of trade agreements, and solid investor trust. In comparison, alternatives like the Euro or Yuan face significant structural challenges in becoming dominant reserve currencies, such as limited liquidity, capital controls, and political instability.

U.S. Dollar dominance has remained stable over the last 20 years

Aggregate index of international currency usage from official currency reserves, FX transaction volume, foreign currency debt instruments outstanding, cross-border deposits, and cross-border loans

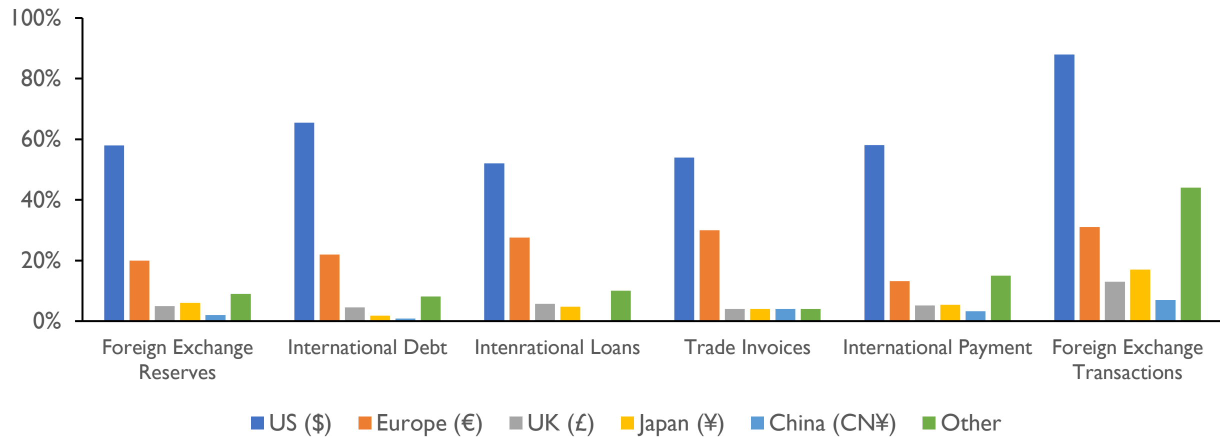


Source: IMF COFER; BIS Triennial Central Bank Survey of FX and OTC Derivatives Market; Refinitiv; BIS locational banking statistics; Federal Reserve Board staff calculations

A key aspect of the dollar's resilience is its role in global debt markets. The International Monetary Fund (IMF) reported that as of Q2 2024, 58.9% of global foreign exchange reserves are still held in dollars, far surpassing the Euro at 20.2%.

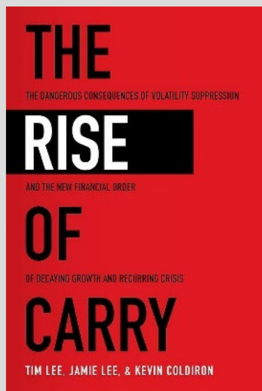
Additionally, 64% of the world's debt is denominated in U.S. dollars, and 54% of global trade invoices are in dollars in 2023. S&P Global notes that U.S. dollar-denominated corporate debt reached $12.2 trillion in July 2024, growing by 3.7% over the previous year. This dominance is largely driven by the depth and liquidity of U.S. financial markets, attracting global borrowers and investors alike.

Role of the dollar remains strong across the board



Source: Brookings; Atlantic Council (Dollar Dominance Monitor); BIS (Triennial Central Bank Survey); Boz et al (2022); ECB (The International Role of the Euro Report, 2023); IMF (COFER); SWIFT (RMB Tracker)

Note: Share of global foreign exchange reserves excludes gold. International loans data excludes China; China is included in "Other". Trade invoice and international payments data excludes Eurozone trade. International Payments data from July 2024 SWIFT RMB Tracker Report. Sum of shares of foreign exchange transactions totals 200%



As detailed in *The Rise of Carry: The Dangerous Consequences of Volatility Suppression*, the U.S. dollar has become a linchpin for global financial markets, especially through the carry regime. This system, characterized by low volatility and the suppression of financial risks, benefits from the liquidity and scale of the U.S. markets, placing the S&P 500 and U.S. financial instruments at the heart of global finance.

The carry trade typically involves borrowing in low-interest-rate currencies, such as the U.S. dollar, and investing in higher-yielding assets. The reliance on the dollar as the foundation of these trades amplifies the global financial system's dependence on dollar liquidity. When crises occur, liquidity contractions can trigger significant market dislocations, underscoring the dollar's centrality in both booms and busts.

Furthermore, central bank interventions, especially by the U.S. Federal Reserve, have reinforced the dollar's strength. By stabilizing markets and reducing volatility during crises, central banks help preserve the profitability of carry trades, which are often built around dollar-denominated assets. This not only supports the dollar's role in the global economy but also enhances its position as a safe-haven currency during times of financial stress.

For now, the U.S. dollar's position as the world's primary reserve currency is unlikely to be overtaken. However, the ongoing efforts by countries to diversify their reserves and adopt alternative financial systems suggest that a multipolar currency system may emerge in the future. The entrenched role of the U.S. dollar in global liquidity and carry trade dynamics ensures its resilience, even as alternatives begin to slowly gather momentum.

Conclusion

The trajectory of de-dollarization mirrors the rise and fall of empires throughout history. Just as the Roman Empire's dominance once seemed unshakable, so too does the U.S. dollar's current status as the world's reserve currency. Yet, as history has shown—from the collapse of the gold-backed Roman denarius to the decline of the British pound—no currency retains its supremacy indefinitely.

Caesar's victory over Pontus marked a peak for Rome, but it was ultimately the empire's overextension, financial mismanagement, and relentless warfare that led to its downfall. In a similar vein, the U.S. dollar's dominance, reinforced by global trade agreements, military influence, and the petrodollar system, may now be threatened by the consequences of its own policies: excessive money printing, rising debt, and geopolitical overreach.

As nations around the world seek alternatives—whether through gold accumulation, the rise of BRICS, or the adoption of cryptocurrencies and CBDCs—the global financial landscape is beginning to shift. If history serves as a guide, the U.S. dollar may face a similar fate unless there is a substantial recalibration in policy. De-dollarization, like the fall of Rome, is not merely an economic trend but a signal of deeper geopolitical and structural transformations.

For investors, these shifts in the global economic order highlight the need for diversification. With deglobalization and de-dollarization becoming defining factors, a balanced portfolio spanning various currencies, assets, and regions can provide resilience against potential volatility and changes in currency power dynamics. As the global community adapts to new economic realities, we may witness the emergence of a multi-currency or asset-backed system that challenges the dollar's primacy, much as other empires have seen their currencies fade into history.

After all, while the U.S. dollar may have once come, seen, and conquered, history warns that it's not immune to its own *veni, vidi, declini.*

HEYOKHA BROTHERS

Contact Us

Written enquiries relating to this report should be addressed to:

Olle Wennerdahl — Olle@heyokha-brothers.com

Tara Mulia — Tara@heyokha-brothers.com

Heyokha Brothers Limited

Disclaimer: This report has been prepared by Heyokha Brothers for informational purposes only. It should not be considered an offer to sell or a solicitation to buy any securities or commodities. While reasonable care has been taken to ensure that the information provided is neither untrue nor misleading, no representation is made regarding its accuracy or completeness, and reliance on it is not advised.
From time to time, Heyokha Brothers, its affiliated companies, and any of their officers may hold interests in transactions, securities, or commodities mentioned in this report. Additionally, Heyokha Brothers or its affiliated companies may provide services to, or solicit business from, companies referred to in this report.
Past performance is not indicative of future results; the value of shares may decrease as well as increase, and no guarantee can be made. No part of this report may be reproduced or cited in any publication without the express written permission of Heyokha Brothers.

HEYÓKHA
BROTHERS

References

Arslanalp, S., Eichengreen, B., & Simpson-Bell, C. (2024, June 11). *Dollar dominance in the International Reserve System: An update*. IMF. https://www.imf.org/en/Blogs/Articles/2024/06/11/dollar-dominance-in-the-international-reserve-system-an-update

Azevedo, D., Bakliwal, S., Chen, C., Gilbert, M., Koch-Weser, I., Lang, N., & McAdoo, M. (2024, June 14). *An evolving BRICS and the Shifting World Order*. BCG Global. https://www.bcg.com/publications/2024/brics-enlargement-and-shifting-world-order

Bertaut, C., Beschwitz, B. von, & Curcuru, S. (n.d.). *"The international role of the u.s. dollar" Post-covid edition*. The Fed - "The International Role of the U.S. Dollar" Post-COVID Edition. https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-us-dollar-post-covid-edition-20230623.html

Chen, J. (n.d.). *Bretton Woods Agreement and the institutions it created explained*. Investopedia. https://www.investopedia.com/terms/b/brettonwoodsagreement.asp

Correa, R., Goldberg, L. S., Londono, J. M., & Ravazzolo, F. (2024, December 8). *Third conference on the international roles of the U.S. dollar*. The Fed - Third Conference on the International Roles of the U.S. Dollar. https://www.federalreserve.gov/econres/notes/feds-notes/third-conference-on-the-international-roles-of-the-u-s-dollar-20240812.html

Crow, A. (n.d.). *US dollar dominance amid global geo-economic fragmentation*. World Economic Forum. https://www.weforum.org/agenda/2024/07/king-dollar-dethroned-usd-dominance-geoeconomic-fragmentation/

Durden, T. (2024, October 2). *"get out of stocks...Buy Gold" - Charles Nenner warns of imminent "end of american empire."* ZeroHedge. https://www.zerohedge.com/geopolitical/get-out-stocksbuy-gold-charles-nenner-warns-imminent-end-american-empire

Hayes, A. (n.d.). *"What's Coming Is Worse Than A Recession" - Protect Your Money Before The Big Reset | Arthur Hayes*. Impact Theory Podcast. https://www.youtube.com/watch?v=Sea1wLAHzWc

J.P. Morgan. (2024, October 8). *De-dollarization: The end of dollar dominance?: J.P. Morgan*. De-dollarization: The end of dollar dominance? | J.P. Morgan. *https://www.jpmorgan.com/insights/global-*research/currencies/de-dollarization#section-header#4

Jones, P. T. (n.d.). *Paul Tudor Jones: We are going to be broke really quickly unless we get serious about our spending*. CNBC Television. https://www.youtube.com/watch?v=49-2-NWoiLI

Laursen, C. (n.d.). *The global solar power boom is driving a surge in silver ...* Wall Street Journal. *https://www.wsj.com/articles/the-global-solar-power-boom-is-driving-a-surge-in-silver-demand-4ac20435*

Lawder, D. (n.d.). *US budget deficit tops $1.8 trillion in fiscal 2024, third-largest on record | Reuters*. Reuters. https://www.reuters.com/markets/us/us-budget-deficit-tops-18-trillion-fiscal-2024-third-largest-record-2024-10-18/

Lee, T., Lee, J., & Coldiron, K. (2020). *The rise of carry: The dangerous consequences of volatility suppression and the new financial order of decaying growth and recurring crisis*. McGrawHill.

Pistilli, M. (n.d.). *How would a new BRICS currency affect the US dollar? (updated 2024)*. Nasdaq. https://www.nasdaq.com/articles/how-would-new-brics-currency-affect-us-dollar-updated-2024

Retail CBDC Pilot Program – Conclusion Report. ธนาคารแห่งประเทศไทย. (n.d.). https://www.bot.or.th/en/financial-innovation/digital-finance/central-bank-digital-currency/_/Pilot-CBDC-2024.html

Stirling, C. (2024, October 19). *The world's $100 trillion fiscal timebomb keeps ticking*. Bloomberg.com. https://www.bloomberg.com/news/articles/2024-10-19/the-world-s-100-trillion-fiscal-timebomb-keeps-ticking?embedded-checkout=true

Thailand's CBDC pilot: Key insights: G+D. Thailand's CBDC Pilot: Key Insights | G+D. (n.d.). https://www.gi-de.com/en/group/press/press-releases/conclusion-report-from-bank-of-thailand-envisages-innovation-potential-of-a-retail cbdc#:~:text=The%20central%20bank%20carried%20out,providers%2C%20retailers%20and%20end%20users.

Venditti, B. (2024, April 4). *Charted: The value gap between the gold price and Gold Miners*. Elements by Visual Capitalist. https://elements.visualcapitalist.com/gold-price-vs-gold-mining-stocks/

Wiggins, K. (2024, October 24). *HSBC Hong Kong joins China's alternative to swift global payments system*. Financial Times. https://www.ft.com/content/2c96f54c-f831-495b-85ca-4defaf5432f0?accessToken=zwAGJUi7bj1Ikc8slvVM-DFJW9OFyk3vr1Qy8A.MEUCIGf6ISTbHklsmztggiP0CT7jXFsHObfMtl6C4bIN09m9AiEA59S9uZj_I9FP3f7HW7J8eVjlz9pvAGhV1ZKVwKmPCfA&sharetype=gift&token=9d0b8688-73c4-4c65-b222-f2fe987625ca