

am
FX

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Chamath Elon

Which one of these three tech gigachads did NOT attend a major Canadian university?



Vitalik

Current Views

**Long 15NOV 1.3550
GBP put**

Was a calendar spread
Price 21bps off 1.3730 spot

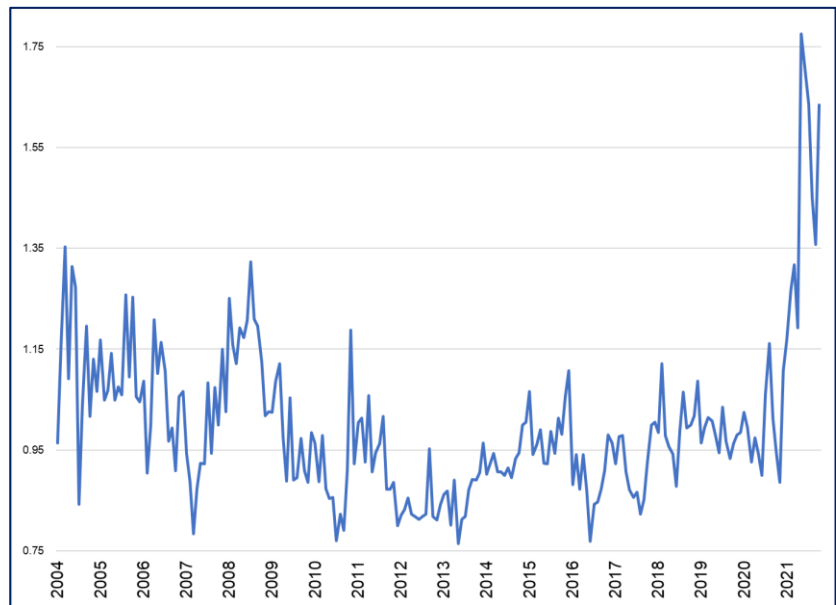
Reassess or take profit at 1.3411

The politics of inflation have changed

Inflation

If you are a human with eyes or ears, and not a bitcoin whale, you have probably noticed that prices of goods and services are rising in a way we have not seen since The Clash released “London Calling”. Inflation is front of mind for consumers in most income brackets. Google searches tell the story:

Google search volume for “inflation”



Seasonally adjusted, normalized to (average reading = 1.0)

The Economist/YouGov poll added an inflation question to their monthly survey of consumers this summer and the evolution of responses is telling... The question is: *Which do you think is a more important problem facing the U.S. today: unemployment or inflation?* Percentage of respondents citing inflation as the more important problem: June 25%, July 26%, August 29%, September 28%... and the latest:

The Economist/YouGov Poll

October 30 - November 2, 2021 - 1500 U.S. Adult Citizens

3. Unemployment or Inflation

Which do you think is a more important problem facing the U.S. today: unemployment or inflation?

	Total
Unemployment	15%
Inflation	34%
Both equal	43%
Not sure	8%
Totals	100%
Unweighted N	(1,494)



This rising concern about inflation has been a theme for months, but I think the midterm result has altered the macro landscape somewhat as the market must now come to grips with a changing political narrative. Exit polls and both sides of the MSM divide portrayed the big loss for Dems as product of the economy. Certainly, with the jobs market extremely tight, that means inflation. The people that I talk to that know about politics say the Dems are blaming a big part of Tuesday's losses on inflation.

Here is some more evidence of public inflation concern from an October 18 Politico poll.

How concerned are you, if at all, about each of the following? Inflation		
Very concerned	1158	58%
Somewhat concerned	610	31%
Not too concerned	182	9%
Not concerned at all	48	2%

How concerned are you, if at all, about each of the following? The COVID-19 pandemic		
Very concerned	944	47%
Somewhat concerned	562	28%
Not too concerned	313	16%
Not concerned at all	179	9%

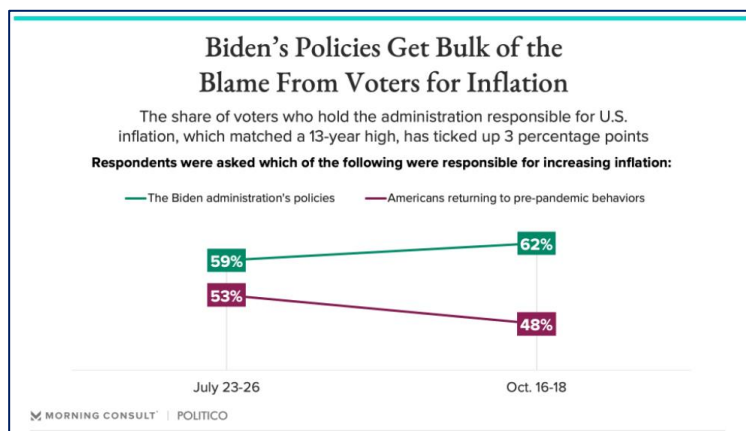
Note the split in the respondents: 46% D, 40% R and 14% other

Americans (on balance) are more concerned about inflation than they are about COVID-19. I found that surprising. [Virginia exit polls](#) had an even more extreme look with COVID a distant fourth.

Which one of these five issues mattered most in deciding how you voted for governor today?

The economy/ Jobs	33%
Education	24%
Taxes	15% of voters
The coronavirus pandemic	14%
Abortion	8%

Meanwhile Biden's approval rating is crumbling to new lows, and part of that is inflation. From Politico:



[This Hill-HarrisX poll](#) emits a similar vibe:

Meanwhile, forty-eight percent of voters said they disapprove of Biden on inflation, while 31 percent said they approve, and 21 percent said neither.

OK, the politics of inflation are different now than they have been for decades. What does this mean for macro?

1. **Nominating doves to positions of power in central banks is no longer the automatic default choice** for politicians who want to get re-elected. This *probably* doesn't change the Fed Chair nominee, but it does make Bostic a bit less of a zero.
2. **Data matters more than forward guidance.** The central banks are not fully in control anymore as evidenced by the RBA's abandonment of YCC in the face of CPI data and global interest rate pressures. Inflation data and supply chain news are more important than CB wishes. Today's BoE meeting shows the central banks are still driving the bus somewhat in the very front end but the further out you go, the less likely their guidance has credibility.
3. **We are past peak fiscal.** It makes no sense to talk tough on inflation while you simultaneously roll out huge fiscal packages. We are well past peak fiscal. MMT suggests the brake on inflation is fiscal austerity or tax hikes. US policy has been MMT-lite since 2017. Expect less appetite for fiscal largesse from now until the next recession. Especially from Republicans who only support fiscal when they are in control... but also from select Democrats who can see the winds changing.
4. **The doves are still running the show** but the curtain is coming down soon on this generation of dovish central bankers unless they get lucky and inflation retreats soon.

The GBP calendar spread

The GBP idea has worked extremely well so far but there is more to be done before it's a true winner. So far so good, though. Going into this meeting, most would have said if they don't hike here, they go in December. With a 7-2 vote and a long time until December 16... That is not guaranteed.

First target in GBPUSD is the 2021 low 1.3410. Home run trade is 1.3200, but I think you need to use 1.3410 as a reassessment trigger for now (and probably cover there). Resistance is 1.3630/55.

If you are under 30 years old, please read this (3-minute read)

<https://cdixon.org/2009/09/19/climbing-the-wrong-hill>. The takeaway is not "Don't go to finance! Go to a startup!" the takeaway is "play the long game and ignore sunk costs."

Have a Canadian day.

good luck ↕ be nimble

It was a trick question



Chamath Palihapitiya, University of Waterloo (Ontario) graduate

Also:

Lisgar Collegiate (high school), Ottawa (rival to my high school, Glebe Collegiate)
Derivatives trader at BMO



Elon Musk, Queen's University (Ontario)

From: <https://www.queensu.ca/gazette/alumnireview/stories/rocket-man>

Oddly enough, it wasn't just academic excellence that drew Musk to Queen's, but rather another very down-to-earth reason – his keen eye for members of the opposite sex. "It was a close call for me between the University of Waterloo and Queen's.

"I was going to do physics and engineering at Waterloo, but then I visited the campus ... and, you may not want to print this," he says with a laugh, "but there didn't seem to be any girls there! So, I visited Queen's, and there *were* girls there. I didn't want to spend my undergraduate time with a bunch of dudes."

Turning more serious, he recalls that he met his first wife – Justine (Wilson) Musk, Artsci'96, at Queen's. The couple was together for eight years, 2000-2008, and they had five sons together. As befits a man about whom so little is ordinary, Musk is the father of twins and of triplets.

"I had a great time at Queen's," said Musk. "It was fun and interesting. I'd call them formative years," he says.

Vitalik Buterin, University of Waterloo (Ontario)

After high school, Buterin attended the University of Waterloo. There, he took advanced courses and was a research assistant for cryptographer Ian Goldberg, who co-created Off-the-Record Messaging and was the former board of directors chairman of the Tor Project.

In 2013, he visited developers in other countries who shared his enthusiasm for code. He returned to Toronto later that year and published a white paper proposing Ethereum. He dropped out of university in 2014 when he was awarded with a grant of \$100,000 from the Thiel Fellowship, a scholarship created by venture capitalist Peter Thiel and went to work on Ethereum full-time.



Blame Canada.

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