

# Chart of the Day



Over the past week, political risk has risen notably in the world’s largest economy (US gov’t shutdown), the world’s 5th largest economy (change of LDP leadership and public policy direction in Japan) and in Europe’s 2nd largest economy (political crisis in France).

Rates markets repriced accordingly, with long end yields once again rising to multi-decade highs across advanced economies and reinforcing a core 2025 theme: **the return of term premia and bearish steepening of the yield curve.**

Against this backdrop, global investors in 2025 have embraced the “**debasement trade**”, a **strategy focused on acquiring assets that are likely to benefit as the value of fiat currencies decline.** The strategy entails reducing exposure to cash, currencies and government bonds at risk from persistent deficits, rising debt and excessive monetary expansion, in favor of alternative assets (i.e., gold, silver, bitcoin, industrial metals) that provide a hedge against currency debasement.

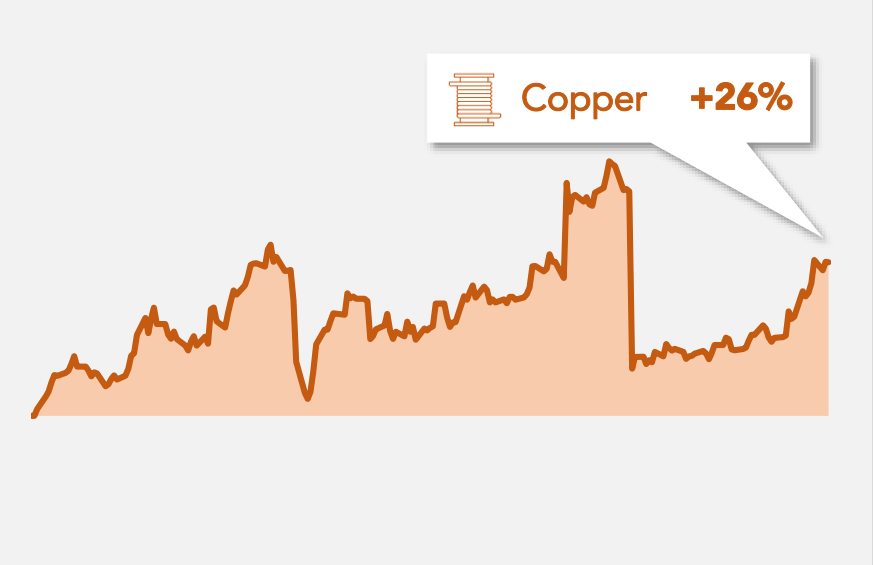
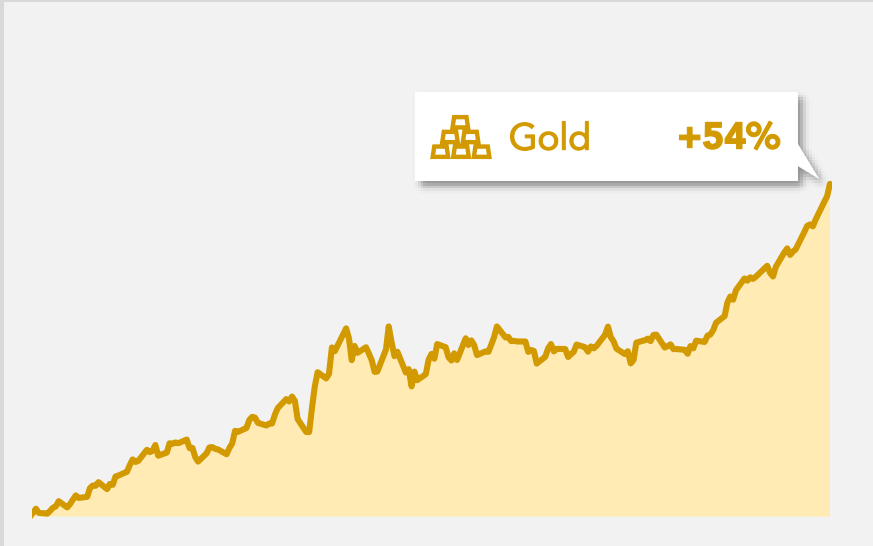
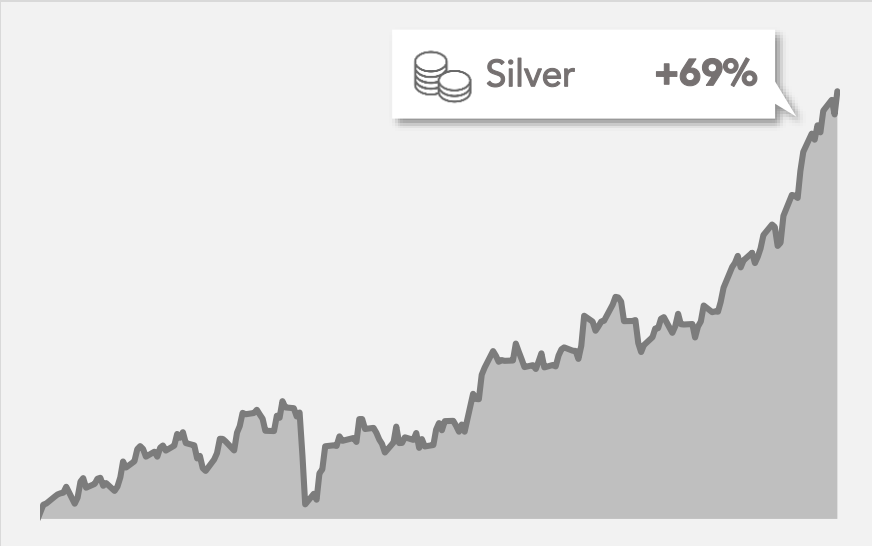
Gold has become the flagship, high-performing asset in the debasement trade due to its unique attributes including scarcity, slow supply growth, physical properties, confidence and universal acceptance as a store of value that extends back over 5,000 years. On Tuesday, October 7, Gold prices rose above \$4,000 a troy ounce for the first time, a new milestone in a remarkable run that has included gains in excess of 50% YTD and 100% in less than two years.

Notably, Bitcoin, with its fixed supply of 21 million coins and algorithmic scarcity, has gained greater institutional recognition in 2025 as a digital store of value.

Key indicators for investors of rising currency debasement risk include: (1) M2 money supply growth outpacing GDP; (2) persistent deficits; (3) rising sovereign debt-GDP ratios; (4) negative real interest rates (i.e., inflation > nominal rates); (5) currency weakness; and (6) surging commodity prices.

Global investors in 2025 have embraced the “debasement trade”, a strategy focused on acquiring assets (i.e., gold, silver, bitcoin, industrial metals) that are likely to benefit as the value of fiat currencies decline. On Tuesday, October 7, Gold prices rose above \$4,000 a troy ounce for the first time, a new milestone in a remarkable run that has included gains in excess of 50% YTD and 100% in less than two years. Notably, Bitcoin, with its fixed supply of 21 million coins and algorithmic scarcity, has gained greater institutional recognition as a digital store of value.

## 2025 YTD performance



Source: (1-4) Bloomberg. Data as of October 8, 2025.

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“Macro stability isn’t everything, but without it, you have nothing.”