

**EPISODE
401**

**HOW TRUMP'S ATTACKS ON
THE FED AFFECT INFLATION
AND LONG-TERM BONDS**



Disclaimer:

The information provided on this presentation is general in nature and does not constitute personal financial advice. The information has been prepared without taking into account your personal objectives, financial situation or needs. Because of this, you should consider the appropriateness of the information for your own objectives, financial situation and needs before acting on it.

Also, before you decide to invest in a financial product arranged by a representative of Nucleus Wealth Management Pty Ltd, ABN 54 614 386 266, corporate authorised representative of Nucleus Advice Pty Ltd AFSL 515796 (Nucleus Wealth or we or us), it is important that you read and consider the Product Disclosure Statement relating to the product before making any decision about whether to invest in it.

The Context – A "Private" Threat Goes Public:



The Incident: Reports confirm a private threat from the White House to the Fed Chair (Pretext: DOJ investigation into renovation costs).



The Counter-Move: The threat "leaked" immediately.

The "Checkmate":



Senate Response: Senators Tillis, Murkowski, and Cramer vowed to block all future nominees if independence is breached.



Market Reaction: Treated as a "circuit breaker." The institutional "immune system" kicked in.

Scenario A – The “Benign” Outcome (Political Theater)



Narrative: “It’s all for the ratings.”

The Strategy: Trump knows he can’t fire Powell without crashing the Treasury market.



The Goal: Create a “Deep State” scapegoat.



If economy slows:
Blame Powell for keeping rates high.



If inflation rises:
Blame Powell for not managing supply.



Outcome: Status Quo. The Fed ignores the noise; rates stay higher for longer.

Scenario B – The "Tin-Pot" Descent (The Turkey Scenario)

Narrative: "Descent into Fiscal Dominance."

The Mechanism:

- Bypassing the Senate (using "Acting" appointments).
- Weaponizing the DOJ against policymakers.

The Economic Logic:

- Force rates down artificially.
- Run the economy "hot" to inflate away debt.

The Mechanism:



- **Narrative:** "Descent into Bypassing the Senate (using "Acting" appointments).
- Weaponizing the DOJ against policymakers.



The Economic Logic:

- Force rates down artificially.
- Run the economy "hot" to inflate away debt.



Risk:

**We lose the
"anchor" on
inflation
expectations.**

The “Turkey Checklist” – Signs of Decay



The Revolving Door:

Frequent firing of Central Bank chiefs (Turkey: 3 chiefs in 2 years).



Irrational Rate Cuts:

Cutting rates while inflation is rising (The “Erdogan Orthodoxy”).



“Acting” Officials:

Filling the board with non-confirmed loyalists to bypass Senate oversight.



Shadow Mandates:

Forcing the Fed to fund specific gov projects or buy debt directly.



The “Foreigner” Blame Game:

Blaming inflation on “saboteurs” rather than money supply.




Dollarization:

Locals stop trusting the currency (move to Gold/Crypto/USD).



The “Miran” Strategy (The Domestic Win / International Loss)

Concept: Based on arguments by Stephen Miran (Ex-Treasury). 

The Strategy: Strategic Devaluation of the USD. **Goal:** Re-shore manufacturing, boost exports. 

The “Nominal Illusion”

Domestic Voters Feel Rich:



Stock Market:
UP 10%
(Nominal)



International Investors Break Even or Lose:



Currency (USD):
DOWN 10% on 10%
(vs. Real Assets/Foreign FX)



Verdict: Fits the “America First” populist mandate but risks Reserve Currency status.



Investment Implications: IF Scenario B

1. Watch the Denominator:



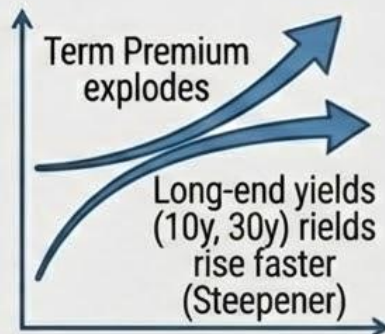
Don't just look at S&P 500 price. Look at **S&P 500 priced in EUR/AUD/GBP/JPY.**

2. Long Hard Assets:



Gold, Crypto, Real Estate
(Fixed Debt).

3. The Bond Vigilantes:



Expect "Term Premium" to explode.
Long-end yields (10y, 30y) rise faster than short-end.

4. Winners vs. Losers:



Winners:
US Exporters, Debtors.
Global companies (to an extent)



Losers:
Importers, Savers, Foreign Creditors.

More from Nucleus Wealth



Find out what your personalised investment could look like in 10-20 minutes – commitment free & at no cost.

Find us on all major podcast platforms:



Nucleus Wealth on social media:



Facebook.com/nucleuswealth



Linkedin.com/company/nucleuswealth



Instagram.com/nucleus_wealth



Twitter.com/nucleuswealth

Read insightful blog articles:

nucleuswealth.com/blog

*Have a guest or topic suggestion for the show?
Leave a comment down below.*