
Stanley Druckenmiller interview

[Goldman Sachs interviewed Stanley Druckenmiller on the 4th of February](#) and he had a lot of interesting takes on the current state of the markets. The video is twenty minutes long so if you want the summary continue reading, else just watch it.

0:44 Current framework. What is your current framework for the markets? Druckenmiller's response *"Buckle up... This is about the wildest cocktail I have ever seen."* We increased the deficits more in three months in 2020 than the last 5 financial crises in total.

04:00 Monetary stimulus. M2 to Nominal GDP in China is the same as three years ago while the US is up by 25%. We have borrowed a lot more from our future. There is a lot of pent-up demand which will be unleashed when people have been vaccinated. At the same time stimulus is likely to continue. The world may look a lot different after that.

05:40 Positioning. Doesn't position himself against one scenario but the main theme is that inflation will be higher than the market expects. Have a short treasury position, a large position in commodities and a very short dollar position.

7:35 The runway for tech. High inflation would be very negative to growth stocks. But... *"Comparisons with the 2000s are ridiculous."* We are in the third or fourth inning of the cloud journey. FAANG stocks have been underperforming vs the tech stocks that are losing money during the last three months but Druckenmiller is not too worried about the big ones.

11:00 Asia vs the West. Asia is the big winner coming out from COVID. Asia looks a lot better compared to the US during the next five years or so.

13:00 Process. Has had no down years since 1981! A lot of it is luck *"coincidence of the calendar"*. Have a lot of tools in the toolbox with 5-6 asset classes. Go to the place where there is most opportunity. Put all eggs in one basket and look at it very closely. Follows the P/L daily and changes his mind quickly when he is wrong.

16:50 Bitcoin. Could be a bubble but he has some bitcoin in the portfolio. A lot of problems with it, could be a new asset class but he doesn't really know.

18:15 The future of capitalism. *"The reason I am worried is we haven't really engaged in capitalism for quite some time."* Millions of kids in the US don't get an opportunity.

Niklas Sävås, February 28, 2021

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