



Zanetti Monday Missive 2023.07.17

BRICS Announcement

**Zanetti Monday Missive 2023.07.17
BRICS Summit in August**

**“I think it’s wrong that only one company makes the game Monopoly.”
~ Steven Wright**

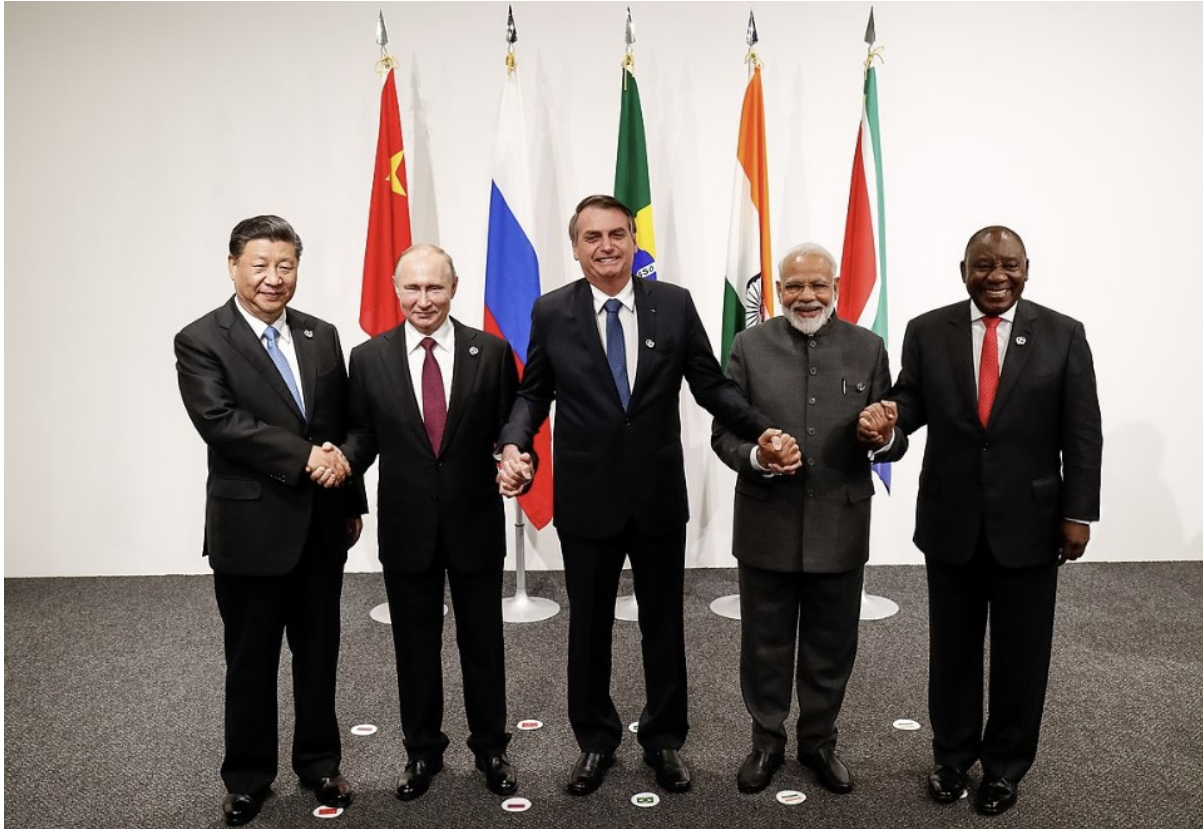
Happy Monday Everyone!

We’ve spoken about BRICS before.

Specifically, BRICS represents the five nations:

- Brazil
- Russia
- India
- China

- South Africa



These group of five nations first started meeting in 2009, with the express interest of bringing their economies together to build a single currency that could create economic stability for all countries included. More importantly, the single currency would offer the world an alternative reserve currency – an alternative to the US Dollar.

The BRICS group has been seen as an investment cohort for emerging economies. As early as 2001, Goldman Sachs had identified this group as collectively dominating the global economy by 2050.

If you'll recall, when Russia invaded Ukraine, the U.S. weaponized the dollar and cut Russia off financially, freezing their U.S. assets, and preventing them from using the US dollar through the SWIFT system.

Russia has been able to weather this financial attack, but it nevertheless aroused the interests of the other BRICS nations (along with other nations that don't always see eye-to-eye with the United States). In fear that the U.S. might turn this financial weapon on them, they began to discuss this new currency with greater vigor – and attracting other nations at the same time, such as Saudi Arabia and Iran.

Earlier this month, on July 2nd, the Russian Embassy in Kenya declared on Twitter, "The BRICS countries are planning to introduce a new trading currency, which will be backed by gold."



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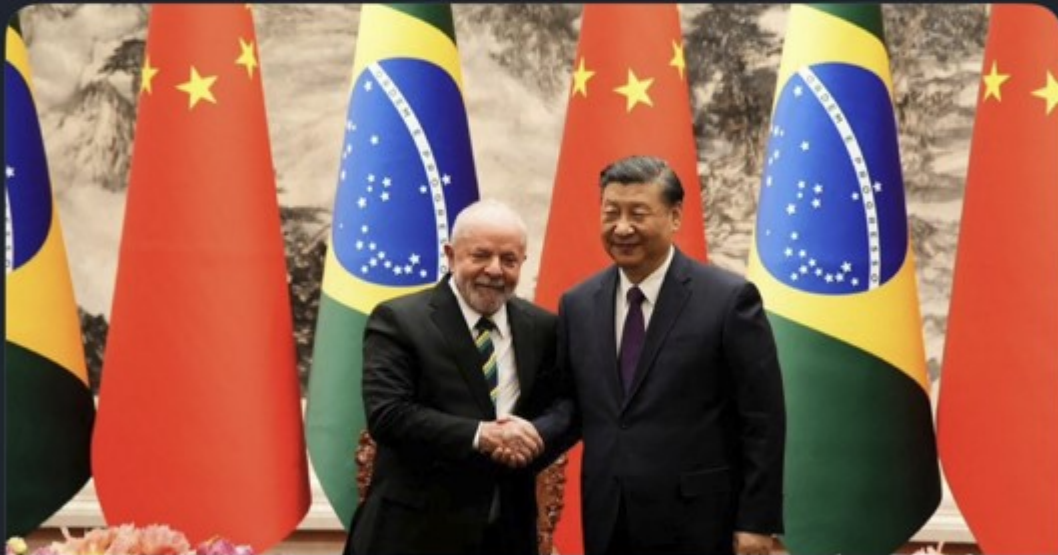


Russian Embassy in Kenya/Посольств...  

@russembkenya

The BRICS countries are planning to introduce a new trading currency, which will be backed by gold.

More and more counties recently express desire to join BRICS.



foreignpolicy.com

A BRICS Currency Could Shake the Dollar's Dominance

10:47 PM · 7/2/23 from Earth · **823K** Views

2,461 Retweets **356** Quotes

6,673 Likes **257** Bookmarks

Since then, the Russian state has been vague on details of such a move. Moreover, immediately after the announcement, the BRICS bank stated that the creation of a common currency is a “medium to long-term ambition” with no “immediate plans.”

However, at the same time, South African president, Cyril Ramaphosa said this year’s BRICS summit would be held in person in South Africa. This year’s meeting will be the 15th BRICS Summit and will be held from August 22nd through the 24th.

There is speculation as to whether Putin will attend the Summit or not. There is currently an international warrant out for his arrest for war crimes committed in the invasion of Ukraine; however, South Africa has not condemned Russia for invading Ukraine, stating it is impartial and prefers dialogue over war.

Regardless of Putin’s attendance, Russia as an economic partner, will be represented. Now it remains to be seen if any specifics on the currency will be rolled out.

The safe haven of Gold...

Since mid-2022, central banks around the world have been buying gold at a historic pace to diversify their reserves. Two of the prominent Central Banks in this buying spree were China and India.

An Invesco survey published last month confirmed that an increasing number of countries are repatriating gold reserves as protection against the sort of sanctions imposed by the

West on Russia.

Over 85% of the 85 sovereign wealth funds and 57 central banks that took part in the annual Invesco Global Sovereign Asset Management Study believe that inflation will be higher in the coming decade than in the last.

The survey also showed a “substantial share” of central banks were concerned by the precedent that had been set by the weaponization of the US dollar. Almost 60% of respondents said the move had made gold more attractive, and 68% are now keeping reserves in their home country compared to 50% in 2020.

If the BRICS group does make any announcements about next steps for their currency, it will be interesting to see what happens. In late March, Former Goldman Sachs chief economist Jim O'Neill wrote in a paper published in the Global Policy Journal that the U.S. dollar's dominance is destabilizing global monetary policies. He added that a BRICS currency, challenging the U.S. dollar's dominance, would bring stability to the global economy.

In terms of the global economy, that makes sense – competition is usually good for the consumer; but a monopoly is good for the monopoly holder.

There is still skepticism out there that the BRICS cohort could unite long enough to create the static bonds necessary to keep a currency together. The EURO is an example of how difficult it can be to create this type of union. Others have argued that the leaders of the BRICS nations have the political power necessary to make the union work (They don't have to worry about any pesky political opposition like western democracies do 😊).

Rest assured, we'll stay tuned here at Zanetti Financial as the August meeting approaches and we will keep you posted.

Your Maybe-If-Someone-Had-Left-A-Pepsi-In-The-Whitehouse-Instead-Of-A-Coke-The-Secret-Service-Could-Have-Found-Out-Who-It-Was Financial Advisor,

Walt

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