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# Alpha Wealth Monthly Brief

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*“An ability to detach yourself from the crowd – I don’t know to what extent that’s innate or to what extent that’s learned – but that’s a quality you need.”*

*- Warren Buffett*

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In this month’s edition of the Brief, we highlight a recent interview with chairman and CEO of Duquesne Family Office, Stanley Druckenmiller. A legend in the investing world, Druckenmiller covers a wide range of topics from artificial intelligence to monetary and fiscal policy.

## **Stanley Druckenmiller Sounds Off**

Stanley Druckenmiller, chairman and CEO of Duquesne Family Office, recently sat down with CNBC where he provided valuable insight on the current state of the economy and financial markets. Boasting one of the greatest resumes in investing history, Druckenmiller compounded returns at 30% over a 30-year career before closing Duquesne Capital Management in 2010 and opening his family office. Stan managed over \$12 billion in assets at the time of closing. During the 30-minute interview, Druckenmiller touched on a wide range of topics ranging from fiscal and monetary policy to attractive investment opportunities in artificial intelligence.



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Druckenmiller was particularly critical of the Federal Reserve's handling of monetary policy as well as the economic policies implemented by the Biden administration. He questioned the Fed's pivot in December, suggesting that they may have mishandled the situation and potentially jeopardized the progress made in stabilizing financial conditions. Druckenmiller also had harsh words towards the effectiveness of forward guidance, highlighting the uncertainty surrounding inflation forecasts, “All this talking and all this forward guidance -- first of all, we’re all wrong on the economy quite often, me included, and when you put forward guidance out, unlike me when I’m wrong who tend to change my mind very rapidly, they sort of get trapped into the forward guidance and stuck in it.”

As for President Biden’s economic policies, Druckenmiller expressed dissatisfaction with the Treasury Department, which in his eyes continues to operate as if the economy is in a depression, despite the circumstances being vastly different. He suggested that the private sector has healthy balance sheets and a wealth of innovative ideas and technologies such as blockchain and AI. His worry is that government interventionist policies could prove to be harmful, as excessive spending and debt crowds out private sector innovation.

Druckenmiller then took a cautious and analytical approach to evaluating the potential economic outcomes under different political administrations, focusing on the potential impact on inflation and productivity. While he’s not predicting this, under a Trump administration, Druckenmiller speculates that inflation could rise due to factors such as reduced regulation and “animal spirits,” potentially reaching 6% by 2025. On the other hand, under a Biden administration, he’s more concerned about stagflation, a situation characterized by stagnant economic growth combined with high inflation. He attributes this concern to extensive government spending, manipulation of the yield curve by Janet Yellen, and the potential negative effects of regulation on productivity.

According to Druckenmiller, Japan and copper represent attractive investment opportunities. In Japan, he sees parallels to the era of corporate activism in the United States during the 1980s, highlighting Japan's potential for corporate governance changes and economic revitalization. He emphasized Japan's willingness to embrace change after years of deflation, creating opportunities for investors. Additionally, he made mention of the copper market, noting its importance in various industries such as electric vehicles, the electrical grid, data centers, and munitions. He highlighted the fact that it takes roughly twelve years to produce copper and anticipates strong demand in the coming years due to factors like EV adoption and infrastructure development.

On the flip side, Druckenmiller took a strong stance against investing in China as long as the current leadership remains in power. He has long taken a similar stance to investing in Russia, highlighting a preference for investing in countries like the United States, Argentina, and Japan, where he sees more exciting opportunities. Investments aside, as an American, Druckenmiller feels good about that decision.

Concluding on the topic of artificial intelligence, Druckenmiller noted that he's as bullish as he's ever been over the long term, drawing parallels to the unforeseen growth of the internet over the past two decades. However, Druckenmiller made sure to caution investors that the true transformative potential of AI may not fully materialize for several years, stating, "I don't think anybody would have estimated it would be as big as it got in 20 years. We didn't have the iPhone. We didn't have Uber. We didn't have Facebook. And yet, if you bought the Nasdaq in '99, it went down 80 percent before that all came to fruition."

## Fast Facts

Novo Nordisk's development of Semaglutide, the key ingredient in diabetes and obesity drugs Ozempic, has made it Europe's most valuable company. Its market capitalization of more than \$570 billion is bigger than the annual economic output of its home country, Denmark. – Bloomberg

Cleopatra lived closer to the iPhone's debut than she did to the building of the Pyramids of Giza. – Interesting facts

New York City boasts nearly 350,000 millionaires, the highest number worldwide. This wealth concentration means roughly one in every 24 New Yorkers possesses a net worth of at least one million dollars. – Yahoo Finance

Since the late 1990s, the number of US publicly traded companies has plunged from just over eight thousand to about 4.6K in 2022. So where have the missing companies gone? A 2023 paper suggests a straightforward answer: the Magnificent Seven ate them. Data shows that Google, Microsoft, Apple, Meta, Amazon, and Nvidia have together acquired an eye-watering 875 companies. – Sherwood

New data by the CDC outlined another drop in US births. The total fertility rate fell from 1.66 births per woman in 2022 to 1.62 last year, the lowest rate recorded since tracking began in the 1930s. – The Wall Street Journal

Just 46% of people expect to be working past age 62, a record low, while 31% think they'll be working past age 67. – CNBC

In 2023, the U.S. produced the equivalent of 12.9 million barrels of crude oil and condensate per day, 28% more than the world's previous top producer, Russia, and 33% more than even the oil-rich Kingdom of Saudi Arabia. – Chart

Amazon's massive robotic workforce expansion now employs over 750,000 robots at its facilities across the globe. – Yahoo Finance

A single half-inch uranium pellet produces roughly the same amount of energy as 149 gallons of oil, 17,000 cubic feet of natural gas, or 1 ton of coal. – NEI.org

## Contact Us

As always, feel free to reach out to us if you have any questions regarding your investments or financial plan or would like to schedule a meeting with our advisors.

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