



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

Issue #244
October 17, 2025

Why I Like Cash Now

You've probably heard about the current huge bull market in precious metals. Gold just hit an all-time high of \$4,316.50 per ounce, silver spiked to \$54.12 and platinum reached \$1,728.85. I remember a friend of mine wrote an article touting the attractiveness of silver over two decades ago, when the price was around \$5 per ounce. A client once asked me if I thought the price of gold would ever go over \$1,000. (Yes, it was inevitable due to massive sustained currency printing.)

I once had a client who had an uncanny ability to time the market exactly wrong, probably because he spent a lot of time listening to the stories on CNBC. Whenever he would say something notable, I would annotate it on the relevant chart on StockCharts so I could go back years later and see how his call turned out. All of them were horribly wrong at *exactly* the wrong time, but here's what he said about gold: At the end of 2015 when gold was trading at \$1,046, he told me he was depressed about owning gold. In the summer of 2018 when gold was trading at \$1,160, he told me that I had to reduce his weighting in precious metals from 20% to 10%. Roger that, chief! Four years ago when gold was trading around \$1,800, he told me, "I'm sick of talking about gold."

Lesson: If you feel enthusiastic about buying something or owning it, watch out! You should buy when the thought of doing so makes you sick to your stomach.

By the way, I have this painting of Odysseus and the Sirens in my office to remind me to ignore the enchanting but deadly stories from the financial media and pleas from (one or two) clients. Whenever an investment story jumps the shark (like [Jamie Dimon, the CEO of the Fed's pet bank, touting gold](#)), or a client asks me about buying or selling an investment due only to Recency Bias, watch out! Listen to them and your ship will end up on the rocks.



I bought physical silver for the first time during the Great Financial Crisis of 2008 for about \$10 per ounce. Since then my clients and I have been heavily invested in precious metals, though I sold off much of it during the last bull market in 2011 (and later bought more at lower prices). I remember touting gold in this newsletter a few years ago when the price was around \$1,700.

Generally, I think everyone should have roughly a quarter of their portfolio in precious metals, though again, you should buy when it makes you sick to your stomach to do so (because recent returns have been dreadful and most investors hate it). I especially like the long-term prospects for precious metals since (1) eventually, all fiat currencies (including the U.S. dollar) will revert to their intrinsic value of zero, (2) their supply cannot be increased except by mining more of them, an expensive and time-consuming process, (3) they are no one else's liability and (4) they provide privacy.

However, timing is everything, and it is very possible to become over-enthused by a good story and get out over your skis. Generally, the market only compensates you for taking trades that are hard and lonely, not easy and crowded. It rewards bravery (doing the right thing even though you're scared) and chasing value, not following the herd and chasing

returns. So I'm going to enumerate the reasons why I currently like the lowly U.S. dollar.

First, most investors don't want it. Its current optimism score of 37 (out of 100) is bullish, especially compared to the scores for gold (85) and silver (83). Think of the optimism score like this: There are only 100 investors in the world. If you subtract an asset's optimism score from 100, that's how many potential buyers are out there who could bid up the price even higher. Do you see the problem with a high optimism score? At the time of the government shutdown (after which CFTC data was no longer available), commercial hedgers (who are Smart Money) had a historically high long position in U.S. dollar futures (which is bullish).

Second, when invested in a money market mutual fund, the U.S. dollar generates monthly income (currently around 4% per year, which is not bad). Precious metals ETFs generate no income but do have expenses.

Additionally, other than the risks of inflation and eventual currency collapse, cash (or money market funds) is widely regarded as one of the safest investments. Currently, safety is cheap because few investors want it. But during a market crash or financial crisis, the vast majority of investors want cash, and they want it *now*.

Moreover, cash gives you *optionality*. If you have cash (and bravery) during a financial crisis, you can use it to buy assets that are cheap and hated. The way to earn high returns is to own a lot of what investors love and are eager to buy (so you can sell it to them at a premium), and to have a lot of cash so that you can buy a lot of what investors hate and are eager to get rid of (sometimes at any price). Get out of the business of chasing returns and start thinking of yourself as a facilitator who helps Mr. Market obtain the assets he desperately wants. Sure, you'll help him out, but in return for you selling him what he loves or buying from him what he hates, you're going to charge a rich premium.

In conclusion, you don't really need to concern yourself with stories or trying to predict future earnings, etc. You just need to accommodate Mr. Market when he is at his most desperate. And currently, he LOVES precious metals and shuns the U.S. dollar. As Doug Casey says, when it comes to investing, you're either a contrarian or you're roadkill.

I don't ever plan to sell all of my precious metals, but it is prudent to rebalance your portfolio from time to time when one asset class becomes significantly overweight in your portfolio. Despite all of the good stories out there, no one really knows what's going to happen. So keep your options open by having plenty of cash, especially when investors loathe it.

[Follow Me on X](#)

[Newsletter Archive](#)

I would love to hear from you! If you have any comments, suggestions, insight/wisdom, or you'd like to share a great article, please leave a comment.

Disclaimer

The content of this newsletter is intended to be and should be used for informational/ educational purposes only. You should not assume that it is accurate or that following my recommendations will produce a positive result for you. You should either do your own research and analysis, or hire a qualified professional who is aware of the facts and circumstances of your individual situation.

Financial Preparedness LLC is not a registered investment advisor. I am not an attorney, accountant, doctor, nutritionist or psychologist. I am not YOUR financial planner or investment advisor, and you are not my client.

Investments carry risk, are not guaranteed, and do fluctuate in value, and you can lose your entire investment. Past performance is not indicative of future performance. You should not invest in something you don't understand, or put all of your eggs in one basket.

Before starting a new diet or exercise regimen, you should consult with a doctor, nutritionist, dietician, or personal trainer.