



CapB

The Data-Driven
Investment Office

Monetary Order:

The resolve of the Eurodollar system

Banking clusters & systemic workarounds

Subject Overview

Credit forms the basis of all enterprise and economic undertakings. A manner through which such an artificial resource can function and facilitate prosperity and wealth so efficiently and effectively, without any accounted hindrance, is through a complex system consisting of incentive-driven participants whose capacity for "arbitraging growth" allows them to extend that abstract resource into forming concrete possibilities.

Within a conceptual ecosystem, each constituent member performs its unique role, perhaps in unison, in reaction to, or correspondence to fellow counterparts, in a seamlessly synchronized and systematic fashion. This order of nature ensures a degree of optimal functionality for the whole organization and necessitates the facilitation of structural efficiency for the sake of the system's longevity.

In the world of economic and financial interests, a strikingly similar "ecosystem" emerges. An environment as such, in contemporary history, has culminated in a vast and deep network of institutions, entities, and parties bidding their way into capital gains, investment opportunities, and credit provisioning.

As early as documented, since the mid 50s, and during the rise of American hegemony over trade routes and economic expansion, this system has allowed for untold record amounts of wealth creation, technological innovation, social prosperity, and economic growth for nations left largely untouched by foreign interest. We refer to this form of "innovation" in old-fashioned banking and finance as the "Eurodollar system," the resolve of which has brought wonders upon the world's competing economies sought to have never been able to develop any solid prospect for growth.

We thank you for the time taken to read this publication. Your continued trust in CapB is what keeps us moving forward and beyond.

Sincerely,



George Al Bcherraoui
Founder



Highlights

- 1. The Shadowy Nature.** The Eurodollar system operates offshore, unaccounted by any definite jurisdiction.
- 2. National Vs. International.** The base unit of account for the Eurodollar system is the eurodollar, not the U.S. dollar
- 3. Important Indicators.** Some numbers and items may indicate the health of the system, like bank claims and derivatives.

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A Two-Decade "Silent Depression"

We believe, with respect to the Great Financial Crisis, the leading cause was something unmentioned to the public. A matter which seems quite odd and unusual to present on mainstream venues.

It has been quite a long time since the global economy has seen any material rush in activity since the whole system broke down in 2008. Unfortunately, very few realize this or have realized it since its occurrence.

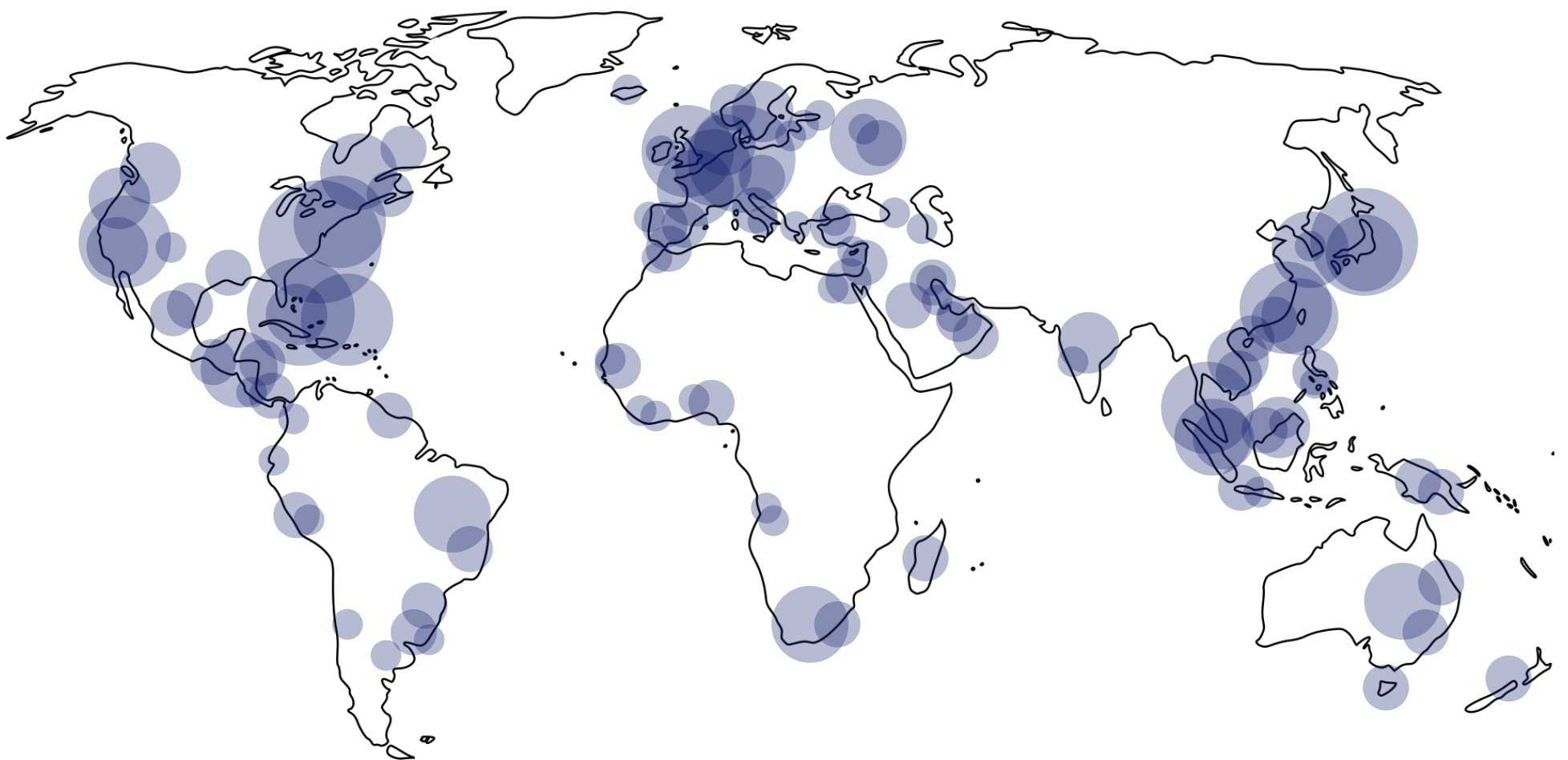
The System; Now & Then

Falling back to the earliest days of operation, in the mid 50s, a small clique of banks centered in the City of London had been engaging in credit extension and provisioning activities (i.e. lending) to institutions and enterprises in Europe and elsewhere. It appeared that this league of lenders had initially been denominating their extended credit (loans) with a particular currency, at that point, famously known as the U.S. dollar.

As the first-ever records show, and for the first time this was known, the "offshore" dollar was born. A fine mark of innovation in regular old banking as it were, this seemingly unusual financial development would later propel the world economy into historic and unforeseen prosperity in finance, trade,

and commerce, thereby changing the status of many nations and islands from dormant dominions into banking hubs and commercial hotspots. To put matters in perspective, colonial outposts that had previously served as mere ship docks for the British Royal Navy had become crucial banking hubs, serving as essential for the health of the Eurodollar system.

As time progressed, this offshore system grew exponentially (from the 70s till the late 90s), distributing and redistributing its bountiful monetary resources to the developing and already-developed nations while operating in the shadows. Its success and subsequent spread had long reached jurisdictions that preserved its shadowy nature of activities and dealings, with tremendous benefits.



Banking Clusters; Approximate Mapping (2023)

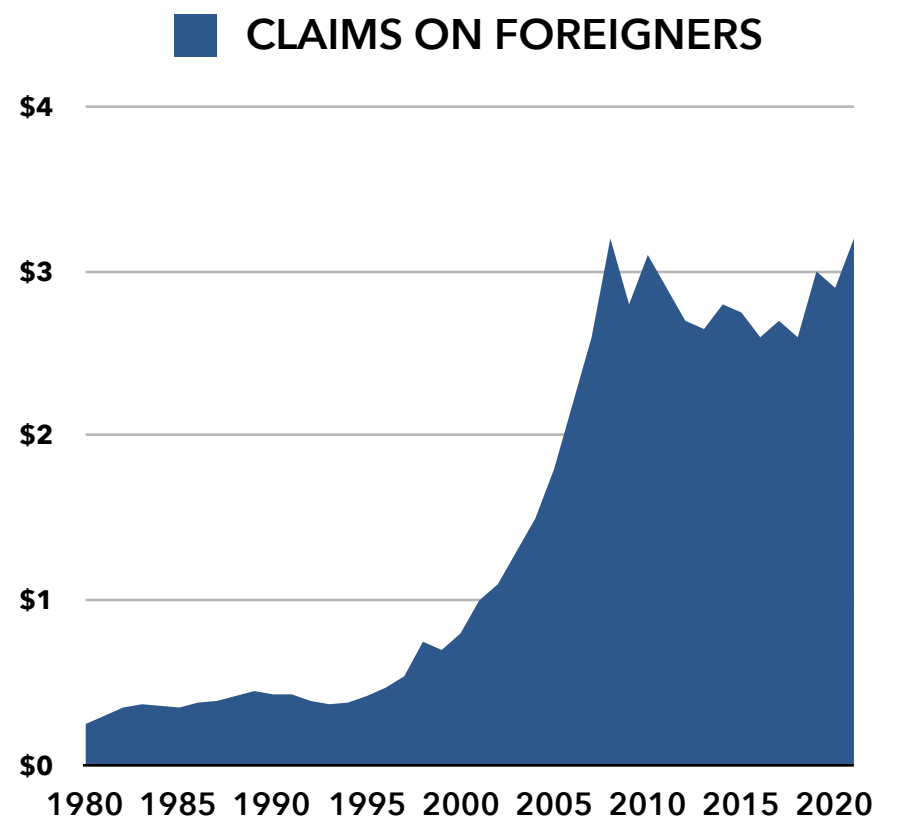
Figures indicate the degree of concentration in correspondent financial (bank) entities presumably participating in the Eurodollar system

Eurodollar Intricacies

At its most mature form, the Eurodollar system consists of complex interbank relations, collateralized and unsecured transactions, rigorous balance sheet management, counterpart risk transfers, derivatives issuance, off-balance sheet lending activities, and layered asset re-hypothecation. Some of these terms mentioned might appear difficult to understand, and others may have likely been unheard of. However, the essence in all forms of engagements relevant to offshore banking rests upon this simple unit of exchange (the eurodollar) logged onto a distributed private ledge held by entities participating in this system.

“Private money” or “private credit” results from the indulgences of this international offshore banking system. It is simply the creation, and consequent proliferation, of bank liabilities (claims from) and assets (claims on) that have the base unit of account and exchange as the “offshore” dollar. Yet, interestingly enough, this denomination is nothing similar to the U.S. Dollar proper. The eurodollar rests well outside of the U.S. government’s jurisdiction and is not a liability to its respective monetary authority.

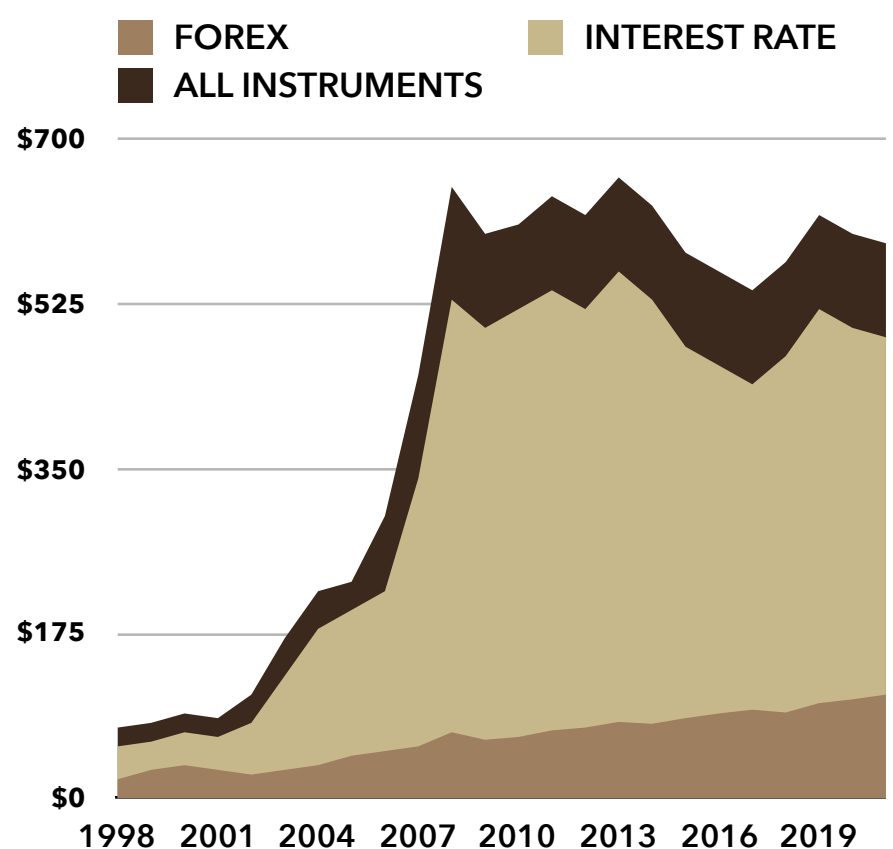
The way through which this Eurodollar system feeds into domestic economies is by material bank balance sheet expansion/growth for its constituent members, which would then translate into direct credit extension and capital inflows to the subject economy. Simply put, bank assets and liabilities inflate in value and diversify by ownership.



TIC - Banking Data

Trillions in USD's (Payable in Dollars)

Moreover, such a phenomenon of monetary proliferation may materialize through other forms, namely financial derivatives creation, collateralized transactions, and asset re-hypothecation. Arbitraging growth is what drives banks’ incentives.



BIS - Global Derivatives

Trillions in USD's (Gross Notional Amounts)

An Excerpt From Our Work

Through this publication, we exhibit our work on matters related to finance. Though a modestly brief demonstration, we believe this is essential to present what kind of content, ideas, and perspective we project onto our clients, sponsors, and advisors.

Our wisest advice we give to investors is to
"follow the money."

In our material world, wherever and whenever credit flows, there is life to be seen.

Motto

The Dominance
Within Free Enterprise

Promises

Held

Privately

B

Our Mission

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