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THE PREHN INSTITUTE | RESEARCH

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They Crashed Japan on Purpose

How money printing, a record Buffett exit, half-real profits, 1929-level valuations and the AI energy wall fit into one machine

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The Prehn Institute

REPORT SCOPE

Plain-English explanation of the video.

RATING

None

PRICE TARGET

None

BOTTOM LINE:

The approved video script lays out six developments that landed in a single week. Read separately, they are six headlines. Read together, the script argues, they describe one connected machine: cheap money is being created to keep asset prices up, while the smartest money quietly heads for the exit. separate headlines the script connects into one machine

About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker. He writes and lectures on how the financial markets work, with a focus on how ordinary savers can protect what they have built.

The Prehn Institute

Felix Nikolas Prehn is the founder of The Prehn Institute. It publishes research on the financial markets and provides instruction in how they work. It gives no financial advice.

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Our work online

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How to use this report.

Read it beside the video. The sections follow the script's information and order. The goal is not to predict the exact timing of the next market move. It is to explain the plumbing that can make apparently unrelated events move together — and why knowing when to sell matters more than what you buy.

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BOTTOM LINE

One machine, six warning lights

BOTTOM LINE:

The script's central claim is that six developments — money printing to absorb Japan's bond selling, a record Buffett exit, half-real corporate profits, 1929-level valuations, an unpowerable AI build-out, and the history of famous stocks quietly bleeding out — are not coincidences. They are connected symptoms of a market held up by cheap money and optimism.

Cheap money is created

→

It props up asset prices

→

Insiders quietly reduce risk

THE SETUP

Liquidity holds the market up. The script argues that dollars are being created to soak up the US debt Japan is selling, keeping interest rates down and stock prices up.

THE SIGNAL

The smartest money is reducing risk. A record Buffett sale of Japanese bonds is presented as a tell: watch what experienced investors do, not only what they say.

THE FRAGILITY

Prices rest on soft ground. Half of the “record” profits are described as paper gains, valuations sit at 1929-era levels, and the AI story that justifies them runs into an energy wall.

THE LESSON

Being right is not enough. The script's core message is that investors can be correct about a bubble and still lose money if they have no plan for when to sell.

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THE SIX STORIES

Why six separate headlines can share one cause

Headline What the script says Why it connects

Print to hide the dump The US prints dollars to absorb the Treasury bonds Japan is selling Keeps rates down and money cheap

Buffett exits About $285B of Japanese bonds sold, just before new debt figures The smart money reduces risk

Half-real profits Headline earnings growth ~27% vs ~13% for the average company Prices rest on paper gains

1929 valuations Second most expensive US market in history Little room above, long way down

AI energy wall 474GW requested in Texas vs a 91GW record peak The story outruns physics

The next Snapchat $10,000 in Snap five years ago is worth $682 today Famous names can still bleed out

Key idea.

The script does not treat these as six unrelated accidents. It treats them as evidence that a market floated on cheap money and half-real profits is more fragile than the record headlines suggest.

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PRINT TO HIDE THE DUMP

Money printing with a boring name

Philip Pilkington post describing the US Treasury printing dollars to buy back Treasury

bonds from Japan

Illustrative source image supplied with the video. The script describes the US absorbing the Treasury bonds Japan is selling, before a visible “dump” can alarm the market.

WHY JAPAN MATTERS

The biggest foreign lender is selling. Japan is described as the largest foreign owner of US debt. When a seller that size steps back, bond prices fall and interest rates want to rise.

WHAT RISING RATES HIT

Everything at once. The script notes higher rates touch mortgages, the government's own debt payments, and stocks

- ✓ because a safe bond that pays well competes with shares.

THE MOVE

Absorb the dump quietly. The script's claim is that new dollars are created to buy the bonds before the story reaches the front page.

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THE MECHANISM

Repurchase agreement or photocopier?

Japan sells US debt

The US creates dollars to buy it back

The balance sheet expands; new dollars enter the system

Cheap money keeps stock prices up

THE TECHNICAL OBJECTION

“It's only a repurchase agreement.” The script acknowledges the counter-argument that this is temporary lending, not permanent printing. Its response: whatever the label, new dollars flood in and the effect is the same.

WHERE THE MONEY GOES

Cheap money finds stocks. When money is cheap and everywhere, the script argues, it flows into assets — a reason index funds kept climbing.

THE TONE

Clever, but desperate. The plan is described as keep printing, keep money cheap, keep the party going — and hope nobody looks too closely.

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THE SMART MONEY IS LEAVING

Buffett heads for the door

Post describing Warren Buffett selling $285 billion of Japanese bonds before Japan's

new debt figures

Illustrative source image supplied with the video. The script describes about $285B of Japanese bonds sold shortly before Japan announced new government debt figures.

WHO THIS IS

The “never sell” investor. The script highlights the irony: the man whose brand is buy-and-hold-forever cleared a very large position off the table.

THE TIMING

Right before the bad numbers. The sale is described as landing in the same week Japan's new debt figures were due — the detail the script finds most interesting.

TWO READINGS

Coincidence or information. The script offers both: maybe it means nothing, or maybe the best-informed investor alive saw the same machine and chose the exit.

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WATCH WHAT IT DOES

Follow the money, not the microphone

BOTTOM LINE:

The script's practical takeaway is simple: do not just listen to what the smart money says on television. Watch what it actually does with its own capital.

WORDS VERSUS ACTIONS

The gap is the signal. Public reassurance and private positioning can point in different directions. The script argues the positioning is the more honest of the two.

FRONT OF THE ROOM

You don't need an announcement. When the person leading the room stops clapping, the script says, you simply need to notice — not wait to be told.

THE BRIDGE

Noticing when to leave. This is where the script pivots to its central theme: the single most valuable skill an investor can own is knowing when to get out.

Not a recommendation.

This report describes the script's reasoning for educational purposes. It is not advice to buy or sell any security, currency or bond, and no rating or price target is provided.

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HALF THE PROFITS ARE FAKE

The record profit number is only half

TRUE

Chart showing headline S&P 500 earnings growth around 27% versus roughly 13% once other income is removed

THE HEADLINE

~27% growth sounds spectacular. The script says this is the number the whole bull case rests on — and the number you hear on the news.

THE FOOTNOTE

Strip out “other income” and it's ~13%. The script says the ordinary company — the one actually selling products — grows about half as fast as the headline.

THE SOURCE OF THE GAP

A handful of giants marking up their own bets. Big Tech names booking paper gains on their investments, not extra sales, close the difference.

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MARKING YOUR OWN HOMEWORK

A loop that works beautifully — in both

DIRECTIONS

Big Tech owns stakes in each other and the same AI names

Those stakes rise — booked as “profit”

Higher profits push the stocks up further

Which justifies marking the stakes up again

THE UPSIDE SPIRAL

Everyone holds everyone up. The script describes a self-reinforcing loop where paper gains become reported earnings, which lift prices, which create more paper gains.

THE REVERSE

It runs the other way too. When the paper gains reverse, the script warns, “record profits” don’t just slow — they can go backwards, taking the story with them.

THE TAKEAWAY

Technically correct is not the whole truth. A market priced for record profits, sitting on profits that are half paper, has a long way to fall if the loop turns.

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MOST EXPENSIVE SINCE 1929

A 1929 price tag on today's market

Long-run US stock valuation chart showing today second only to the 2000 dot-com peak,

above the 1929 level

THE CLAIM

Second most expensive in history. The script says US stocks have reached the second-highest valuation ever recorded — above 1929, below only the 2000 dot-com peak.

THE REFERENCE LINE

The red line is normal. The chart's long-run average marks the sensible price paid across a century. The script's point: we are far above it.

THE COMPANY WE KEEP

1929 and 2000. The script reminds viewers how the years after both peaks played out for ordinary pensions.

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EXPLAINED SIMPLY

How many years of earnings are you paying for?

$10

paid for a share that earns $1 a year = ratio of 10

$40

paid for that same $1 = ratio of 40, badly overpaying

2ND

highest valuation in US market history today

BOTTOM LINE:

The valuation measure in the chart simply asks how many years of a company's earnings you are paying to own one share. The higher the number, the more you are overpaying for the same slice of profit.

WHAT EXPENSIVE MEANS

Little room above, long way down. The script is careful: expensive does not mean it crashes tomorrow. Bubbles usually get more expensive right up until the top.

WHAT IT DOES MEAN

Poor odds from here. When investors overpay this much, the script says, history is consistent about weak returns over the following years.

THE HONEST CAVEAT

Timing is not the claim. The report makes no prediction about the date of any move; it explains the risk of paying 1929-plus prices for the last stretch of a ride.

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THE AI STORY HITS A WALL

You can't run a data center on a story

Post describing 474GW of interconnection requests in Texas, about 90% data centers,

versus a 91GW record peak

Illustrative source image supplied with the video. The script uses grid figures to test whether the AI build-out is physically deliverable.

THE REAL CONSTRAINT

Electricity, not enthusiasm. The script accepts that AI is real and powerful — then points out it runs on enormous, physical amounts of power.

THE REQUEST

474GW in one state. Texas alone has requests to plug in 474 gigawatts of new demand, about 90% of it data centers.

THE BRAKE

Officials hit pause. The script notes the state moved to freeze new data-center rollout — a sign the numbers do not fit the grid that exists.

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THE NUMBERS DON'T FIT

The grid always wins

474GW

requested in Texas, ~90% data centers

91GW

Texas all-time record demand (normal

40–80)

~100

nuclear plants' worth the US is short

(80–100GW)

THE SCALE

Roughly five times the record. The requested demand is about five times Texas's all-time peak — almost all of it to feed AI. The script calls that physically impossible with today's grid.

THE NATIONAL GAP

About 100 nuclear plants short. The script cites an estimate that the US is short 80–100 gigawatts through the end of the decade — power that does not yet exist.

SPEND NOW, REVENUE LATER

Fortunes today for promises years away. Sky-high spending and valuations rest on revenue expected far in the future, powered by electricity nobody has built. Physics, the script says, doesn't do hype.

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THE NEXT SNAPCHAT

$10,000 turned into $682

Snap five-year chart showing a $10,000 investment worth about $682 today

THE NUMBER

A ~93% loss. The script says $10,000 put into Snap five years ago would be worth about $682 today.

NOT A SCAM

A real, famous company. The point of the example is that Snap was a household name analysts liked — not an obvious fraud — and it still deleted most of the money entrusted to it.

HOW IT HAPPENED

It bled, slowly. The script stresses it did not crash in a dramatic afternoon; it drifted lower for years while holders waited to get back to even.

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“IT'LL COME BACK”

Three words that destroy more wealth than any crash

A famous stock starts drifting lower

Didn't sell at −20% — “it'll come back”

Didn't sell at −50% — “too late to sell now”

Rode a household name almost all the way down

THE PATTERN

A slow bleed, not a bang. The script argues most hot names in a bubble do not go to a clean, dramatic zero. They quietly drift lower for years.

THE HISTORY

It rhymes every cycle. Dot-com darlings that never came back are offered as precedent — general market history, not a specific forecast.

THE DECIDER

One skill separates the outcomes. In this market, the script says, whether that holder ends up being you comes down to one thing: knowing when to get out.

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LINE THEM UP

Six headlines, one connected machine

Japan dumps debt → America prints to hide it → cheap money props up stocks

Smart money leaves → half the profits are paper → priced like 1929

AI hits a wall of physics → ordinary people end up holding the next Snapchat

BOTTOM LINE:

Laid end to end, the six warning lights describe a single sequence — not six random headlines. The script is explicit that this is an explanation of the plumbing, not a prediction of the exact day anything unwinds.

Early and wrong feel the same.

The script's honest caveat: bubbles can run higher and longer than anyone believes. Panic-selling too early and holding too long can both hurt. That is precisely why a rules-based approach to selling matters — the goal is to remove guesswork, not to time a top.

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WHAT THIS MEANS FOR YOU

You can be right about the bubble and still lose

freeze as a winner turns back into a loss hold a fading name waiting to break even follow a prepared selling framework

THE BEHAVIOURAL TRAP

The gain shows up, then vanishes. The script's recurring example is the investor who watches a stock go up a great deal, freezes, tells themselves it will keep going, and hands the gain back.

KNOWLEDGE IS NOT THE GAP

It's a skill problem. Most people who owned the biggest winners still ended up poorer, the script argues, not because they picked wrong but because they had no exit plan.

THE MISSING RULEBOOK

Wall Street never handed it over. The script frames selling as a learnable process: when to take profits, when to cut losses, fitted to your own portfolio and timeline.

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TURN UNDERSTANDING INTO PROCESS

Five questions before the next warning

SHOT

Free live session: when to sell

WHENTOSELL.ORG

Learn the rules Wall Street never gave you: when to take profits, when to cut losses, and how to never watch a 10x turn back

Do I own anything that has risen a lot with no plan for when to sell it?

✓

Am I overexposed to one crowded theme — AI, Big Tech or a single index?

✓

If a famous holding fell 20%, do I know in advance what I would do?

✓

Can I explain why each business I own actually makes money?

✓

Would a broad sell-off force me to act, or would I have a plan ready?

✓

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REFERENCES

Sources & disclosures

SOURCES

1. Video: “They Crashed Japan on Purpose… Here's The Real Plan” by Felix Nikolas Prehn.
2. Winston app: app.goatacademy.org — earnings-growth, valuation and stock price-history data, and stock-related analysis.
3. Images: six illustrative charts and posts supplied with the video materials — the Treasury/Japan money-printing post, the Buffett Japanese-bond sale post, the S&P 500 earnings-growth chart, the long-run US valuation chart, the Texas grid/data-center post, and the Snap five-year price chart.
4. FULL EDUCATIONAL DISCLAIMER
5. Analyst: Felix Nikolas Prehn for The Prehn Institute.

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