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GLOBAL MARKETS · ENERGY, FOOD & THE DOLLAR

The Double Whammy

How one narrow strait now sits on top of the world's oil and the world's fertilizer, and why the smart money is moving into gold

FELIX PREHN

Economist and former investment banker
The Prehn Institute

REPORT SCOPE

Educational explanation of the video.

RATING

None

PRICE TARGET

None

BOTTOM LINE:

Russia banned sulfuric acid exports for the rest of the year. China throttled its own months earlier. Roughly half the world's sulfur comes from the Middle East and leaves through the Strait of Hormuz, the same 21-mile gap that carries a fifth of the world's oil. Oil is near $107. This report explains how an energy squeeze and a food squeeze arriving together point toward money printing, and what large institutions are doing in response.

$107

the oil price described in the video, up about 60% on a year earlier

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About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker.

Felix founded The Prehn Institute, where former Wall Street and City of London professionals teach. On his initiative the Institute runs a free financial education programme for U.S. military veterans. He co-founded TradeVision.io, a stock screening and charting tool.

Felix has appeared alongside Jim Rogers, Tom Bilyeu, and other prominent figures in finance and business. Yahoo Finance and the Associated Press have covered Felix and his work.

The Prehn Institute

The Prehn Institute is an independent financial education institution founded by Felix Nikolas Prehn, economist and former investment banker. It publishes research and provides instruction.

The Institute exists to raise the standard of financial education available to the public. Its published research is open to any reader, and its instruction is given by people who have worked in professional markets.

The Institute does not manage money and does not advise on investments. Its interest is in how markets work and in how professional practice may be taught.

Felix Nikolas Prehn on YouTube

youtube.com/@felixprehn

The Institute online

prehninstitute.com

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How to use this report.

Read it beside the video. The sections follow the same order and cover the same information. The goal is not to predict the next market move. It is to explain how events that look separate share one cause, and what large investors are doing about it.

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BOTTOM LINE

One machine, two squeezes

BOTTOM LINE:

An energy squeeze and a food squeeze are arriving at the same time, through the same narrow strait. When both hit together, prices rise, people worry, and governments tend to respond by printing money. That is the setup large institutions appear to be positioning for.

Oil up and fertilizer choked off → **Prices climb, people worry** → **Governments print to calm things**

THE TRIGGER

One chokepoint, two supplies. The Strait of Hormuz carries about 20% of the world's oil and much of the feedstock for the world's fertilizer. Pressure on that single point squeezes energy and food together.

THE TRANSMISSION

Higher costs move everything. Oil sits inside transport, plastics, packaging and medicine. Fertilizer sits behind the food supply. When both rise, the effect reaches the weekly shop and the petrol pump.

THE WIDER SYSTEM

Printing has a side effect. When countries also see the dollar used as a sanctions tool, some begin shifting reserves out of dollars and into assets no government can print or freeze.

THE LESSON

Watch what large buyers do. Central banks and trading desks are buying gold in size. The report explains the chain of reasoning behind that behaviour.

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THE CONNECTED HEADLINES

Why separate headlines share one cause

Headline	What the video describes	Connection
Russia bans sulfuric acid exports	Export halt through the end of the year, after China throttled its own months earlier	Fertilizer feedstock tightens
Hormuz under strain	Roughly half the world's sulfur and a fifth of its oil pass through one 21-mile strait	Energy and food squeezed together
Oil near $107	Up about 60% on a year earlier	Costs rise across the economy
Dollar used as a tool	Sanctions programme threatens removal from the dollar system	Foreign holders look for alternatives
Hedge funds loaded on Treasurys	About $2.2 trillion held, much of it leveraged	Forced selling risk if volatility spikes

Key idea.

The video does not treat these as unrelated accidents. It treats them as evidence that an energy squeeze, a food squeeze and a stressed bond market can move together and point toward the same policy response.

1

chokepoint linking oil and fertilizer

2

squeezes arriving at once

$22B

central bank gold buying in three weeks

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THE FIRST DOMINO

The boring chemical that feeds 8 billion people



Headline coverage of Russia's sulfuric acid export halt, supplied with the video materials.

WHY IT MATTERS

It is not optional. Sulfuric acid is required to process copper, nickel and uranium, and to make fertilizer. Without it there is no fertilizer at scale, and fertilizer grows the food that feeds the world.

TWO SUPPLIERS GONE

China first, then Russia. The two largest suppliers both stepped back from the export market inside the same six months. That removes a large share of available supply at once.

HARD TO REPLACE

There is no easy substitute. The video notes that remaining producers are limited and constrained, so the gap cannot simply be filled from elsewhere at scale.

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ONE NARROW STRAIT

What $107 oil actually means

BOTTOM LINE:

The Strait of Hormuz is about 21 miles wide. Around 20 million barrels of oil pass through it each day, close to a fifth of world supply, alongside much of the sulfur that becomes fertilizer. One pressure point now sits on top of both.

Oil up about 60% in a year → **Transport, plastics, packaging cost more** → **Prices creep up across the shelf**

TRANSPORT FIRST

Everything that moves burns fuel. Lorries, ships and planes all cost more to run, so goods cost more to deliver. That shows up at the pump immediately and on the shelf soon after.

THEN EVERYTHING ELSE

Oil is in more than fuel. Plastics, packaging, cosmetics, medicines, synthetic fabrics and road surfaces all draw on oil. When it sits near $107, those costs drift higher too.

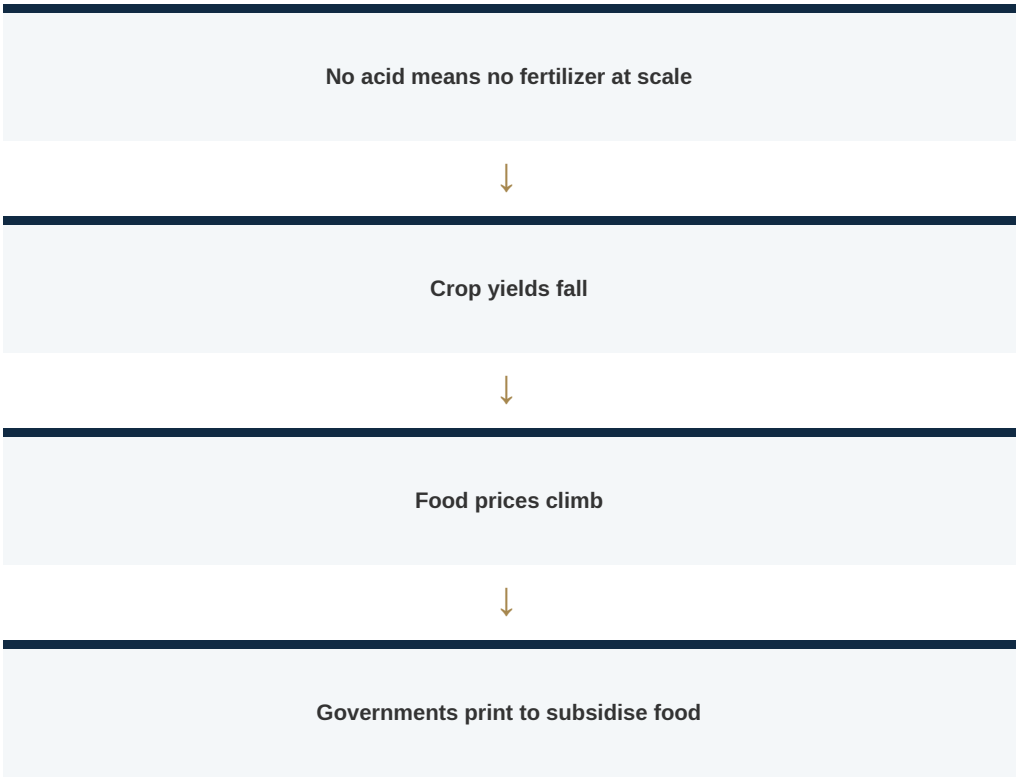
ONLY HALF THE STORY

Energy is one squeeze. The second squeeze, fertilizer, is what turns a familiar oil-price story into something larger. The next page follows that chain.

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THE SECOND SQUEEZE

No acid, no fertilizer, higher food prices



REAL USE, NOT THEORY

A working example. The video quotes a vineyard operator who uses sulfuric acid to adjust soil pH, treat irrigation water and keep drip lines clear, getting through thousands of litres. For growers this is routine, not abstract.

THE DOMINOES

Supply feeds price. With Russia and China both restricting exports and Middle East supply hard to move, there is little slack. Lower yields tend to lift food prices.

THE POLITICAL REFLEX

Food is the red line. Food shortages reliably threaten governments, so the video's expectation is that policymakers subsidise, and funding subsidies often means printing.

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AN ON-RECORD CONFIRMATION

"The buffers are gone"



Chevron CEO Mike Wirth's on-record comments, supplied with the video materials. He described the buffers that once softened price and supply shocks as largely played out.

NOT INTERNET SPECULATION

A named executive. The head of one of the world's largest oil companies said on record that the crisis oil executives had warned about has arrived, and that the system holds far smaller buffers than when the war began.

WHY HE CANNOT FIX IT

Supply is the limit. The video notes public pressure to bring prices down, but the point is that the spare supply that used to absorb shocks is no longer there, and Hormuz is a large part of why.

THE TAKEAWAY

Here now, not coming. When the operator at the centre of the industry says the buffers are gone, the squeeze is a present condition rather than a future risk.

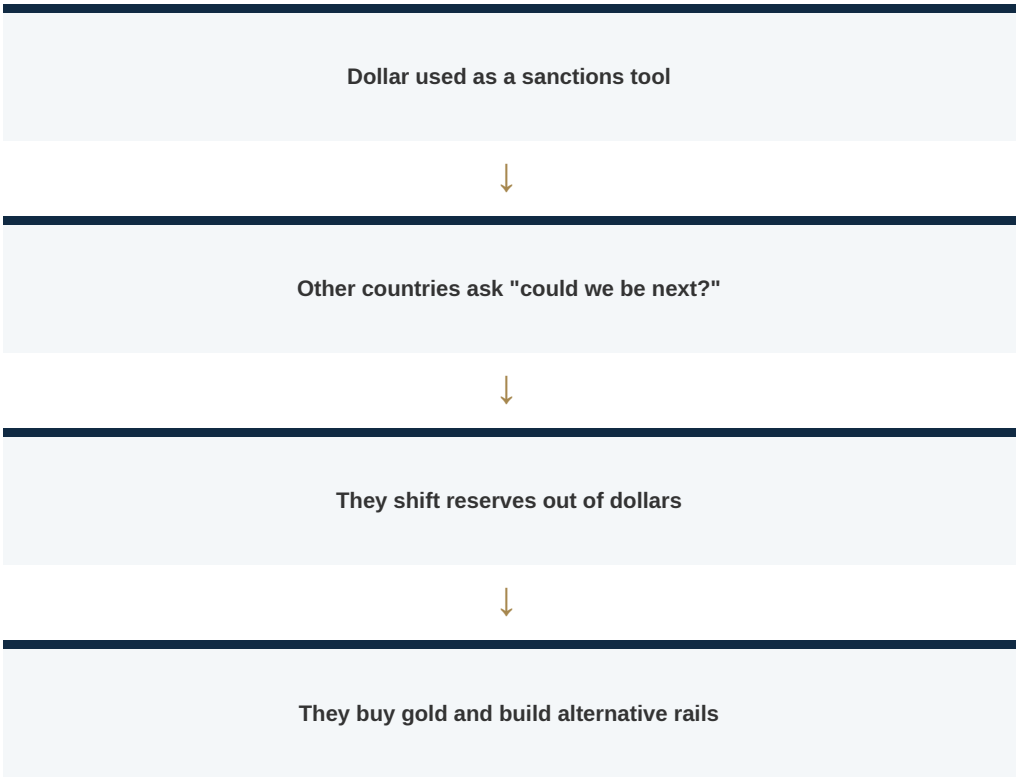
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WEAPONIZING THE CURRENCY

Why other countries start leaving the dollar

BOTTOM LINE:

Alongside the acid ban and the oil squeeze, the video describes a sanctions programme that threatens to remove any country helping Iran from the dollar system. When a currency is used as a weapon, other countries begin to ask whether they could be next.



THE SIGNAL

Access can be switched off. A programme that can remove a country from the dollar system turns the currency from neutral plumbing into leverage.

THE REACTION

Reduce the dependency. The rational response for an exposed country is to hold fewer dollars and more of something that cannot be frozen or printed.

THE DESTINATION

Gold and independent systems. The video links this directly to record central bank gold buying and to payment systems being built to avoid the dollar entirely.

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JOINING THE DOTS

What the professionals are seeing

THREE INPUTS

Energy, food, currency. Large investors read $107 oil as inflation through energy, a fertilizer crisis as inflation through food, and a weaponized dollar as softer demand to hold dollars.

ONE CONCLUSION

Printing is the likely response. Rising prices plus a stressed bond market point toward more money creation, which is the environment where hard assets tend to hold value.

TWO ACTIONS

Buy what cannot be printed. The response the video describes is to own hard assets and to reduce holdings that quietly lose value when printing begins.

THE EVIDENCE

The moves are visible. Central banks bought about $22 billion of gold in three weeks. A desk placed a bet on silver reaching $90 within three months. Hedge funds sit ready to sell $2.2 trillion of Treasurys.

$22B	$2.2T	$90
gold bought by professionals in three weeks	Treasurys held by hedge funds	silver target in one desk's three-month bet

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LEVERAGE IN THE BOND MARKET

$2.2 trillion of fast, borrowed money

Legal Entity Identifier Tracker

3,430,495 total LEIs issued

View LEI Tracker

OFR Developers' API

OFR data are available for use in your own application

Short Term Funding API

Hedge Fund API

Hedge Funds' Cash Treasury Holdings Reach $2 Trillion

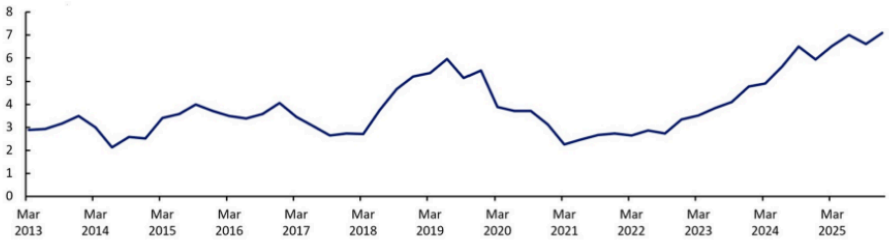
BY Ted Berg and Daniel Stemp

Published: August 19, 2026

Views and opinions expressed are those of the authors and do not necessarily represent official positions or policy of the Office of Financial Research or the U.S. Department of the Treasury.[1]

Hedge funds have reemerged as significant participants in the U.S. Treasury market. As of year-end 2025, their cash Treasury holdings reached $2 trillion, nearly three times the level from five years earlier. In comparison, marketable Treasury debt outstanding increased 29% to $28.9 trillion over the same period. As a result, hedge funds' share of the cash Treasury market reached a record 7% (Figure 1).

Figure 1. Hedge Funds' Long Cash Treasury Holdings as a Share of Marketable Treasury Debt Outstanding (percent)



Note: Data as of Q4 2025. Numerator is the sum of long Treasury exposures (cash + derivatives) reported on SEC Form PF less the notional value of leveraged funds' long and spreading positions in Treasury futures and options. Denominator is total marketable Treasury debt outstanding at market value.

Office of Financial Research, US Treasury: hedge funds' cash Treasury holdings and their rising share, supplied with the video materials.

NOT BUY-AND-HOLD

Fast money. Hedge funds now hold about $2.2 trillion of Treasurys, close to three times the level of five years ago. Unlike pension funds, they move quickly and sell when volatility rises.

THE BASIS TRADE

A thin margin, heavily borrowed. Much of the position is a leveraged basis trade: buy the bond, sell the future against it, and borrow many times over to earn the small gap. It works only while markets stay calm.

THE UNWIND

Calm can end quickly. If the two prices move against them, funds must unwind at once, selling government bonds into a market that has suddenly lost buyers.

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THE MARGIN-CALL SCENARIO

Why the choice always ends in printing



THE BOX

Two bad options. If the Fed lets yields rise, the government's interest bill becomes unpayable. If it buys bonds to push yields down, it is printing, which feeds inflation.

THE HISTORICAL ANSWER

Protect the bond market first. The video's reading of history is that policymakers choose to defend the Treasury market every time, which means printing and a quieter erosion of purchasing power.

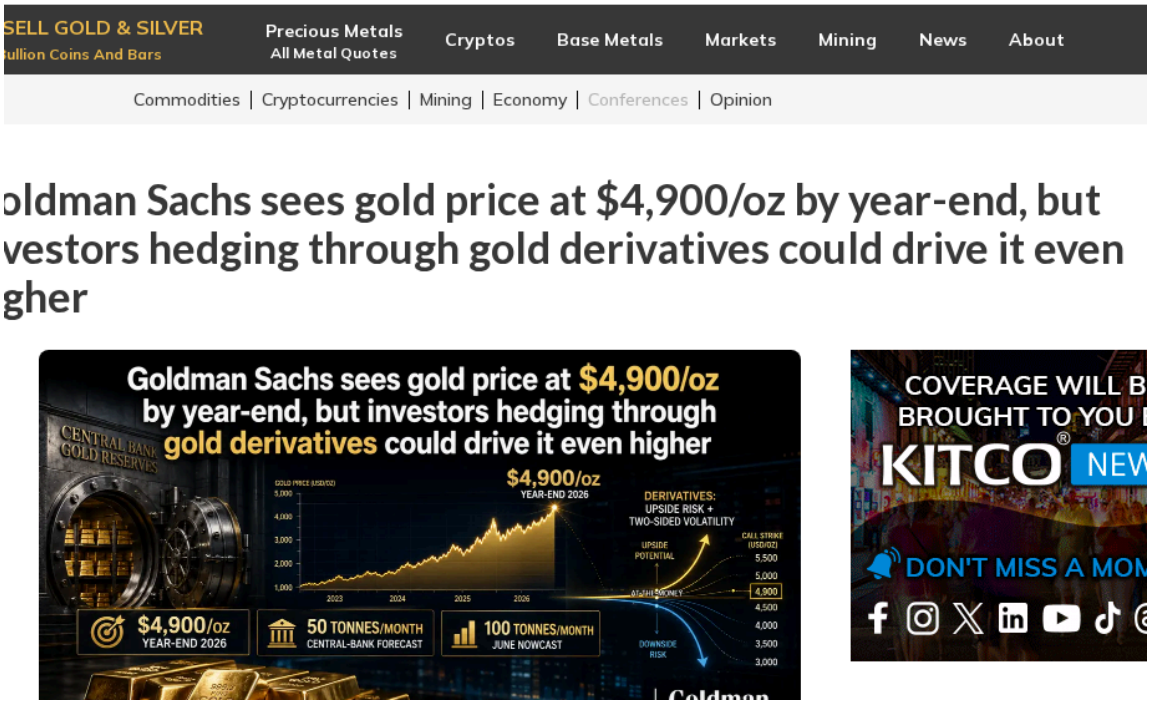
ALREADY IN MOTION

The tools are loaded. The Treasury doubled a buyback programme from $2 billion to $4 billion an operation and holds around $1 trillion in cash for it. Long-term rates are near their highest since 2007.

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WHAT THE CHARTS SAY

Wall Street's gold targets



Goldman Sachs' year-end gold price target, supplied with the video materials.

THE BREAKOUT

Back above the trend. Gold fell early in the year, then crossed back above its long-term trend line for the first time since 2023. Many large funds have rules that begin buying on exactly that crossover. Gold trades near $4,600 in the video.

THE BANK'S CALL

$4,900 by year-end. Goldman Sachs put a year-end target of $4,900 on gold and noted significant upside risk beyond it. This report repeats that as a cited forecast, not a promise.

THE AMPLIFIER

Bets that feed themselves. Goldman described heavy call-option activity as a mechanical price amplifier: sellers of those options buy gold to cover, which lifts the price and draws in more buying.

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THE LEVERAGED PLAY

Small market, violent moves

BOTTOM LINE:

Silver often sits still for long stretches and then moves late and hard. The market is small next to gold, so when large money arrives there are not enough sellers, and the price has to jump to find them.

~$31	$90	3 mo
silver price in the video	target in one desk's three-month bet	window on that bet

WHY IT LAGS THEN LEAPS

Thin supply. Because the silver market is small, incoming demand meets few sellers, which is why moves can be sharp once they begin.

THE BET ON THE TAPE

Real size behind it. A trading desk placed a call option betting silver reaches $90 within three months, from around $31. The video presents this as where some professional money is positioned, not as a certainty.

SEE IT LIVE

Check the chart yourself. In the video, Felix pulls up gold and silver in the Winston app so viewers can see the setup directly.

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CENTRAL BANKS

Nearly every reserve manager is stacking gold



World Gold Council: central bank net gold buying, supplied with the video materials.

PROFESSIONALS, NOT RETAIL

$22 billion in three weeks. Professional traders and funds bought about $22 billion of gold futures in three weeks, described in the video as a ten-year record.

THE OFFICIAL BUYERS

A broad list. The World Gold Council's data shows Poland as the most aggressive known buyer, China in a third straight year of large net buying, Singapore doubling reserves, and the Czech Republic, Chile, Bolivia and Uruguay adding.

THE STATED REASON

"We don't trust what's coming." That was the reported answer from the head of Poland's central bank. The one notable seller is Russia, which the video says is selling to fund a war.

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WHY CASH FEELS SAFE BUT ISN'T

The slow melt of purchasing power

BOTTOM LINE:

Since the dollar left the gold standard in 1971, a dollar has lost almost all of its purchasing power. Holding cash through a printing cycle feels safe, but its value can quietly erode while nothing appears to change.

Emergency cash for 3 to 6 months → **Stability and flexibility** → **Beyond that buffer, inflation bites**

The video's image.

Cash is an ice cube on a warm counter. It looks unchanged at first, but its purchasing power melts over time. This does not mean hold no cash. It means separate short-term safety from long-term wealth storage.

THE 1971 SHIFT

Off the gold standard. Once the dollar was no longer tied to gold, more of it could be printed. A dollar from 1971 is worth only a couple of cents today, on the government's own inflation figures.

THE COVID EXAMPLE

Prices, not quality. Hotel rooms that were $200 briefly reached far higher without the hotels changing. That is printing showing up in prices.

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THE INFLATION THAT'S COMING

More dollars, fewer willing holders

ANNOUNCED, NOT GUESSED

The tools are public. About $1 trillion sits in the Treasury account, the buyback programme has been doubled, and a weaponized dollar makes foreign countries warier of holding US debt.

THE RECIPE

Supply up, demand down. More dollars created while fewer countries want to hold them is the textbook setup for inflation.

WHO ALREADY MOVED

The early movers. Central banks, funds and insiders already own gold, silver and real businesses that generate cash. Sitting in cash through the printing is, in the video's phrase, standing in the rain wondering why you are wet.

TWO KINDS OF PEOPLE

Prepared or surprised. The video contrasts those who learned this while gold was around $4,300 and acted, with those who waited for the headlines and bought after the move at prices that already include the news.

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THE HISTORICAL PLAYBOOK

The last time we stood here

BOTTOM LINE:

After World War II, US debt passed 120% of GDP. In 1942 the Federal Reserve agreed to print whatever it took to hold long-term rates near 2.5%. The debt ratio fell over the following decade, but inflation ran from around 10% up to 20% by 1947, halving the purchasing power of careful savers.

Then (1940s)	Now
Debt above 120% of GDP	Debt around the same level
Fed pins rates to protect the budget	Fed boxed between rates and solvency
Printing to buy government bonds	Buybacks and cash firepower loaded
World trusts the dollar, no alternative	An alternative system is being built

WHO GOT HURT

The careful savers. Not the people who lost jobs, but those with money in the bank and in government bonds. The response to the debt problem quietly melted their savings, a little at a time.

WHAT IS DIFFERENT NOW

Higher stakes. In the 1940s there was no alternative to the dollar. Today one is being built, backed by more than 6,000 tons of gold between the countries behind it.

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RUN THE SAME TEST

How today scores against the 1940s

- ✓ Debt over 120% of GDP? Yes.
- ✓ Fed stuck between inflation and keeping the government solvent? Yes.
- ✓ Fed buying its own debt again? Yes.
- ✓ Productivity falling despite record spending? Yes.
- ✓ Confidence low? Yes.
- ✓ Foreign governments pulling gold home and building alternative systems? Yes, and this part is new.

What the checklist implies.

The video's conclusion is that the playbook is the same as the 1940s, but the added factor of a rival system backed by gold makes the stakes higher. The point is preparation, not prediction.

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QUESTIONS FOR THE READER

Five questions, then a plan for the next 90 days

- ✓ Do I hold three to six months of expenses without needing to sell investments?
- ✓ Am I overexposed to one crowded theme or one source of leverage?
- ✓ Do I own any hard assets that cannot be printed or switched off?
- ✓ Can I explain, simply, why each business I own makes money?
- ✓ Would a sudden sell-off force me to act, or leave me with choices?

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REFERENCES

Sources & disclosures

1. **Video:** "The UNTHINKABLE is About to Happen to the Dollar (Gold and Silver are Next)" by Felix Nikolas Prehn.
2. **Winston app:** gold, silver and stock analysis referenced in the video.
3. **Named sources shown in the video:** Goldman Sachs (gold price target); Chevron CEO Mike Wirth (oil supply comments); Office of Financial Research, US Treasury (hedge fund Treasury holdings); World Gold Council (central bank gold buying).
4. **Figures:** Oil, gold, silver, Treasury, debt and inflation figures are taken from the approved video and its source notes. Rounded figures are kept as stated in the video.

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Author: Felix Nikolas Prehn, The Prehn Institute.

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