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THE PREHN INSTITUTE | RESEARCH

Published September 10, 2026

GLOBAL MARKETS · THE FED, INTEREST RATES, GOLD & SILVER

The Fed Lost the Wheel

Why three of Goldman's top traders just said the Fed no longer controls interest rates, what really grabbed the wheel, and why the smart money is quietly buying gold

FELIX PREHN

Economist and former investment banker
The Prehn Institute

REPORT SCOPE

Plain-English explanation of the video.

RATING

None

PRICE TARGET

None

BOTTOM LINE:

In a single week, two desks at the same Wall Street bank said the quiet part out loud. One said the Federal Reserve is now "much more passenger than driver" — that a trillion-dollar wave of AI borrowing, not the Fed, is setting the interest rate on your mortgage and your savings. The other told clients to keep buying gold on the dips. Same bank. Same week. This report explains why those two messages are really one story — and why it lands on your money.

$1.3T

next year's planned AI build-out — a borrowing wave on track to be bigger than the US Treasury itself

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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

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How to use this report.

Read it beside the video. The sections follow the same information, in the same order. The goal is not to predict the next tick in the price of gold. It is to explain, in plain English, why a Wall Street bank admitting the Fed has lost control of interest rates and that same bank telling clients to buy gold are really the same story — and why that story lands on your savings.

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BOTTOM LINE

The Fed lost the wheel

MOVE 1

The Fed became a passenger. Three of Goldman Sachs' most senior traders said on camera that "the Fed are much more passenger than driver." The one institution whose entire job is to steer the price of money is, according to the people who trade the bond market every day, no longer the one driving.

MOVE 2

A borrowing wave grabbed the wheel. To build AI, the big technology companies are borrowing on a scale that is hard to picture — roughly 500 billion dollars of AI-related debt already this year, and around 1.3 trillion penciled in for next year. That wave, not the Fed, is now setting the long-term interest rate.

THE COMBINATION

Higher rates, warmer inflation. When a handful of firms floods the bond market and out-borrows the US Treasury, the interest rate that matters — your mortgage, your car loan — gets pushed up and stays up, whatever the Fed announces.

THE TELL

Follow the money, not the mood. In the same week, Goldman's metals desk told clients the recent gold dip is "an elongated pause" and to keep buying — because the central banks of the world are quietly cornering the supply.

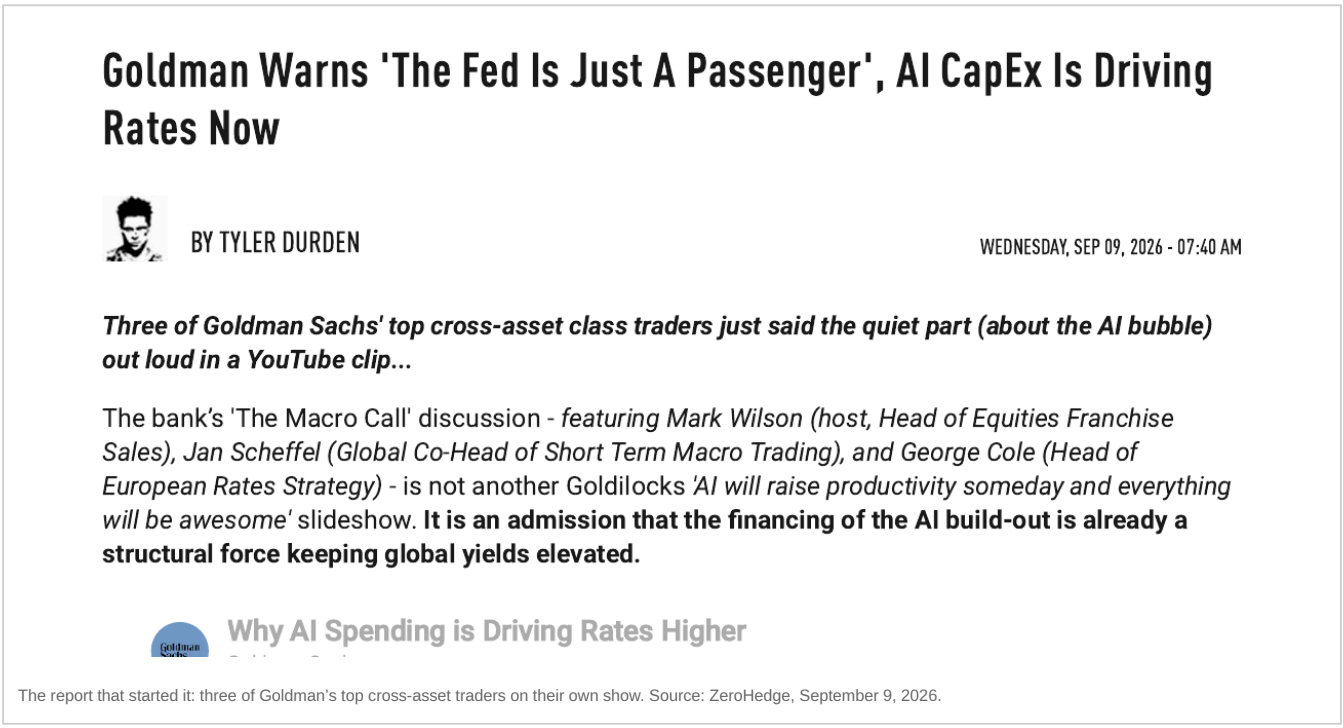
Key idea.

The "Fed is a passenger" story and the "keep buying gold" story are not 2 separate headlines. They are 1 story about the value of paper money — and the people who move billions are treating it that way.

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THE FED IS JUST A PASSENGER

“Much more passenger than driver”



Goldman Warns 'The Fed Is Just A Passenger', AI CapEx Is Driving Rates Now

BY TYLER DURDEN

WEDNESDAY, SEP 09, 2026 - 07:40 AM

Three of Goldman Sachs' top cross-asset class traders just said the quiet part (about the AI bubble) out loud in a YouTube clip...

The bank's 'The Macro Call' discussion - *featuring Mark Wilson (host, Head of Equities Franchise Sales), Jan Scheffel (Global Co-Head of Short Term Macro Trading), and George Cole (Head of European Rates Strategy)* - is not another Goldilocks *'AI will raise productivity someday and everything will be awesome'* slideshow. **It is an admission that the financing of the AI build-out is already a structural force keeping global yields elevated.**

Why AI Spending is Driving Rates Higher

The report that started it: three of Goldman’s top cross-asset traders on their own show. Source: ZeroHedge, September 9, 2026.

WHO SAID IT

Not junior analysts. The panel was Mark Wilson (head of equities franchise sales), Jan Scheffel (global co-head of short-term macro trading) and George Cole (head of European rates strategy) — the people who move the actual bond market, not commentators.

WHAT THEY SAID

AI is now a bond-market story. Their message was blunt: AI has stopped being just a stock-market story and become a rates-and-credit story. Wilson called it “the most capital-hungry investment cycle in history.”

WHY THE FED CAN’T STEER

It only sets one rate. The Fed sets the very short-term, overnight rate. But the rate that matters for your mortgage and the whole economy is the long-term rate — and that is set by a giant tug-of-war in the bond market the Fed did not create and cannot switch off.

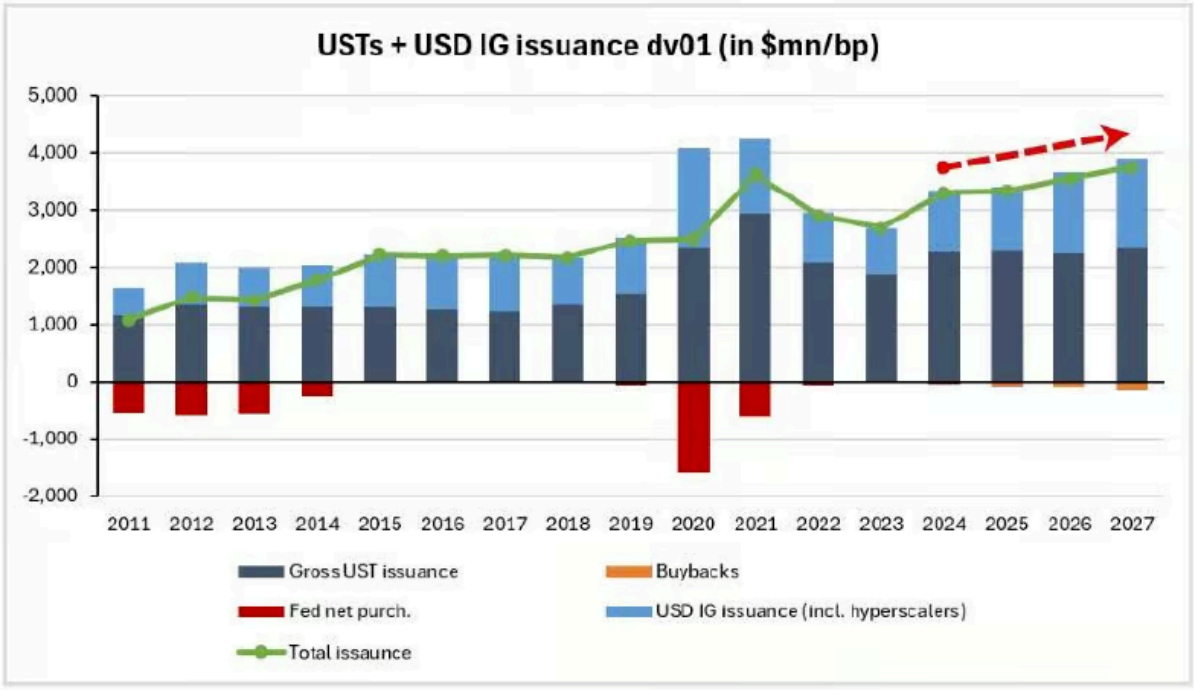
THE PLAIN-ENGLISH VERSION

It can tap the brakes, not the gas. That is what “passenger” means. The Fed can nudge, but the foot on the accelerator belongs to the AI build-out now.

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THE TRILLION-DOLLAR BORROWING WAVE

About to out-borrow the US Treasury



The interest-rate risk ("DV01") being pushed into the bond market — hyperscaler borrowing is climbing toward the scale of the Treasury itself. Source: Goldman Sachs, via ZeroHedge, September 9, 2026.

THE SIZE OF IT

Half a trillion, already. By early August, AI-related debt had climbed toward 500 billion dollars — about one-fifth of all high-grade corporate borrowing in America this year. One theme, one-fifth of the whole thing.

AND THAT'S THE WARM-UP

1.3 trillion next year. Nobody has yet figured out how to fund next year's build-out, penciled in around 1.3 trillion dollars. Next year, this handful of tech firms is on track to issue more interest-rate risk into the bond market than the United States Treasury.

WHY IT MOVES YOUR RATE

The savings pot is finite. Goldman's traders said the "savings-glut" era is over — AI firms, governments, defense and reshoring are all bidding for the same limited pool of savings at once.

THE MECHANISM

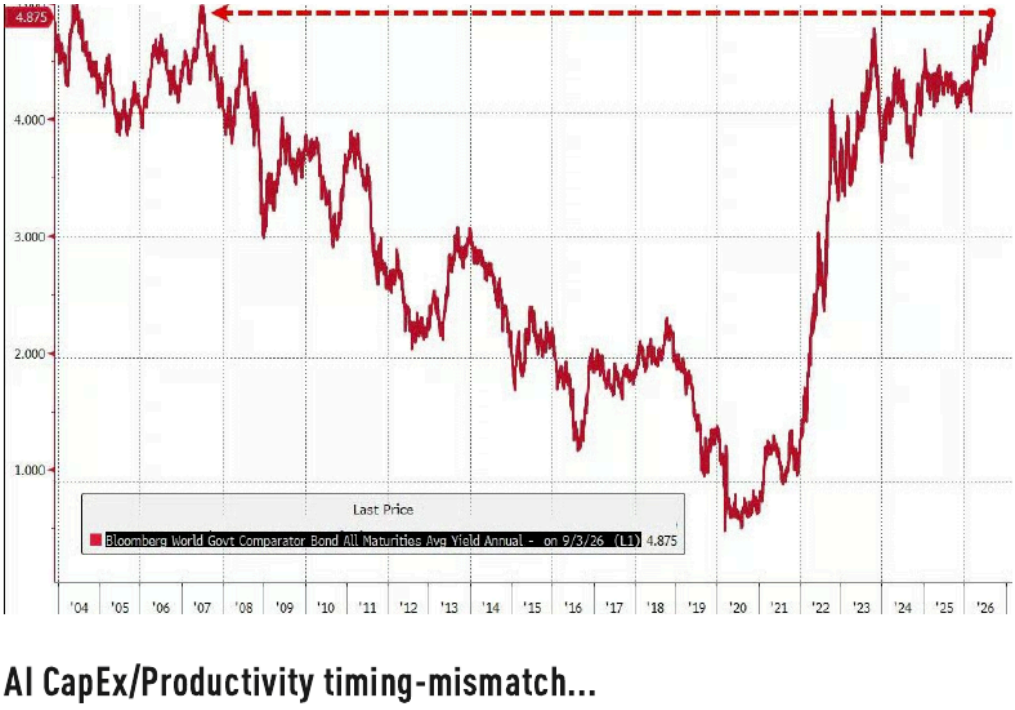
New bonds crowd out the old. When tech floods the market with new bonds, investors sell what they already own — Treasuries — to buy them. Selling Treasuries pushes their yield up. That yield is the anchor for your mortgage, your car loan and the interest on the national debt.

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WHY THIS REACHES YOUR BANK ACCOUNT

Higher rates, warmer inflation

AI floods the market with new bonds → **Investors sell Treasuries to buy them** → **Long-term interest rates get pushed up** → **Your mortgage, loans and inflation feel it**



Government borrowing costs across the developed world are sitting near multi-decade highs — the strain is not just an American story. Source: Goldman Sachs, via ZeroHedge, September 9, 2026.

THE INFLATION TWIST

“Implicitly inflationary.” Jan Scheffel’s phrase. The economy is paying for AI’s payoff — the cheaper, faster future — before that payoff has shown up. All the spending now, the productivity later. That gap quietly lifts the underlying interest rate for the whole system.

NOT JUST AMERICA

The West and Japan too. The same fiscal strain — enormous deficits, a huge interest bill on the national debt — is showing up across the developed world. When governments owe more than they can comfortably pay, every exit they have quietly cheapens their currency.

CAN’T THE TREASURY FIX IT?

A firecracker in a hurricane. One veteran trader described Treasury bond buybacks against this tidal wave of AI debt as symbolic — good messaging, nowhere near big enough to matter against 500 billion this year and 1.3 trillion coming.

THE HONEST PART

This is slow, not a crash. Nobody is saying rates spike overnight. The risk is quieter: your cash slowly buys less while the world moves some of its savings into things that cannot be printed.

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WHAT THE SMART MONEY IS DOING

The vaults are cornering the gold



Gold's Bull Market Isn't Dead: Goldman Metals Desk Sees New Record Highs Coming After "Elongated Pause"

BY TYLER DURDEN

THURSDAY, SEP 10, 2026 - 07:40 AM

Gold peaked in January, had a decent August, and is still sitting ~20% off the high

The same bank's metals desk, one day later. Source: ZeroHedge, September 10, 2026.

3,500t
total new gold mined in the world each year

~1,100t
bought by central banks each year now — up from 400–500t before 2022

~1/3
share of all new gold the vaults now swallow — and never sell

THE ONE NUMBER THAT MATTERS

A third of all new gold, gone. The world mines about 3,500 tons a year. Central banks used to take 400–500 tons of it; today they take closer to 1,000–1,100 tons — roughly a third — and they bury it in a vault and leave it there.

WHY IT MATTERS SO MUCH

The funnel got narrow. With the vaults quietly swallowing a third of supply, the pile left for everyone else — jewelry, coins, funds, you — is dramatically thinner. As Goldman's Tony Kim put it: "You don't need as much investment capital to drive prices materially higher."

WHY THEY'RE DOING IT

The lesson of 2022. When Russia's central-bank reserves were frozen, every other country had the same private thought: that could be me. So they moved national savings out of paper they could be locked out of, into gold in their own vaults. Kim calls it a regime change.

BEHAVIOUR BEATS OPINION

You can see what they buy. You don't have to guess what the biggest, most patient money thinks. It is buying the one form of money no government can print — every single year.

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THE GOLD AND SILVER FORECASTS

“$4,000 is a pretty solid floor”



Gold peaked in January and sits about 20% below that high — the “elongated pause” Goldman’s metals desk described, not the end of the bull market. Source: ZeroHedge / Goldman Sachs, September 10, 2026.

THE GOLD CALL

Not the top — a pause. Tony Kim, Goldman’s global head of metals trading, said the recent drop “isn’t the end of the bull market, it’s an elongated pause,” and that “new highs are going to be in the future.” On price, he called 4,000 dollars “a pretty solid floor” and told clients to scale in on the dips into the Fed’s next meeting.

THE RATES TWIST

The old see-saw can break. Normally gold falls when rates rise. But when rates are rising because people are scared about government finances, they buy gold at the same time. Kim’s tell: “Any time you see official policy intervention, people tend to buy gold.”

THE SILVER WARNING

Bigger upside, bigger stomach. Silver is a much smaller market — about half of demand is industrial, and only ~20% is true investment demand, which is what sets the price. Kim floated 50, 80, even 100 dollars if buyers pile in together — but warned of 20–30% air pockets, “spot up, vol up.” Central banks buy gold, not silver, so silver has no steady floor beneath it.

THE TRADE, IN HIS WORDS

“We’re still bullish gold.” The nearest catalyst he is watching is the inflation report this Friday, heading into the Fed meeting.

Important.

This report contains no rating and no price target of its own. The figures above are another institution’s published views, repeated here to explain the video. “A solid floor” is not the same as “it can’t fall.” Forecasts can be wrong. Do your own research.

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WHY CASH IS THE GUARANTEED LOSER

When rates stay high, cash still leaks

The 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 don’t confuse short-term safety with long-term wealth storage.

THE SETUP

A Fed that can’t hold rates down. If the long-term rate is now being set by an unstoppable wall of AI borrowing, and that borrowing is — Goldman’s own word — inflationary, then holding cash becomes a slow, guaranteed leak. Your money sits still while prices climb.

BONDS AREN’T THE OLD SAFE HAVEN

The flood moves their value. Government bonds used to be the automatic safe place. But the very wave of new debt is what keeps pushing their price around — the safety is not what it was.

WHY GOLD HOLDS UP

You cannot print it. Gold’s whole appeal is that its supply grows slowly and no government controls it. When confidence in paper money is under pressure, that scarcity is exactly what people want — which is why the vaults are buying.

THE TAKEAWAY

“Do nothing” is a decision. Sitting entirely in cash feels safe, but over long stretches it has been a guaranteed slow loss of buying power. That is the trade-off to understand before you leave everything where it is.

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WHAT THIS MEANS FOR YOU

A plan matters most when the headlines feel loud

THE BUBBLE ON TOP OF IT ALL

The AI build-out is also a bubble risk. The same borrowing wave driving rates is funding the biggest speculative build-out since the year 2000. If the AI payoff shows up later or smaller than promised, the fall would not be gentle.

THE HISTORY THAT SHOULD WORRY YOU

The internet was real, and it still crashed. The internet was arguably the greatest invention of our lifetime — and the Nasdaq still fell 78% after 2000, and took 15 years to climb back. The technology being real does not stop the bubble from bursting.

MAKE IT PERSONAL

Picture a 55-year-old with $100,000. That is roughly the average retirement pot in your 50s. A 78% drop, like the Nasdaq's, turns 100,000 dollars into about 22,000 — and history says it might not recover until you're 70. This already happened to millions of people once.

SEE YOUR REAL EXPOSURE

Look through your index fund. Most people think their index fund is safe and diversified. But a handful of giant tech names — the very ones borrowing to build AI — now make up a huge chunk of it. In the Winston app you can pull up any fund and see straight through it to how concentrated you really are. The real fix is a simple, calm plan for your 401k, pension and retirement — so a crash is something you prepared for, not something that happens to you.

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QUESTIONS FOR THE READER

Five questions to ask before the next headline

- ✓ Do I have 3 to 6 months of expenses set aside without having to sell investments?
- ✓ How much of my long-term savings is sitting in cash that quietly loses value in a higher-for-longer rate world?
- ✓ Do I own anything that a government cannot print — like gold or silver?
- ✓ Am I overexposed to the exact big-tech AI names driving the borrowing wave, without realising it?
- ✓ If the market fell 50–78% like it did after 2000, do I have a plan — or would I panic?

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1. **Video:** “The UNTHINKABLE is About to Happen to the FED (& Why Gold and Silver are Next)” by Felix Nikolas Prehn.
2. **“The Fed are much more passenger than driver”; AI as a rates-and-credit story; “most capital-hungry investment cycle in history”; ~$500B AI debt by early August (≈ one-fifth of 2026 US high-grade issuance); ~$1.3T next-year build-out; hyperscalers to issue more interest-rate risk (DV01) than the US Treasury; “the savings-glut era is over”; “AI investment boom is implicitly inflationary”; Treasury buybacks as a “firecracker in a hurricane”:** Mark Wilson, Jan Scheffel and George Cole on Goldman Sachs’ “The Macro Call,” reported by ZeroHedge, September 9, 2026.
3. **Gold peaked in January, ~20% off high; “this isn’t the end of the bull market, it’s an elongated pause”; “new highs are going to be in the future”; ~3,500 tons mined per year; central banks ~400–500 t/yr before 2022 rising to ~1,000–1,100 t/yr now; “you don’t need as much investment capital to drive prices materially higher”; 2022 regime change; “any time you see official policy intervention, people tend to buy gold”; silver ~half industrial / ~20% investment demand, $50/$80/$100 range, “spot up, vol up”; “we’re still bullish gold”; “$4,000 is a pretty solid floor”; CPI Friday as the nearest catalyst:** Tony Kim, Global Head of Metals Trading at Goldman Sachs, on “The Markets,” reported by ZeroHedge, September 10, 2026.
4. **Two shocks behind the gold pause (Kevin Warsh Fed-chair nomination/confirmation; US-Iran conflict and the Strait of Hormuz):** as reported in the September 10, 2026 coverage above.
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