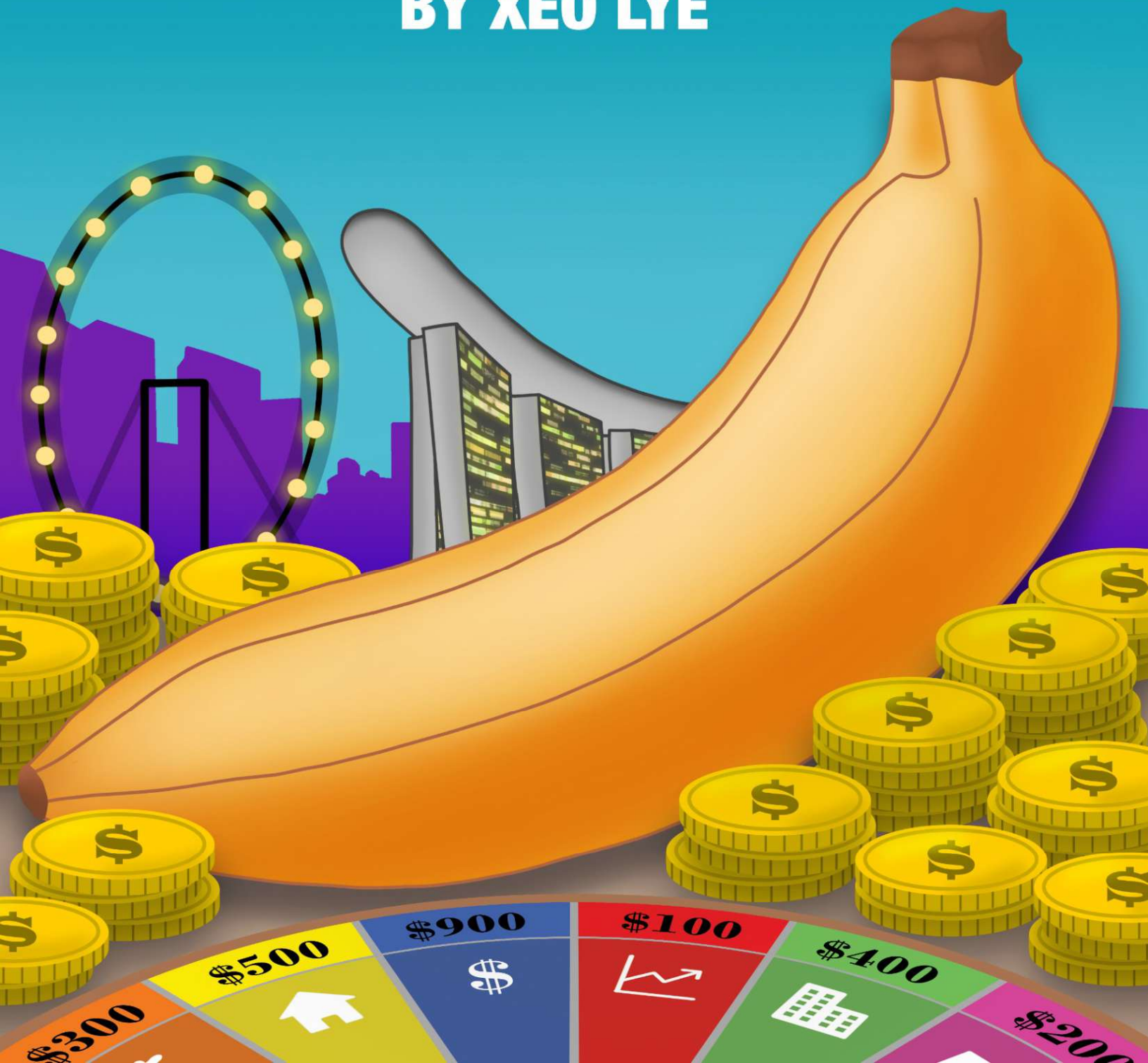


# THE BANANA ECONOMY PLAYBOOK

Mastering Economic Cycles for Smart Investing

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Lye Wen Song Xeo asserts the moral right to be identified as the author of this work

This book is designed to give the reader a general overview of the concept of economic cycle and how to make use of economy cycle to manage investments. It does not give detailed legal or financial advice, readers are always advised to consult independent legal advice.

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# Introduction

The journey towards financial mastery typically starts with learning about basic personal financial concepts such as budgeting, understanding the laws of compound interest and basic debt and risk management. Once most people have accumulated a sizeable pot of gold sitting, most people will start to venture towards riskier investment ventures such as stocks, properties and bond. Most people hope that their money will do all the work for us, generating sufficient income in order to enjoy the freedom to do what they feel like doing. This leap from personal finance to investment methodology is the riskiest one as individuals advance from a simple game of solitaire to a new stage filled with professional players. New investors are often thrown into the deep end of the pool without the proper knowledge and is often prowled upon by the various financial monsters waiting to take out the unwary financial adventurer.



Many will no doubt recall the boring economic theories that they have been forced to learn during their schooling days, of which, most of it have no practical use in the real world. They will rather focus on learning useful investment weapons such as fundamental analysis or technical analysis which will give them an edge to generate sustainable profits over the long run. One of the most important foundations of being a good investor is the mastery of economics, which is often neglected for investors climbing the wealth pyramid. The understanding of economics and politics of the world is essential to the improvement of an investor's investment performance no matter what kind of investment methodology a person may use. No man is an island and a person's investments will definitely be influence by a wide variety of external influence. Investors who took the short cut will not be able to anticipate and react rationally, when they are hit with economical and geo-political uncertainties.

George Soros is an example of a very successful investor who is able to master the use of global macroeconomic trends to become one of the richest men in the world. However, solely depending on global macroeconomic trends to make investment decisions is not



recommended as it takes many years of learning and experience before they are able to master that. The mathematical application of fundamental and technical analysis is more useful for new investors as the analysis typically arrive at a definite “Yes” and “No” answer. Having said that, all investors should attain a basic understanding of economic concepts such as economic cycles, interest rates, inflations and GDP as this knowledge will have them improve the profitability of their personal investment decisions.

## How This Book Came About

The Banana Economy Playbook is developed as a companion book to the Wongamania: Banana Economy board game. Unlike traditional educational games, the primary design philosophy of Wongamania is based on fun and entertainment while education is a secondary support feature. It is hoped that players who managed to destroy their opponents' investment portfolios through interest rate manipulation or political turmoil will be inspired to read more about how these events affect the investment world in real life. However, many have requested hearing from the designer's point of view and a more in-depth illustration of the financial concepts imbued into the game. It is also much easier to read from a single source of material rather than scouring the internet for bits and pieces of information.

Previously, the educational aspects of our games were shared directly by the team at Capital Gains Studio during live demonstrations. However, as *Wongamania* grew in popularity over the years, it became clear that a more scalable and efficient way to communicate the game's educational value was needed. That led to the launch of this book.

Originally published in 2016 under the title *Wonganomics*, the book reflected the economic realities of that time. Since then, the global landscape has shifted significantly. China is no longer the most populous country, but it has made great strides in high-tech manufacturing and software development. Japan has emerged from its long deflationary period and is now experiencing renewed economic growth. Meanwhile, Europe has seen its first major land war since World War II, with Russia's invasion of Ukraine.

Given these global shifts, an update is necessary to reflect the new economic realities. As we head into 2025, potential changes on the horizon—such as a possible return of Donald Trump to the U.S. presidency—could once again shake the global markets, as they did during his previous term in 2016. This updated edition aims to equip readers with a clearer understanding of these dynamics and how they influence the economic cycle.

## Who Is This Book For?

The purpose of this book is to introduce practical and accessible economic concepts to those who are just starting out in investing. It serves as a concise guide to understanding the economic cycle, key economic indicators, and the asset cycle. Apart from a few helpful graphs and charts, you won't find complex calculations or formulas—just clear explanations supported by easy-to-read historical economic scenarios.

This book can also be used as a companion to the economic board game *Wongamania: Banana Economy*, offering players deeper insight into the rationale behind the design of various cards. While it's not necessary to have played *Wongamania* beforehand, reading this book after playing the game can greatly enhance the learning experience.

Finally, this book also serves as a valuable educational resource for trainers and educators who wish to provide their students with deeper knowledge and real-life examples to complement the gameplay experience.

## How is This Book Organized?

The first part of this book introduces the basic concept of the economic cycle and explores what typically happens during each of its stages. The following section covers key economic indicators—such as GDP, interest rates, and inflation—and explains how they can help identify which phase of the cycle a country is currently in. After that, the book examines various asset classes and how they tend to perform at different points within the economic cycle. Finally, we take a look at the current state of major global economies and assess where they might be positioned in the cycle today.

Throughout the book, readers will also gain behind-the-scenes insights into how the game designer translated complex financial and economic ideas into the mechanics of *Wongamania*. These design notes highlight some of the key lessons the game aims to deliver through its interactive gameplay. Aspiring designers interested in educational games may find these snippets particularly inspiring.

After all, this is a book about unpacking the game of finance—both in the real world and on the tabletop.



# Chapter 1

## The Banana Economy

*Welcome to Banana Republic, a politically unstable country where the economy is controlled by political and business elites. You are one of the elites of this nation, and your objective is to stash enough money in an offshore trust fund in order to retire comfortably. Invest in Stocks, Properties and Bonds and exert influence on the government to manipulate the economy for your personal gain! Unleash the financial monsters such as Debtzilla, Inflationsaurus and Taxopus to destroy the wealth of your competitors. Do you have what it takes to survive in this cut-throat world of money mania?!*

Setting the background story of Wongamania: Banana Economy was never an easy task. We wanted to create a game whereby players can be both a citizen and the government. The idea is to let the players learn how to accumulate wealth while navigating through the economic cycle and experience the first-hand damages that can be wrecked on the economy as a result of their role in the game, as the government. The 2007 global financial crisis and the rise of “Too Big