



# Outlook 2023

It's Difficult to Make Predictions, especially about the future. The world is flooded with information that should be taken with a grain of salt. False information interferes with rational opinion-forming, leading to wrong decisions and incorrect forecasts.

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# **Question everything!**

A quote, attributed probably because of its genius to Winston Churchill as well as Karl Valentin, Mark Twain, and Niels Bohr, reads as follows:

"It's Difficult to Make Predictions, Especially About the Future."

# WINSTON CHURCHILL, KARL VALENTIN, MARK TWAIN UND NIELS BOHR

Anyone who follows weather forecasts and had to endure a rain-drenched garden party despite good forecasts can endorse this statement.

#### Quantity and speed before quality

Never before in the history of mankind has so much information been available to everyone - within seconds: If a sack of rice falls over in China, it is known a few seconds later in the furthest backwater on the entire globe.

The problem with this amount and availability of information is that it is impossible to read everything and then separate reliable information from the trash.

## The agony of choice

Thus, one has to make a choice and reads those sources that have proven to be reliable in the past, which is also very time-consuming, because you have to follow sources for a certain time to be able to reach this decision. Further, you have to constantly search and question new sources. That's how I work. However, it's a full-time job and you still have concerns about possibly weighting or overlooking something incorrectly.

# "Good reputation has nothing to do with truthfulness."

The vast majority, however, do not have this kind of time and rely on sources that have a good reputation. This is how not only ordinary citizens operate, but also most decision-makers.

# Good reputation has nothing to do with truthfulness

Now, one might think that media with a good reputation and a big history are more reliable in keeping their readers and viewers well informed about important events, as they sometimes have hundreds of journalists and researchers at their disposal.

This is not so. A few weeks ago, in the article "Resist the beginnings!", I used an editorial in the NZZ to show that even media that have a reputation for transparency, reliability and honesty publish unreliable reports - and to my dismay,

they do so knowingly and willingly in some cases.

The business world is not spared such problems either. In my opinion, it is grotesque how the majority of investors and professional advisors make their decisions based on a few sources, sources that often blow the same horn.

# "Incorrect information impairs rational opinionforming and leads to wrong decisions."

It is not questioned which interests these sources represent. Large media live from their advertisers, and many business newspapers thus depend financially on the financial business, which regularly places most of the advertising. This conflict of interest should always be kept in mind. If a business editorial team now writes articles that - rightly or wrongly - are contrary to the interests of the big banks, which are also the big advertisers, they will put pressure on the editorial team. Anyone who believes otherwise is naive.

### Wrong decisions

Incorrect information impairs rational opinion-forming and leads to wrong decisions.

This was shown to us this year in extremis by the media "coverage" of the Ukraine conflict. The information about Russia's economic situation was so wrong that the sanctions imposed brought not Russia but Western Europe to its knees. Today, the EU has supply and energy problems that are otherwise only known from developing countries.

To what extent this false information was propaganda, deliberately spread by the West and believed by its decision-makers themselves, or whether these clear false decisions were based on unprofessional collection and assessment of data, is difficult to judge at this point in time and ultimately irrelevant to the outcome.

The West seems to have learned nothing. The latest sanction against Russia is intended to cap the price of Russian oil. Apparently, the West assumes that Russia depends on oil exports to the countries involved. This week, the Kremlin reacted to this and decided to stop selling oil to those countries that participate in the price cap - the consequences will probably worsen the supply problems of the EU.

## There is no spice in brevity, but danger

Another problem lies in the tendency for news to become shorter and shorter. Twitter, with a few hundred characters per message, set a fatal standard.

Complex issues cannot be seriously discussed in a couple of lines; yet they are believed, sometimes with dangerous or even fatal consequences.

For example, ABC business journalist David Taylor tweeted from his iPhone on October 1:



# Credible source tells me a major international investment bank is on the brink

7:09 PM · Oct 1, 2022 · Twitter for iPhone

Bild: Twitter

As a result, the Credit Suisse share price plummeted and only recovered when Taylor deleted his message again. Dangerous.

## Can it be more dangerous? - Unfortunately yes.

When there is a war, the problem gets worse, and false reports can have dangerous consequences.

A few weeks ago, a false report almost triggered a world war: On Nov. 15, a missile struck the Polish-Ukrainian border village of Przewodów. The Associated Press (AP), citing information from a senior U.S. intelligence official who wished to remain anonymous, published that it had been Russian missiles.

How did this pitoyable performance by the AP come about? (In detail, ZeroHedge)

James LaPorta, a junior staffer at the AP reported to his superior:

"From a senior American intelligence official (vetted by Ron Nixon) yes, Russian missiles crossed into Poland."

JAMES LAPORTA, AP

In response, editor Lisa Leff asked if the news service could go ahead with the story even though it had only one source - which violates the AP's rules for anonymous sources.

James LaPorta replied:

"That call is above my pay grade"

JAMES LAPORTA, AP

And then came probably the most naïve statement of this year, mind you, from AP's chief correspondent in Poland, Vanessa Gera:

"I can't imagine a US intelligence official would be wrong on this"

#### VANESSA GERA, CHEFKORRESPONDENTIN AP POLEN

James LaPorta was not at all sure of the matter and even went on to point out that this news could trigger Article 5 of the North Atlantic Treaty, which would mean war between all NATO countries and Russia.

The report turned out to be false - it was a Ukrainian missile.

"When you see a news story which is based on an anonymous source from a intelligence service, you will be correct to assume the opposite in 90% of the cases."

What were the consequences? - For James LaPorta, who merely tipped off his superiors and made it clear that he was not sure and expressed his concerns, the consequences were fatal: he lost his job.



James LaPorta - did everything right and lost his job. Source: LinkedIn

There were no consequences for the responsible AP chief.

It is somewhat unbelievable that an AP country director, who does not understand the most basic rules of intelligence, does not follow internal rules, almost starts a world war and keeps her job.



Vanessa Gera, Chefkorrespondentin AP: Sakrosankt trotz allem. Bild: LinkedIn

When you see a news story which is based on an anonymous source from a intelligence service, you will be correct to assume the opposite in 90% of the cases.

Interesting in this context is a statement of an old Russian friend with whom I discussed this topic a few days ago on the occasion of a Christmas dinner.

# "An institution that has either the word "democratic" or "truth" in its name stands for the opposite."

He told me that he grew up with the newspaper Pravda, which was the largest newspaper in the Soviet Union.

Pravda means truth in Russian. He told me that an institution that has either the word "democratic" or "truth" in its name stands for the opposite.

Russians do not believe anything from the media, because they have been systematically lied to for 70 years.

The consequence of this is that Russians are skeptical of news and "facts" of any kind. My Russian friend, who knows the West well, was surprised how naive people in the West are to believe everything that the patient paper says.

## **Outlook**

After trying to suggest that you should develop a healthy skepticism towards the media, I can't resist making a few predictions for 2023 in the hope that I won't be writing myself out of a job.

Instead of trying to give you some impossible predictions, such as which stocks you should buy, I will limit myself to pointing out trends that are already there and could intensify in 2023.

#### **BRICS**

2023 could be the year of BRICS. This does not only mean the countries Brazil, Russia, India, China and South Africa, but many others, which move in the haze of this organization, but especially Saudi Arabia and Iran. I have already dealt with this organization in my article "The Unstoppable Rise of the East".

In my opinion, President Xi's three-day state visit to Saudi Arabia cannot be given enough weight.

It is quite possible that a paradigm shift will take place with the agreements signed on the occasion of this visit, which not only concerned long-standing oil supply contracts, but also increasingly involves Saudi Arabia in the Belt & Road Initiative.

# "The U.S. no longer embodies the power that acts; condemned to react, it thus loses the privilege of initiating changes of direction."

The decisive factor for these contracts will be the currency in which they are settled. If it will not be the US dollar, which I personally assume, this will lead to a further weakening of the petrodollar – for more details see my article on the end of the petrodollar.

The Americans will not like this at all, after President Biden's visit to Saudi Arabia was a complete flop. The U.S. no longer embodies a power that acts; condemned to react, it loses the privilege of initiating a change of direction.

Saudi Arabia is the last big "gas station" that the Americans still have in the Middle East and are now in danger of losing, having already lost Iran and Iraq.

If the Americans react as they have always responded since 1945, they will try to destabilize Saudi Arabia. One can assume that the CIA is working extra shifts over the holidays to accomplish this.

Saudi Arabia could thus become a focal point of 2023.

#### Taiwan

The relationship between China and Taiwan was not particularly bad until 2022, as both showed great interest in finding a diplomatic solution to their problems and allowed themselves plenty of time to do so.

Nancy Pelosi's trip to Taiwan showed the world public that the U.S. once again wants to take the reins – as always by destabilizing the two Chinese parties through arms deliveries to Taiwan.

I tend to think that China will not be carried away to intervene militarily in 2023, despite the American provocation.

However, I would judge the situation differently if the conflict in Ukraine develops into a major conflict between NATO and Russia or a military conflict develops around Saudi Arabia.

#### Ukraine

With great reliability, the Western media misinformed and misdirected their readers in their "reporting," which was not reporting. I assume that this will continue in the same way in 2023. Obviously, largely fact-free emotions are good for business.

The Americans seem to be gearing up for a long conflict and the Russians need to respond. The fact that a long conflict leads to many deaths seems to be generously accepted by the West – after all, only Ukrainians and Russians die.

A major challenge for the Russian army is that President Putin has built up a defensive army over the last 20 years, which currently has to function offensively.

Although the weapon systems – tanks, artillery, infantry and air forces – have not changed as much as is generally assumed since World War II, the tactics have changed extremely, partly due to the technical possibilities to collect and process information about the enemy and to communicate with the formations in real time (ISR-Intelligence, surveillance and reconnaissance).

The Ukraine conflict is the first major conflict in which these tactics are being used extensively. Thus, it is extremely difficult to make predictions.

This is a paradigm shift in warfare, and thus comparisons with previous conflicts should be taken with a great deal of caution.

However, the Russians seem to have efficiently used the weather-induced pause during the rainy season to prepare for their winter offensive in the south, and the ongoing offensive around Bakhmut also seems to be going well.

The West would do well not to underestimate the Russians in 2023 as well. Whether the winter offensive will bring a decision cannot be predicted in any way, since one does not know the war aims of the Russians (anymore).

Further, I think that the West overestimates the support of the Ukrainian population and military leadership for Selenky's policy. Questions are also beginning to arise in the West as to whether Mr. Selensky is acting in the interests of Ukraine or is merely an instrument of the Americans, all at the expense of the Ukrainian people and taxpayers in Europe and America.

# Economy in the West

It is human nature to use January 1 to put the poor previous year behind us and look to the future with optimism.

This runs through most publications: One is shrewder, has learned something and goes with good intentions into the new year.

For example, countless fitness subscriptions are bought and given away in order to finally get rid of the extra pounds. Regularly, this only leads to big turnovers for the fitness providers and the clubs can count on the January rush dying down again as early as February – a textbook example of a flash in the pan.

The same goes for good intentions to be disciplined about investing. This is a difficult undertaking in an environment driven by greed and fear.

The economic numbers don't show anything good: CPIs (consumer price indexes) in many countries did come down slightly in the last quarter, which many investors see as a positive sign for 2023, but caution is called for.

After all, the CPI looks to the past and the PPI (producer price index) looks to the future. The PPI in Germany rose 28.2% in November compared to November 2021, so anyone who thinks that inflation will somehow come under control is probably wrong, because producers will not and cannot bear their own price increases.

# "Comfort is dangerous."

Price inflation leads to higher interest rates and these are poison for stocks, for bonds and also for real estate, all industries whose high valuations depend on low interest rates. Anyone who invests in the financial markets now runs the risk of having more courage than sense.

# **Closing remarks**

My personal advice for 2023 can be summed up relatively simply: Question everything you hear and read and approach everything with great skepticism, even if it takes you out of your comfort zone: comfort is dangerous.

Furthermore, you should act very cautiously in investment matters and certainly not try to make up for the losses of the previous year with emotional hip shots.

I wish you a happy new year.

Analysis LaPorta, James Gera, Vanessa China Poland Russia Ukraine Taiwan BRICS Neue Zürcher Zeitung (NZZ) Churchill, Winston Twain, Mark Maxime, Auguste Putin, Vladimir Credit Suisse (CS) Associated Press (AP) European Union (EU) NATO