

Subject: Zanetti Monday Missive
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Zanetti Monday Missive 2023.01.09 2023 Themes

Hello Everyone,

The format of this missive is a little different.

I had several clients ask me what I foresaw coming in 2023. For many years, I put my predictions in writing and was invariably embarrassed 365 days later.

You'd think I'd learn.

But no. It is our job at Zanetti Financial to try to look through the fog to see what is coming. So, let's weigh in again. :>)



Things often come in 3's. So the three big storms of 2023 will be:

- **Geo-political Storm**---Escalating war in Ukraine. Rising tensions and very possible wars in China/Taiwan, & Middle East.
 - War is always inflationary.
 - War destroys wealth.
 - No one is talking peace
 - War is only good for an economy that is supplying combatants, but isn't itself getting bombed.
- **Dollar Storm**. The dusk of the petro dollar and dawn of petro yuan. (Zoltan Pozsar quote.)
 - The petro dollar deal is based on oil-for-dollars in exchange for protection
 - The petro-yuan will be based on oil-for-yuan-convertible-to-gold (!) in exchange for production (!). Yes. Gold and production are the keys.

- Producing things to replace Saudi Arabia's depleting oil reserves. And the ability to convert currency into gold. Value for value.
 - Crown Prince Mohammed bin Salman wants to modernize Saudi Arabia---and its economy---for the long term. Look up Neom to see his vision.
 - Oil for production means:
 - Saudi Arabia gets paid in Yuan for its oil—yuan that are convertible to gold if they wish.
 - Then those yuan are used to build petro-chemical plants, 5G & 6G facilities, quantum computing centers, nano-tech and AI plants, etc. all in Saudi Arabia—with Chinese help of course.
 - That's China's offer vs. the continuing US offer of oil-for- protection. Protection that seems weak under Biden.
 - BRICS nations vs. the US will make headlines.
- **Domestic Political Storm.**
 - 2023 will be the year when hard questions are asked—and answers demanded.
 - The truth is coming out on the Ukraine corruption, Covid policies and vaccines, laptops, inflation, etc.
 - In the past investors always asked, "How will this (choose a scandal—Watergate, Monica's dress, Benghazi, etc.) affect IBM's earnings?" Usually, that answer was negative. Not now. Confidence in government will start to flicker.
 - Food and energy prices will be top-of-mind for most Americans. Blame game ensues.

These storms will then cause waves (tsunamis?) in currency, stock, & bonds markets that don't fit linear thinking. Linear thinking is----"2023 will just be a continuation of 2022."
Which is usually what prognosticators do.

No. Not this year. Dislocations are coming. Abrupt. Cycle changes.

And the super-big picture is this:

- The US became a super power on its industrial strength. Making things. We industrialized. And were really good at it.
- Then finance supplanted industry...foolish on our part. Industry was shipped overseas.
- Finance replace industry. We “financialized” (vs. Industrialized) the economy. Banks, brokerage, insurance, money-centers, & Wall Street ruled supreme.
- Printed dollars & credit replaced real things.
- Next, comes the push back.
- The world is now rejecting “financialization” as the path to wealth. Money for nothing has run its course. Putin calls US dollars “candy wrappers.”
- “Commoditization” is coming. Russian, China, India and now Saudi Arabia are insisting on it.
- Commodities will be the anchor for wealth...and new currency systems.

Can the US handle this?

Yes. America is exceptionally good at adjusting. Leadership is key. We have brilliant minds, abundant natural resources, and an historic work ethic. As Warren Buffet says, “Don’t bet against the United States.”

So, there you have it. A bunch of bullet points that may really embarrass me come January 2024. :>)

A belated Happy New Year and Many Happy (Investment) Returns in 2023!

Signed, Your Let's-Vote-Who-Stole-Christmas-Better-The-Grinch-Or-Southwest- Airlines? Financial Advisor,

Greg

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