



WHAT'S INSTORE FOR 2023

Agenda : 2023 Predictions

- Economic
- Geopolitical
- Investment
- Investment implications

Agenda : Geopolitical

Nouriel Roubini

- “Megathreats”
- NATO/ Russia nuclear war
- China invades Taiwan
- Emboldened Iran and NK
- Deglobalisation, sovereign debt crisis, stagflation
- Climate change
- pandemics

Zoltan Poszar

- Bretton Woods III
- End of USD hegemony
- Rise of CNY hegemony
- Rise of Chussian commodity regime
- Inflation and higher yields

Agenda : Economic

The Economist:

- Recessions loom. US mild, Europe brutal. Global pain, strong dollar hurts poor countries hit by soaring food prices.
- Climate silver lining. Rush back to fossil fuels, but medium term better.
- Peak China. India population overtakes.
- Revenge Tourism.
- Metaverse reality check. Will virtual worlds catch on? Apple launches headset, Meta decides if to change strategy.
- Ukraine: grinding stalemate. Rest of the world affected by energy prices, inflation, interest rates, economic growth, food
- Divided America. social cultural divides on abortion, guns and others widen
- Flashpoints. China may move on Taiwan. India-China tensions in the Himalayas. And might Turkey try to nab a Greek island in the Aegean?

Agenda : Economic

S&P Global

- Global monetary policy tightening has further to go to spring 2023
- Mild recessions are forecast in the United States and Europe, but resilience in Asia Pacific will prevent a global recession
- Housing markets will continue to weaken in the face of rising mortgage rate
- US dollar has likely peaked and will retreat in 2023
- Mainland China's easing of containment policies will propel choppy recovery
- Supply chain disruptions will ease markedly, but labor shortages will remain
- Labor shortages will remain a challenge in 2023 even as unemployment rates are predicted to rise modestly

Agenda : Investment

David Rosenberg

- Deflation more of a problem than inflation
- Corporate earnings to fall by up to 20%
- Housing bubble risks - but unlikely to be 2008 terrible as banks are better capitalised

Michael Hartnett (BofA)

- Bonds boom and stocks crash ahead
- China/EM lift
- Structural shift to deglobalisation, fiscal spending, war and inflation means small cap, industrials and commodities.

Michael Wilson (MS)

- 3,000 the target on the S&P (-25%)
- Inflation peaking, pressure on earnings as margins crushed
- Equity risk premium to rise

Agenda : Investment

Goldman Sachs

- US soft landing
- Buy China. commodities
- Neutral US stocks

JPM

- US recession
- Sell Europe on ECB. Buy China

Agenda : Investment

Australia

- 1-2 quarters behind US
- Rate tightening gone too far given fixed-rate reset
- Historic house price bust and per capita recession at best
- Banks in trouble
- China reopening good for tourism/students. But not especially positive as it lifts AUD while commodities fade
- Inflation to crash via goods, floods, energy, immigration and RBA to cut earlier and harder than elsewhere

Viewer question of the week:

What is the major investment theme for 2023?

Drop your answers in the comments

Investment Implications:

- Bonds boom
- Stocks down: long defensive, short cyclical
- AUD bottom in but further weakness likely
- Property bust has another six months at least then RBA cuts
in H2

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