

A Multipolar World



HUMAN ADVISOR PROJECT
HELP HUMAN HELP HUMANITY

*Reflections on Economy, Market and Society for the year to come**

The Human Advisor Project proposes some reflections on the year that is about to come. It is recommended to read the disclaimer note at the end of the text. The report is divided into short and summary paragraphs, please request in the comment section if you would like to deepen one or more of the topics below in future reports and articles. Let's get started.

The evolution of Globalization

The era of the West as the center of the world is over. The new trend now, in the West, will be to consider the world as a two-pole world with a democratic bloc and an authoritarian bloc. However, this seems to be an overly simplistic and naive definition. The rise of alternative powers to the two US-CHINA blocs seems to be foreshadowing an evolution in the direction of a multipolar world within which exchanges of resources and services will continue both between blocs and within the blocs. The market will suffer from the moment of tension caused by this change, but in the long run it will benefit. Nationalist and populist movements will be able to arise and proliferate temporarily in the initial phase of this process, but clashing with the economic needs of global market union that will make them mature and/or lose ground in the medium and long term. It is also noteworthy that we are preparing to reach 10 billion people on planet earth in a few years, with all the challenges in terms of food supply, population density, migration, security, energy and pollution that this will bring.

Climate change and social justice

From Cop27, some main scenarios have emerged:

There is no agreement at global level on how to reduce emissions.

Europe is a leader in regulation with the US, which could supplant it as early as this year. At the moment, the focus seems to be on the rebalancing of social justice between developed and emerging countries, to the extent that the west will have to (would they already have to?) create and/or support the emerging countries in the process of adaptation to current climatic conditions (provoked mainly by the developed countries). A Cop28 more focused on decarbonization is expected next year.

War in Ukraine as a regional and non-world war

The war in Ukraine that seemed to result in a world-nuclear-war in the second quarter of 2022, now appears to have stabilized as a 'regional' war, only European. The consequences on the rest of the world are visible but not as much as if it had broken out a few decades ago. This makes us reflect on the role of an increasingly less central Europe at world level, that is, more and more a single subject among a multitude of subjects, political, economic and military, within a multipolar world.

The future monetary war

Strong dollar, weak euro, and other raising currencies. The Chinese digital currency is in the pipeline, which wants to become the main exchange currency of the

BRICS countries (which would also like to incorporate Dubai). All this monetary ferment seems to foreshadow a future currency war. Among these currencies, one certainly represents the most ambiguous but interesting: Bitcoin. Much down from last year's highs but very high compared to its pre-covid levels, with its strong assumptions and projections still very promising in the long term, despite the expensive and polluting mining issue.

Inflation and Central Banks

Inflation (to 70% due to the increase in the cost of food and energy due to the war in Ukraine) is the big issue of these last months. The loss of purchasing power of households is beginning to be felt and, while in America there is already talk of the 'beginning of the end of inflation', in Europe, although it seems that the peak has reached, high inflation will still seem to remain present throughout 2023, thus impacting the cost of living and eroding uninvested savings or money on the current accounts of savers. Central banks are running for cover, in fact, the FED and the ECB seem to want to continue to use the hard fist, raising interest rates on the money lent to the banks, which consequently raise mortgage rates, thus triggering a difficult situation for businesses and citizens. At the moment, inflation forecasts are not rosy for Europe. To run for cover, many think of lightening their liquidity by investing in the rising bond market or buying Real Estate, mainly in the 'Logistics' and Private Luxury sector (a big "No" for the commercial real estate sector in sharp devaluation from the pandemic).

Bear market

It is given by everyone as certain a more contained growth in the two-year period 2023/2024 with a "bear" or dormant market, or even in a slight decline in Europe (recession) and very light or absent in the USA. This would represent a significant disadvantage for investors who opened their market positions in 2021 who are now losing double-digit percentages, but a considerable advantage for those who want to open them (especially in solid stock) positions in the next year by buying on weaknesses.

Luxury

The crisis, as always, is not felt by the richest groups of society, which are becoming richer and richer and who, even driven by inflation, tend less and less to take liquidity on account and prefer to spend, and sometimes even invest, in the luxury sector. Although down from last year due to the war in Ukraine, buying a Rolex still means doubling if not tripling your investment at the exact time of purchase. In fact, a Steel Daytona purchased today at 12K€ from that élite that has access to the waiting lists of retailers, can be exchanged in the gray watch market for about 25/30K€. Watches thus become no longer tools but jewels: Swiss watchmaking houses are increasingly shifting towards the use of precious metals and sought-after mechanisms, raising customer entry-level prices to 20/30 thousand euros (comes to 7/8 a few years ago). This is also because of the total absorption of the market for 'technical' or 'instrumental' watches by the tech industry. Suffice it to say that Apple alone sells more watches per year comparing

to the entire Swiss industry put together. Apple has recently come out with the first model of diving and hiking smartwatch. It is thus expected a gradual distancing of the Swiss industry from the 'stainless steel' to the luxury good in gold and diamonds or platinum (and an overvaluation of the Vintage given the poor availability of some models).

Layoffs, BigTech Crisis and Labour Market

However, very few are those who can afford to buy luxury goods, especially given the drastic increase in layoffs in the world due to the fear of recession and the bear market. In fact, the bear market bogeyman seems to have pushed the American technological giants to fire tens of thousands of workers. However, in the opinion of many analysts, this is not a strange fact, but a healthy and natural evolution of such companies that evidently, after a period of unicorn traction and over-price on the stock market, due to their boom and post-pandemic, begin to become more mature, solid, well-managed and therefore promising companies in the long term (and less volatile). Clearly this is devastating from the point of view of the workers concerned, but only if you think of the world of work in the 'ancient' way or the way in which it is necessary to work for a living. As automation is constantly advancing, the future scenario that is now facing with certainty is that of increasingly automated work and the creation of alternative subsidy tools to work such as universal income or UBI (Universal Basic Income). In this sense, Germany has begun working on the creation of a citizenship income to cover the loss of jobs of German citizens. Jobs that probably, in many cases, will not be get back. In contrast to Italy, which abolishes its already precarious citizenship income, but more for ideological reasons it seems and without putting tangible alternatives at the moment. So strong social and humanitarian crises are expected even in the West due to the reticence of the legislators to regularize this practice of "monthly non-repayable survival allowance" by the state to every citizen who will be (in academic circles and among the élité of American entrepreneurs it has already been mentioned for years as the only solution to unemployment from automation) the formula.

Millennials and GenerationZ

Two generations face the world of work. Millennials and GenerazioneZ are the workers/citizens/leaders-politicians/entrepreneurs/investors of the present/future. In order to understand how these generations will approach business, economic, financial, social and political life, we must first consider what we know about them. Of the millennials (born between 1981 and 1996) we know that they are the most educated generation ever. This on the one hand pushes them to think they 'already know everything' even when in reality this is not the case. On the other hand, it pushes them to want to distinguish themselves, to want to emerge and to increase their wealth, cognitive, experiential, consumerist and financial. They are also very politicised in different countries of the world, but that is not necessarily why they are recognised in mainstream politics. Of GenerationZ (born between 1997 and 2012) what we know is that they are babies born with the 'screen in the cradle'. They have never seen a program on television or read a paper newspaper and

everything for them exists more in the virtual than in the real one, in the present extemporaneous rather than in the planned future. Social interactions are predominantly mediated between them by the technological medium, via chat (phone calls are considered an invasion). Their private sphere is very wide and the level of comfort they are used to is very high. Their attention lasts no more than 8 seconds and the enjoyment of one content for them is difficult to go beyond 15 minutes. GenerationZ is likely to be renamed CyberGeneration. The next one will continue that trend.

Metaverse

In this perspective, the space for the birth of a new world is foreshadowed, first only imagined in science fiction novels and today already partial reality: the Metaverse. Meta, whose stock is down sharply today due to non-return spending policy, is the most interesting company to look at in this regard. It is in fact creating the platform and the device (i.e. software and hardware) through which all internet users in a medium and long-term time horizon will interface with the network for activities such as working, communicating, socializing, having fun, enjoying entertainment content (including those for adults), playing sports and much more. All from home, in your own comfort zone and without invading your private sphere, in line with the needs of GenerazioneZ. Other companies are chasing Meta in both America and China. Possible mergers are on the horizon in my opinion, so you will have to be careful, but investing in this sector (wide and not mono-company), over a time horizon of 10/15 years, could give very high returns.

Market prospects: crisis/opportunity

In addition to the metaverse and cryptocurrencies today at attractive prices, there are other interesting prospects in the market in my opinion:

EM Asia: The emerging countries of Asia and the Pacific are, according to almost all reports, the driving economies of the coming years followed by Nigeria (still risky and too immature politically).

Health care (home diagnosis and oncology immunology): In the health sector, there are excellent potential results in the medium to long term with regard to DIY diagnostics (home devices connected to the smartphone) and oncology immunology (cancer vaccines).

Pet: A close eye should be given to the sector that concerns pets and everything that revolves around them. In sharp rise and with great future potential.

Bond: Fixed coupon bonds are back. Certainly the most cautious investors will make use of it. Beware, however, to the fact that compared to the Bonds of a few years ago, these have some little more risks. It is therefore better to be cautious and always diversify.

The commitment of the HAP in the world: Ukraine Africa and Afghanistan

Our commitment abroad remains strong on three fronts:

Ukraine: The situation of internal refugees, that is, the people who have been left homeless for the war, is very serious. The most important thing now is for us to intervene not only on a psychological but also socio-economic level. The people,

as had been predicted by our report sent to President Draghi last February, have suffered devastating damage on all levels. It is necessary at this time to rehabilitate them psychologically but also to reintegrate them from a social and work point of view. Innovative poles must be created scattered throughout western Ukraine (it is possible that for a period there will be two Ukraines) where IDPs (internal disposable person) can start from scratch in safety and therefore live, work and socialize. Our head of Ukraine Emergency Dr. Viktor Vus now in Kiev is already on the front line on this front and in constant contact with me.

Africa: As far as the African continent is concerned, we have decided to focus on Rwanda and work on supporting adolescent mothers. Girls aged 13 to 18 who got pregnant due to rape or absence of sex education and who now find themselves being minors with minors dependent on them, no economic resources and no education. We will work to improve their conditions. Dr. Ronald Kimuli, head of Human Advisor Project Africa is already operational in this regard and in constant contact with me.

Afghanistan: The situation in Afghanistan is disastrous. There are parents forced to drug their children to make them sleep. There is no food, there is no infrastructure and many have lost their homes as a result of natural disasters. As much as the issue of education is central to us in a country like Afghanistan, as can be seen from our policy paper, we are now focusing first on humanitarian aid. Dr. Noorwali Khpalwak is operating from Paris and we have a team on site in Kabul in constant contact with us led by Dr. Samiullah Ahmadzai.

The next summary report will presumably be published at the end of next year.

Dott. Gianpaolo Marcucci
Presidente of the "Human Advisor Project"

*This text is to be considered a free reflection for study and research purposes. It is not to be considered scientific, commercial or informative material nor does it necessarily represent the thought of Gianpaolo Marcucci or the Human Advisor Project. Any consideration or forecast is considered valid only until the time of publication of this text i.e. November 30, 2022 at 14:00 GMT+1 and no later and may also change completely at any time thereafter. The conclusions reported in it were elaborated following studies and analysis of written, audio, video materials and reports from specialized institutes such as: ISPI, Julius Bär, JP Morgan, Goldman Sachs, Morgan Stanley, Bloomberg, Financial Times, Wall Street Journal, Sole 24 ore, Il fatto Quotidiano. Neither Gianpaolo Marcucci nor the Human Advisor Project is in any way responsible for the actions the reader will take as a result of reading this document. For additional info: Legal Team Human Advisor Project