Bill Blain: Inflation, Central Banks, BRICS, Geopolitics, Alternative Assets & more

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Erik: Joining me now is Bill Blain, author of [Blain's Morning Porridge] and strategist for Shard Capital. Bill, it's great to get you back on the show. It's been way too long. Let's dive in and start with the topic on everyone's mind inflation and central banks. Are we really in a transitory inflation that's about to go away and be all over and done with as so many people want to tell us?

Bill: Well Erik, it's great to be back on! Transitory, that's a word from last year, we don't use transitory anymore. We talk about how sticky inflation is because that's what's changed the underlying narrative surrounding inflation has gone from the central bank's promising us inflation last year, to the numbers know telling us that wage pressures, supply chain pressures, producers trying to put up prices, because of supply chain pressures and wage demands, is all contributing to a very different inflation landscape. But I don't think we can blame the central banks for getting it completely wrong, because they are getting inflation, under control for the economy that we thought we had. But the problem is, we have a very, very different post-COVID economy and I am very happy to go into that in detail.

Erik: Let's go ahead and dive into that starting with the geopolitics angle on what's different, because needless to say, it's very different. If I think about geopolitics and trade, you know, I can make the argument that boy, the world is really closing in. We're going to have less international trade because people don't trust each other as much anymore. Things are slowing down. But wait a minute, if I look at the numbers, trade numbers really don't look so bad. Is it just not hit yet or am I misinterpreting what the risk is or how should I think about this?

Bill: I think the world likes to scare itself about geopolitics. We've kind of convinced herself after the shock, horror and surprise of the Ukraine invasion over a year ago, that that kind of thing is normal. But in fact, it's anything but normal. And that's why it surprised us because we had very good intelligence that was coming. But it still caught markets by surprise. And markets always tend to overemphasize the bad news and underestimate the good news. Now, when it comes to geopolitics, and the way that it's changing global trade. Yes, it is, but not in the way of geopolitical conflicts. What you got to do is really go back into the early 2000s, when China joined the World Trade Organization, WTO. And China started mass production and becoming the cheapest to deliver economy in the world now that effectively exported deflation across the globe, and especially into the West for the next 15-20 years. And that deflation, is one of the things that kept inflation so low in Europe, in the UK, and the US for so long.

And then of course, we get a change, and sorry I should go back until 2008 when we had the global financial crisis. And then we had the additional effect of ultra low interest rates, quantitive easing, and policies that were designed to keep interest rates as low as possible, with the idea that pumping money into the economy would create borrowing that would expand businesses, and create an economic boom to replace the bleak times that we thought we were going to have as a result of the global financial crisis. But of course, that's not what happened. What we actually had was massive, soar away hidden financial asset inflation. And that happened in the stock markets and bond markets. Bond prices all went shooting up because interest rates were so low and that cause people to go and what we call yield tourism, going into equities and fueling the speculative bubble that drove tech stocks throughout the period, but also created all these crazy things like crypto currencies, meme stocks, and many of the stocks, the big tech stocks that are still trading with 200 times multiples today. And that inflation was hidden in financial assets, right up until recently.

And now of course, we have the explosion created or triggered, not created triggered by the energy shock in the wake of the Ukraine inflation. And that's really brought inflation to the fore within economies. Now we're seeing different effects and every economy the US i s coping with it better because the US has a bigger, internalized economy. Europe surprisingly, is coping quite well because it's finally getting its act together as well. And the really bad notion, of course, is my own the United Kingdom where we have effectively 20% food inflation, and no sign that prices are going to fall. And that's something that investors really need to cope with. If food inflation is 20%, core inflation is remaining sticky at around 8% In the UK, probably 4%. Elsewhere. That means if you're only getting 5% return from a bond yield, you're still getting very, very little.

Erik: Let's talk a little more about those consequences and implications of inflation. A lot of people are still stuck on this narrative. Look, it's all just this sort of echo boom from the COVID stimulus, the inflation is going back to 2%. It's just, you know, you say that it was last year's word to say transitory. I think some of the central bankers are still stuck on on last decades terminology, I'm not sure. But I don't think everybody gets it that inflation is here to stay. What happens when everybody figures it out?

Bill: Well, it's creating all kinds of certainty in markets already. You've got people saying well why would you be a bond buyer when we still have effectively negative real interest rates, much better to put your money into stocks and that's one of the things that is keeping stock markets relatively stable. And yeah, I know that there are really only seven stocks that are going through a boom time, the mega seven tech stocks, and the rest of the markets are effectively flatlining. And of course, one of the big calls everyone made earlier this year was by fundamental value stocks, they will be worth something. Well, you know, what they have flatlined. So that's one of the effects of people trying to figure out what they should be doing about inflation in order to hedge themselves against it. Bonds just don't make a lot of sense. And if you believe that inflation is going to be long term and painful, that's going to cause all kinds of problems for the economy, not least the fact that real wages are playing catch up, which means people have less money in their pocket, which means they're spending less, which means that corporates are making less money therefore making them look less valuable on a normal stock market model. But of course, we don't have normal stock markets models anymore, we still have FOMO, fear of missing out and Nvidia or whatever Tesla does next, and believing whatever you will about them. So there's all kinds of consequences and implications for the markets.

In terms of the reality, though, and this is what's really important, there is really no sign to say that we're going back to the drivers that created low inflation in the 90's and the 2010s because you don't have China, being that exporter of global deflation. You have changed global supply chains, not in terms of there being conflict with China. But the fact is, the Chinese economy is changing to service itself, rather than the rest of the world that's becoming a domestic consumption economy. And at the moment, one of the reasons we're seeing this slowdown in China is part of that change. And it's beginning to struggle with the same problems that Western economies struggle with, in terms of property values and their banking system. So that's a big change to the drivers of global trade and supply chains, which of course, has a massive influence on inflation. And if people really do believe that central banks are going to go back to the absurdly low interest rates of the 2010s, post-global financial crisis, then I think they've got to really think long and hard and say, why would they do that? The distortions that caused are things we're going to be dealing with for decades.

Erik: Let's expand on the China topic and talk about the BRICS alliance what some people call the global south. Seems to me like a lot of the marketplace is still kind of ignoring all of this and saying eh it's just those little countries. Well, wait a minute, they represent more than half of the human beings on the planet and they're in the process of trying to assert a new currency system which from the sounds of things, it's exactly what I predicted they would do, which is to try to compete with the US Dollar as the world's global reserve currency. Now, I'm not suggesting they're about to displace or replace the US dollar overnight. But it seems to me that they can make a pretty significant dent in the dollars monopoly, if you will, over the global trade in the use of dollar denominated reserve assets by central banks. Is this a real trend or is it just fluff?

Bill: It's a fascinating topic to discuss he said in a diplomatic kind of way, not wishing to tell you you're talking stuff and nonsense. But no BRICS is a fascinating topic. And it just so happened that way back in the dim and distant times, when dinosaurs still ruled the planet, I was a young financial journalist for Euro money in the 1980s. And one of my quote, gold go to economists was a young York Sherman called Jim O'Neill. And he was the guy who went and coined the phrase back BRICS in the early 2000s, bringing in Brazil, Russia, India, China and South Africa. And his argument was that as these high population countries industrialized and got richer, they would become increasingly important to the global economy. And that has really played along with the narrative that China has been developing over the last 20 years. That China is going to step up and play its rightful place in the global economy. Now, if you actually look at the BRICS economies, I think China has about 70% of their total, in terms of contribution to global GDP, but they still even know what they are about. Well, BRICS is changing, and we'll come to that in a second. But China's definitely the dominant power within it. Now, China has been trying to create its own financial and market ecosystem for decades, ever since it joined WTO. And the most obvious example of that is what we call the Belt and Road project, whereby they're building infrastructure that will allow them to export and import all around the globe. They're building ports, they're building influence. And some of its going okay. And a lot of it is regarded as debt capitalism, where they're forcing countries into debt to take their infrastructure. And it's, you know, it's a bit there in various ways.

But what we're also seeing now is BRICS becoming a second part of that BRICS has become an actual organization. They have their own investment bank down in Shanghai and I think the meeting this week in South Africa, where they're going to be talking about exactly the subjects should they have their own equivalent of the IMF, that's very attractive to many nations, who are forced to agree on economic cuts and programs with the IMF to get lending from them. And should they have their own currency to compete with the mighty dollar? Yeah, it all sounds very plausible. But again, the reality of course is very different. Where you've got nations like Brazil, which are, you know, major parts of the global economy. If they were to de-dollarize the amount of damage that would do to their economy would be humongous. Then you've got India. Now, India is growing faster than China. China has a massive demographic problem. India doesn't, unless you see a rapidly expanding young population is a demographic problem, which in many ways it is. But sometime in the next 15-20 years, India is going to catch China up. India and China are not bosom buddies. They are not aligned with each other. Yes, they show or share a common interest in getting cheap Russian oil, but they are plating on the borders up in the glaciers of the Hindu Kush. And they're not aligned. And I think Russia has really put itself and this is going to be an interesting thing to talk about.

What is the future for Russia? I mean, China is very keen to be engaged with Russia, because Russia is just enormous, larger of all the raw materials and resources that China would like to get his hands on. And it's been really interesting to see some of the recent comments about parts of Siberia, having been taken from China in the 18th and 19th century that are beginning to emerge. And I think China is watching with great interest as to how Russia has been performing in Ukraine, because remember the Russian armies, the Red Army, as well as is effectively organized in exactly the same way, the same doctrines, tactical doctrines, and strategic doctrines that the People's Liberation Army of China uses. And we've seen that that simply doesn't work. So I'm sure the Chinese are either making a lot of noise about Taiwan, but they're now very aware that they may have to go and rethink this exactly. And that brings us back to the old geopolitics thing. But sticking on BRICS. I think the concern that BRICS is going to come out with a complete alternative to the dollar. You know that's not just a few years down the road, that's longer down the road because the dollar is freely exchangeable. It floats, anyone can use the dollar. That is not true for the Renminbi. There is a very liquid dollar bond market to invest your dollars in that is not true for the Chinese bond market. I mean, everybody talks about de-dollarization. And yes, it probably will happen. And there is a lot of truth in all the people like Ray Dalio and David Morin, who say that this is a historical trend, empires rise, and then are replaced by the next one. And yeah, there is an element of that going on. But at the same time, I think we'd be over worrying. We think that overnight BRICS is going to become a significant force. What it is, is something for previously non-aligned countries to align themselves with. And that's been the really geopolitically interesting thing that's happened, post the Ukraine invasion, where you've seen the oil states of the Middle East, separate themselves from the Western bloc, link themselves very closely to China, and take a non-confrontational stance with Russia, because they see this as an opportunity for themselves. But even that's beginning to break down. If we take a look at the big news, the beginning of this week in early June, where we've seen the Saudis unilaterally effective cut oil production, and the Russians refusing to do so. Now the Russians are selling their oil, cheapest chips effectively. And that is a problem for the other oil producing nations. As I said earlier, these nations are not aligned with one another's goals and objectives, in the same way that the nations of the West by that I mean, including the Asian nations that are linked with the West as well. Sorry if that's all a bit rambling, but I think we shouldn't overly worry ourselves about BRICS as long as the West continues to demonstrate that it's doing better, then it's not going to be an issue.

Erik: Now, a related concept you've written about is called Virtuous Sovereign Trinity. What does that phrase mean and how does it play into this whole conversation?

Bill: Right Virtuous Sovereign Trinity was something that we came up with during the absolute farce that was British politics last summer. I don't know if you all remember, but it was like something Game of Thrones. Boris Johnson was deposed by a coup of slightly less right wing Tory MPs in his cabinet to all resign together, forcing Boris out and they had an election, which Rishi Sunak was comfortably expected to win as the our anointed even though he'd been the one that had et tu Brute, stabbed Boris in the back. But it was won by this remarkable woman called Liz Truss who scares lots of people in British politics. And Liz came in and I think she lasted what was it 49 days, during which time she absolutely, she did something that Napoleon, that Kaiser, and Hitler failed to do. She trashed the UK bond market Gilts. We had an absolute collapse in the Gilt market when she announced with her Chancellor, a new high borrowing, un-costed, unpriced, untested budget for the nation. And overnight, the Gilts market collapsed because so many investors have been investing in Gilts on a levered basis, and that triggered margin calls. It crashed Sterling, and the whole nation wobbled until she was out and we finally got Rishi Sunak. Rishi Sunak turns out to be a very competent MP, and is doing very well as prime minister. If only he wasn't surrounded by his own party, the Conservative Party who are still in fighting amongst themselves. But the key point about the Liz Trust debacle is what we came up with which we very simply called the Virtuous Sovereign Trinity.

And if you look throughout history, any nation that has a stable currency, a sustainable bond market by which that country can continue to finance itself, and competent politics, there you are, your virtuous Sovereign Trinity of bonds, currency, and politics. If they're all working well, then generally that economy will do very well. It will create a stable platform for businesses to thrive and for effective delivery of government services. And when we saw the collapse of Political competency in the UK. We very quickly saw the tumble in Gilts, the end of the Sustainable bond market and the crash in sterling. Now, we've been very fortunate indeed, that we've managed to recover from that. But you can apply exactly the same theory elsewhere.

Let's pick another nation at random. Oh I know, what about the United States of America? Had we not had, I think, a very clever and nonpartisan agreement between Biden and McCarthy to get a solution on the debt ceiling crisis, that would have been the kind of political and competency that we'd seen in the UK cubed rather than just squared.. It would have had all kinds of implications. And you know, what would have speeded up the dedollarization of the global economy. So this Virtuous Sovereign Trinity is something that it's a very simple analysis, but you can apply it to almost any nation? How smart, how clever are their politicians? And how stable are their markets? Therefore, how successful will the economy be?

Erik: What does history teach us about achieving this Sovereign Trinity that you're talking about? Because it seems to me that the BRICS countries clearly don't have this. In other words, if you say well BRICS is going to take over the world. Well, no, actually, they don't have a stable currency. And even if they did, they don't have a deep and liquid bond market that would allow you to invest or put reserve assets in that currency. It's not practical to use their currencies as reserve assets, it just doesn't work. What does it take to get from that doesn't work state to okay we've achieved the Sovereign Trinity, because it seems to me that the BRICS would be one hell of a formidable competitor to the United States and Europe if they could achieve this status that they clearly don't have yet.

Bill: I think that's a fascinating argument. And that's one that I think there is genuine mileage in because if we look back a couple of centuries, the United Kingdom conquered India almost overnight in just the space of a few years in the 1740s. And that and during the global the first global, real global world war, which was 1759 between France and the UK effectively. Britain conquered India completely, effectively took the nation over. And it was able to do so because there was de facto Civil War running around the Indian subcontinent. You had Muslim overlords and Hindu populations, there was all kinds of friction, Britain was able to move in. Now, at that point, the GDP of India was many times the GDP of UK probably many times that of Europe. And the same was true for China, in the 1600s. And when you had periods of political incompetence and monetary collapse, leading to civil disorder and effective Civil War, these nations become very, very weak, and they were effectively the barbarians i.e. my ancestors went in and cleared the places out. That could happen again, in the same way within Europe in the US as their time in the sun comes to an end. And as economies recover and grow, especially if they're doing so as part of a global trade organization and agreement in a world where we have free and easy global trade, which enables efficient nations with cheaper costs of production to outperform and out compete, which is what was happening in the first 20 years of this millennium, then you're going to see these countries especially the strong ones, especially China, which is well organized, possibly achieve that growth. Now at the moment, we think that stalled because of the geopolitical tension between the US and China. But if China was to get back on track, as I think it probably will, I think we'll see China eventually emerge at some stage with a much stronger economy and a much stronger currency market. The problem for China of course, is that they got old before they really got to that rich stage. Their demographics was hopelessly compromised. By the single child policies which are now kicking in and are gonna leave them struggling. I'm not so certain about India. Now I absolutely love India. It's a fantastic place, people are fascinating, they're brilliant, but they are the most chaotic. And you just wonder, will India ever be able to organize itself without compromising itself over its internal politics and still ongoing religious problems. But you're quite right to wonder that if we see maybe 20 years of global stability, and growth, and climate change, and other issues all being successfully addressed, will we see the emergence of much stronger nations, which really will challenge the Western hegemony.

Erik: Bill, let's bring this conversation to the here and now with a topic that is really on a lot of people's minds, which is Artificial Intelligence. I'm going to go out on a limb here and say, I was wrong in 1998, when I was selling my software company and I said, there's never ever going to be a time in history when Wall Street guys are more confused about what the hell they're buying than they were in the late 90s. I think with AI, we're setting a new record. What's going on here? Where's it headed?

Bill: Yeah, AI is that hot topic of the day in the global financial markets. Everybody wants to be in AI. I was talking to one of our investors the other day, and I was talking about something we're doing in a different sector, a private debt deal involving real assets. And she thanked me for calling up and talking about something real, she was fed up getting phone calls from Goldman's and everybody else, telling him about the new hot opportunity to invest in AI by buying massively overpriced stocks that were already up to the moon. So yeah, there is an awful lot of froth and there's a lot of bubble going on. And it's going to get worse. And here's why because AI is not going to require loads and loads of investment to happen. I made a joke about the next Tech unicorn. In fact, diamond unicorn, that's a 10 billion number is going to be a company founded by three girls and a dog. And one of the girls will be there to tell the AI what to do, which is write its own programs and start trading with other AIs. The other girl will be there to organize the first girls, lunch and dinner schedules, and the third girl will be there to cook them all lunch and feed the dog. You really don't need that many people to make a successful AI company because we're already at the stage where programs are writing themselves. You're going to see this massive change in the middle class professional classes, but where they're going to be employed and what they're going to do. But as always happens, whenever anything new comes along, everybody jumps onto that bandwagon. And you know, apart from seeing potential opportunities, and watching the spectacular bubbliciousness of Nvidia stock, which in many ways is quite deserved because they build stuff that other people simply can't that's going to enable this to happen. It's still a lot of froth. And there's also the question of what will it do to markets. And that's where I think we get to the stage where as I wrote recently, in something, I can't even remember what it was a published this. But it was that no matter how clever, how big, and how powerful an AI is, it's never going to be able to predict the future path of markets any more clearly, than a Gypsy Crystal Ball because you never can tell what's going to happen next, because of the multiple consequences. And we're still at a stage where our average human brain like mine is anonymously more complex than anything we're close to in AI. But it is something we're watching very, very closely.

Erik: I've been bouncing around from a number of topics, because I wanted to give our listeners a sense of all of the fascinating things you cover in Blaine's Morning Porridge. But let's bring this all together now into markets and investments. I'm guessing the 60/40 strategy is not going to cover the new world that we live in. What does you've got between stocks, bonds, alternative investments, you've written about such esoteric things as aircraft leasing, and how that fits into this economy? How should we be thinking about portfolio construction?

Bill: Yeah I mean look, there's load, you can go out into the market anytime and find hundreds of analysts who are predicting the imminent end of the world on inflation, on geopolitics, that WEF is about to destroy the global economy. That's not the kind of thing I do. I mean, I really believe things are never as bad as we fear they're going to be, unfortunately, they're never as good as we hope they're going to be. So what you got to do is think about when markets are as uncertain as they are, and that doesn't mean end of the world stuff. It just means we don't know whether they're going to go up or down. You've got to really be quite defensive and you've got to look at things Is there going to preserve your capital, but also give you some kind of return. Yes, you can put some money into speculative plays, things like Nvidia was yeah if you pulled that one right, well done! But if you're going to put your money into bonds just now, I think you got to be very concerned because I have a feeling that interest rates are continuing to rise until central bankers really think they've got this under control. That is going to spell all the risks of a soft landing and what that does to corporate earnings. So one of the areas that I tend to focus most of my time now is what we call alternative assets. Now alternatives can frankly mean, whatever you want it to mean. I take it to mean any kind of private, unlisted, off the wall different kinds of assets. So we look at... it could be anything from transatlantic fiber optics, about the rental incomes that they earn and one of the ones that we're looking very closely at is aviation finance, because we think there just happens to be a fantastic opportunity in aviation at the moment.

And the reason for that is analyzing what the economy is doing, and what's happening with the airline industries, and what's happening with the plane makers, effectively Boeing and Airbus. And you could do the same thing with any kind of scenario. It doesn't have to be aircraft, but what you can do is find opportunities that are going to achieve better returns, and better yields than risking negative real yields from low yielding government bond markets, or running the risk that you invest in corporate bonds, and the corporates turn into junk. What we're looking for an alternative debt strategies is something where the risks are really well mitigated, and you know that you're going to get income produced on a regular basis. So very quickly with the aviation deal that we're talking about. We've realized that Boeing and Airbus are failing to deliver as many aircraft as they hope to do. These are the new aircraft with green engines. And the reasons for that are multiple, Boeing's got appalling industrial relations, Airbus is frankly short the engineers it needs to build aircraft. And the engine makers who supply both of them are struggling to make these new engines as efficient as they should be. As a result, instead of delivering 60 new Boeing Max's a month, they're only delivering 30. That means airlines are going to have to wait five or six years till they get new aircraft. And as flights reopen post COVID, there's a dramatic shortage of aircraft that can be used for routes in the market. The result is that the value of secondhand aircraft, mid likes as we call them between 8 and 15 years has started to rise. So one of the deals that we're looking at is to put together an investment package based on the rentals that these aircraft are going to earn, and the fact that they're going to remain valuable for longer, and that will produce returns in double digits for taking a comparatively low risk. And when you've got inflation, creating negative real yields in government bond markets, you need to find alternative sources of income. And at the moment, I just think that equities are too uncertain. And as I said earlier, bond markets are looking well flatline.

Erik: Where do commodities fit into the whole story?

Bill: Well gold's always the one to think about first, and the more uncertain the world is, the more gold goes up. But remember gold as somebody once told me is just physical cryptocurrency. You can't really do much with it, you can't go and buy anything with it, on its own it does not got much utility, except in a way that crypto never will have is a genuine store of value. But as global uncertainty goes down, which I think it's going to do, as China holds off from creating tension in Taiwan and looks to reengage to boost its economy, then I think you're going to see gold start to become slightly less interesting. Then you got people looking at, if we're going to have a global recovery, then you've got to play copper because copper is electric. If you don't have copper, you don't have electric. So that's again to play. I am more concerned about some of the more esoteric things and the one there of course, is lithium because there seems to be something about backlash now developing against electric vehicles. People are beginning to understand all the inherent difficulties that they create. And I'm just wondering if there's going to be a bit of blowback on that. That said, you know, lithium is a scarce resource and people were able to produce it and able to put batteries together. And that looks like a very good trade. There were other one that of course everyone watches is oil. No energy was the thing that we thought was going to win Russia. The war in Ukraine hasn't turned out to be the case at all. Energy prices have very quickly come back down. And that's really because of how quickly we were able to build new energy chains. Germany remarkably was able to start importing gas within six months, when initially we thought it might take five years. So there are times with a little bit of effort, some of the problems and energy security can be pretty quickly resolved.

Erik: Bill as a reader of your Morning Porridge Letter. I know you cover lots and lots of topics, give us a sense of some of the more esoteric things that are on the margin that you write about.

Bill: Yeah, thanks for that. Great question. I mean, I love writing my Morning Porridge. I get apparently every morning to write it, because it means I've got something to talk to my clients about all day. But the thing is, it gets dead boring, just writing about inflation or about what central banks are doing, or that bond yields went up and stock markets went down. So I try and find stuff that's going to be slightly interesting and more maybe add a little bit value to people's days. But there are some days when I just go off and a complete rant, like funnily enough this morning, because one of my equity traders was just... he was over the moon with joy, because he was looking at this bull market in tech stocks and, you know, good employment data from the states and fantastic numbers coming out and inflation, which actually scared me because I think they confirmed my sticky inflation theory. And then he said, And to cap it all Apple is about to announce a fantastic new product, Virtual Reality headset. So I thought yeah, really, because that's been really successful for Meta and for Microsoft and Google and even Sony, they've all introduced headsets. And apart from some hard line, super nerds wearing narrowed helmets, they really haven't caught on for much.

So I did a little bit digging into the Apple Vision Pro as it's cold, it will set you back $3,500 and I'm still not exactly sure what it's going to let you do but according to all the fanboys and girls producing videos about how marvelous it was, it will change your perception of everything. I just don't see how... what I've been waiting for my whole life is a pair of glasses. I know as I get older, I have to wear glasses. And I would love to wear glasses that look like a normal pair of glasses. But we're flashing up information telling me what's really going on all around the time. Now that might be quite difficult to cope with because my brain's bandwidth is not that wide. So will I be able to cope with a constant stream of data in front of my eyes while trying to drink a cup of coffee and talk to my wife about what I'm supposed to be doing? I suspect it will return information overload. But the key thing about this new Vision Pro that Apple is introduced is this is really one of the first big projects that Tim Cook has introduced. Now he's a marketing genius, because what he did was turn in the innovation years of Steve Jobs and the design of Johnny Ives into really marketable stuff. And that's what's made Apple successful. They sell loads of very, very, very expensive, bright shiny stuff. Yeah, I know most of it's different colors but I still think that is bright, shiny, white stuff. But the thing is, the Apple stores are looking increasingly jaded. There's not been anything really new for a long time, just upgrades. Innovation seems to have gone.

And this new Vision Pro just looks like a product for the sake of a product and I really don't see the demand. And then as I was reading about it, I discovered it has an attached battery pack. Come on. nothing has an attached battery pack in 2023. That is so old school, who's going to accept that. So I have a feeling that this Vision Pro is not going to be as massive success. Maybe it will lead to a successor thing. And maybe I'll eventually get my smart glasses. But while it's not going to spell disaster for Apple, I think it will beg some questions about the direction that Tim Cook's being taken the company. And you know, there's never been that much criticality about what Apple's been doing with itself all these years. It's got a fantastic war chest, it makes loads and loads of money, but what's actually adding anymore? It sold 200 million smartphones, the iPhones, but where's the next big thing gonna come? So that's just an example of the kind of things that I think about and write about every morning in the Morning Porridge. And if anyone wants to try it, get in touch and I'll let you try a subscription.

Erik: Well Bill, I can't thank you enough for a terrific interview. Before I let you go though, please do tell our listeners where they can get the Morning Porridge. How they can subscribe and what they can expect to find when they do.

Bill: Okay well, I wish I'd written myself a little jingle to go something like www.morningporridge.com something along these lines. Yes, you can find me on www.morningporridge.com. And you can subscribe. There is a bronze free subscription where you get three free copies a month. You get an article three or four times a week and you have access to my complete, my whole back catalogue of articles going back for years. Plus, you can call me anytime and ask me what you think if you're a Porridge subscriber, but do mind that I also have a day job working for Shard Capital.

Erik: Patrick Ceresna and I will be back as MacroVoices continues right here at macrovoices.com