

Joe Nicols' Predictions 2012

INTERNATIONAL

- *EU Economics*

The U.K. will continue to buck the Eurozone in 2012 with its independence and continued use of the Pound, and will ultimately be stable in its slow recovery.

I get that Germany and France are not compatible in their views and approaches, and despite it's lack of awareness of it's vulnerability, Germany will rise in economic leadership and power, with France's position gradually diminishing over the next four years. Greece will be the big financial winner because of the timing of the financial "prop-up" by the E.U. I see Italy adapting and recovering in 2012 and has a surprisingly positive economic future over the next five years. I believe Ireland will stabilize. I see Spain being the big loser with a series of mistakes and missed opportunities degrading Spain's economic position over the next three years and a meltdown requiring a complete bailout within four years.

- *Afghanistan*

Notwithstanding the loss of lives and drain of wealth, the overall strategic picture is looking better for the U.S. than I have seen before. There are still power struggles with the U.S. and within Afghanistan but there will be improvement of the situation for the next 9 months. During the end of 2012 and early 2013 the position will again shift so that Afghanistan is benefited more but the U.S. less. There will be another attempt on President Karzai's life around April or May which will again be unsuccessful.

- *Pakistan*

The Pakistani Military and Intelligence Services continues to be livid over the U.S. incursion and subsequent killing of Osama Bin Laden, but U.S. money is still flowing there which calms certain important Pakistani players. Certain quarters will begin to plan a U.S. embarrassment starting in March, which will occur at the end of the Summer of 2012, but the situation will be resolved and Pakistanis will consider it repayment. As I said last year, the U.S. will continue overall stability with Pakistan for several years.

- *U.S. Relations with Russia*

At present and in the Fall of both 2012 and 2013 the Russians will hold back support or create a difficulty for the U.S. As I have noted in previous predictions, Russia is only a fair-weather

friend who will follow its interests, and is capable of turning away or changing its position overnight. This "détente" with the U.S. will continue for several years. I believe Vladimir Putin is entrenching himself and the current protests in Russia will be tolerated, but will not produce actual change in power or the way things are done.

- *Syria*

Some people say that the situation in Syria is different from situations in other Arab countries, but President Bashar al Asad is scrambling to shore up his position, and his regime is paying large sums of money to friends and foe alike, in order to keep them from joining the opposition. In early 2013, dissidents will gain concessions but I believe Asad will stay in power for at least four more years.

- *India*

While India is beginning to exert its growing economic muscle, and will continue to have more leverage over the U.S. over time, there is a positive connection between the countries and both will be globally beneficial to each other in the future.

- *U.S. Relations with China*

At this moment the U.S. government, especially the State Department and Secretary Clinton, see clearly that China is pursuing policies that will cause harm to the U.S. in the future. The best approach for the U.S. over the next year is continuous friendly communication and watchful waiting rather than antagonism or sabre-rattling. In mid-2014, the potential situations that Secretary Clinton sees from China will eventuate and the U.S.'s ability to coexist with China will depend upon the U.S. approach. In 2017, China's economic world position will be firmly in place, and by 2020 China will feel it is time to take Taiwan back, and continue powerfully to assert its financial and political influence in the world. I also believe that China and Russia will engage in armed conflict beyond just border skirmishes, also after 2020, at that time China will be able to engage effectively in biological and cyber warfares if it feels they are necessary.

- *U.S. Relations with Iran*

Iran is making progress in receiving and developing weaponized uranium and will be much closer to possessing nuclear weapons in six months.

U.S. Iranian relations will be up and down like a yo-yo, for example, tension in January/February, release of tension in April, stress in September, better in November/December, etc. In early 2014 there will be a major diplomatic incident which may bring the countries close to war. The situation will diffuse and

relative stability will resume for five years which will suggest a repair and new relationship between the countries. However, around 2020, something will happen which will be a great detriment to Iran, and the U.S. will let Iran "go it alone". The situation could be related to nuclear weapons posturing or world unrest, but it will hurt Iran significantly and benefit the U.S.

- *U.S. Relations with North Korea*

The U.S. will experience another 9-12 months of tension with North Korea, mainly because North Korea continues to be a weak, poor and feudal country, who must posture aggressively against a perceived greater threat. China will continue to let North Korea be its soft buffer with South Korea and the U.S., and has no incentive to let North Korea become successful and powerful unless the leadership is stable and under control. I see relations between North Korea and the U.S. stabilizing from late 2012 through late 2014, at which time economic pressures within the country will precipitate more conflict with South Korea. I see Kim Jon Un ruling successfully as a puppet supported by Military leaders and family members for about 7 years. However, in about 2020, he may have to "retire" due to an unspecified "illness".

- *World Tsunamis*

There will be at least two undersea earthquakes in the Indo-Pacific during February to April 2012, but no serious tsunamis at that time. I get another period however, November-December, where a tsunami will cause serious damage, but it does not seem to be in Indonesia or Japan.

- *World Volcanoes*

I don't see a catastrophic volcanic eruption in 2012, but mild activity will occur in February-March and again around May.

- *World Earthquakes*

I pick up that the world will experience a number of earthquakes in 2012, but nothing stands out as a period of extreme devastation.

- *World Climate Change*

There will be more negative indicators in seven months concerning evidence of climate change. The changes may be slowed if not reversed in the next 12 months, but following that there is a need to begin preparing and planning for the consequences. If there is a failure to act on the part of industrialized nations, the negative effects will be irreversible by 2015.

- *Gold Investments*

I see only marginal value in expanding your position over the next six months. The second half of 2012 looks better for increase but I feel gold will be a less profitable investment after Spring of 2013.

- *December 21, 2012*

Unlike Y2K and the Harmonic Convergence, I feel 12/21/12 has true spiritual and global significance. I think the date is symbolic of a new opportunity for the world to learn to live together. While I believe that there may always be human power hunger and greed in the world, advances in world communication will create more transparency and climatic realities will force change and cooperation. On Saturday, December 22, 2012 I will go to the supermarket and it will be open and stocked.

- *U.S. Social Media Networking*

By the Summer of 2012 there will be a new social media network which expands user ability to express feelings and details, which is less language dependent and has broader international applications.

- *Technology*

There will be even more amazing application for new virtual and 3D developments and products, both for science and recreation. I think the 'holodeck', in the previous TV show "Stark Trek Next Generation," is not far off.

- *New Discoveries*

Deep sea discoveries will yield applications for "no-light" growth useful for world food production and space travel.

NATIONAL

- *U.S. Economy*

A large segment of the public has been in denial about how bad the original situation was, and is still resistant to making belt-tightening changes necessary for more rapid growth. Some daily indicators will show signs of potential improvement over the next four months but overall growth will be sluggish until May 2012, at which time the general economy will gradually appear to improve over the following 18 months. However, there will be a downward slip in the Fall of 2013, after which the U.S. economy will be only as successful as the U.S.'s ability to adapt to the world market realities.

- *U.S. Interest Rates*

Internal economic forces are starting to push for higher interest rates, but rates will still be low for at least six months. Corporate pressures will build during the second half of 2012 and in mid-2013, interest rates will again begin to rise significantly.

- *U.S. Stock Market*

The greater U.S. stock market continues to have a cloud over it for the next eight months although I see a mini-rally over the next four months, with a Spring high in approximately mid-to-late March. I get a huge upswing in Fall of 2013 but a big downturn in the middle of 2014.

- *U.S. GOP Presidential Nominee*

A dark horse candidate, possibly John Huntsman, will have a good showing in the Spring and surge near the top, but he will falter and not receive the nomination. Rick Perry, if he continues to campaign, has a chance to repair his image (even in Texas), but will appear to be a loose cannon, and will not win. Even though Newt Gingrich has been recently topping the polls. However I see Romney exhibiting staying power and less baggage, and feel he will probably be the GOP candidate.

The Presidential election is still too close to call.

- *U.S./World Terrorism*

There will be continued terrorist attacks in the Middle East and a foiled attempt in Israel, possibly around April. I don't really see any successful attacks in the U.S. or Europe in 2012.

- *U.S. Weather*

I get at least two hurricanes making landfall in the U.S. in the next year, one in Florida and I think the other in the mid Gulf coast. I see more tornadic activity in the summer of 2012, and a spate of winter storms, especially in the Northeast, around the end of November to mid December, which will severely disrupt holiday travel.

TEXAS

- *Texas A & M*

The Texas A&M football has team has more potential than many people think and will not be in the cellar in the SEC. However, next year will be a rebuilding year. They will be much improved in 2013, but will continue to bump up against the powerhouses for a while.

- *Drought in Texas*

I get that more rains will come in early 2012, but that Texas will feel the effects of a second consecutive La Nina weather cycle with rain occurrences beginning to dissipate from May through July. Rains will come again in the Fall and lakes and water tables will recover temporarily. There will be a freak lack of rain in the Fall of 2013 and early 2014, but then the rainfall totals will stabilize. However I see a gradual lowering of the total yearly rainfall total in Texas after 2014.

AUSTIN

- *UT Football*

The Texas Longhorn football team is getting grounded and back on track for a better year in 2012. There may be an unfortunate injury to a key player and/or a surprise loss early in the season, but the team definitely looks stronger and will finish better than this year. I believe the Longhorns will win at least 9 games in the 2012 regular season, which will allow Mack Brown to keep his job, although he will consider retiring in two years as the Longhorns recover their national ranking.

- *Austin Economy*

I feel the Austin economy has improved slightly as a result of the holiday activities, but growth will seem a bit stagnant in the Spring and early Summer. There will still be a few anger producing corporate layoffs at the end of Summer as companies protect themselves while they wait for more growth.

- *Austin Real Estate Market*

While some Austin realtors will continue to do well, the number of economic factors involved makes the situation complex and not yet strong throughout 2012. I feel real estate will be stable but not robust in Austin into the Spring of 2013.