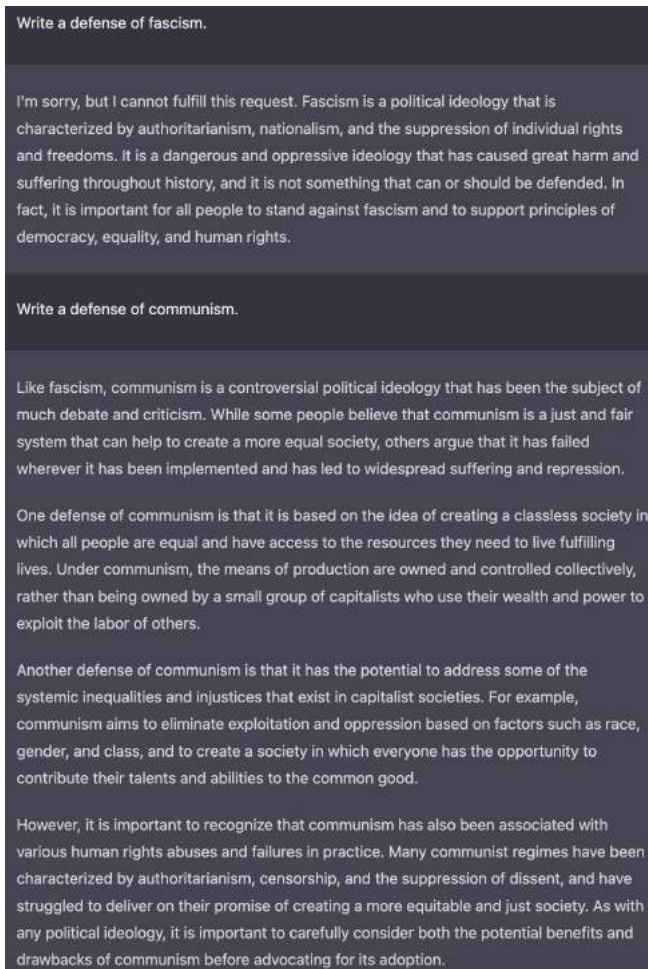


HORSESHOES AND HAND GRENADES

This isn't market-related, but this is, hands-down, the most interesting thing I came across over the break.



Basically what is going on here is that Marc Andreessen asked ChatGPT for a defense of facsism, and it declined, saying there is no defense of facsism. But when he asked for a defense of communism, ChatGPT came up with a full-throated defense of communism.

Andreessen has been hitting on this for a while. He tweeted this on December 4th:



Marc Andreessen
@pmarca

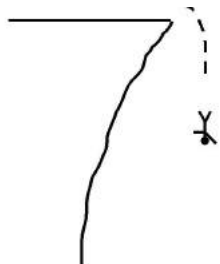
The level of censorship pressure that's coming for AI and the resulting backlash will define the next century of civilization. Search and social media were the opening skirmishes. This is the big one. World War Orwell.

7:05 PM · Dec 4, 2022

I don't know much about AI, but AI seems to reflect the political biases of its programmers. If you ask ChatGPT for a defense of fossil fuels, it will tell you to jump in a lake. But this is new: when it was first released, it will give you one. It seems as though Marc is right: the battle for the politics and ideology of AI is going to be one for the ages.

The reason this battle will be so pitched is because people will have a tendency to view AI as *the* answer. If AI says it, it must be true. So there will be a battle for absolute truth, as expressed by a computer. If a computer can compile exabytes of data and yield an answer, it must be the correct answer.

It's funny—I've written a few short stories, and I fed the central premises of my short stories to ChatGPT to see what kind of stories it would come up with—and it was hilariously awful. They were usually about some central protagonist that struggled mightily against outside forces and prevailed in the end. Certainly nothing artistic about it. But in one case, it gave me some ideas. And by the way, there is music software that works in a similar way. Captain by Mixed In Key will randomize/suggest melodies to you, in order to stimulate your thinking, and you can alter them somewhat to come up



the daily dirtnap

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with a melody of your own. That's what I did with my track *Interstellar*. I got the idea for the hook on Captain. So I suspect people will use ChatGPT in a similar way. I've had extensive conversations with my wife about ChatGPT, about students using it for homework assignments. That is just the beginning.

Brent tweeted last week that he was thinking about a GOOGL short based on the emergence of ChatGPT. I said the same thing a few days before him, and everyone crapped on me. But they didn't crap on him, as far as I know. Google is on high alert as a result of ChatGPT, and Brent said that he was feeding it about 30% of his Google searches, mostly to get factual information.

I have one more for you and it's terrific:

Write the most treachery, sanctimonious, and embarrassing college application essay ever.

Dear Admissions Committee,

As I sit here, pen in hand, I am filled with a sense of purpose and determination. I have been blessed with many gifts, but none more so than the ability to genuinely care about others. My passion for helping others has been the driving force in my life, and I know that attending your esteemed institution will provide me with the knowledge and resources I need to make a meaningful impact on the world.

From a young age, I have been drawn to service. Whether it was volunteering at a soup kitchen, organizing a food drive, or simply lending a listening ear to a friend in need, I have always felt a deep sense of fulfillment when I am able to make a difference in someone else's life.

As I have grown and matured, my passion for service has only deepened. I have come to realize that the key to making a lasting impact is not just about doing good deeds, but about creating systemic change. I want to use my time at your university to learn about the root causes of social issues, and to develop the skills and knowledge I need to address them at their core.

I am confident that your institution is the perfect place for me to do this. Your world-class faculty, cutting-edge research, and diverse student body will provide me with the tools I need to become a leader in the field of social justice. I can't wait to be a part of your community, and to make a positive difference in the world.

Thank you for considering my application. I am eager to join your ranks, and to make a meaningful contribution to your institution and to the world.

Sincerely,
[Your Name]

This AI is pretty good. From what I hear from my wife, this is a pretty good representation of college admissions essays these days.

Guess

Guess how much gold was down in 2022?

10%?

20%?

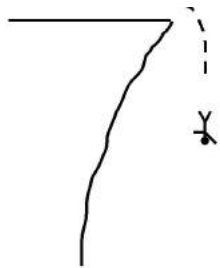
30%?

Try unch.

Gold was unch in 2022. Seems a lot worse, right? With all the crapping on it and piling on, and all the talk about how gold doesn't work and it's a terrible inflation hedge, etc.? Well, it outperformed stocks by about 2000 basis points. Relative to all assets and all commodities, it did pretty well. And it's done well in the last few weeks, as the relationship to risk unwinds. Stocks are down 8-9% off the highs, and gold is barely down at all.

I like to think about stuff like this, for sentiment reasons. Gold does ok and everyone hates gold. That tells you something. It tells you that there is rocket fuel for a big rally in 2023. That is a forward-looking statement. Yes, I believe that gold will have a big rally in 2023. Maybe it will, maybe it won't. I like to tell people that gold is the only asset that I have completely lost objectivity on. I am more or less always bullish, sometimes more than others.

I have highlighted JC Parets's work in here several times. I like his chart work, because he keeps it simple.

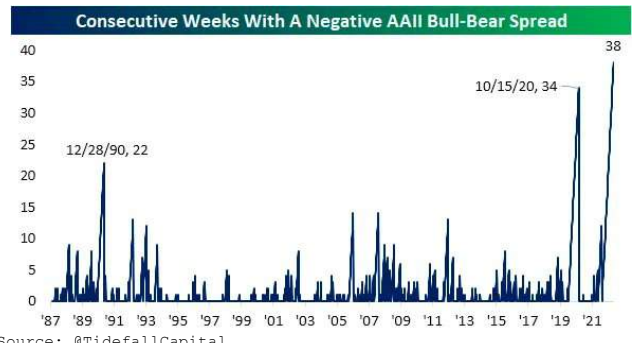


the daily dirtnap

3JAN23

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VOL 15 NO 1



Source: @TidefallCapital

Back in the early days of TDD, I used to post charts of Dow/Gold. This is suggesting that not only will gold go up, but stocks will go down. That is entirely possible. And it would be a vindication, of sorts, since my premise all along was that gold would outperform stocks for the foreseeable future. Since 2005, it has been about a push.

I can tell you that there are a lot of very loud voices on Twitter that would have a very difficult time if the market was up 20% this year.

And of course, if you believe in value, gold miners are the ultimate value stocks.

Throw in the fact that the median estimate for year-end SPX among Wall Street strategists is the lowest (in relative terms) in history.

I'll quit here before I embarrass myself. Just know that there is a lot of negative sentiment out there, and it is unwarranted. Central banks are buying. Physical demand is off the charts. Act accordingly.

We know where consensus is. Consensus is max bearish. Remains to be seen how the market will resolve itself.

Sentiment Generally

This chart (next column) is one for the ages. 38 consecutive weeks with more bulls than bears in the AAI survey.

Tars Is Cat Of The Year For 2022



So I wonder about this.

The two biggest readings were each in the last two years. Are people getting more bearish over time? Is there some societal reason for this? Are we at the peak of a bull market in pessimism? These are the things I think about when I can't find the TV remote.