

TRENDSJOURNAL

HISTORY BEFORE IT HAPPENS®

**CORONAVIRUS
BRINGS CHINA DOWN.
WILL EQUITY MARKETS
CATCH THE VIRUS?**

**6 FEBRUARY
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6 February 2020

GEOPOLITICAL ROUNDUP

MIDEAST PEACE PLAN: “DEAL” OR “STEAL” OF THE CENTURY?



President Donald Trump announced his Israeli/Palestinian “Peace to Prosperity” plan last Tuesday, calling it a “realistic two-state solution” and the “Deal of the Century.”

While claiming his solution was fair to both the Israelis and Palestinians, the U.S. ambassador to Israel, David Friedman, confirmed that a “meaningful portion” of the occupied West Bank would be allocated to Israel under the Trump plan.

This “Deal of the Century,” which permits Israel to occupy Palestinian land to build housing developments (i.e., “settlements”), is a violation of international law.

Justifying the violation of international Law, the Trump plan also grants permission for Israel to destroy houses within the Palestinian Authority by stating that “withdrawing from territory captured in a defensive war is a historical rarity.”

“The United States will recognize Israeli sovereignty over the territory that my vision provides to be part of the State of Israel,” Trump declared.

The Trump peace plan, spearheaded by the president’s son-in-law Jared Kushner, also allots Israel air and sea control of every border within which the Palestinian people live.

PUBLISHER’S NOTE: *In America and much of Europe, those criticizing Israeli occupation of Palestinian land, laws that marginalize Arab citizenship in Israel, its repressive travel restrictions imposed on Palestinians, and those boycotting Israeli products in protest for its treatment of Palestinians are accused of being anti-Semitic.*

Virtually omitted from U.S. media’s comments and analyses of the Trump plan is the fact that United Nations Security Council Resolution 242/338 explicitly forbid any country from expanding its territory by military force, which Israel has continued to do since the 1967 Arab-Israeli war when Israel captured and annexed East Jerusalem.

Therefore, Trump’s “vision” that Israel can break international law elevates his position as President of the United States to “Supreme Leader of the World,” who will see and do what he wants despite violation of laws... that are meaningless under his dictatorial rule.

“This dictates once and for all the eastern border of Israel,” said Mr. Netanyahu, applauding Trump’s dictatorial deal.

It should also be noted that the vast majority of the U.S. Congress has not challenged the Trump peace plan and will not condemn Israel for its repressive treatment of Palestinians, nor its illegal real estate developments on land Israel has stolen.

The Trump “Peace” Card

The U.S. approval of Israel moving its capital from Tel Aviv to Jerusalem in May 2018 was particularly provocative, as Jerusalem has historic sites very sacred to both Jews and Muslims. The city has been divided since 1949, when Israel took control of the western part of the city while Palestinians lived in the eastern

portion. Since then, most of the international community has considered East Jerusalem “occupied territory.”

The Palestinians have been officially trying to divide the city so they can live freely in the eastern section. Under the leadership of Netanyahu, the Israelis defiantly have opposed any such sharing of the city. Now the new Trump Middle East peace plan confirms that the holy city be the undivided Israeli capital.

Among those criticizing the Trump plan is Turkey’s President Recep Tayyip Erdoğan, who called it a blatant attempt to “legitimize Israel’s occupation” of Palestinian territories.

Paul Salem, president of the Middle East Institute in Washington, referred to the plan as “apartheid on steroids.”

Reacting to the plan, former U.S. Ambassador to Israel Daniel Kurtzer stated, “Having spent three years punishing Palestinians and distancing U.S. policy from any realistic positions that might lead to peace, the administration has unveiled a plan that Palestinians will justifiably reject, thus giving the administration an opportunity to support annexationist actions by Israel.”

Those Arab nations that have established deeper military/political ties with the United States, which had long supported Palestinian rights and condemned Israel for its illegal occupation and treatment of Palestinians, are now embracing the Trump plan.

Both Saudi Arabia and the United Arab Emirates (UAE) encouraged Palestinian leaders to accept the proposed conditions as a way to open new talks with Israel. Along with Bahrain, representatives of the three Arab countries travelled to Washington to offer symbolic support for the initiative. The UAE representative called the Trump plan “an important starting point for a return to negotiations.”

No Palestinians were present at the president’s White House announcement. Palestinian President Mahmoud Abbas firmly rejected the plan stating, “I say to Trump and Netanyahu: Jerusalem is not for sale, all our rights are not for sale and are not for bargain. And your deal, the conspiracy, will not pass.”

In 2018, President Trump expelled Palestine Liberation Organization (PLO) diplomats from Washington, based on his opinion they had not done enough to make peace.

PUBLISHER'S NOTE: As the saying goes, "Money talks, bullshit walks." While PLO diplomats were not invited to the White House for the Trump peace plan announcement, sitting front in the front row were Sheldon and Miriam Adelson. Worth an estimated \$35 billion, casino magnate Adelson had contributed an estimated \$35 million to President Trump's 2016 race for the White House and over \$113 million the Republican Party in the 2018 midterm elections.

While such information is reported from time to time, absent is the denunciation of a person with money paying off politicians to do what he wants and not what is best for the American people.

As we noted in last week's **Trends Journal**, Adelson had advised threatening Iran with a nuclear attack. He was instrumental in pushing for President Trump's withdrawal from 2015's U.S.-Iran nuclear deal and for moving the U.S. Embassy to Jerusalem. Indeed, America's fourteenth richest man is said to have even offered to help pay for its construction.

LIBYA: NATO POWERS GET OUT THEIR CARVING KNIVES



As reported in last week's **Trends Journal**, on 19 January, nations including the U.S., Russia, UK, France, China, the United Arab Republic, Turkey, Italy, Egypt, and Algeria met in Berlin in an effort to negotiate a truce in the escalating Libyan civil war.

The Government of National Accord (GNA), Libya's current, interim government headed by Fayez al-Sarraj, is backed by the UN with Turkey providing military support along with economic and security aid from Qatar.

Libya's capital, Tripoli, has been under near-constant attack since last spring by a militia commanded by Khalifa Haftar, a former U.S. CIA agent. Haftar has been

receiving military and political support from Russia, Egypt, France, and the United Arab Emirates.

Conference participants called for a military truce in the ongoing deadly war, an arms embargo aimed at stopping the influx of military support by countries supporting each side and out of respect for humanitarian aid and human rights.

Following the meeting, it was reported there was a broad agreement to “commit to refraining from interference in the armed conflict or in the internal affairs of Libya” and urged all international actors “to do the same.”

In 2011, a U.S./UK/France coalition led the charge to overthrow the government of Colonel Muammar Gaddafi.

The once-prosperous nation’s infrastructure, which was one of the most advanced in the region, was severely damaged by the U.S.-led NATO bombing campaign. Sitting on the world’s ninth largest oil reserves and also rich in mineral deposits, Libya’s strategically long Mediterranean coastline has long been a key target for foreign interests.

While the United States claims to be allied with the UN-supported GNA, last April, President Trump called Haftar to endorse the military efforts of his rebel Libyan National Army.

Broken Dream

Shortly after the conclusion of the conference, new tensions surfaced among NATO powers over the fate of Libya.

Last Wednesday, Greek Prime Minister Kyriakos Mitsotakis travelled to Paris for talks with French President Emmanuel Macron. The two leaders announced a French-Greek military agreement to combat Turkish support of the current Libyan government.

Macron accused Turkish President Recep Tayyip Erdoğan of sending mercenaries to Libya in violation of the recent agreement at the Berlin Conference.

France, a staunch backer of Haftar, has been providing military support in the overthrow of the UN-supported regime.

At the meeting in Paris with the Greek Prime Minister, Macron also announced a “security partnership” with Greece against Turkish aggression in the Mediterranean region, promising a French military presence in the area, which, in his words, will “fully ensure the security of a region that is strategic for Europe.”

In addition to eyeing its influence in Libya, France’s alliance with Greece also relates to an ongoing dispute between Greece and Turkey over rich natural gas deposits in the waters off the Cyprus coast.

Turkish officials strongly denounced France’s increased intervention in the Mediterranean region, particularly citing Libya.

Hami Aksoy, Spokesman for the Turkish Foreign Ministry, stated, “If France wants to contribute to the implementation of decisions taken at the [Berlin] Conference, it should first stop supporting Haftar.” He added, “The main party responsible for all Libya’s problems since the beginning of the 2011 crisis is France... which unconditionally supports Haftar to have its say over the natural resources in Libya.”

TRENDPOST: *Importantly noted, but long forgotten, Haftar is considered a CIA agent, and he consistently supported several attempts to topple and assassinate Libyan leader Muammar Gaddafi.*

Haftar moved to suburban Virginia, outside Washington, D.C., and returned to Libya following the overthrow of Gaddafi in 2011. Later, he was made commander of the Libyan National Army, which had taken full control of Benghazi, the second largest Libyan city and one that contained vital oil fields.

Steal and Murder to Get What You Want

Since the U.S./NATO attack on Libya in 2011, France aggressively has been intervening in Mali and the extended Sahel region south of Libya, which is rich in oil and uranium reserves.

As for Turkey, it supports the current Libyan government in part because of a deal Erdoğan signed with al-Sarraj last November, which includes both military co-operation in Libya and a redrawing of Libya’s geopolitically valuable maritime borders giving Turkey access to large gas reserves off the southern coast of Cyprus.

On 2 January, Greek Prime Minister Mitsotakis, Cyprian President Nicos Anastasiades, and Israeli Prime Minister Benjamin Netanyahu signed an

agreement, which the U.S. supports, to construct a gas pipeline in the eastern Mediterranean that is estimated to supply Europe with four percent of its annual gas needs by the middle of the decade.

Fighting in Libya Continues

Less than two weeks after the Berlin Conference called for a military truce, militia loyal to Haftar fired at the country's only operating airport in an attempt to wrest control of the government backed by the UN.

The United Nations Support Mission in Libya reported that foreign countries were continuing to send in weapons. UN Libyan special representative Ghassan Salamé stated last Thursday that outside countries “cynically nod and wink toward efforts to promote peace, but double down on a military solution.”

The UN also stated last Thursday that it would have to withdraw its representatives at a large refugee center in Tripoli, since it can no longer protect the asylum seekers and civilians seeking safety at the facility from military attacks by Haftar's rebel forces.

Indeed, the Haftar forces also have severely disrupted Libyan oil production, with output plummeting from 1.3 million barrels per day to 72,000 barrels.

“This is not sustainable,” Salamé said. “We have taken a strong position for the non-involvement of oil issues with the political problem.”

On Tuesday, the two rival factions met in Geneva with UN representatives. “Both sides have come to Geneva and we have started talks in an attempt to turn the truce into a more solid one, less often violated by either side. There is an agreement to convert the truce into a lasting ceasefire, so the principle has been adopted by both sides,” Salamé said.

TREND FORECAST: *Considering the numerous nations and political factions fighting to control Libya and exploit its bountiful natural resources, we forecast there will be no lasting truce.*

Further, despite the drastic cut-back in Libyan oil production, Brent Crude, at around \$54 per barrel, is down some 16 percent this year. And, it should be noted that prices have been falling before the fear of the Coronavirus impact on the global economy, which we forecast will be minimal.

FRANCE: PROTESTS PETERING OUT?



Since 5 December, millions of French union workers and citizens have been protesting President Emmanuel Macron's plan to revise the popular pension system, creating the largest strikes and protests since 1968.

As reported last week, union members are feeling the financial pressure of being off the job for months, and, among them, those from the transport union returned to work.

While some unions members vow to continue the protest, Macron's plan to unify the pension system, which will reduce some benefits and extend the minimum age for retirement, will likely pass through the parliament in which Macron's party, La République En Marche!, has a clear majority.

Recently, a split among factions within the transport unions has emerged: moderates are seeking to negotiate with the government and others are looking to continue the more confrontational strategy.

The months-long protests have won a few concessions, among them an agreement not to push the age of retirement from 62 to 64 years old.

The government also recently claimed it would prohibit police from using dangerous tear gas to fight rioters and protesters, which has caused significant health damage.

The Fight Goes On

In Paris, last Wednesday, a large group of demonstrating firefighters got into a physical confrontation with riot police. It was reported that some 180,000 protesters joined the demonstration.

About 60 percent of the French people still support the strikes. The current French pension system is the strongest one in Europe and one of the best in the world, with some 93 percent of retirees free from poverty.

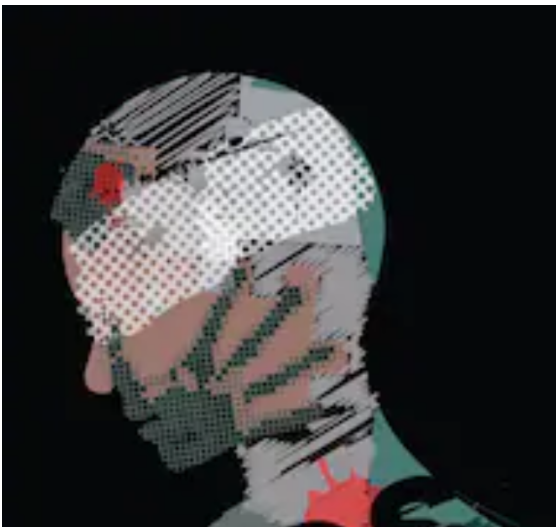
PUBLISHER'S NOTE: *According to the Schwartz Center for Economic Policy Analysis at The New School, some 40 percent of Americans considered middle class will sink into poverty or near poverty by the time they reach age 65.*

A President of The Rich

While President Macron's pension reforms have been the most notable element of the country's huge protests, demonstrators have made it clear they oppose the overall strategy of the government to initiate "austerity" plans, which will hurt working people and the poor and enrich the most powerful in the country.

Opponents of President Macron point to tax changes he initiated by which the top one percent received over 40 percent of the benefits. They also cite his background as an investment banker and his moves to privatize the country's airports and large sections of the energy industry.

IRAQ: MORE WAR, MORE CASUALITIES



In response to the U.S. assassination of General Qasem Soleimani on 3 January, Iran responded with a missile attack at the Ayn al Asad Air Base in Iraq, which housed U.S troops.

Following the 8 January missile strike, President Trump boasted that Iran appears "to be standing down... and the American people should be extremely grateful and happy no Americans were harmed."

Beginning 17 January, however, the Pentagon stated that "several were treated for concussion symptoms from the blast."

In response to their report that some soldiers had been injured, despite Trump's statement that none were harmed, in reaction to the news that some were, the President said, "I heard they had headaches and a couple of other things... I don't consider them very serious injuries relative to other injuries I have seen."

Serious Injuries

From "no Americans were harmed" on 8 January to just a few "headaches"... by the end of January, the Pentagon said 64 U.S. service members have been diagnosed with traumatic brain injury stemming from Iran's missile attack.

PUBLISHER'S NOTE: *The U.S. mainstream media and Washington continuously attack foreign media, such as China, Russia, Iran, etc., for spreading fake news and distorting real facts. Absent from their criticism are the steady stream of lies that Washington has long spread and continues to spread in order to promote its agenda.*

House Members Speaking Up

Last Thursday, the House of Representatives voted to block President Trump from any further military action against Iran without approval from Congress. This would apply to the use of any military force in Iraq directed at Iran.

The House voted to repeal the 2001 Authorization for Use of Military Force (AUMF) resolution that President George W. Bush got passed so he could launch the U.S. invasion of Afghanistan... and which Presidents Obama and Trump have used to start wars and kill "enemies."

TREND FORECAST: *Despite the House vote, with the Republican-controlled Senate, the bill to repeal AUMF will not be passed. And, even if it were, there would not be enough votes to override a Presidential veto.*

AFGHANISTAN: BOMBS AWAY



On 27 January, a Taliban spokesperson reported that the group had shot down a U.S. military aircraft.

Later that day, General David L. Goldfein, the Chief of Staff of the U.S. Air Force, identified the plane as an E-11 military plane, one of the Pentagon's most advanced communications aircrafts. The crash site, about 70 miles from Kabul, is in Taliban-controlled territory.

At first, the General could not confirm details about the status of the crew, stating, "Here's another thing I'll share with you, every time I've been through this, which, unfortunately, has been a number of times, the first reports are always wrong, always wrong. So, we have to make sure that we have the facts right."

Two days later, the remains of the two of the crew were recovered. The three other crew members have not yet been recovered.

The Taliban claims it shot down the U.S. aircraft, but, according to a U.S. military spokesperson, "There are no indications the crash was caused by enemy fire."

Ending Endless Wars???

The U.S. Air Force has confirmed that in 2019, it ordered the most airstrikes in Afghanistan than any other year in the past decade.

The strikes have resulted in the deaths of almost 600 civilians and over 300 wounded. This toll marks a significant increase from the previous year.

All told, the U.S. launched the Afghanistan War, the longest war in American history, which began in 2001 and has killed over 157,000 people and left hundreds of thousands more dying from war-related causes. In addition, some 3,500 U.S. and NATO soldiers have been killed.

While the number of American troops in Afghanistan has declined since then-President Barack Obama initiated the 2009 “troop surge” that saw some 100,000 troops in the country, last year, under President Trump, the U.S. dropped more bombs on Afghanistan than any other year since the Pentagon began keeping a tally in 2006.

TRENDPOST: *The Afghanistan Papers, internal government documents the Washington Post released in early December, which exposed the lies and deceptions told to the American people by Washington and the Pentagon and documented how top generals knew the Afghanistan War was a calamity that could not be won, is long forgotten... or essentially unknown by the general public.*

Yet, despite these facts of horror, media Presstitutes, who get paid to put out what their corporate pimps and Washington whoremasters tell them to, has blacked out the Afghanistan papers from the news. Moreover, among the leading candidates running in America’s Presidential Reality Show®, ending the nearly two-decade Afghanistan War is barely a subtopic on the campaign trail.

U.S: “WATCH OUT FOR CHINA”



Last Thursday, Secretary of State Mike Pompeo declared that the Chinese Communist Party is “the central threat of our times.”

Pompeo's statement comes in the wake of Washington exerting pressure on European governments to ban the 5G networks of Huawei, China's most powerful telecommunications company. Recently, the British government permitted Huawei to be among the companies setting up next generation high-speed mobile Internet technology.

Mr. Pompeo said his criticisms were not directed at any one particular company, but to the way the Chinese government is allowed to control information. "When you allow the information of your citizens to transit a network that the Chinese Communist Party has a legal mandate to obtain, it creates risk," said Pompeo.

Doubling down on his statement that China is the most dangerous existential threat on the planet, Mr. Pompeo remarked, "While we still have to be enormously vigilant about terror, there are still challenges all across the world, the Chinese Communist Party presents the central threat of our times."

Last June, the Secretary of State said, "China wants to be the dominant economic and military power of the world, spreading its authoritarian vision for society and its corrupt practices world-wide."

TRENDPOST: As we have long noted, the business of China is business and the business of America is war.

While China, as evidenced by its Belt and Road initiative, spends and loans trillions to developed and developing nations across the globe to build its business/economic strength, the United States main overseas mission is military strength, and its sales initiative is to selling military industrial complex products.

INDIA PROTEST MOVEMENT: WORST IS YET TO COME



Now in its sixth week, millions of Indian protesters continue taking to the streets despite harsh police retaliation and repression by the government of Prime Minister Narendra Modi and his Bharatiya Janata Party (BJP).

The key target of the demonstration is the anti-Muslim Citizenship Amendment Act (CAA), which cites religion as a basis for citizenship for the first time since India declared independence from British rule in 1947.

Specifically, the act denies citizenship to Muslim immigrants from Afghanistan, Bangladesh, and Pakistan, which are predominantly Muslim nations.

The massive protest movement, while initially generated by Muslim youth, now includes a large cross section of religious and sectarian groups from all economic demographics. A popular chant among the protesters is, "Hindus, Muslims, Sikhs and Christians are brothers."

Dozens of protesters have been killed by police and thousands arrested.

The Modi government has been particularly concerned by the ongoing protests in the capital region of Delhi, where crowds of predominantly Muslim women have been blocking roads and defying police attempts to get traffic through.

In the most populated Indian region, Uttar Pradesh, some 20 protesters have been killed, most by police bullets. Police in the region have been given the power to detain citizens without charge.

Poverty and Anger

In addition to what is seen as the draconian anti-Muslim Citizenship Act, millions of Indians are also protesting the growing economic crisis including record unemployment and lack of basic living needs. The unemployment rate is now at a 45-year high. A number of those who are employed have low-paying jobs that are physically dangerous. More than 800 million people in are living on just \$2.00 per day.

On 8 January, tens of millions of Indian workers participated in a one-day walkout, angry over the Modi government's austerity measures that drastically cut social services while offering tax breaks to large corporations and wealthy individuals.

With the economic growth rate now dropping below 5 percent, its worst performance since 2000, the Indian economic conditions signal further decline.

Yet, for the past few years, the International Monetary Fund and the World Bank have singled out India as a “bright spot” in the global economy.

TREND FORECAST: *As the global economy slows, economic conditions will continue to worsen in India. Thus, the lower the economy goes, the larger the street protests will grow. And, the larger they grow, the stronger the government will react with violence to clamp down on them.*

As Gerald Celente has long noted, “When all else fails, they take you to war.” Thus, we forecast tensions between India and Pakistan will worsen as will conditions in Kashmir, which India has stripped of its autonomy in violation of the 1947 Indian constitution.

U.S. ECONOMIC UPDATE

U.S. ECONOMY SLOWS, MARKETS GLOW



The U.S. economy slowed in 2019 after two consecutive years of growth, according to the U.S. Department of Commerce.

In 2018, the economy expanded by 2.9 percent; in 2019 overall, the rate is calculated at 2.3 percent. For the last half of 2019, the rate was 2.1 percent. Household purchases were responsible for 1.2 percent of 2019’s growth, down from 2.1 percent last fall.

Spending on almost all categories of goods fell, as did spending on restaurant meals, a standard gauge of consumer confidence.

Overall consumer spending rose 1.8 percent in 2019's fourth quarter, compared to 3.2 percent in the third.

Corporate spending expanded at a rate of 2.1 percent in 2019 against 6.4 percent the previous year. Business investment, however, dropped during each of the last three quarters of 2019.

The 2.3-percent rate of 2019 was the slowest in three years, but it was on a par with the typical growth rates during the recovery from the Great Recession.

It also was slower than the 2.9-percent average expansion during the 2001-2007 recovery after the 9/11 terrorist attacks and well off the brisk pace of the boom of 1991 to 2001.

TREND FORECAST: *President Trump's statement in his State of the Union address on Tuesday night, "I am thrilled to report to you tonight that our economy is the best it has ever been" is an outright lie.*

As noted, U.S. GDP growth for 2019 was just 2.3 percent. In the 1950s, GDP hit a high of 8.7 percent; the 1960s, 6.6 percent; the 1970s; 5.6 percent; 1980s, 7.2 percent; 1990s 4.8 percent, 2000s, 4.1 percent.

Thus, knowing that Trump says what he wants and does what he can to retain his crown as the Presidential Reality Show® Champ, again, as we have for several months, forecast that he will exert ultimate pressure for the Federal Reserve to lower interest rates this year to zero-to negative territory.

That in turn will be bullish for gold prices, since the lower rates go, so, too, goes the dollar. And the weaker the dollar goes, the world's number one reserve currency, the higher gold prices rise.

TWO PERCENT: THE NEW NORMAL



The Federal Reserve expects the U.S. economy to grow in the 2-percent range for years into the future and many economists agree.

The labor force is shrinking as Baby Boomers age, curtailing the number of people available to fill jobs; older people living on savings or fixed incomes also tend to buy less.

In addition, growth in productivity – the amount a single worker can produce in a set period of time – has slowed. This has been a long-term trend in the United States and we see no new, short-term powerful drivers emerging to reverse it.

TREND FORECAST: *There will be a lot of talk from Congress and the White House for more infrastructure and education spending to boost the slowing economy. Little will be achieved next year as a result of a deadlocked Congress, thus the impact will be negligible. Indeed, even if they did agree on a fiscal stimulus package, it will prove ineffective to boost growth.*

FED WITHDRAWAL WORRIES MARKETS



The Federal Reserve has opened more than \$6.6 trillion in short-term loans to the repo market since September 2019 to keep interest rates low and the markets open.

And although they refuse to call a spade a spade, the Fed also has been buying short-term Treasury bonds at a rate of \$60 billion a month, but they refuse to call it what it is: Quantitative Easing.

They had announced plans to take the crutch away first by February and then by mid-February. However, the Fed also said it was ready to continue feeding the markets cheap money well into this year.

Still, the markets were uneasy when Fed chair Jerome Powell said in a press conference last week that the central bank was ready to close its wallet when there was “ample” cash in the markets.

Powell said, “As our Treasury bill purchases bring the underlying level of reserves up to an ample level on a sustained basis, the necessary quantity of overnight and term repo [aid] will gradually decline.” He did not define “ample” or “gradual.”

Some investors worry that the Fed’s withdrawal could provoke a broad market sell-off among those who think that the markets are relying on the Fed’s cheap money to keep stock prices up.

During the 32 minutes that Powell spoke, the Dow Jones average dropped 121 points.

“My biggest fear is that [Fed managers] stop in the middle of the year [and investors] see this as quantitative easing ending,” said Seema Shah, chief strategist at Principal Global Investors. “You could see a tightening of financial conditions.”

She praised the Fed for flagging its intentions weeks or months in advance so investors can prepare strategies ahead of time.

TREND FORECAST: *What a difference a week makes. The Dow and equity markets – no longer fearing the coronavirus and now agreeing with our forecast for lower interest rates – are again spiking higher. Yesterday, the Dow surged over 480 points.*

It should also be noted that despite rising markets and a stronger dollar, gold prices, while falling sharply this week, are still above the \$1,550 per ounce range, which we forecast will prove bullish for prices to continue to move higher.

Should gold break below that mark and languish lower, we forecast gold's bottom at \$1,390 per ounce.

FED MAY CAP BOND YIELDS



When the U.S. economy enters a recession, the Federal Reserve cuts interest rates to spark a recovery.

Over the last three downturns, the Fed has pruned rates by about 5 percent to juice recession-prone economies. With overnight rates now 1.50 to 1.75 percent, the rate-cutting tool's impact to generate growth when the economy begins to decline is limited.

The Fed has noted that it believes negative interest rates, such as those instituted by central banks in Europe and Asia, can be damaging to the U.S. economy. As noted, we forecast fiscal stimulus tools will have little effect.

One alternative the Fed is pushing is to set limits on the yields of short- and intermediate-term bonds.

Limiting yields would discourage people from parking money in government bonds and perhaps spend it instead to stimulate the economy.

Last October, Fed officials said that this could be an effective, additional way to manage the business cycle.

At the same time, the Fed could continue to buy long-term bonds, driving down the yields.

The price of a bond is inversely proportional to its interest rate. The Fed's purchase of long-term bonds at premium prices would keep interest rates low well into the future, further reassuring investors.

In 2016, Japan's central bank committed to purchase 10-year bonds in whatever quantity was necessary to fix the annual yield at zero.

TREND FORECAST: Again, as we have noted, these policies will have, at best, short-term impact in reviving slumping economies and will do nothing to stave off the "Greatest Depression," which we forecast will hit in 2021.

U.S. STOCK MARKET STILL UPBEAT



Yes, the markets are riding high again. Investors see the prospect of a U.S.-China trade deal and relatively strong earnings reports from major companies, as good omens that stock prices will continue to rise.

Also, the percentage of stocks in the S&P 500 that are trading above their 200-day moving average – a key indicator – approached the peak set two years ago. Several stocks reaching their highest 12-month price have also buoyed investors' hopes, as does last year's stock performance, when prices rose despite stagnant earnings.

Worries of a recession or serious stall in global growth are receding among analysts.

According to David Solomon, CEO of Goldman Sachs, “The highest most likely outcome is we have a relatively benign economic environment in 2020.”

TREND FORECAST: *Minus a wild card/black swan event, we maintain our forecast for slowing economic growth that will, in turn, spur the Federal Reserve to lower interest rates.*

The United States and its Middle East allies, however, are ramping up war pressure against Iran.

And, as evidenced by President Trump featuring Juan Guaidó, the self-proclaimed president of Venezuela, at his State of the Union address on Tuesday, the administration is clearly aiming to take down Nicolas Maduro, the duly elected president of Venezuela’s government.

Should tensions increase and military confrontations escalate among these and other nations and Brent Crude oil rises above \$90 per barrel, we forecast that global equities and economies will crash.

HOME PRICES EDGE UP



Average home prices in major U.S. metro areas rose 3.5 percent in early January, up from 3.2 percent in December.

Prices gained in each of the 20 metro areas monitored by the CoreLogic Case-Schiller U.S. National Home Price Index.

December was 2019's strongest month for home sales, up 3.6 percent.

Gains are driven by continued low interest rates and by a shortage of houses for sale, bidding up prices for homes on the market.

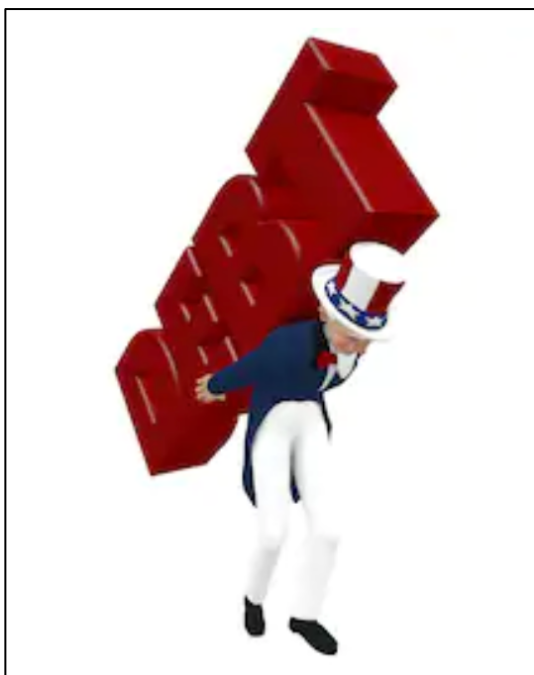
Analysts say there are fewer houses on the market now than at any time since the 1980s, a condition they expect to last through this year.

The 3.5-percent increase in average home prices outpaced workers' wage growth, which registered a 3.1-percent gain from November 2018 to November 2019.

TREND FORECAST: *Housing strength will continue and grow stronger as interest rates, which we forecast, go lower.*

Across much of the world, housing prices have sharply risen since the end of the Great Recession. Therefore, when the "Greatest Depression" strikes in 2021, home prices will sharply decline.

NO END TO TRILLION-DOLLAR DEFICITS



The U.S. government will spend at least \$1 trillion more than it collects in revenues in 2020 and will do so throughout this decade and probably beyond, according to the Congressional Budget Office (CBO).

That means this year the federal government will spend \$1.28 for every \$1.00 it takes in.

The CBO estimates that accumulated federal debt is projected to reach 81 percent of GDP this year, 98 percent by 2030, and 174 percent of GDP by 2049. At current spending rates, the public debt will grow from about \$18 trillion at the end of this year to \$31.4 trillion in 2030.

The deficits and national debt are projected to reach their highest levels since World War II.

The ongoing deficits will result from uncurtailed Congressional spending and the Trump tax cuts not offset by spending reductions.

The Federal Reserve's enforced low interest rates are keeping the deficit and debt from rising higher and faster than they otherwise would.

Annual deficits were higher during the recovery from the 2008 recession. But now the distance between revenue and spending has remained high despite the economy's recovery.

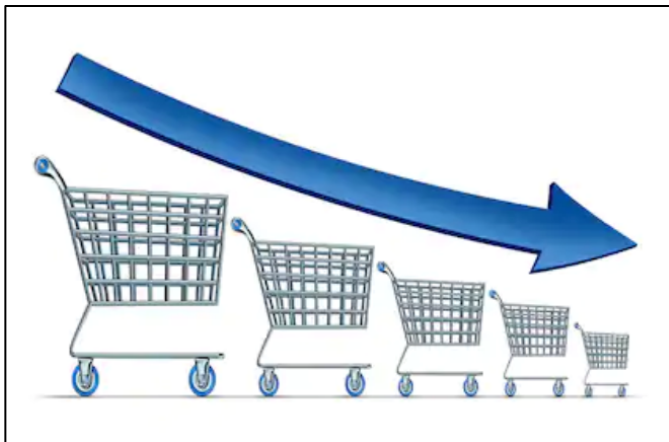
During his 2016 presidential campaign, Donald Trump said he thought the country could pay off its national debt within eight years. However, his spending policies and unfunded tax cut have sent the deficit and debt even higher than before.

Trump and other administration officials, including treasury secretary Steve Mnuchin, have pressed the long-standing argument that the tax cut will pay for itself through enhanced economic growth.

The CBO predicted in 2018, however, that the tax cuts would generate new revenue totaling no more than 25 percent of their cost to the federal budget.

The CBO also forecasts that U.S. economic growth will gradually fall from 2.2 percent this year to 1.7 after 2021 and unemployment will begin to edge up in 2022.

BRICK-AND-MORTAR RETAIL ON THE ROPES



About one in 10 retailers listed on stock exchanges have gone bankrupt since 2008, and 40 percent of retailers have seen their profit margins shrink during that time.

The financial value of shopping malls as real estate has fallen by almost a third since 2016.

Analysts predict that half of remaining shopping-mall department stores will shutter by 2025, and 500,000 more retail jobs will disappear.

E-commerce and online retail business are still growing, but the benefits flow to a relatively small number of companies at the expense of the sector overall.

E-commerce accounted for 11 percent of retail sales, but only about 25 percent of the products shoppers typically purchase are bought in malls and storefronts. Analysts expect that share to rise to a third by 2024.

Amazon leads the sector, with founder Jeff Bezos calling the 2019 Christmas sales season “better than ever.” Amazon is forecast to report a 19-percent increase in fourth-quarter revenues from 2019, reaching a record \$86 billion.

TRENDPOST: The “Pall on the Malls,” which Gerald Celente had long forecast in his bestselling book, “**Trends 2000**,” will continue.

However, people will still shop in brick-and-mortar stores, particularly those in organic growth cities that offer products, services, and experiences with uniqueness and individuality that big chains cannot provide.

BUSINESS INVESTMENT SAGGED IN FOURTH QUARTER



The U.S. Commerce Department reported that orders for non-defense capital goods fell to \$686 billion in December 2019, their lowest level in eight months and the third consecutive quarterly drop.

When defense-related investment was factored into the calculation, business investment overall rose by 2.4 percent in December.

Indeed, in his State of the Union address, President Trump boasted, “We have invested a record-breaking \$2.2 trillion in the United States military.”

HARLEY SALES FALL



Harley Davidson reported its 2019 sales were 4.3 percent below sales in 2018. The decline was 5.3 percent in the U.S., the motorcycle company’s biggest market.

The drop in sales is due in part to Baby Boomers aging out of the market and younger consumers having less interest in recreational vehicles.

Harley's share prices dropped 4.3 percent after it announced fourth-quarter revenues of \$874 million; analysts expected to see \$922 million.

The bike maker has created a Learn-to-Ride program to attract new customers, and they are launching a line of smaller cycles for specialized markets, such as China.

TREND FORECAST: *The decline in Harley sales abroad has long been blamed on “trade wars.” However, as we had forecast, Harley is a dying brand that appealed to a dying generation of Baby Boomers.*

And they are hardly alone. Unless businesses change with the times and proact to emerging trends – from fashion to food, heavy industry to hi-tech – they will die in time like five-and-dime stores.

The stark reality is unsuccessful businesses lack trend forecasting operations and are blinded by the future.

GLOBAL ECONOMIC UPDATE

BRITAIN: BUSINESSES ON THE BRINK



Nearly 500,000 British businesses are teetering on the edge of financial collapse, according to Begbies Traynor, a firm that helps companies restructure to deal with insolvency.

The number reached 494,000 in 2019's fourth quarter, compared to 481,000 in the last three months of 2018. The number of British businesses in "significant distress" has risen 81 percent since 2016.

Of the 22 economic sectors the firm monitors, 15 showed increased stress levels from the third to the fourth quarter of 2019. The hardest-hit sectors were construction, real estate, and retail, which have seen no growth for the longest period since 1957.

"UK businesses are continuing to struggle as the economy slows," said Ric Traynor, the firm's managing chairman. "If this trend of rising significant distress continues, we could for the first time witness financial distress creeping over the half-million milestone."

The Begbies Traynor findings were released days before the Bank of England decided to hold interest rates steady at 0.75 percent.

TREND FORECAST: Taken as a whole, Europe is the UK's largest trading partner, accounting for some 45 percent of all UK exports. Now that Brexit is official and no new deal has been struck with Brussels, the economic future of UK trade with Europe is undetermined.

Already facing downward economic pressure, according to the Organization for Economic Cooperation and Development (OECD) study released last November, the UK is one of the worst-performing developed economies in the world since the last general election in 2017. Moreover, Britain's productivity growth over the last decade is the worst since the start of the Industrial Revolution 250 years ago.

Therefore, considering export trade uncertainties combined with a slowing global economy, we forecast the Bank of England will cut interest rates, putting downward pressure on the pound and pushing inflation higher while being ineffective in restoring economic growth.

MEXICO: ECONOMY SHRINKS IN 2019



Mexico's economy contracted by 0.3 percent in the final three months of 2019 compared to the same period in 2018.

The contraction, the first in 10 years, occurred during the inaugural year in office of leftist president Andrés Manuel López Obrador.

The number concerned analysts, many of whom expected a less severe shrinkage.

The country's economy contracted in the last quarter of 2018 and first two quarters of 2019. Growth was flat in the last two quarters of 2019, despite Obrador's promise of a 2-percent growth rate.

If the economy grows this year, the improvement will be modest at best.

The IMF has trimmed its 2020 forecast for Mexico's growth from 1.3 to 1 percent; last week, Barclay's cut its outlook from 1.4 to 0.6 percent for this year.

TREND FORECAST: While the IMF forecasts that Mexico's economy will accelerate to 1.3 percent in 2020 "on the back of a modest recovery in domestic demand as uncertainty subsides and monetary conditions ease further," we disagree.

Considering a worsening global economic slowdown, we forecast the downside economic risk is greater for Mexico than the IMF's prediction for growth. Furthermore, as the U.S. ramps up its attempts to overthrow the Venezuelan government... and riots, demonstrations, strikes, and protests accelerate throughout Latin and South America, Mexico will be flooded with refugees seeking to make their way north to escape violence and poverty.

INDIA: ECONOMIC DANGER AHEAD



India has suffered six consecutive quarters of slowing economic growth and disappearing jobs, causing layoffs, reduced household incomes, and, as we have noted in our Geopolitical section, rising public unrest.

The economy grew by 4.8 percent in 2019, far below the 6.8-percent pace of 2018. Inflation accelerated and businesses all but stopped investing. And, among economists, there are questions if in fact the government is inflating those numbers and the economy grew much slower.

Last September, India cut corporate taxes by \$20 billion to spark business investment and revive weak consumer spending.

But only 3 percent of Indians pay income taxes. They are affluent enough that they could decide to save money from tax cuts and not spend it because the economic outlook is so dark.

To spur domestic manufacturing, Prime Minister Narendra Modi's government also has raised import duties on a range of goods and may add duties to as many as 50 other categories of goods.

The government's new budget, unveiled last week, included personal income tax cuts and plans to build roads and airports. But there were no broad initiatives to create jobs on a large scale or to shore up the country's financial institutions after a series of high-profile bank failures.

"When the private sector economy is in such bad shape, it makes a great deal of sense for any government to spend," said Ritika Mankar, chief economist at Ambit Capital. However, among economists', they rate they range the new budget from "modest" to "smoke and mirrors."

TREND FORECAST: As we have noted in the Geopolitical section on India in this *Trends Journal*, Prime Minister Modi's pursuit of a divisive nationalist policy favoring Hindus over Muslims, at a time when the economy is rapidly softening, has contributed to the economic woes.

Thus, we maintain our forecast that as the global economy slows, economic conditions will continue to worsen in India. The lower the economy goes, the larger the street protests will grow. And, the larger they grow, the stronger the government will react with violence to clamp down on them.

TRENDS-EYE VIEW

CORONAVIRUS: FACTS OR FEAR?



The coronavirus that hit the Chinese city Wuhan in late December has taken the lives of 490 and infected 24,324 throughout the nation.

The World Health Organization (WHO) reports that outside of China there are 191 cases in 25 countries.

In response, all Chinese cities with over 57 million residents in the surrounding province have been either fully or partially locked down with no public travel allowed in or out.

Fear the virus could spread to epidemic levels has shut down parts of China's economy, the world's second largest. The economic effect is escalating daily. On Saturday, Apple, Starbucks, and Ikea closed all of their stores in China.

Shopping malls in the major cities that are locked down are virtually empty. Major airlines including American, Delta, Lufthansa, and British Airways have canceled flights to China.

Yesterday, the Shanghai Composite Index closed almost 8 percent lower, the largest decline in over four years. But after the Chinese government pumped money into the system and its “national team” stepped in to prop up the equity markets, stocks have rebounded.

Facts, Not Fear?

Last Thursday, the World Health Organization (WHO) issued a global health emergency, and the U.S. State Department declared its highest travel warning. The Director-General of WHO, however, praised the Chinese government for quickly reacting to the crisis and said, “This is the time for facts, not fear. This is the time for science, not rumors.”

The health agency also stated that it sees no need for travel bans or heavy restriction.

Yesterday, China’s foreign ministry singled out the United States as overreacting and spreading fear instead of providing assistance.

Last Thursday, the U.S. ordered all American citizens in China under the age of 21 to immediately leave the country. President Trump has signed an order denying entrance into the U.S. by any foreigner who has been in China over the past few weeks.

So far, 11 cases of coronavirus have been detected within the United States.

PUBLISHER’S NOTE: *Fear sells. For the mass media, fear is often what they sell the best. Whether it’s war, murder, or weather conditions, the more people become frightened, the higher their audience ratings.*

While not dismissing the people who have lost their lives, the small number of people who have died and are infected thus far is minuscular when compared to a world population of 7.7 billion people. And, in the U.S. alone, some 61,000 people succumbed to the flu last year.

As for the 490 people who have died in China from the coronavirus and the several thousand infected, compared to China’s massive population of 1.4 billion people, the numbers are insignificant.

And, while the media says the coronavirus is worse than the SARS that hit back in 2003, a grand total of only 800 people died from SARS in the global population of about 6.5 billion people at that time.

TREND FORECAST: *The coronavirus made the news at the start of the Chinese Lunar New Year – a time to party, celebrate, and travel. Thus, with cities quarantined, travel restricted, stores closed, and streets empty... with Chinese economic growth at 29-year lows, the virus scare will hit first quarter growth in a variety of sectors and put downward pressure on GDP growth.*

To counter the downturn, the Chinese government will expand money pumping schemes and lower interest rates to bolster growth, which will in turn push the yuan lower.

IMPEACHMENT STUPIDITY



On 24 September 2019, when it was announced House Speaker Nancy Pelosi initiated the impeachment process against President Donald Trump, Gerald Celente was asked by Daniela Cambone, Editor-in-Chief of Kitco News, how it would unfold.

Celente said impeachment “could possibly happen, but it won’t mean anything because if they impeach Trump then it has to go to the Senate for conviction. It needs a two-thirds Senate vote, and the Senate is controlled by the Republicans, so it’s not going to happen. It’s going to be more of a waste of time, and it’s more of ‘Russiagate’.”

And that’s precisely what happened.

Throughout the tax-payer costly, time-wasted impeachment process, the Democrats kept pumping the propaganda that the Russians were responsible for Hillary Clinton losing the race to the White House because of the Russians and Donald Trump's ties to Russian President Putin... and because Russia hacked into the Democratic National Committee computers.

Celente called it propaganda because not one shred of evidence was provided to support the Democrats accusations.

Most Americans buy the "hate Russia" propaganda, just as Washington has been brainwashing the public to hate the Iranians.

As for how it will affect the 2020 race for the White House?

The Democrats lost, Trump won, so it increases Trumps odds of winning in November.

And as for cooperation between the two political parties running Congress, it will be more of the same but worse.

The Republicans and Democrats are two gangs: murderers and thieves. They start wars that cost trillions to kill millions based on lies (Saddam Hussein has weapons of mass destruction)... and steal the people's money in the name of "too big to fail" bailouts, tax-breaks, and dirty deals with individuals, corporations, and industries that pay politicians to pass laws and do deals that will enrich them.

Imbeciles and morons call it "campaign contributions."

Adults call it "bribes" and "payoffs."

The battle lines have been drawn. Rob, steal, cheat, lie, launch murderous wars... the political parties will do whatever they can to gain power.

The definition of politician: "a person who acts in a manipulative and devious way, typically to gain advancement within an organization."

TRENDPOST: As Gerald Celente has warned from the very beginning of the impeachment process Side Show, "If you tune in and read, watch, and listen to the impeachment charade, you are wasting precious time, since the outcome is etched in stone: the Republican-controlled Senate will not convict Trump."

*Therefore, we minimized the impeachment “news” in the **Trends Journal** and instead provided subscribers with important current events forming further trends that affect their lives and futures.*

TOO MUCH OIL, NOT ENOUGH DEMAND



After climbing to almost \$70 a barrel earlier this month, Brent Crude, now selling at around \$56 per barrel, is down some 17 percent, in part, as global trading markets reacted to the spread of the coronavirus.

China, the center of the viral outbreak, is the world’s second-largest oil consumer and is expected to see an economic slowdown due to the epidemic. OPEC, with its ally Russia, is holding talks about continuing December’s production-cut agreement through the rest of this year.

The price dip came even though most of Libya’s oil production has been shut off for almost two weeks by an export blockade thrown up by forces opposed to the nation’s fledgling government. Production has fallen by about one million barrels a day to around 300,000.

TREND FORECAST: *As noted, oil prices began to fall before the coronavirus panic made the news. As per the data you have been receiving as a **Trends Journal** subscriber, there is a global slowdown.*

Essentially, there is more supply than demand. Indeed, with oil production dramatically down in Libya, Iran, and Venezuela, for example, if there were strong demand for oil, these production cuts would drive prices up.

PUBLISHER'S NOTE: *Shell Oil's profits fell 50 percent to \$2.9 billion in 2019's final quarter, compared to \$5.7 billion a year earlier.*

The company blamed low oil and gas prices, weak refining margins, and the global economic slowdown for the drop. Indeed, it had zero to do with the coronavirus, which is being blamed by the mainstream business media for falling oil prices.

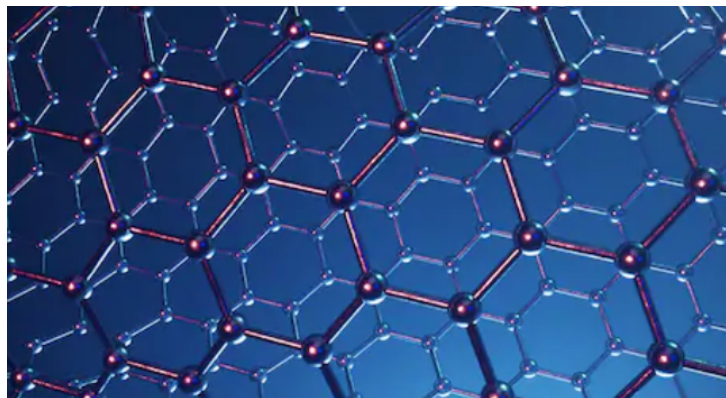
It should be noted that as sales decline, Shell will scale back its ambitious purchase of its own stock shares. It bought \$2.8 billion worth during the last quarter of 2019 but now will buy only \$1 billion worth between now and 27 April. Launched in 2018, the plan aims to buy \$25 billion worth of shares before the end of 2020. Shell has bought back about \$15 billion in shares so far.

Payouts to investors also are being dramatically scaled back.

We note this because equity markets are being artificially propped with stock buy-backs. Despite President Trump's sales pitch that cutting the corporate tax rate from 35 percent to 21 percent beginning in 2018 would result in strong capital spending, the vast majority of the savings, some \$1 trillion, went into corporate stock buy-backs.

HI-TECH SCIENCE

TURNING GARBAGE INTO GRAPHENE



Graphene – a one-atom-thick sheet of carbon atoms arranged in a honeycomb pattern – is a miracle material. It's the best known conductor of heat and

electricity; its strength for its size and thickness is unrivaled; and it has the potential to revolutionize everything from tennis racquets to medical devices.

Adding a dash of graphene to concrete can increase its compressive strength by 25 percent and the strength of plastic by 250 percent. But pure graphene can cost as much as \$200,000 a ton.

Now scientists at Rice University are revolutionizing the way graphene is made – by making pristine graphite from garbage.

The researchers start with any source of carbon, such as old tires, orange peels, coal, or plastic bottles. They flash the carbon source with an electric blast at 5,000°F for one-hundredth of a second. All non-carbon substances are vaporized and vented out of the reaction chamber. What remains behind are flakes of graphene.

The method costs a fraction of that of the usual techniques for producing graphene.

Scaling up the process will take time; Universal Matter, the researchers' commercial start-up, is designing a reactor that they expect will produce a little more than two pounds of graphene a day in two years.

TRENDPOST: *Converting waste into useful products is key to sustaining human society on a crowded planet with limited resources. This “flash graphene” discovery likely will be a foundational industrial process in the 2030s and beyond.*

2020 RETAIL TREND: FACIAL RECOGNITION



Retailers and shoppers believe that facial recognition will dominate retail innovations this year, according to a survey by CB Insights.

Asia is the testbed.

In Japan, the FamilyMart convenience store chain has opened a Yokohama store that uses cameras to log a customer's purchases and then uses facial recognition software to identify the customer and charge the purchases to the customer's credit or debit card through their phone.

Marriott has installed facial recognition check-in kiosks in two mainland China hotels. After posing for a portrait photo and entering personal details, the guest is issued a key card. Once the guest is registered in the system, future check-ins and check-outs can take less than a minute.

Amazon reportedly is planning to open at least 500 clerk-less, cashless stores in the U.S. in the next several years using similar check-out processes.

Other facial recognition technology is available that identifies known shoplifters when they enter a store so clerks can keep an eye on them.

TRENDPOST: *Technological leaps such as widespread facial recognition capability have a host of unexpected consequences. Amazon could market your picture to other retailers so that when you walk into their stores, everyone working there will call you by name and know your pants size. Hackers could steal your photo and paste it into pictures of people committing crimes or in child pornography.*

The only way to protect your image, which is a facet of your identity, will be to choose to not do business with retailers that require a file photo of you in exchange for a few moments of extra convenience.

STUDY PREDICTS OCEAN-DRIVEN U.S. MIGRATIONS



A University of California study using artificial intelligence has predicted mass migration patterns away from U.S. coasts as ocean levels rise in the years ahead.

If forecasts of sea-level rise, based on current rates, are accurate, 13 million people will need to evacuate U.S. coastal areas by 2100.

The study combined those forecasts with population-change predictions for every U.S. county. The study also incorporated migration patterns after hurricanes Katrina and Rita swamped the U.S. Gulf Coast area. Artificial intelligence used this data to forecast where people will go when they flee the coasts.

The outcome: large inland cities now relatively near coastal areas – Austin, Atlanta, Dallas, Houston, and Las Vegas, for example – will be flooded with U.S. citizen-migrants, because people are expected to stay relatively close to the areas they've left.

As those centers become crowded with migrants, housing prices will spike and competition for decent jobs will sharpen.

To avoid that pricey urban crush, millions will resettle in suburban and rural areas across the Midwest, straining infrastructure and public services in towns that now have small populations.

The researchers say that every county in the U.S. will be affected.

The study's purpose was to give early warning to planners, economists, and others responsible for guiding development so they can thwart the ill effects of sudden in-migration.

TRENDPOST: Changing weather patterns and sea-level rise will ripple through the U.S. in unanticipated ways, recasting everything from the property insurance business to public schools. State and local governments will need to be foresighted in their planning and nimble in their responses to unexpected changes, two traits that governments now typically lack. Those that can refocus their vision from today's crises to tomorrow's challenges will become the quality-of-life success stories of this coming "migration era."