

# TRENDSJOURNAL

HISTORY BEFORE IT HAPPENS®

**Venezuela:  
Get Ready for War**

**Coronavirus:  
Economic Fallout**

11 February 2020

## GEOPOLITICAL ROUNDUP

### VENEZUELA: GET READY FOR WAR



At his State of the Union address last Tuesday, President Donald Trump honoured one of his special guests, Juan Guaidó, the self-anointed President of Venezuela.

Since January 2019, Guaidó, backed by the United States, has tried and failed to overthrow the presidency of Nicholas Maduro, who won the election last May, which international observers rated as fair and legitimate.

Guaidó, whose popularity and support in Venezuela has greatly weakened and continues to decline, received a rousing standing ovation from both sides of Congress when President Trump said:

“Here this evening is a very brave man who carries with him the hopes, dreams, and aspirations of all Venezuelans. Joining us in the gallery is the true and legitimate president of Venezuela, Juan Guaidó. [Applause.] Mr.

President, please take this message back to your homeland. [Applause.]  
Thank you, Mr. President. Great honor. Thank you very much.

Please take this message back that all Americans are united with the Venezuelan people in their righteous struggle for freedom. Thank you very much, Mr. President. [Applause.] Thank you very much.

Trump called Maduro an “illegitimate ruler, a tyrant who brutalizes his people” and promised that “Maduro’s grip of tyranny will be smashed and broken.” In his threat to oust Maduro, Trump said this is an “opportunity to reaffirm the commitment of the United States to the people of Venezuela and to discuss how we can work with President Guaidó to expedite a democratic transition in Venezuela that will end the ongoing crisis.”

***TREND FORECAST:*** Senate minority leader Chuck Schumer later criticized the president for failing to remove Maduro from office. “If the policy was working, Juan Guaidó wouldn’t be in the balcony here... he’d be in Venezuela, sitting in the palace.”

The next day, Trump met with Guaidó at the White House.

Considering the President and Congress’s overt support for regime change in Venezuela, we forecast America and its “allies” will soon take measures to remove President Maduro from office... be it by instigating social uprisings or murder in the first degree.

***PUBLISHER’S NOTE:*** That the President of the United States would invite and honour a foreign agent in an overt effort to overthrow a nation’s leader who has posed no threat to America or its people – and that Congress would give the agent a standing ovation in support of regime change – is emblematic of Washington’s military mindset, passion for war, and disdain for peace.

## **IRAQ: MORE PROTESTS, MORE MURDER**



The anti-government demonstrations that began last October continue, as eight more protesters were killed this past week.

Millions of Iraqi citizens, outraged at entrenched government corruption, a dismal economy, and lack of basic living necessities, have taken to the streets in their fight for a decent life.

The Iraqi Human Rights Commission reports that some 550 protesters have been killed and almost 30,000 wounded.

Last Friday, the country's leading Shiite religious leader, Grand Ayatollah Ali al-Sistani, strongly condemned the most recent deaths of anti-government demonstrators and called on government security to end the bloodshed.

"They [security forces] must bear responsibility for maintaining security and stability, protecting peaceful protesters and their gathering places, revealing the identities of aggressors and infiltrators, and protecting the interests of citizens from the attacks of saboteurs," said Sistani.

### **Confusion and Conflict**

Eyewitness accounts, however, claim protesters were shot by supporters of Muqtada al-Sadr, the powerful Shia politician and militia leader, whom, as we have reported, recently shifted his position as a backer of the protests. Dozens of his supporters, armed with machine guns and batons, raided the central square in Al-Tarbiyah, firing bullets and attacking protesters.



Al-Sadr's sudden turnaround added more confusion and internal conflict to the situation in Iraq. For months Al-Sadr had been a leading backer of the anti-government demonstrations, ordering his "blue hat" militia supporters, known for their blue helmets, to protect protesters.

One factor that has remained consistent during the months-long protests is that a growing number of demonstrators are young, jobless, and not dependent on a strong leader.

### **Russia Rushing to Iraq?**

Since the U.S assassination of General Soleimani on 3 January, Iraq and Russia have been in discussions about creating a stronger military alliance. Last Thursday, Iraqi army Chief of Staff Lieutenant General Othman al-Ghanimi and the Russian Ambassador Maksim Maksimov met to review potential military strategy.

Al-Ghanimi praised Moscow's help in the ongoing confrontation with ISIS stating the Russians "provided our armed forces with advanced and effective equipment and weapons that had a major role in resolving many battles."

The growing alliance between Iraq and Russia comes in the wake of continued tension between Baghdad and Washington after the murder of Soleimani. That attack led to a resolution, which was passed, demanding U.S. and coalition troops to leave Iraq.

President Trump dismissed the resolution, stating, "We have a very extraordinarily expensive air base that's there. It cost billions of dollars to build. Long before my time. We're not leaving unless they pay us back for it. If there's any hostility, that they do anything we think is inappropriate, we are going to put sanctions on Iraq, very big sanctions on Iraq."

Last week, it was reported that Iraqi military officials gave orders for its forces to reduce their cooperation with U.S. and coalition troops.

In attempt to strengthen ties with Iraq, Marine Corps General Kenneth F. McKenzie Jr. said, "I think we're going to be able to find a way forward," while admitting the U.S. and Iraq were "in a period of turbulence."

## This Land is Our Land

In addition to protesting government corruption and lack of jobs, Iraqi protesters are also demanding that U.S. and foreign troops leave the country.

Sky News Arabia reported yesterday that America is starting to withdraw some of its 6,000 troops from military bases across Iraq.

However, a correspondent for Kan, Israel's state-owned news source, said he was told by a U.S. official the reports were not accurate and that the U.S. is "continuing our fight with the Iraqi military against [ISIS]."

France, Germany, and Australia are also reportedly withdrawing troops from Iraq.

***TREND FORECAST:*** As the global economy slows down, oil prices will continue to drop. Thus, oil-rich Iraq's Gross Domestic Product will continue to deteriorate, which will in turn increase social unrest. In response, the government will clamp down harder on protests, setting the stage for increased violence, civil war, and more waves of fleeing migrants.

## IRAN/IRAQ: QUESTION U.S. EVIDENCE



The evidence claimed by Washington that Iran-backed Iraqi militia fired rockets last December on an Iraqi military base, which housed U.S. troops and killed an American contractor and wounded several others, may have been false.

In response to the attack, the U.S. bombed three Iraqi-Shia military sites, killing 25 troops.

Following the U.S. strike, hundreds of Iraqi citizens and militia stormed the grounds around the U.S. embassy in Baghdad chanting, “Death to America.” There were no deaths or injuries.

Responding to the embassy incident, President Trump tweeted: “Iran will be held fully responsible for lives lost, or damage incurred, at any of our facilities...They will pay a very BIG PRICE! This is not a warning. it is a Threat. Happy New Year!”

Without providing evidence that Iran was behind the incident, Trump ordered the assassination of Iran’s popular political and military leader Qasem Soleimani, who had just landed in Iraq to reportedly start peace talks with Saudi Arabia.

In response to Soleimani’s murder, on 7 January, Iran followed with missile attacks at Iraqi bases housing U.S. troops.

President Trump stated no Americans were injured in the missile attack.

On 22 January, Trump dismissed reports that some 34 American troops had suffered severe concussions and were being examined for possible traumatic brain injury: "I heard that they had headaches. And a couple of other things. But I would say, and I can report, it is not very serious."

One week later, the Pentagon upped the number saying some 64 troops have been diagnosed with traumatic brain injuries following Iran's missile attack.

Yesterday, they boosted the number to 109.

## **Who Did What?**

And, last Friday, Iraqi intelligence officials raised doubts as to who launched the rockets that ignited the conflict. They said it was unlikely that the Iran-backed, Iraqi Shia militia, Kata’ib Hezbollah, which the U.S. blamed for the attacks, was responsible.

American military officials say they have conclusive proof the Kata’ib Hezbollah was responsible. No proof was presented, however, and the group denied responsibility.

***PUBLISHER’S NOTE:*** Despite the lack of proof that Iran-backed militia were responsible for the rocket attack which killed an American contractor and that American troops were severely injured by Iran’s counter attack following the

*assassination of General Soleimani, neither the U.S. mainstream media nor members of Congress have challenged these assertions.*

## **Tehran Keeps Negotiating Door Open**

Despite the escalating tensions between Iran and the U.S. following the assassination of General Soleimani, an analysis by a United Nations monitoring agency shows that Iran has not followed through on its threat to abandon what's left of 2015's Iran nuclear deal (JCPOA). There is no evidence that Iran has increased its atomic output.

While the U.S. withdrew from the nuclear deal with Iran in May of 2018 and with President Trump declaring it “a horrible one-sided deal that should have never, ever been made,” China, Russia, France, United Kingdom, Germany, and the European Union, the other signatories, have tried to keep it together.

## **IS THE CIA’S “DARK PRINCE” DEAD?**



As reported in last week's **Trends Journal**, a U.S. Air Force Bombardier E-11A jet was either shot down or crashed in Afghanistan.

The Pentagon said two American Air Force pilots were the only ones on the plane. The Pentagon said the crash was caused by a mechanical failure.

Both the Taliban and Iranian news sources claim the military jet was shot down in retaliation for the assassination of General Soleimani.

U.S. military personnel destroyed the remnants of the plane.



Furthermore, Russian and Iranian sources claim there were several top CIA officials on board, and one of the Americans killed in the crash was Michael D'Andrea, head of the agency's Iran Mission Center. The White House and CIA have neither confirmed nor denied that D'Andrea is still alive.

### **“Dark Prince” & “Undertaker”**

Mr. D'Andrea is credited with the direction of launching American military drone campaigns in Afghanistan, Pakistan, and, most recently, Iraq.

Within the CIA, D'Andrea was/is known as the “Dark Prince” and “Ayatollah Mike.” One former U.S. intelligence official said, “People were scared of him. He was the undertaker.”

Under D'Andrea's command, in 2010, as part of President Barack Obama's counterterrorism strategy, the CIA launched over a hundred drone strikes in Pakistan, which killed innocent civilians.

D'Andrea was also recognized as a significant figure in the CIA's controversial detention and interrogation program that the U.S. Senate condemned in 2014 for its extensive use of torture.

As we have reported, in June of 2017, Michael D'Andrea became involved in President Trump's strategy to directly confront Iran. At that time, he was appointed as the head of the CIA's Iran Operations that indicated the Trump administration's aggressive military strategy against Iran.

Robert Baer, a former CIA officer, stated at that time that given D'Andrea's reputation, “All I can say is that war with Iran is in the cards.”

It was also under D'Andrea's influence that the CIA began using drone attacks in Yemen to support the Saudi military invasion launched in 2015.

### **Yemen War, Mass Murder**

With or without D'Andrea, the U.S. has increased its presence and participation in the Saudi-led Yemen War.

Last Friday, President Trump confirmed a U.S.-launched drone strike killed Qasim al-Raymi, the leader of al-Qaeda in the Arabian Peninsula. Trump said al-Raymi, “committed unconscionable violence against civilians in Yemen and

sought to conduct and inspire numerous attacks against the United States and our forces.”

It is estimated that over 100,000 Yemenis have been killed, millions have been displaced, and 80 percent of Yemenis have become malnourished from the famine caused by the ongoing war.

The U.S. has sold the Saudis hundreds of billions of dollars in military hardware and provides intelligence and logistical assistance.

TRENDPOST: The five-year Yemeni War is barely reported in the mainstream media and the vast majority knows nothing about it.

Among the Democratic contestants in the 2020 Presidential Reality Show,<sup>®</sup> the massacre of innocent people; the bombing into rubble of the poorest nation in the Middle East; and the suffering inflicted by the Saudi's, their Arab League allies, and nations such as the U.S., which supplies the vast majority of the weapons of mass killing, the Yemeni War is rarely mentioned and the call for action to stop it is silent.

## **TRUMP MIDDLE EAST PEACE PLAN = NO PEACE**



In the wake of the highly touted release of President Trump's Peace Plan for Middle East, drafted in part by his son-in-law, Jared Kushner, protests have escalated and several Palestinians were killed last week by Israeli security forces in the West Bank.

A spokesperson for the Palestinian Authority stated the Palestinian people will not abide by the Trump plan, which, in violation of international law, allows Israel to occupy (a.k.a. steal) more land in the West Bank.

Representing almost 90 percent of the population, approximately three million Palestinians live in the West Bank. The Trump plan was drafted without any input from Palestinian authorities.

Since taking office, Trump shut down the office of the Palestine Liberation Organization in Washington; cut off aid to Palestinians; and ended all funding to the United Nations Relief and Works Agency, which offers humanitarian aid to Palestinian refugees.

Trump moved the U.S. embassy from Tel Aviv to Jerusalem, and, also in violation of international law, proclaimed Israel has the right to take control of Syria's Golan Heights, which Israel has occupied since the 1967 war.

## **TURKEY & SYRIA: THE WORST IS YET TO COME**



The Syrian War, launched by the U.S. and the Arab League in 2011 to overthrow the government of Bashar al-Assad, escalated on a new front last week after Turkey retaliated for the killing of seven Turkish soldiers by Syrian forces.

Turkey, which has illegally invaded Syria, responded by launching a major offensive led by F-16 jets targeting 50 Syrian locations that killed over 70 Syrian soldiers.

Following the attack, Turkish President Recep Tayyip Erdoğan warned Russia, which has been backing the Syrian government, stating, “It should be out of discussion to block us... It is not possible for us to keep silent.”

In September 2018, Turkey and Russia agreed to turn the northwest area, specifically the capital city Idlib, into a de-escalation zone.

But, since then, there have been over 1,800 civilians killed and hundreds of thousands have fled as Syrian and Russian forces launched a major military initiative to destroy al Qaeda forces controlling the region... many seeking refuge across the border into Turkey.

Last Saturday, Erdoğan doubled down on his warning to Russia: “In the event of a new attack, the proper response will be given in the strongest manner based on the right of self-defense.”

Yesterday, it was reported the Turkish military killed 101 Syrian troops in retaliation for five Turkish soldiers who were killed fighting the Syrian military in Taftanaz, a town Syria is trying to reclaim from rebel forces.

***TRENDPOST:*** While Turkey and Russia are reported to have close relations, including an agreement last December for Turkey to purchase billions of dollars of Russian military equipment, the intensifying conflict in the Syrian civil war has put them at odds.

*To add to the tension, as reported in last week’s Trends Journal, Russia and Turkey are on opposite sides of the Libyan crisis, with Russia backing the rebel militia leader Khalifa Haftar and Turkey supporting the Tripoli-based Government of National Accord (GNA).*

*Where is heading? What’s next?*

*We forecast worsening relations between Turkey, which has supported the overthrow of Syrian President Assad, and Assad’s Russian and Iranian allies.*

*And, as noted, Turkey has illegally invaded and occupied regions of a sovereign nation in violation of international law, a fact that is not reported in the mainstream media nor condemned by the political establishment.*



## CHILE: PROTESTS ESCALATE



Now in its fourth month, mass public protests in Chile against government corruption, declining living standards, low wages, and lack of basic health care continue to heat up.

Last week, police assaulted bystanders and drove police cars into crowds to break up demonstrations. In retaliation, protesters in the capital city of Santiago manned barricades and set fire to police stations, buses, and stores.

Over 100 demonstrators were arrested last week and some 27 protesters have been killed since the demonstrations began.

According to a recent poll, approximately half of all adult citizens have participated in anti-government demonstrations, and only 6 percent of citizens approve of the performance of Chilean President Sebastián Piñera.

***TREND FORECAST:*** “New World Disorder” was one of our “2020 Top Trends.”

*From Hong Kong to France, from Lebanon to Chile... across the globe, the “New World Disorder” continues. Broke and down and out, people with nothing left to lose are losing it. As world economies slow, civil unrest will increase and militaristic government repression of their citizenry will greatly intensify.*

# U.S. ECONOMIC UPDATE

## DOW AND DOLLAR RIDING HIGH



The Dow Jones Industrial Average rose last week, despite a 277-point dip on Friday that was attributed to worries about the impact of the Coronavirus. The gain reversed the 600-point drop on 31 January and set a record intraday high of 29,407 on Thursday.

As we go to press, the Dow hit a record high before backtracking following Federal Reserve Chairman Jerome Powell's statement that it is "too early to say" what the impact of the Coronavirus would be on the U.S. and the global economy, but the central bank would be "closely monitoring" it.

What also has helped prop up equities following the initial market selloffs following the Coronavirus scare is the Chinese government pumping cash into its banks and equity market and the prospect of cutting interest rates to blunt the economic impacts of the Coronavirus epidemic.

Moreover, as per Powell's remarks, there are increased expectations that the Fed will take steps to minimize the virus's effects in this country helped send stock prices higher.

The strong week reflected "the ebb and flow between headlines and fears," said Mark Hackett, Nationwide's head of investment research.

Last week, Amazon joined Alphabet (Google's parent company), Apple, and Microsoft as the latest company to close a trading day with a trillion-dollar market capitalization.

The WSJ Dollar Index is now at its highest since early October, and gold while dollar sensitive, it is still trading in the \$1,570 range... sharply up from last September when we issued our Trend Alert: The Gold Bull Run, when gold was trading at \$1,332 per ounce.

**PUBLISHER'S NOTE:** *Investors are looking for safe-haven investments amid fears of economic damage from the Coronavirus outbreak; also, U.S. banks still pay interest instead of charging fees to depositors, as is the case in Europe/Japan where banks apply negative interest rates. These factors will also continue to favor the dollar.*

*Typically, gold and the dollar have an inverse relationship; when one is up, the other is down. So the strong dollar should have pushed gold prices sharply down. Both rising together, as they did last week, indicates that slowing economies in the U.S. and around the world are leading investors to hedge their bets.*

## MARIJUANA: PAY HIGH TAXES TO GET HIGH



With the economy showing signs of slowing and government debt rising, more states and cities are looking to marijuana as a way to squeeze money from the public, in the name of taxes, to enrich government coffers.

California's counties, cities, and towns took in \$1.86 billion in gross taxes in 2018 and about the same amount during the first nine months of 2019.

Port Hueneme, CA, collected \$1.8 million in marijuana duties in 2018 and used the money to add to its pension fund and hire more police officers.

**PUBLISHER'S NOTE:** *As a result of the very high taxes on marijuana imposed by politicians, pot revenues have proven to be unreliable. In the first six months of 2018, California's marijuana taxes fell 54 percent below projections.*

*If a state or city places too high a tax on weed, tokers will resort to the black market, a sector that still does about \$40 billion worth of business each year, according to Moody's Analytics.*

*A case in point: in California, marijuana flowers cost 77 percent more to buy legally than illegally, according to BDS Analytics.*

*A pot-laced chocolate bar in Illinois's capital of Springfield that might retail for \$25 will cost \$33.19 when each layer of government adds its due.*

**TREND FORECAST:** *State and local governments will join the pot tax parade with high hopes but will be disappointed in their results. The black market, already well established, will continue to compete with legal outlets.*

## **MANUFACTURING: STEADY-SLOW**



The U.S. economy probably won't grow this year at the Trump administration's 3.1-percent target rate, treasury secretary Steve Mnuchin admitted last week.

Mnuchin blamed the Coronavirus outbreak and Boeing's woes with its 737 Max jetliner.



As of today, the U.S. Centers for Disease Control has reported, with great fanfare, the grand total of 13 confirmed cases of the virus in the United States – a country of 327 million people.

And although Boeing is one of the U.S.'s largest manufacturers and exporters and the 737 Max has been its best-selling passenger plane, at worst, a production shutdown lasting through March could trim a half-point of the first quarter's GDP growth rate, some analysts predict.

## **Hard Facts**

In 2019, the U.S. economy expanded at a modest 2.3 percent, with expectation that it will weaken to 2 percent this year.

Trump's lowering corporate taxes from 35 percent to 21 percent did not produce the "trickle down" to the general public that was promised.

Furthermore, most of the 2017 U.S. tax cut hasn't been invested in new plants and equipment or higher salaries for workers as Trump and his allies in Congress assured that it would. Instead, according to the Congressional Research Service, corporations have used about \$1 trillion of the money to buy back their own stocks, raising share values.

Increasing share prices is a standard measure by which executive bonuses are calculated.

The nonprofit, nonpartisan Tax Policy Center forecasts that the richest 20 percent of Americans received about two-thirds of the tax cut's windfall in 2018 and that, in 2027, the richest 1 percent will reap 83 percent of the cut's rewards.

## **Not Great Jobs**

The U.S. added 225,000 jobs in December, but some of them were holiday temp spots and most of the rest of the new jobs don't pay strong wages.

Construction was a bright spot, adding 44,000 jobs. The other biggest gainers were education and health services with more than 70,000; leisure and hospitality, 36,000; and transportation and warehousing, 28,300. The retail sector shed 8,300 workers in the wake of the holidays and manufacturing dropped 12,000 jobs.

**PUBLISHER'S NOTE:** *The low-wage service, clerking, and manual labor categories are adding jobs, but the economic slowdown still isn't allowing growth in jobs that pay well and can support middle-class households and lifestyles.*

*And, with wages virtually stagnant when adjusted for real inflation, Americans are going deeper in debt.*

*In 2019, household debt marked its biggest annual increase since just before the financial crisis, surging by more than \$600 billion, topping \$14 trillion for the first time, according to a new report by the Federal Reserve.*

## GLOBAL ECONOMIC UPDATE

### DOUBLING DOWN ON THE CORONAVIRUS



Last Thursday, Christine Lagarde, president of the European Central Bank, said the Coronavirus has succeeded the U.S.-China trade turmoil as Europe's main risk to growth this year because China has closed factories, restricted travel, and quarantined cities due to the virus.

Her comment followed news that German factory orders fell 2.1 percent in January from December.

**TRENDPOST:** *While "officials" blame the Coronavirus for weakening economic data, the facts prove the global slowdown preceded the virus outbreak hysteria that made the big news in late January. The 28 countries in the European Union*

*grew only 0.1 percent during the last three months of 2019 compared with the previous quarter.*

*It was the EU's worst performance since the beginning of 2013.*

*However, with plants across China closing and some major cities quarantined, production losses in Chinese industry will intensify the effects of the Coronavirus on manufacturing sectors reliant on Chinese-made parts, and short term it will ripple through the global economy.*

***TRENDPOST:*** *In China, the manufacturing sector began decelerating in April 2019, with the growth pace slowing from 5.8 percent in September to 4.7 in October. Retail sales fell to a 16-year low and investments in industrial infrastructure plunged to their lowest ever recorded.*

*Thus, the slowdown had nothing to do with the Coronavirus.*

## **Where it Hits**

Singapore, China's near neighbor, may lower interest rates to counterbalance the effects of China's sluggish performance; Malaysia has cut its 2020 growth forecast from 1.8 percent to 1.1 due to China's ills.

Thailand's tourism-based economy also is suffering. It hosted 39.8 million visitors in 2019, about 27 percent from China. Already struggling with a severe drought, the country will lose a significant amount of revenue due to China's viral epidemic and flagging economy.

To keep the economy from tanking, the Bank of Thailand has cut interest rates to 1 percent, a record low.

***TRENDPOST:*** *As we have long noted, with interest rates at near or record lows across the globe, central banks have little financial fire power to inflate falling economies and pump up failing equity markets when downward volatility strikes again.*

*Therefore, we remain bullish on gold as the ultimate safe-haven asset. Our latest forecast is that when gold prices break above \$1,615 per ounce, it will sharply spike to the \$1,700 per ounce range and beyond.*

## CHINA FIGHTS THE VIRUS WITH MONEY



The People's Bank of China – the country's central bank – offered \$173 billion in cash to overnight markets as they opened last week after being closed from 24 January through 3 February for the Chinese New Year holiday.

Because many short-term bonds matured the same day, the available cash nets to about \$150 billion.

It was the bank's biggest intervention in the market since 2004.

The cash influx was intended to buoy the markets against turmoil caused by the Coronavirus epidemic... and to some extent it has, with Asian equities rebounding from their recent lows.

The bank also will lower lending rates and regulators will delay tighter banking regulations so money stays loose. To reassure investors, some insurers will be allowed to exceed the 30-percent limit on investments in equity markets.

***TRENDPOST:*** *There are expectations that the Chinese central bank will lower interest rates and ease monetary policy to pump up its sagging/Coronavirus economy.*

*With consumer inflation at a seven-year high, however, the bank's loan prime rate is already below the consumer price index reading. Thus, should inflation continue to rise, China's real interest rate would be in negative territory.*

*Furthermore, lower rates will likely lure people to borrow and spend more, fueling inflation. And, the lower the interest rates, the further China's currency, the yuan, will fall. With its currency devalued and China's products cheaper to buy, it will*



*refuel trade war tensions with claims they are devaluing the yuan purposely to increase exports.*

**TRENDPOST:** *Although the Chinese economy grew at 6.1 percent in 2019, it grew at the slowest pace since 1990. The slowdown is expected to continue, with Standard & Poor's predicting a 5-percent rate this year, in part due to the Coronavirus outbreak.*

*The Chinese economy is approaching stagflation, a condition in which the economy slows and unemployment and inflation are rising. Inflation has been on the rise since 2017, according to the International Monetary Fund, and unemployment has soared since the viral epidemic struck.*

## **OIL DOWN, GOING LOWER?**



In early January, following America's assassination of Iranian General Qasem Soleimani, tensions escalated in the Middle East driving Brent crude to \$70 per barrel.

Then, as data from the U.S., Europe, and Asia supported a slowing global economy, followed by Coronavirus fears, oil prices, now at around \$54 a barrel for Brent crude, have hit a 13-month low.

With much more supply than demand, an OPEC subcommittee has recommended the oil cartel and its affiliate producers cut outputs by another 600,000 barrels a day through June.

The group already had agreed in December to cut back 1.7 million barrels a day for the first quarter of 2020, with Saudi Arabia shutting in an additional 400,000.

The subcommittee's suggestion would bring the total reduction to 2.7 million barrels daily, up from 2.1 beginning in January.

Russia is known to resist more production cuts while Arab states favor them.

The cuts are said to be a response to the 20-percent decline in oil prices in recent weeks. The price of benchmark Brent crude peaked above \$74.00 last April and closed at \$54.50 last Friday. The recent drop is being widely attributed to the worldwide economic slowdown set off by the Coronavirus outbreak.

## **China Power**

It is forecast that China's oil use will drop 25 percent this month because the Coronavirus epidemic is stopping manufacturing, repelling tourists, curtailing shopping, and keeping workers off the job.

China has restricted travel, quarantined cities, and many factories have remained closed beyond the 3 February end of the Lunar New Year holiday.

The drop could be as much as 3.2 million barrels a day compared to February 2019. The figure represents about 3 percent of the world's oil use.

BP, the British energy company, has said the viral epidemic could shrink oil use worldwide by as much as 500,000 barrels a day for the rest of this year. Chevron has projected lost daily usage of 200,000 barrels through 2020.

***TRENDPOST:*** Again, as noted, ***Trends Journal*** readers know that oil prices began their long-term decline well before the virus epidemic.

*While the Coronavirus may be impacting oil prices somewhat now, the more powerful factor forcing prices down is deeper and simpler: producers are pumping more oil than the world can use as the global economy slows.*

*Global production was 100.7 million barrels a day in December, according to the International Energy Administration, which also reported the world's oil consumption at 100.1 million in October, with demand falling since then.*

*Brent crude prices peaked above \$80 in early October 2018 and have been declining since, in tandem with growing concerns about the myriad signs of a slowing world economy that we've reported on for more than a year.*

*Thanks to the U.S. fracking frenzy, natural gas prices tell the same story. The benchmark price at Louisiana's Henry Hub pipeline junction reached \$4.70 per million Btu's in November 2018 and closed at \$1.90 on 3 February this year.*

*Both oil and gas prices have slowly declined together over the past 16 months, long before the world had ever heard of the Coronavirus.*

*Prices won't rise again until supply and demand come back into balance, regardless of the virus fears abating... and/or a black swan event such as war in the Middle East against Iran.*

## **BRITAIN: TRUMP FUMES AT JOHNSON**



Donald Trump reportedly vented “apoplectic” fury at Boris Johnson in a phone call last week after the British prime minister’s decision to use technology from the Chinese tech giant Huawei in the UK’s 5G network.

The U.S. government has accused Huawei of stealing sensitive American technology and has banned U.S. companies from selling technology to Huawei without express approval from the Trump administration.

On December 1, 2018, Meng Wanzhou, Huawei’s chief financial officer and daughter of the company’s founder, was arrested in Canada at the U.S.’s request. The U.S. has charged her with breaching laws against trading with Iran and also financial fraud.

Meng is undergoing an extradition hearing in Canada that began last month.

Johnson's administration expressed disappointment that the U.S. could offer no suitable alternative to Huawei's equipment but agreed to work with Washington to reduce the use of Huawei's equipment.

U.S. attorney general William Barr has suggested the U.S. take an ownership stake in Nokia and Ericsson, two Scandinavian makers of cell phone technology, to help strengthen Huawei's competitors.

The conflict may scuttle Britain's hopes of quickly signing a post-Brexit trade agreement with the U.S.

***TRENDPOST:*** *That Washington can and does dictate what other nations should do, slap sanctions on those it wants to punish, and invade nations whose governments they want to overthrow, has become the American way.*

*And, despite these overt foreign entanglements, its Congress supports them and the general public, and both the informed and uniformed accepts them.*

## INDIA: UP FOR SALE



India's government has unveiled a plan to raise \$30 billion in the new fiscal year by selling state-owned businesses and other public assets.

Among those assets are portions of the Life Insurance Corporation of India, various government-owned banks, and the money-losing Air India airline.

The fund-raiser is meant to help the government cut its deficit.

The plan was greeted with pessimism, in part because the government's privatization efforts barely raised \$15 billion this year.

"The new privatization and disinvestment target will be difficult for the government to meet," said Akhil Bery, a South Asia analyst with the Eurasia Group. "Thus it will be a significant challenge" for the government "to meet this year's fiscal deficit goals."

In presenting the new budget, India's finance minister admitted that current deficit reduction goals wouldn't be met, in part because tax revenues were far below projections.

Many of India's richest persons avoid paying taxes by spending less than 182 days in the country each year, thus earning non-resident status and escaping tax liability. The government plans to tighten rules to ensure collecting money from these traveling tycoons.

The government also is raising import fees on a range of products, including toys, kitchenware, furniture, food, and appliances.

The duties are a special blow to IKEA, the Swedish furniture retailer, which opened its first store in India in 2018 and relies on imports from China.

After the new budget was announced, India's benchmark Sensex Index lost 2.5 percent in a special Saturday trading session, its worst one-day loss in ten years.

***TREND FORECAST:*** *Economic and social conditions will sharply deteriorate in India, its ongoing protests and strikes will escalate, and government crackdowns will intensify.*

## **ARGENTINA: BORROWED MONEY, BORROWED TIME**



Argentina has suspended all payments on its \$57-billion debt to the International Monetary Fund.

Vice president Cristina Fernandez de Kirchner announced on Saturday that her country will not pay “even half a cent” until Argentina’s recession is over.

The way a country ends a recession is through “a lot of state investment,” she added, which will leave no funds available for the foreseeable future to make payments on the more than \$100 billion it owes to various creditors.

The Argentine peso crashed in mid-2018 after the country entered a recession in that year’s second quarter. The peso lost more than half its value that year and fell more than 35 percent in 2019.

Argentina’s economy contracted at a rate of 3.1 percent in 2019 and inflation is rampant, reaching 52.9 percent in December. The government has predicted inflation will continue at an average of 34 percent this year.

It’s estimated that more than 40 percent of the country’s 44 million people now live in poverty.

An IMF team will go to Argentina this week to discuss the crisis with Fernandez and his advisors.

Fernandez, who assumed the presidency in December 2019, blames the austerity measures of his pro-market predecessor, Mauricio Macri, for the current disaster.

***TREND FORECAST:*** *As the global economy slows, Argentinian economic conditions, as with many nations across the globe, will continue to deteriorate and social unrest will sharply escalate. It’s the “New World Disorder,” one of our 2020 Top Trends.*



# TRENDS-EYE VIEW

## FOREVER CHEMICALS: POISON ON TAP



Worried about climate change?

Forget about it.

Keep drinking the water in cities across the United States, and you'll be long dead before the climate changes.

Besides the tons of chemicals, pesticides, and industrial poisons pumped and sprayed into the earth, water, air, and food, the Defense Department has cited 401 bases in the U.S. that release the firefighting foam-containing chemical polyfluoroalkyls (PFAS), toxic chemicals that are in drinking water in cities and suburbs across America... including some of the country's largest metropolitan areas.

Published results of extensive testing done by the Environmental Working Group (EWG) confirm that risk of exposure to these harmful chemicals are much more extensive than studies overseen by the Environmental Protection Agency (EPA).

PFAS are a group of over 4,000 synthetic chemicals that have been produced by industries since the 1940s. They are primarily used in fire retarding foams, non-stick cookware, water repellents, waterproof clothes, carpets, textiles, and take-out containers.

These toxic chemicals do not break down naturally and accumulate over time in humans, animals, and the overall environment. But their most common source is groundwater. Because they take such a long time to break down and are so difficult to destroy, PFAS are often referred to as “forever chemicals.”

The latest report from the EWG, collated by three Ph.D. experts in environmental health, along with new academic research, provides details showing PFAS chemicals are now detectable in most of the major water supplies across the U.S. Over 16 million Americans could have levels above what the EPA consider normal.

These chemicals have been linked to kidney cancer, testicular cancer, thyroid disease, ulcerative colitis, high cholesterol, and pregnancy-induced hypertension.

### **EPA Slow to Act**

In February 2017, DuPont settled over 3,550 PFOA lawsuits (PFOAs are a chemical within the family of PFAS). According to the Business & Human Rights Resource Centre, leaked company documents revealed DuPont knew PFOAs were dangerous to human health back in 1961. In 1984, DuPont was aware the PFOAs they were producing were leaching into the local water supply. Yet, they did not disclose the health hazard to either their own workers or the surrounding community.

Documents proved the company dumped and emitted almost two million pounds of the toxic chemical between 1951 and 2003.

And where was the EPA during all this? Despite being aware of the problem for years, not until last February did the EPA, the federal agency responsible for environmental protection and advocating for the health of U.S. citizens, finally act. And according to critics, it was a weak attempt.

In its statement from 14 February 2019, the EPA said it would begin the process of developing proper limits on PFOA production but did not state any specific goals.

Reacting to the limited EPA action, Senator Tom Carper of Delaware, the state where DuPont has its corporate headquarters, stated, “It has taken the EPA nearly a year just to kick the can even further down the road.”

The environmental advocacy group Delaware Riverkeeper Network said at the time that the EPA plan, “lacks any sense of urgency and offers no timely relief to people exposed to these highly toxic compounds in their water.”

In its report released 22 January this year, the EWG stated it tested samples from 44 locations in 31 states and found only one of those sites had no detectable PFAS. Only two other locations had levels that were safe for human consumption.

Some of the highest levels of PFAS samples were from Miami, Philadelphia, New Orleans, Newark, and New York City. The high toxic levels were found to spread out from cities to neighboring suburbs.

Confirming this data, a *Wall Street Journal* report published on 3 February showed that some 80,000 residents live in towns outside Philadelphia where groundwater has toxic chemicals, which has come from nearby vacant military bases. The source of the toxins is the firefighting foams.

In the summer of 2018, the city of Newburgh, NY, located around 50 miles north of NYC, filed suit to put a halt to the contamination of its water supply with PFAS substances coming from nearby Stewart National Guard Base and Stewart International Airport.

The Defense Department has identified over 400 military bases around the U.S. known to contain the toxic PFAS. And yet the EPA has no system in place to monitor how much these PFAS are causing contamination nor has it established any federal standards for monitoring PFAS in drinking water.

Last September, seven states announced they would be part of a study by the Centers for Disease Control and Prevention, which will analyse health concerns around PFAS.

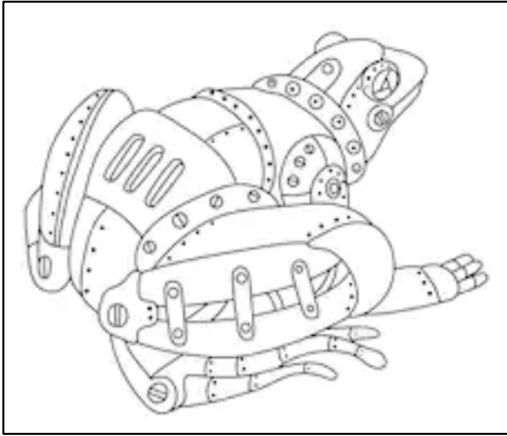
And, last month, Michigan sued 17 chemical companies to repay the cost of cleaning up toxic water sites.

In comparison to the U.S., the European Union countries use far less PFAS, and they are closely regulated as pollutants.

***TRENDPOST:*** *The demand for “clean” safe water – and filters and systems to purify it – will continue to be a strong and growing market sector, as will demand for bottled water.*

# HI-TECH SCIENCE

## LIVING ROBOTS MADE FROM FROGS



*by Ben Daviss*

Scientists continue to blur the line between living creatures and machines.

Researchers at the University of Vermont and Tufts University took cells from frog embryos and configured them into living robots that can carry out assignments, such as traveling through arteries to scrape away plaque or picking up toxic molecules and ferrying them out of the body.

The bioengineers say that this is the first time living cells have been used to design an entirely biological machine from scratch.

The research team used a software program that mimicked evolution and loaded it with basic information about what the frog cells could do. Then they told the computer to combine the cells in a way that would allow the assembly to carry out a specific task, such as moving in a particular direction.

The computer then put the digital versions of cells together thousands of times in random ways.

The computer kept and refined the more successful designs and abandoned the useless results.

Finally, the most promising 100 designs were tested: skin and heart cells were taken from frog embryos, incubated to maturity, then micro-stitched together

according to the computer's designs to make new life forms a few hundredths of an inch in size.

The cells self-organized, with the skin cells creating a structure and the contracting heart cells synchronizing to create movement.

On their computer, the scientists also designed “frogbots” with holes in the center that could be used as a pouch to deliver drugs or capture harmful substances.

***TRENDPOST:*** *The emerging field of “living materials” will discover unintended consequences of creating new, robotic life forms and uniting living and non-living materials.*

*By starting with creatures a few hundred cells in size, this research team will be able to spot some of those consequences as they observe their creatures over time, engineer around them, and guide others in what kinds of surprises they might find. Not all researchers, however, will follow this cautious approach.*

## INSTANT HYDROGEN FOR ON-DEMAND POWER



*by Ben Daviss*

Fuel cells are tantalizing as a vehicle engine. They run on hydrogen taken out of the air and their only exhaust is water.

But the lingering problem has been getting the hydrogen: typically, an intricate chemical reaction is needed, making the process slower and more complicated, using more parts and power.

Now researchers at the Chinese Academy of Science and Tsinghua University have found a way to zap hydrogen out of the air instantly and continuously.

The scientists combined gallium, indium, and bismuth – all relatively plentiful metals – into an alloy. When the alloy comes into contact with an aluminum plate immersed in water, the contact pulls hydrogen from the water.

The hydrogen is fed into a proton exchange membrane fuel cell, which burns the hydrogen to generate electricity.

While the fuel cell could be mass-produced with relative ease, the developers say that engineering an infrastructure to reclaim and recycle the metals comprising the alloy will be key.

**TRENDPOST:** While battery-powered electric vehicles grab the headlines, work on fuel cells is making hydrogen-powered cars an increasingly competitive alternative. Technological improvements, such as this Chinese discovery, will be essential to attract continued investment of time and resources into fuel cell development.

## UK REDEFINES AGRICULTURE



*by Ben Daviss*

One of the first things the United Kingdom did after leaving the European Union was to scrap the EU's farm subsidy policy and create what one Oxford economist calls an "agricultural revolution."

Under EU rules, farmers were paid for the amount of land they worked and the volume of crops they delivered. As a result, farmers tore up hedgerows and



chopped down treelines, which led to erosion; dumped chemical fertilizers on their fields, poisoning streams, rivers, and drinking water; and worked the soil relentlessly, depleting it of its natural balance of nutrients.

Under the new policy, farmers won't be paid just for growing food but also for serving the "public good" – restoring soils, creating and managing wildlife habitat, protecting clean water, and even maintaining scenic pastoral views.

The £3 billion amount of subsidies paid under the EU will remain the same. But, over the next seven years, the allotment for crops will shrink and more will be invested in land management contracts with farmers as the new scheme is pilot-tested.

***TRENDPOST:*** *The new UK policy redefines agriculture as not battling nature to extract food from the ground but as an integrated system of ecosystem management. If the UK's food production remains steady under the new approach, the model is likely to spread back to Europe and beyond.*