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HISTORY BEFORE IT HAPPENS®

COVID-19

PRESSTITUTES & PUPPET MASTERS PEDDLING HYSTERIA

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10 March 2020

COVID-19: SPECIAL TREND REPORT

COVID-19: POLICE STATE VIRUS

In addition to infecting virtually every media headline and lead story, the coronavirus has spread deep into the body politic, the global economy, and equity markets.

Seizing on the coronavirus outbreak, political hacks – not an array of qualified doctors and health experts in relevant fields – have taken full control of nations, states, and communities as their justification to declare, in effect, Martial Law.

Giving orders not to travel, not to kiss, not to shake hands, not to stand next to anyone – bureaucratic measures are being disseminated to the entire nation while health officials say the virus is effecting mostly the elderly and chronically ill.

Virtually ignored is the fact that these puppet masters' measures are robbing citizens of their personal freedoms and destroying the global economy. From airplane manufactures to airlines and from tourism to the hospitality sector, businesses big and small are being devastated as a result of government actions.

Italy, a nation of 60 million, with some 9,100 hit by the virus and 463 victims of it, is now in lockdown. On Monday, Prime Minister Giuseppe Conte issued orders banning public gatherings, suspending sporting events, and closing schools until 3 April.

"Stay at Home" is what Italy's supreme leader and self-anointed COVID-19 authority has declared… and if you don't, you'll be fined and sent to jail.

Over the weekend, after four additional cases, Saudi Arabia imposed a lockdown on the eastern section of the country, making a grand total of 11 people there who have contracted the virus. All educational institutions are closed, and the government banned pilgrimages to the holy cities of Mecca and Medina.

In Israel, where about 50 cases of have been reported, Prime Minister Benjamin Netanyahu announced that all foreigners now arriving into the country will be quarantined.

From Ireland to Massachusetts, St. Patrick's Day parades have been cancelled.

While COVID-19 fear spreads further with each new headline, barely reported in the avalanche of fear headlines is that in China, where the coronavirus started and by far has had the most serious effect, the rate of new infections is dropping and transmission is slowing down.

And when it is reported, it is mostly dismissed as Chinese propaganda, with the general conclusion that conditions are far worse than what is being reported.

TREND FORECAST: *Today, Japan's Cabinet approved a bill to give its prime minister the ability to declare a state of emergency… instructing residents to stay indoors, close schools, cancel events, prohibit mass gatherings, etc.*

Austria is banning indoor events of more than 100 people and outdoor events of more than 500.

Across the globe, from leaders to local authorities, the ruling political class effectively have injected the virus into the lifeblood of society, killing business and equity markets and destroying individual freedoms. Thus, when desired, to quell social unrest and political opposition, governments will declare states of emergency.

U.S. HOUSE BUDGETS $8.3 BILLION TO BATTLE VIRUS

The U.S. House of Representatives rushed through an $8.3 billion spending measure to fight the coronavirus outbreak and passed the measure to the Senate, which is expected to approve it immediately.

The president has said he will sign it.

The measure allots $2.2 billion to the Center for Disease Control and Prevention to contain the outbreak and $3 billion to develop treatments. About $1 billion will be spent in other countries to fight the epidemic, and $20 million has been set aside to cover additional administrative expenses needed in making loans to small businesses affected by the crisis.

House Republicans and Democrats bickered over the cost of distributing vaccines or treatments. Democrats wanted to guarantee that serums would be available to everyone regardless of cost; Republicans argued that capping prices might retard product development.

The two factions compromised and included $300 million for the government's purchase of medicines for public release.

Legislators vowed more bipartisan action if the outbreak worsens. "Think of this as a down payment," said Donna Shalala (D-Fl), who was a Secretary of Health and Human Services in the Obama administration.

VIRUS INTERRUPTS PHARMA SUPPLY CHAIN

About 40 percent of generic drugs are made in India from ingredients that come from China.

With Chinese industry only now beginning to revive, and India seeing its coronavirus outbreak growing, India has restricted exports of 26 drugs and drug ingredients, including several common antibiotics as well as acetaminophen, the active ingredient in Tylenol.

The U.S. Food and Drug Administration already has announced a shortage of one drug but didn't name it for fear of causing panic. The FDA said that alternatives to the drug are still available.

The interruption has caused the price of ingredients for some drugs, such as statins that reduce cholesterol, to rise by as much as 40 percent.

China exported $3.4 billion worth of antibiotic ingredients in 2018, of which India bought $1.4 billion worth. India exported finished antibiotics valued at about $1.5 billion in 2018, making it one of the world's major suppliers.

The problem is not a crisis yet: major pharmaceutical companies report keeping large inventories of finished drugs on hand in case of supply interruptions.

BANKS TAKE ANTI-VIRUS EMERGENCY STEPS

British and U.S. banks are testing the hardiness of their emergency operating and back-up systems, installing trading screens in employees' homes, and pressing regulators to ease banking rules so banks can continue to operate without interruption if the coronavirus becomes a health pandemic.

"You don't want to wake up and find that the U.S. has half a million [virus] cases and someone tells you to send everybody home," said one U.S. bank executive.

Back-office staffs can work from home with relative ease, but banking regulations make it harder for traders, sales, and customer service workers to do the same.

For example, regulations require traders' communications to be monitored, so banks are rushing to set up recorded phone lines in a wider variety of locations.

Staff members also are being moved to more places.

Goldman Sachs, JPMorgan Chase, and Morgan Stanley are among large international banks that already have sequestered their staffs in Asian areas where the virus has hit hardest.

VIRUS HALTS PLANES, TRAINS, SHIPS

The virus panic has crushed airline travel, with passengers canceling reservations in droves and airlines canceling thousands of flights, including lucrative transatlantic hops.

In late February, the industry estimated it had lost $30 billion in canceled flights to and from China alone, which by some estimates totaled 25,000 flights a day.

Virgin Atlantic has reported a 40-percent drop in bookings now compared to March 2019. Southwest Airlines expects to lose as much as $300 million in first-quarter ticket sales.

Delta has cut back flights to Japan; United Airlines is reducing flights to Europe and Asia by 20 percent and domestic U.S. flights by 10 percent. FinnAir has canceled 1,100 flights so far.

Flybe, Europe's largest regional airline, has closed down and filed for bankruptcy.

The International Air Transport Association, or IATA, had estimated a 4.7-percent boost in air travel this year. But its data shows only a 2.8-percent gain so far this year. The group says that the airline industry could lose $113 billion this year due to the virus.

The price of airline stocks is down about 25 percent since the virus outbreak began. During the 2003 SARS global virus outbreak, share prices in the aggregate dropped about 4 percent.

"We're in a crisis zone for airlines," said Brian Pearce, IATA's chief economist. Pearce continued, "The situation has rather dramatically accelerated over this last weekend."

Rafael Schvartzman, IATA's European vice-president, called the present moment "an almost unprecedented crisis" for the industry.

"It's looking more like the global financial crisis, when airline revenues fell 16 percent in 2009."

Andrew Lobbenberg, aviation analyst at HSBNC bank, says that Air France-KLM could see 2020's earnings fall 87 percent below last year's and WizzAir, Hungary's bargain-priced carrier, could lose 23 percent of earnings.

To halt losses, airlines have stopped hiring and suspended investments in new planes and other equipment.

"The name of the game is to hunker down, reduce costs by paring schedules as far as possible, seek capital cost reductions, enjoy the lower fuel prices… and ensure that when the crisis ends… you're still in business."

Airline executives warn that many carriers will seek government aid to recover from the crisis and stay in business.

Some U.S. officials are beginning to talk openly of bailing out airlines to ensure that the country has a domestic airline industry.

Cruise ship operators Carnival, Royal Caribbean Cruises, and Norwegian Cruise Line Holdings are expected to lose about $550 million this year due to the virus.

The companies' collective stock value is down about 30 percent since January, erasing roughly $19 billion in market value.

The market for cruises in Southeast Asia has disappeared and Japan's Luminous Cruise line has filed for bankruptcy. Ships plying the Mediterranean Sea are now about 60 percent full, compared to the usual 75 percent at this time of year.

Liberty Travel, a New Jersey agency, says cancellations of European vacations are 22 percent above normal and customers are rerouting their trips to domestic locations or the Caribbean islands.

Amtrak, the U.S. passenger railroad, has canceled its nonstop service between New York City and Washington, D.C. until 10 May.

Meanwhile, it's upping its car-cleaning schedule, in some cases to hourly, and making disinfectant wipes and antibacterial gel freely available on trains and in stations.

VIRUS TANGLES OCEAN SHIPPING

The intricate schedule of cargo ships carrying everything from apples to auto parts between the U.S. and Southeast Asia has been undone by the coronavirus.

Loaded ships are backed up at Chinese ports, where workers have been furloughed to keep from spreading the illness, and businesses that would receive the goods have either remained closed or have no customers to clear existing inventory from their shelves.

A usual month sees 200 sailings from China to the U.S. As of now, shipping companies have canceled more than 110 crossings for the first quarter of 2020.

The traffic jams on China's shores have left a shortage of 40-foot containers at U.S. docks, slowing cargo shipments to other destinations.

"Empty [refrigerated] containers are in short supply," said Peter Friedmann, executive director of the Agricultural Transport Coalition. "It's harder to get on a vessel and there's not enough outbound capacity to handle all the cargo seeking bookings."

"It's cut-throat," agrees Dalton Dovolis, a shipper booking cargoes of produce to China for the Salinas-based International Produce Group. The lack of containers may cut the group's shipments of oranges to China by half.

CAR SALES GET SICK

Vehicle sales have plunged along with stock markets in response to the coronavirus outbreak.

In February, China's sales were down 80 percent compared to the same month in 2019. South Korea's sales were at 20 percent – their lowest level since 2009.

Germany's sales fell 10.8 percent, Japan's dropped 10.7 percent, and Italy's 8.8.

The virus isn't entirely to blame, however, for the lags.

China's sales already were slowing due in part to changes in subsidies for fuel-efficient cars. Europe has imposed new, tighter emissions controls that cut sales.

U.S. sales rose 8.5 percent in February year on year, partly due to this Leap Year's extra February day, which fell on a Saturday and for which some dealers offered special prices.

Globally, Goldman Sachs has darkened its estimate for auto sales' decline this year from -0.3 percent to -3.5, more than a hundredfold increase.

That would put the combined retrenchment of 2019 and 2020 on a par with the industry's fate during 2008 and 2009, when the Great Recession threw some makers into bankruptcy.

Some analysts see BMW, General Motors, Peugeot, and Toyota in stronger positions to survive intact than Ford, Nissan, Daimler, or Renault.

REAL ESTATE INVESTMENTS CATCH THE VIRUS

Retail landlords may see stores miss lease payments as shoppers avoid public places, cutting stores' sales, profits, and cash flow.

The FTSE Nareit Allk REITS Index, which includes all real estate investment trusts traded on major U.S. stock exchanges, dove 12.3 percent last week, a far worse performance than broad-based market index funds.

"People were selling everything that had held up better," said Kevin Preloger, a portfolio manager at Perkins Investment Management. "There was really no place to hide."

The damage already has struck Intu Properties, a British mall owner that now has abandoned plans to issue £1.5 billion worth of stock to pay off debt and tidy its balance sheet.

"Who… [is] going to a shopping center now or willing to sit in a cinema?" wondered Nicholas Rabener of FactorResearch.

VIRUS VICTIMS: TOURISM, TRADE SHOWS, THEATERS, SPECIAL EVENTS

The Louvre, St. Peter's Basilica, the La Scala opera house, and other cultural meccas of Europe are begging for visitors.

Thousands of tourists have canceled airline tickets, hotel reservations, and plans to visit conferences and trade shows since the coronavirus outbreak struck northern Italy and began to travel across the continent.

Some Paris restaurants and nightclubs report sales down by 40 percent.

The loss of business is costing the Eurozone's hospitality industry an estimated €1 billion a month, according to the European Union's internal markets commission.

The losses are especially keen now as tens of thousands of pilgrims would normally travel to Rome and other Christian holy sites during the Easter period.

Also, this is the time of year when many Americans book reservations for summer trips to Europe.

In the last week of February, when Italy announced its virus outbreak, airline reservations to Europe fell 79 percent below the same week a year earlier.

Ad agencies and media companies with clients in tourism also are taking a beating, with a 10-percent reduction in related ad buys forecast for April.

Shares of ITV, a British broadcaster, have lost 32 percent in value this year, due in part to the virus economy; ad agency WPP's stock also is down 32 percent year-to-date.

Movie theater chain AMC Entertainment Holdings has watched its share price plummet 30 percent in two weeks. IMAX, a theater company that has invested deeply in China, has had to shut its more than 700 theaters in that country. Its stock price is off 24 percent so far this year.

The coronavirus panic also has forced sponsors to cancel more than 440 trade shows around the world so far this year, according to the German trade magazine m+a.

The Geneva International Motor Show, which draws 500,000 visitors each year, was scheduled to open on 5 March but was canceled when the Swiss government banned gatherings of more than 1,000 people.

The show would have brought as much as $250 million in tourist-related activity to the Geneva region.

Barcelona's Mobile World Congress was canceled after AT&T, Deutsche Telekom AG, and other industry giants backed out. The show was expected to create $546 million in economic activity and create 14,000 temporary jobs.

Google has canceled its annual developers conference, a mainstay event of the tech world.

Organizers of the annual music, tech, and film festival South by Southwest in Austin, TX, had decided the event would take place as planned on 13 March. They then relented and canceled the event after more than 40,000 people signed online petitions calling for the festival to be scotched, and both Facebook and Twitter said their employees would stay away.

Last year, the festival generated $356 million in tourist-related business.

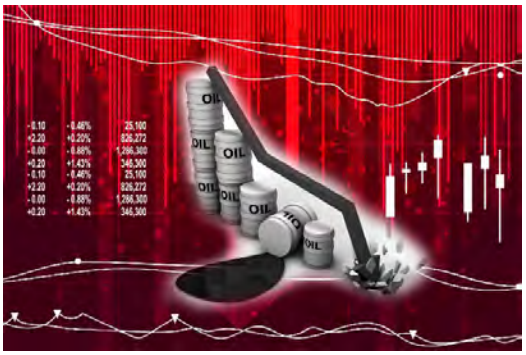
Other events, such as the Game Developers Conference in San Francisco and Natural Products Expo West, are being rescheduled for later in the year.

Shows that have taken place found some exhibitors and sponsors are demanding refunds because the events were poorly attended.

TRENDPOST: *The amount of jobs lost, hardships created, business that will not recover, personal rights lost, etc. as a result of government actions is incalculable. Outside of world wars, never, in modern history, have so many nations acted in unison to pass laws and take measures that have deleteriously affected entire populations.*

ECONOMIC UPDATE

U.S. MARKETS



March Money Madness

The weeks-long equity market rout paused only briefly last week, but stocks weren't able to hold their ground.

On 4 March, U.S. stocks blipped up 1,173 points, the second-highest point gain ever.

Analysts tied the rise to soaring health care stock prices after the Democratic primary's Super Tuesday, in which Joe Biden scored decisive victories against Bernie Sanders.

Sanders' "Medicare for All" plan would, if enacted, effectively end private health insurance; Biden's ascendance gave new hope that private health insurance companies have a future.

The next day, however, the market resumed its sell-off, ending the week almost where it began, closing up just 281 points from Monday and within 100 points of the previous Friday's close.

Yesterday, stock prices around the world were in free-fall, with oil prices cratering and yields on U.S. 10-year treasury notes pushed to historic lows.

Main stock indexes in Britain and Germany fell about 7 percent, Australia's closed down 7.3 percent, Japan's was off 5.1 percent, and Shanghai dropped 3 percent.

Trading was halted briefly on U.S. exchanges after stock futures fell 5 percent before Monday's open.

After falling more than 2,000 points, the Dow staged a weak rally and cut its losses by almost 800 points partway through the day but couldn't sustain the move. The index finished the day with a loss of more than 2,000 points.

The NASDAQ was down 624 points and the S&P finished off 225 points.

The Dow started the day up nearly 1,000 points, only to sink into negative territory by noon as doubts persisted that governments potential fiscal stimulus plans to curb slower economic growth stemming from the coronavirus outbreak would do little to reverse the global down-trend.

But, then, the Dow rallied 1,100 points, halving its losses from Monday's sell-off.

Oil Bust

Oil prices cratered on Monday after Russia was reluctant to sign on to a proposal made by OPEC and allies for new production cuts.

In response, the Saudis launched an oil price war, increasing production to drive prices even lower, forcing uncooperative producers to sell at steep losses or shut in their wells.

Benchmark West Texas Intermediate fell 22 percent to $32.2, its worst move since January 1991. Brent crude futures were down 21 percent, closing the day at $35.7 after touching a low of $31.0 in early morning trading.

As we go to press, oil prices spiked some 7 percent following reports that the Russian Energy Minister had not ruled out proposed OPEC measures, and considered holding a meeting with Russian oil companies on Wednesday to assess market conditions.

TREND FORECAST: *In 2016, the last time oil prices fell so sharply, a gaggle of U.S. producers filed for bankruptcy. Deep in debt and with prices on a long-down trend, fears of bankruptcies again persist for shale producers who have borrowed billions… in the junk bond market.*

Energy Stocks Hit Harder Than Most

The average price of energy stocks in the S&P 500 fell almost twice as far recently as the broader index's value.

The shares were down 7.4 percent in five consecutive trading sessions across late February and early March, while the broader index's aggregate value lost 4 percent over the same period.

Oil stocks led the decline in energy shares.

The price of oil stocks varies with the price of oil, which has fallen 20 percent this year as of 6 March.

Prices were off more than 40 percent as of Monday's open.

The coronavirus has curtailed manufacturing, shipping, and travel, slashing the demand for fuel across global economic sectors by more than a million barrels a day by some estimates.

The International Energy Agency has said that world oil demand will drop by 465,000 barrels a day averaged across 2020's first quarter and, compared to 2019, will be off by 1,000 barrels a day averaged throughout this year.

During the last week of February, crude futures fell by the biggest percentage since 2008's Great Recession.

Those projections helped bring down majors' share prices – Chevron by 6.3 percent, ExxonMobil more than 5 percent, and Royal Dutch Shell more than 3 percent.

Oil's shrinking price has fallen just as hard on energy transport and services companies.

Baker Hughes, which provides equipment and services to the drilling industry, saw its share price drop 11 percent; competitor Schlumberger is down 8.6 percent; and the VanEck Vectors Oil Services ETF has fallen more than 8 percent.

Kinder Morgan, which owns pipelines, has lost 5.7 percent.

Refiners Phillips 66 and Valero Energy are both more than 12 percent poorer due to loss of demand for refined products and fears of reduced demand in the future.

Before the virus appeared, the energy sector already was the S&P's lowest performer during both 2018 and 2019. A lingering global supply glut and slowing world economy has steadily forced prices down through that time.

Goldman Sachs sees no improvement and had forecast $45 oil next month. That prediction is likely to be revised downward now.

TRENDPOST: *Oil below $80 makes a large number of U.S. fracked oil and gas wells unprofitable. Normally, producers would shut in the wells until prices rose. But frackers have massive loans coming due over the next four years, and they need to keep pumping to keep their cash flow up.*

Gold's Slow Glow, Silver Softness

Bullion briefly spiked to $1,702 on Monday, its highest since December 2012, as equity markets across the globe tanked. Gold closed Monday at $1,665, barely moving from Friday's finish of $1,674.

Today, as we go to press, gold is down some $20 from yesterday's high following slight rebounds in equity markets in Asia and Europe.

Silver continues its downward trend. Fears persist that demand for silver, which is used in manufacturing, will continue to slacken during a projected economic slowdown.

TREND FORECAST: *We maintain our forecast that gold prices will hit $2,000 per ounce when gold breaks above $1,725. The downside risk is $1,550 an ounce should equity markets strongly rebound and interest rates on 10-year Treasury notes strongly rise.*

When gold spikes above the $2,000 range, we forecast silver prices will sharply rise as well.

Fed Rate Cut Boosts Bonds, Doesn't Slow Stock Sell-Off

Despite the U.S. Federal Reserve's 3 March rate cut of 0.5 percent, which took the yield on 10-year Treasury notes to a historic lows, it failed to slow the stock markets' slide.

As Fed chair Jerome Powell was announcing the cut and answering reporters' questions last week, the Dow Jones Industrial Average fell another 603 points.

Market players aren't convinced that the rate cut will buoy the markets, especially given Powell's comment that no one can know how long the coronavirus epidemic, and its accompanying market panic, will last.

David Serra with Algebris, a London investment firm, called the rate cut a mistake that will strengthen investors' belief that central banks can reliably prop up weak economies even when problems arise outside of finance.

In this case, "only the World Health Organization, the Centers for Disease Control and Prevention, and fiscal policy matter," he said, "not central banks."

To escape the market's free-fall, investors flocked to U.S. Treasury notes, bidding prices up and driving yields into record low territory; as bond prices rise, interest rates fall in proportion.

From 25 February through 5 March, the yield on the 10-year Treasury note fell 37 percent, falling below 1 percent for the first time since 1871.

On Monday, 9 March, the yield shrank still more to 0.32 percent.

During the Great Depression, considered the worst financial crisis in U.S. history, the rate remained between 2 and 3 percent.

TREND FORECAST: *Last year, before the coronavirus broke out, we had forecast zero-to-negative U.S. interest rates by October 2020.*

The Fed will meet next Wednesday. While we forecast a 25 basis point cut, should equities continue to sharply fall, it will be a 50 basis point cut… which will be bullish for gold as investors seek safe-haven investment with potential for high dividends.

New York Fed Expands Repo Loan Fund

The New York Federal Reserve is increasing its available amount of overnight loans to banks from $100 billion to $150 billion through Thursday of last week to ensure that banks and trading houses have the cash needed to keep the markets from melting down.

As well as increasing the overnight amount, the bank also is expanding its two-week repo loan fund from at least $20 billion to at least $45 billion.

The New York Fed stated that expanding the amount of money it's offering is "intended to ensure that the supply of reserves remains ample and to mitigate the risk of money market pressures that could adversely affect policy implementation."

TREND FORECAST: *Considering the market volatility and demands for cash, even expanding the overnight repo fund by 50 percent and doubling the two-week fund may be too little.*

In their attempt to boost equity markets and economies, we forecast increases in central bank liquidity measures such as expanding quantitative easing money injections.

Demand for Repo Loans Outstrips Fed's Record Supply

Hours before the U.S. Federal Reserve cut its interest rate by 0.5 percent on 3 March, demand for overnight repo loans shot up to $108.6 billion against the Fed's record offering of $1 billion.

On 4 March, the Fed offered another $100 billion and the demand for the loans reached $111 billion.

Banks were desperately seeking liquidity to lubricate the markets as the coronavirus panic continued to quell economic activity.

Mortgage Rates: Lowest in Decades

The Fed's 3 March rate cut has dropped U.S. mortgage interest rates to historic lows just as real estate's prime selling season begins.

The average rate on a 30-year fixed mortgage has fallen from 3.45 percent to the never-before-seen 3.29, according to lender Freddie Mac.

Mortgage rates are closely linked to those of 10-year Treasury notes, which fell below 1 percent after the Fed's move.

Real estate agents welcomed the lower rates, hoping they will counteract fears that potential buyers might have about venturing into strangers' houses during the coronavirus epidemic.

The lower rates also may help to revive home sales, which fell in January after reaching 2019's high mark in December.

The drop may indicate that cheap mortgages aren't enough to lure buyers into a market in which home prices are rising due to a limited supply of houses for sale.

The low rates are expected to continue to fuel a boom in mortgage refinancing, which boosted 2019's number of new mortgage loans to its highest level since 2006.

The number of refinancing applications rose 26 percent during the last week of February, triple the number filed during the same period in 2019.

JPMorgan Chase has suspended a campaign recruiting refinancing customers because so many people were applying.

TREND FORECAST: *Should the COVID-19 panic continue to sink equities and economies, record low mortgage rates will not stop a global real estate meltdown, which will dramatically crash prices in markets that have sharply spiked following the Panic of '08.*

CENTRAL BANKS MARCH TO ZERO

In response to a slowing global economy and coronavirus fall out, one after another, central banks of developed nations have slashed interest rates.

The Reserve Bank of Australia cut its rate to a record low 0.75 percent.

The U.S. Federal Reserve slashed interest rates 50 basis points, the sharpest rate cut since the Panic of ’08.

The Bank of Canada cut its rate from 1.75 to 1.25 percent.

The Bank of England is expected to cut its rate by 0.25 percent when it meets later this month.

By dropping rates, the central banksters want to reassure equity market gamblers they have the tools to blunt the impact of the coronavirus economic panic and grease economies with cheap money to counteract the effects of the global economic slowdown and equity market meltdowns.

The Real World

The double blow of the slowdown compounded by the virus’s economic panic is likely to have long-term ripple effects through U.S. businesses that extend beyond responses to interest rates.

Corporations may well cut earnings forecasts, leading credit to tighten in an already over-borrowed market, which could worsen corporate performance and make investors continue to shy away from the stock market.

Fed chair Jerome Powell said the bank is prepared to see more corporate defaults and failures and is “thinking about what we can do, should those things happen.”

But central banks have few policy levers to pull other than changing interest rates and buying bonds, both of which most central banks are already vigorously doing.

Central banks that have instituted negative interest rates face the worst dilemmas.

Having already cut interest rates into negative numbers, the European Central Bank is searching for policy options to keep the continent's flagging economy out of recession.

Europe's stock markets have priced in a 75-percent chance that the ECB will cut its rate from the present -0.5 percent to -0.6 this month and cut them again later this year. Because the markets have bet on a cut, the bank's failure to do so might drive investors out of the market.

As we have long reported in the **Trends Journal**, we do not believe cutting interest rates again will stem the building economic slowdown that has been exacerbated by the virus-inspired sell-off.

Also, as noted by the sharp sell-off of bank stocks, dropping interest rates deeper into negative territory will imperil the banking sector.

In addition, as we have long noted but only now being admitted by the bankster community, past rate cuts have boosted equity markets but failed to sufficiently juice economies.

Yet, the pressure for another cut is mounting daily.

Many analysts have scaled back their 2020 growth forecasts for Europe and predict the region will enter a recession before June, in part because the coronavirus has slashed tourist trade; canceled thousands of airline flights, conferences, and sports events; and factories across the continent are running out of Chinese-made parts.

German supermarkets are running out of stock as shoppers buy up disinfectant, toilet paper, canned food, and other supplies. It's come to be known as *hamsterkaufe* or "hoarding like hamsters."

TREND FORECAST: *The first stages of the "Greatest Depression" have infected the global economy. Neither central banks' monetary policies nor government fiscal policies of pumping more money into dying economies will bring them back to positive growth in the coming years.*

How long will the "Greatest Depression" last?

At this time, it's too early to forecast. As noted with the sudden outbreak of COVID-19, there are too many wild card, man-made, or made-by-nature events that can change the course of history.

What concerns us most is that, as Gerald Celente has said many times, "When all else fails, they take you to war."

CORONAVIRUS: IMF TO THE RESCUE

The International Monetary Fund has reserved $50 billion to respond to requests for emergency aid due to the coronavirus's damage to national economies.

Ten billion dollars will available as direct aid for poor countries; the other $40 billion will be made available through a variety of funding mechanisms.

When it receives a request for help, the fund will assess the country's individual situation and decide the amount and kind of help needed, said Kristalina Georgieva, the fund's managing director.

"We are in the early stages but… we will act very quickly when requests come," she said.

The fund has scrapped its prediction of 3.3 percent growth in the global economy this year and will settle on a new figure after the virus's rampage is contained. But the IMF has forecast that this year's growth rate will fall behind last year's 2.9 percent mark.

TREND FORECAST: *This cash injection will do little or nothing to reverse the downward economic slide. As with most of the stimulus measures, the funds will go to friends, i.e. the special interests the pull the political strings to favor their interests.*

VIRUS PANIC HIKES RISK OF CORPORATE DEFAULTS

The coronavirus economic panic has raised the risk that more corporations will default on their debts, already at record levels, especially in the junk bond market.

At the same time, the global economy is slowing and the credit market is tightening. That makes it more difficult for corporations to roll over debt. Also, as conditions worsen and corporate sales and profits shrink, more of those bonds will fall into the high-risk or “junk” category, where defaults are most likely.

As we have long noted, central banks’ policy of low interest rates and cheap money have enticed more and more businesses to borrow, including those who wouldn’t have received loans in a normal credit market.

Half of all corporate bonds now hold BBB status, two steps above junk, compared to less than 20 percent in 2001. A third of these companies are rated BBB-, one step away from junk.

The flight to 10-year U.S. Treasury notes last week also indicates that bond buyers have lost their taste for speculation and want a safe harbor.

CANADA NOT HIGH

Canopy Growth, the Canadian cannabis company with the largest market capitalization at about $5.8 billion, is closing three million square feet of greenhouse space in British Columbia, laying off 500 workers, and abandoning plans for a new Ottawa growing center.

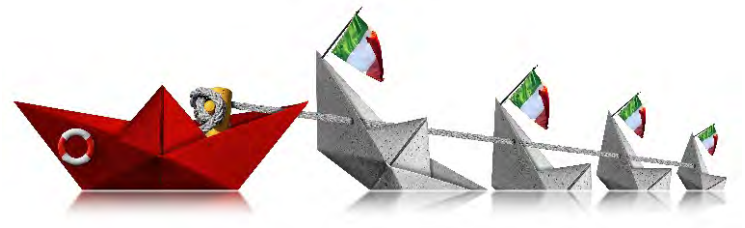
The cutbacks will result in a charge of as much as $800 million to the company's first-quarter earnings this year, and Canopy Growth's stock price fell 2 percent after the announcement.

Cannabis companies expanded exuberantly after Canada legalized recreational marijuana, but the market failed to grow as fast as the suppliers built infrastructure. Many growers and processors are reducing operations to ensure long-term survival.

TRENDPOST: *High government taxes and bureaucratic regulations have pushed the prices in the legal markets far above what can be bought on the streets.*

Thus, the demand for cannabis products has not changed, only the retailers have. Indeed, just as during the days of alcohol prohibition, there has never been a shortage of supply or for buyers to find sellers, despite laws making it illegal.

ITALY: BAD DAYS WORSE



Before the coronavirus hit Italy, its economy barely rebounded from the Panic of '08.

Now, following the government's decision to lock down the entire nation, it risks diving deep into recession.

Tourism, which accounts for 13 percent of its GDP, is dead. Italian manufacturers are flooded with canceled orders – perhaps not entirely a bad thing because parts shipments from China have all but ceased.

Most worrying is that Italian consumers have slashed spending as part of the negative “virus economy.”

New car sales were off 8.8 percent in February. With the nation now in lockdown, sales will worsen in March.

THE AMERICAS: GETTING WORSE

Development Bank Warns Latin American Countries

The Inter-American Development Bank warned last week that Latin American nations must improve public services and enlist businesses to reduce inequality and create societies that operate more fairly or their economies will continue to suffer.

The Bank noted that the region’s political culture has shifted from dictators forcing obedience on a populace to popular uprisings demanding leaders provide better services and economic opportunities.

This statement comes after Chile, seen as a South American economic success, has been struck by massive demonstrations and riots by citizens who are fighting for better basic living standards and against government corruption.

And, as we have continually reported in the **Trends Journal**, violence has erupted in Ecuador and Bolivia, Peru dissolved its parliament, and Colombia has been swept by mass protests.

Economic growth overall across Central and South America has averaged 0.8 percent annually since 2014. Before the coronavirus arrived, estimates for growth were the same for 2020.

The report noted few of the region's nations have developed their economies beyond exporting oil, timber, minerals, and other natural resources as opposed to Southeast Asian nations that created industries to export manufactured goods.

Bright Spots

There are bright spots. Uruguay is developing a robust digital economy, Costa Rica has a thriving business services outsourcing sector, and Mexico is hosting a $120-million initiative to improve women's and infants' health by combining private sector donations, financial expertise, and a system of care that pays according to results.

Improving education and productivity, distributing wealth more fairly, and investing deeply in digital economies, however, are among tasks that remain, Uruguayan President Evo Morales said.

Brazil: Promised Economic Boom is Silent

When Brazilian president Jair Bolsonaro was inaugurated on 1 January, 2019, he implemented pro-market reforms and privatization initiatives designed to kick-start the nation's sluggish economy.

He cut education outlays, environmental protections, and reduced overall government spending by 0.4 percent. The government's investment bank also cut lending to encourage businesses to reinvest more of their profits.

After a year of his policies, growth has slowed instead of quickened.

Brazil's economy grew 1.1 percent in 2019, down from 1.3 percent in each of the previous two years and less than half of the 2.5 percent Bolsonaro had forecast when he took office… and growth before the coronavirus struck was about to be 1.1 percent for 2020.

Brazil, a nation of 212.5 million people, reported 31 cases of the virus, and no deaths thus far from it.

More Cheap Money

Brazil's central bank announced it is prepared to cut interest rates for a sixth time since July 2019 to nudge the economy. The rate stands at 4.25 percent now.

But policy issues are only part of the problem. Brazil's economic stagnation is also touched by neighbor Argentina's fiscal collapse, slowing global trade, a confrontational relationship between Bolsonaro and the legislature… and now the virus panic.

At a recent appearance before Brazilian journalists, Bolsonaro wouldn't answer questions about the economy's poor performance and deferred to a comedian who accompanied him. The comedian was dressed to mimic Bolsonaro and, when asked a question, said, "What's GDP?"

"It takes a dumb president to find the 'humor' in growing poverty and inequality,' Senate opposition leader Randolfe Rodrigues tweeted.

TREND FORECAST: *As economic conditions continue to deteriorate, protests, violence, and crime will escalate in Brazil and in nations throughout the world. As Gerald Celente has long noted, "When people lose everything, and have nothing left to lose, they lose it.*

INDIA: ECONOMIC DOWNTURN TURNING WORSE

India's economy, once the world's fastest-growing among large nations, slowed to a 4.7-percent annual growth rate in 2019's fourth quarter.

The government's hopes to speed that pace have now come down with the coronavirus.

“There’s no real sign of recovery,” said Shumita Deveshwar, chief Indian researcher at TS Lombard. Now the virus has put “a big cloud over India,” she added.

India’s economy is less dependent on China, which has helped India escape some of the virus’s worst consequences.

Most of the components India uses to make electronics and about 25 percent of its vehicle parts, however, originate in China.

TVS, an Indian motorcycle maker, cut production by 10 percent in February due to a lack of parts. RPG, an industrial conglomerate, says it has enough parts for many of its divisions to last through March, but it is struggling to find alternatives in case the supply lines stay shut longer than that.

“The most worrying aspect is that the latest numbers show little sign of the slowdown abating,” said Shilan Shah, senior economist at Capital Economics.

Ratings agency Fitch has cut its 2020 growth estimate for India from 5.1 percent to 4.9.

High Court Voids Ban on Digital Currencies

India’s supreme court has overturned an April 2018 order by the country’s central bank forbidding banks to do business with anyone involved with cryptocurrencies.

The court ruled that the order was too harsh and too broad.

The ban has stung the country’s economy and closed some of the more than 20 exchanges over which as many as five million Indians traded digital currencies.

“Striking the ban opens up financial institutions to crypto,” said Jayanth Kolla at Convergence Catalyst, a tech consulting firm. “It’s a huge precedent because India is a big country and big economy.”

Digital money still has foes in India. A government committee now has proposed a law that would jail anyone for up to 10 years for possessing cryptocurrencies.

Crypto foes worry that digital currencies leave investors vulnerable to fraud and can be used to fund terrorism and other illicit purposes.

Proponents, including the Internet and Mobile Association of India, argue that the government has over-reacted out of fear virtual money could weaken the rupee.

India's effort to stifle cryptocurrencies ranks with China's and Indonesia's as among the world's harshest.

SOUTH AFRICA: RECESSION TO DEPRESSION

Rolling electricity blackouts were blamed, in part, for stalling South African president Cyril Ramaphosa's initiative to spark economic growth.

Instead, the country slid into its second recession in two years.

South Africa's economy shrank 1.4 percent in 2019's fourth quarter; analysts had expected a much milder 0.2 percent contraction.

The nation's economy contracted at the same 0.2 percent in 2019 overall, its worst performance since the Great Recession and below the rate of population increase.

The growth of South Africa's population has outpaced its economic growth for each of the last five years.

TRENDPOST: *The current recession took hold before any disruption caused by the coronavirus sensation. As South Africa's economic crisis worsens, citizen protests will dramatically escalate, and the government will take strong military measures to quell the riots and demonstrations.*

PRESIDENTIAL REALITY SHOW®

THE RACE IS ON

As reported in last week's **Trends Journal**, several hours before the ballots were counted in the Super Tuesday primaries, the Democratic Party machine, as it did in 2016, began to rig the race to make sure Senator Bernie Sanders would not win the nomination.

Despite Joe Biden's stumble out of the block at the start of race – tripping up in Iowa, New Hampshire, and especially in Nevada following a series of uninspiring misstatements and gaffes – the anti-Bernie Dems picked "Uncle" Joe up and thrust him forward into the race.

Pete Buttigieg, Senator Amy Klobuchar and billionaire Tom Steyer, other contenders in the race who were drawing votes from him, withdrew from future primaries and threw enthusiastic support to Biden.

Then came a flood of Democratic governors, Congress members, and Democratic bigwigs pouring out full support for Biden, including Beto O'Rourke, his former contender from Texas.

And it worked. Despite earlier polls showing Sanders with an 11-point lead going into Super Tuesday, Biden beat him in a major upset, sweeping states Sanders was favored to win.

On Super Tuesday, Bernie did win California, Colorado, Utah, and his home state of Vermont, but, at the end of the day, he trailed Biden in the total delegate count at 573 to 664.

Two Man Race to the Finish Line

Shortly after VP Biden's surprise string of victories on Super Tuesday, two more competitive runners in the race for the nomination dropped out.

Last Wednesday, after performing miserably in the Super Tuesday primaries (though winning in the unincorporated territory of American Samoa in the South Pacific Ocean), Michael "Billionaire" Bloomberg, who spent over $600 million of his fortune as a contestant in The Presidential Reality Show®, dropped out of the race. Bloomberg then enthusiastically endorsed VP Biden, promising significant financial support.

A day later, after a poor showing in almost every state on the ballet Super Tuesday, including a third-place finish in her home state of Massachusetts, Senator Elizabeth Warren withdrew from race. Warren has yet to endorse either Sanders or Biden.

Missing Millennials

Following last Tuesday's poor showing, Sander's voiced disappointment on the smaller-than-expected turnout by younger voters. While he did win the youth vote in every state, not enough of them turned out.

With Millennials, angry about being saddled down with a trillion dollars of college debt, stagnant wages, and a government favoring corporate interests, polls showed some 70 percent of Millennials (ages 23-38) preferred a socialist candidate.

After the loss, Mr. Sanders stated, "Have we been as successful as I would hope in bringing young people in? The answer is no… I think that will change in the general election, but I will be honest with you, we have not done as well with bringing young people into the process. It is not easy."

The Polling Director of Harvard's Institute of Politics pointed out, "When I look at the collection of data, from multiple sources, there is no evidence of an increase or surge in the youth vote… In fact, there is considerable evidence to suggest that the youth vote is flat or declining relative to the previous election cycles."

In North Carolina, for example, where Joe Biden beat Bernie Sanders by a wider-than-expected margin, turnout overall was up 17 percent, but youth turnout was down almost 10 percent.

While young voters came out in higher numbers in four of the states, turnout was flat in two states and declined in six, including an 18 percent drop in New Hampshire and a 20 percent drop in Texas.

Just as Donald Trump successfully used his role as an "outsider" promising to shake things up, Bernie has leveraged his role as a political independent promising to bring forth a social revolution.

So, why haven't they come out in larger numbers so far?

PUBLISHER'S NOTE: *"By their numbers, you shall know them"… the number of Millennials uninspired by Sanders' campaign and platform, not the media hype that the lines were too long and the voting processes to complicated, kept them from the polls.*

Considering their ages, Sanders at 78 and Biden at 77, Grand Pops Joe and Bernie are too old and lack the emotional appeal to drive young voters to the polls.

Indeed, a factor playing to the detriment of Senator Sanders is his physical fitness following his hospitalization last September for a heart condition and his subsequent refusal to release his full medical records… as he had promised.

Also, with Democratic voters listing their #1 priority as beating Donald Trump, polls among them show Biden is the best to candidate defeat Trump by a 2-to-1 majority.

Sanders' #1 campaign issue of "Medicare for All" came in at distant second.

TREND FORECAST: *Joe Biden has the momentum to win the needed delegate votes as the Democratic nomination to challenge President Trump in November. Therefore, should Sanders lose tonight's Michigan primary, which polls show him trailing Biden by 24 points, he may soon drop out of the race.*

THE GREATEST FREAK SHOW ON EARTH

With Biden picking up the lead as the contender for the race to the White House, the President has begun to play a Trump card that will trip up the Biden campaign.

On center stage, following his Super Tuesday victory, Mr. Biden came off as senile when he announced, “This is my little sister Valerie,” as he showed off his wife.

Compounding the situation, he followed with, “And I’m Jill’s husband,” as he pointed a finger to his sister. Realizing the mistake, he tried to recover by saying, “Oh, no! This is… hell, you switched on me!”

President Trump had a field day with this one, tweeting, “WOW! Sleepy Joe doesn’t know where he is, or what he’s doing. Honestly, I don’t think he even knows what office he's running for!”

In fact, Trump is correct. Just two weeks ago, when campaigning in South Carolina, Biden said, “My name is Joe Biden. I’m a Democratic candidate for the United States Senate.”

Joe Biden has always been known as a human gaffe machine. In fact the Internet is replete with Biden’s loss of memory and bumbling comments.

TREND FORECAST: *At age 77, while Biden exhibits embarrassing mistakes and sometimes appears to get lost altogether, it has been noted that 74 year-old Donald Trump also has a record of misstatements and garbled language. Thus, with both representing the “senility factor,” young people will not flock to the polls on Election Day to vote for two old men. This will benefit Trump.*

PUBLISHER'S NOTE: *As* ***Trends Journal*** *subscribers well know, Gerald Celente had advised not to waste a moment of their precious lives following the Democrats move to impeach President Trump because it would take a two-thirds Senate majority to convict him, which would not happen since Republicans hold the majority of seats.*

What Celente did make clear was should Joe Biden win the Democratic nomination, the impeachment would hurt Biden much more than Trump.

The rationale for the impeachment was that President Trump held back foreign aid from Ukraine by pressuring its president to launch an investigation into how Biden's son, Hunter, was appointed to the board of directors of Burisma Energy at a salary of $50,000 a month despite having never been to Ukraine and having no experience in that industry.

This will become a major campaign issue President Trump will seize upon, along with the uncovering of other "deals" occurring during Biden's years in office, which benefited his son, himself, and others.

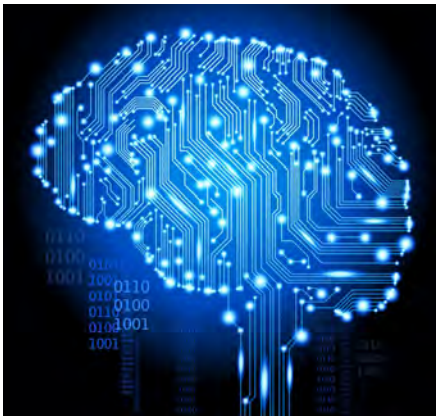
TREND FORECAST*: In a Presidential Reality Show® showdown between Donald Trump and Joe Biden, absent a wild card/black swan event, we maintain our 2020 Top Trend forecast of "Trump 2020: By Default."*

Not only will young people not rush to the polls to vote for Biden, we forecast he will be so resoundingly defeated by Trump that the Democrats are at high risk of losing their majority in the House of Representatives, while also losing Senate seats.

Thus, from 2021 to at least the midterm elections, President Trump and his majority Congress will have a free hand to pass laws, kill laws… and take action to fulfill both his and the Republican Party's agenda.

HI-TECH SCIENCE

BRAIN CELLS, COMPUTER COMMUNICATE THROUGH INTERNET



By Bennett Davis

For the first time, scientists have enabled brain cells and their digital counterparts to communicate over the Internet. The success brings one of science fiction's favorite fantasies closer to reality – that human brains and computers can not only merge, but also can link over long distances.

At Italy's University of Padova, scientists cultivated rats' brain cells in lab dishes.

At the technical institutes University of Zurich and Zurich ETH, engineers built artificial brain cells on computer chips.

The living and non-living cells transferred signals to each other over the Internet using a communications network developed at the University of Southampton.

Signals generated by one group of cells was distributed to the other through a network of electronic "synapses," mimicking the links between brain cells that allowed the receiving cells to remember the signals.

TRENDPOST: The breakthrough lays a foundation for an "Internet of Neuro-Electronics" and shows a practical basis for imagining the ability to replace defective brain circuits with chips embedded with artificial intelligence.

YOUR GENOME HAS BEEN MARKED DOWN

By Bennett Davis

Veritas Genetics, a Boston-area gene sequencing company, has reduced the price for sequencing and interpreting an entire human genome from $999 to $599.

For the price, Veritas will not only apply the power of artificial intelligence to sequence your genome but also give you an expert reading, highlighting genetic propensities for 200 specific diseases as well as traits that may lurk in your or your children's future, such as male pattern baldness.

The company is among the first that sequences all 6.4 billion "letters" in a person's genetic code. Others offering similar services, such as 23andMe, use a process called genotyping that looks only at specific points in a genome, often examining less than 1 percent of the whole.

If $599 is still too high a price, nearby Nebula Genomics will sequence your genome for $299 or perhaps even for free – if you're willing to share the results with pharmaceutical companies and other medical researchers.

TRENDPOST: *Companies want your genetic data not only to provide a profitable service but also to amass millions of genomes for researchers to sort through to find patterns that define specific diseases, abnormalities, and traits.*

That's a noble goal. But geneticists aren't security experts.

Veritas reported a digital security "breach" last November, although it claimed no clients' data were stolen.

Police departments have knocked on genome databases' doors with warrants authorizing scrutiny of clients' information in hopes of matching DNA evidence to individuals.

If you offer up your genome to a private company or research organization, get in writing a statement of how your data will be sold or shared, how you can monitor compliance, and be aware that the security of your genetic information cannot be guaranteed.

MACHINE LEARNING SLASHES EV BATTERY DEVELOPMENT TIME

By Bennett Davis

Machine learning software created by researchers at MIT, Stanford University, and the Toyota Research Institute can cut design and development time for new batteries by as much as 98 percent, the developers say.

The program also can be used to slash development times in areas such as drug research and laser design.

The scientists focused on batteries for electric vehicles, for which long charging times are a barrier to widespread public adoption.

Normally, battery design is a hit-and-miss proposition: designs are conceived, prototypes are built and tested, then this or that component might be altered to see if the change improves the amount of power the battery can hold, how fast it charges, or how long it lasts. The process to work through a single design can take years and even then it might be scrapped.

The research group programmed the new software to look for battery designs that would fully charge in ten minutes or less while maximizing battery life.

First the scientists fed the program long-term performance data from batteries that were fast-charged over and over until they failed. The software detected patterns after only a few dozen simulated cycles that predicted how soon a new design would fail. The software then ignored those approaches.

The software also tested charging patterns and found that the best ones used the highest current in the middle of the charging cycle, not at the beginning or the end, which is intuitively what humans tend to assume.

The software turned in a design that maximizes battery life using fast charging cycles and did it in 16 days instead of two years or longer that the process normally could have taken.

The same program can make similar leaps in designs of other batteries, such as flow batteries that store renewable energy captured from grid networks.

The research team is applying the software to find other leaps in battery technology, from novel materials to manufacturing methods.

TRENDPOST: *Machine learning and artificial intelligence already are beginning to revolutionize product development and fabrication. We will become accustomed to a swifter, steady flow of new and better products as researchers and businesses adopt AI more widely.*