

Comey firing¹ - Letting someone learn from TV, while addressing a group of employees, that he/she is fired is a “No Class” act worthy of Trump. And while the DoJ letter recommending his dismissal² (printed on White House letterhead!), after Attorney-General Jeff Sessions & DAG Rod J. Rosenstein³ had been summoned to the White House to meet with Trump, based this on him having treated Hillary Clinton unfairly last summer, thereby ‘damaging the credibility of the FBI & the DOJ’, last week Trump had accused Comey of having given her “a free pass for many bad deeds”. And while the WSJ opined he deserved dismissal, according to Politico Trump in recent weeks had grown “enraged” by the ongoing investigation into the alleged GOP collaboration *with the Russians* during the election campaign & had repeatedly asked aides when it would end - *in what must be evidence of a total lack of common sense, the day after Trump sacked Comey he met at the White House with Russian Foreign Minister Sergey Lavrov*⁴ (following his meeting with his US counterpart, *Tex Tillerson*) & the Russian Ambassador *Sergey Kislyak* (who, for Pete’s sake, must be a central figure in the FBI investigation due to his role in former NSA Michael Flynn’s fall from grace), with the Russian Embassy later tweeting a photo of Trump & Kislyak shaking hands in the Oval Office. And while the Lavrov-Tillerson meeting had been scheduled much earlier & Minister-to-Minister meetings are common, the Trump-Lavrov meeting (that Trump bragged had been “very, very good) had been shoehorned in at the last moment (supposedly at Vladimir Putin’s request), & President-to-Minister meetings, especially last minute ones, are much less common.

French election - One can only wish Macron luck; for if he acts on his platform, that proposed cutting some deeply-entrenched French entitlement programs (incl. the 35-hour work week) to drag the French economy kicking & screaming into the 21st century, popular support will evaporate. The drivel emanating from some ‘talking heads’ on TV was scary. Several kept talking about the “far right” nature of Mme. LePen while in fact, certainly during the campaign, she had made a big effort to move it somewhat towards the centre to the point where her father publicly declared his daughter “not fit for the presidency”. Another displayed his ignorance when he declared France “had a better economy than most” [*with its overall & youth unemployment rates stubbornly well above the EU average & a multiple of Germany’s, sclerotic labour laws, a record low 35 hour work week, unsustainable pensions, a 96% debt-to-GDP ratio (vs. Germany’s 69%⁵) & a government sector that eats up 57% of GDP (compared to Germany’s 44% & 50.3% in Italy, ‘the sick man of Europe’?)*] - So the warning in his victory speech that the road ahead will be “arduous” was spot-on & the post-election euphoria may not survive long

¹ According to Politico , referencing “two people who know Trump well”, he hadn’t appreciated that Comey had said on live TV that his campaign was under investigation, hadn’t liked that he had contradicted his (unsubstantiated) claim that Obama had tapped his phone line at the Trump Tower & had been displeased that the FBI didn’t seem interested in pursuing the leaks that he believes are weakening his administration.

² That appears to have been a mere ‘fig leaf’ since Trump himself said later that he had decided to fire Comey long before he met with Messrs. Sessions & Rosenstein.

³ Who signed the letter recommending Comey’s dismissal but subsequently, after it was alleged he had been the driving force behind his move, threatened to resign out of protest.

⁴ According to Politico “at the specific request” of Russian President Vladimir Putin.

⁵ And in the three years ended December 31st, France det-to-GDP ratio in creased from 92.3% to 96.0% whereas Germany’s declined from 77.5% to 69.0%

once the *hoi polloi* realize they are expected to put more into-, & take less out of-, the system (which is likely to cost him the support in next month's parliamentary election of the left-of-centre voters who voted for him as the lesser of two evils). And the EU's reaction was disconcerting : Jean-Claude Juncker, the former long-time Prime Minister of Luxembourg who now, as President of the European Commission, is the top 'Eurocrat' congratulated Macron by saying "I rejoice in the idea for a strong and progressive Europe you have defended", while Donald Tusk, the former Polish Prime Minister & now as President of the European Council, the second-ranked Eurocrat, praised Macron "for beating fake news"; so they appear to see his election as a license to perpetuate their 'business as usual' attitude, willfully ignoring that grass roots support for the EU is wilting & the window for a long overdue 'course correction' closing. While Macron is right that, as one observer puts it, "France's economy needs a dose of shock therapy, not acupuncture", putting this in practice is likely to see the grass roots' support for him melt like snow before the sun.

NAFTA negotiations - Renegotiating NAFTA is near the top on the White House's 'wish list' & Washington lawyer Robert Lighthizer, whom Trump named last January 3rd to be the US Chief Trade Representative, is a 'rara avis' among Trump nominees since he has broad support in both parties. While this should have cleared the way for his approval under the "unanimous consent" rule &, in fact, it was announced last week that the Senate would (*finally?*) vote on (& approve) his nomination this week, at the last moment Sen. John McCain (R.-AZ), whom Fox News calls a "staunch free trade backer", stuck a stick in the wheel of progress by announcing he would deny unanimous consent unless & until Lighthizer answered three questions, namely what work he had done for foreign governments as a lawyer in private practice, his prior advocacy of trade policies that McCain & *many others* deem "protectionist" & whether he shares the President's negativism vis a vis multilateral trade agreements. The problem now is that trade law requires a confirmed trade representative to consult with top law makers before he can start (*re*)negotiating trade pacts &, in addition, that he must wait for 90 days after the end of these talks before he can start discussions with (*prospective or present?*) trade partners; this means that the NAFTA renegotiation talks could be delayed until late summer/early fall (& in an absolute worst case scenario until early next year, when they would risk becoming entangled in the election year posturing) - *His critics accuse McCain of seeking retribution for a column Lighthizer wrote a decade ago that alleged his support for free trade proved he wasn't a real conservative (which he of course vehemently denies) & Trump recently told a journalist he was frustrated with Congress about its delays in the Lighthizer confirmation & railed about "this ridiculous 90 day rule".*

Odd Trump White House - Prime Minister Trudeau's PMO 'back channelling'? - On Tuesday May 9th Canadian papers carried stories that on April 27th, after Trump had publicly mooted the possibility of issuing-, & told Reuters he was "psyched" to issue-, an Executive Order to end US participation in NAFTA, a senior White House official (*allegedly son-in-law Jared Kushner*) had phoned Prime Minister Trudeau asking him to phone Trump to try & talk him out of this - *Kushner seems to be a strange choice for this since both he & spouse Ivanka are supposedly among Trump's most trusted advisers (and if he did indeed make the call, that would suggest there are limits to his influence with Trump). In the end, Trump did drop the idea after phone calls from both Prime Minister Trudeau and Mexican President Nieto (the Executive Order apparently was the handiwork of Peter Navarro, the Harvard-trained economist who is the White House Chief Trade Adviser & Steve Bannon, the über-nationalist/populist White House Chief Strategy Adviser (whose earlier star status in the Trump entourage seems to have dimmed by the "New York Moderates" headed by the former Goldman COO & now White House Chief Economic Advisor Gary Cohn & the Kushner/Ivanka 'dynamic duo' - Some time ago the National Review, founded 50 years ago by William F. Kushner & ever since a "leading*

voice of the American Right”, carried a feature on Navarro, the headline of which called him Trump’s “nutty economics professor” (although it did concede he is “the only one of his close advisers who is a credentialed academic economist.”

Senate stalemate? - On Wednesday morning May 9th, after Sens. McCain (R.-AZ), Graham (R.-SC) & Collins (R.-ME) joined the Democrats in voting against it, a bill to repeal a key Obama era environmental regulation went unexpectedly down to defeat.

Trump’s latest approval rating - A nationwide Quinnipiac University poll, based on 1,078 interviews (with a 3% margin of error) conducted between May 4th & 9th found that Trump had a 36% approval rating (vs. 40% in its April 19th poll) & that since then it had dwindled among key groups in his support base, from 57% to 47% among white voters without a college degree & among white men from 53% to 47%, & that 61% now believe he is “not honest”, and 59% that he doesn’t care about ordinary Americans and/or disapprove of his foreign policy conduct & decisions.

US airlines ratings - They have recently been in the news for their insensitive dealings with ticket holders who fail to obey their ‘rules’. Skytrax is a UK-based consultancy that, among others, each year generates a list of “The Top 100 Airlines in the World”. Last year its best-placed US airline was Delta that stood No.35 (well behind Emirates - 10th, Lufthansa -12th, KLM - 24th, BA - 26th & Air Canada - 31st). And the other three large US carriers fared even worse : Southwest Airlines was No. 66, United No. 68 & American No. 77 (behind Ethiopian Airlines). And last year also, the J.D. Power & Associates’ North American Airlines Satisfaction Study (that rates airlines on the basis of flier ‘satisfaction’ in eight areas), gave Alaska five stars & named it Airline of the Year, Delta four stars, American Airlines & Air Canada three each and United 2 - *the reason for the four top US airlines’ low standing with its customers is attributed to their oligopolistic position (they have a 68% market share vs. 50% for the top four in Europe) & of their single-minded drive to maximize profits (their average profit per ticket sold is US\$20.00 & that of the top four in Europe US\$5.65.*

US healthcare legislation - According to the Washington Post, with Republican Senators facing sharp divisions among themselves over healthcare, the path to getting 51 of the 52 of them to vote for the House-, or any other piece of-, healthcare legislation will “daunting” - *one possibility not yet mentioned is to give two Republican Senators a “freebie” by allowing them to vote NO, thereby creating a tie vote that the Vice President then could break it (which could, however, result in an unseemly dog fight as to who would be the lucky two) - such a scenario may well come into play if & when the Lighthizer nomination were to come up for a vote; for Sens. John McCain & Ben Masse (R.-NE) have indicated that they will vote against him.*

GLEANINGS II - 7098
Thursday May 11th, 2017

AL-FALIH : OILMARKET CONTINUES TO IMPROVE (Press Reader⁶)

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A Vancouver, BC-based digital newspaper distribution & publishing operator with offices in New York, London, Vienna & Düsseldorf that seeks to connect hundreds of millions of people with the news as it happens.

- Saudi Arabia's Energy, Industry & Mineral Resources Minister, he told the recent 19th Asia Oil and Gas Conference 2017 that the oil market is continuing to improve & expected to be healthier going forward. More specifically he said "I do believe that the worst is clearly behind us, with multiple leading indicators showing that ... the market ... is moving towards rebalancing ... by the middle of this century Asia's population will grow by 900 million and half of the top 20 economies will be Asian", & that conventional energy was projected 'to continue as the main source of global fuel', as alternate energy growth continues to be slowed down by technical and economic hurdles.

He also told it he expected the production constraints that have been in place since the first of the year not just to be extended for another six months until yearend at OPEC's May 25th meeting, but to be carried over into 2018. He was clearly 'talking his own book'. For why talk about extending the constraints into next year if "the market is moving towards rebalancing"? US oil production is still increasing, Libya (that with Nigeria was exempted from the production constraint program) at last report was producing oil at a 796,000 bbl/d. daily rate (up from 700,000 just ten days earlier, but still at only half the pre-2011 daily rate) after the country's two warring factions signed a peace cum cooperation deal in Abu Dhabi two weeks ago, while the supply from Nigeria is expected to start growing following the completion of repairs to its Forcados pipeline (that had been shut down by sabotage two years ago). As to the longer term outlook, contrary to what he implies, wind-, & solar-, power is becoming more competitive by the day and, while China still depends for only 20% of its power consumption on alternate energy, that's a big step-up from the situation three years ago while its Five Year Plan targets suggest a continuation of a strong growth trend). And India expects the share of its energy consumption derived from windpower to double by 2022, & that from solar to increase 15x. And it is hard to give any credibility to his views on alternate energy when his own government has plans to invest US\$50BN in it & to build the country's first-ever nuclear power station (although that may be driven in part by a desire to develop a nuclear weapons capability to offset Iran's?). Last but not least, his views are at odds with those of Citigroup that are summarized immediately below.

'EVEN MORE PAINFUL' CUTS LURK (NP, Jesse Snyder)

- While debt-laden_oil producers have been comforted by a belief that at some point oil prices will rebound, a steep price slide in recent weeks (*at the time of writing, 1118 hrs , May 10th, WTI was US\$47.60, down from US\$53.90 one month ago*) has dampened that silver lining. And while OPEC has embedded higher prices in their forecasts, Citigroup analysts believe that the market is "too complacent in price recovery" & that this represents "an underestimation of shale⁷ & a failure to understand that the rapid growth of shale is displacing investment decisions ...higher up the cost curve". And while Calgary-based GMP First Energy expects prices to average US\$56 this-, & US\$65 next-, year, Citigroup is calling for US\$55 & US\$57 while Barclay's foresees only US\$55 for next year. While producers & *many* analysts expect a slow but steady price rebound, the Citigroup analysts say that technological (& cost?) improvements have 'put paid' to that illusion as US companies pump ever more oil from the shale at ever lower break-even costs. And they say that while (*non-shale?*) companies have cut their costs by 30%, this was done on the assumption that prices would recover to the mid-US\$60s to mid-US\$70s range, & that, if they don't, they will have to cut them by another 20%-

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While US shale has been the centre of attention, there are also known shale oil deposits, most of whom haven't been 'tapped' yet, in oil-importing countries like China, Estonia, France, Germany, Jordan, Poland & Sweden, as well as in Australia, Brazil, Russia .

25%. Meanwhile, the EIA expects US crude output to increase more than generally expected and “high oil production in the United States, along with rising output from Canada (the oilsands) & Brazil ... to curb upward pressure on global oil prices through the end of 2018.”

And the year after (i.e. 2019) Norway’s new ‘elephant’, 3BN bbl Johan Sverdrup North Sea field (that lies in only 110 meter deep water but is 1900 meters thick, and is said to have a US\$25 break-even cost & to have a 500,000 bbl peak production rate) will go into production.

NAFTA PULLOUT NOT OFF THE TABLE (G&M, Adrian Morrow)

- On May 9th at a Council of the Americas conference at the State Department, Commerce Secretary Wilbur Ross laid out the administration’s trade agenda. He served notice that Washington will be “more aggressive” in fighting what it believes are unfair trade practices (such as levying tariffs, *this just after the US imposed a new tariff on Canadian soft wood lumber?*) & that it *still* may tear up the NAFTA agreement & negotiate separate deals with Canada & Mexico (“we have not yet decided whether to go the trilateral route or whether to pursue two ... bilateral deals”). And he lashed out at BC Premier Christy Clark for moving to ban coal exports from her province’s ports (*this an utter misrepresentation of facts : she didn’t ban them, merely levied a surcharge on them in retaliation for the US imposing a tariff on the imports of Canadian softwood lumber, much of it of BC origin*).

As with some other Trump ideas, this is tilting at a windmill of yesteryear; for according to US sources in 2016 its bilateral trade deficit with Canada was just US\$11.2BN⁸, down from US\$34.0BN five-, & US\$71.8BN ten-, years earlier, and from US\$22.9BN in 1986 (the year the original Canada-US Free Trade Agreement was concluded). Interestingly enough, the motivation for the Trump/Ross aversion to multi-lateral deals is similar to President Xi’s in the South China Sea sovereignty dispute : both expect there to be more scope for ‘bully tactics’ in bilateral negotiations.

OBAMA, TAKE HEED (WP, Sonny Bunch)

- When it became public knowledge Obama was hitting the post-presidency lecture circuit, *starting with* with a obscene US\$400,000 fee from Cantor Fitzgerald⁹ for what will surely be a boilerplate talk on the need to come together as a nation, criticism came from a surprising source, namely Vox’s Matthew Iglesias, the noted scourge of the Jacobin-tending left & “neo-liberalism”. For he said this was not just unseemly but, *more importantly*, counter-productive since “The Clinton family has earned tens of millions of dollars over the years thanks to buckraking speaking fees that raised ... questions ... about the motives of both their public policy and ... philanthropic work” (i.e. he thinks that their speaking fees *not only* smelled of corruption but, *more importantly*, undermined the centre-left’s ability to argue its pro-business policy stems from honest conviction, not an expectation of “filthy lucre in the future”), saying “you *can* see from the success of

⁸ A picayune amount compared to the US 2016 bi-lateral trade deficits with China (US\$347.0BN), Japan (US\$68.9BN), Germany (US\$64.9BN) & Mexico (US\$63.2BN).

⁹ After he & Michelle, a couple of months ago, signed a US\$60MM deal with Penguin for their auto-biographies (of which they said they would donate a “significant portion” to charity.

Emmanuel Macron in France ... *and others in Canada & Denmark ... that centre-left politics remain perfectly viable around the world when its leaders are trusted ... and from the ongoing meltdown of the UK Labour Party how the perception ... Tony Blair used his prime ministership ... to vault himself into the ranks of the global elite can poison a political party's reputation.*"

He is just pointing the finger at a growing phenomenon in "democratic" states, namely that in the past half century the one-time concept of "public service" has gone the way of the dodo bird & has been replaced, among both politicians & 'civil servants'¹⁰, by an unseemly race for "self-service", i.e. the replacement of a 'what's good for us', with a 'what's good for me', modus operandi - In his day job Bunch is Co-Managing Editor of the Washington Free Beacon, a conservative political journalism website founded in 2012 (with a style that the NYT's Jim Ruitenberg once described as "gleeful evisceration") that is dedicated to uncovering the "stories the powers-that-be hope would never see the light of day" (incl. Hillary Clinton's 1975 successful defense of an accused rapist).

METALS IN TAILSPIN AS CHINA CONCERNS MOUNT (Bloomberg)

- Copper recently posted the biggest two-day loss since 2015 as industrial metals plunged amid concern over demand in China & the London Metal Exchange inventories rising 25% in two days, and speculation that the Fed may raise interest rates this year¹¹. And the Bloomberg World Mining Index of equities fell for four days in a row as iron ore & steel prices also tumbled while the LME Index of six major metals fell 2½% on May 3rd & another 0.8% the next day.

China is experiencing tighter system liquidity as a result of Beijing's crackdown on risk & its benchmark offshore money market rate is at a two-year high. And yet its official GDP growth rate has somehow mysteriously kept ticking in the near 7% range (since President Xi faces a crucial second tier leadership turnover in September; so the official GDP growth rate numbers may now be more iffy than usual).

IN A BEIJING BALLROOM KUSHNER FAMILY PUSHES \$500,000 'INVESTOR VISA PROGRAM AT WEALTHY CHINESE (WP, Emily Rauhala)

- On May 6th in the ballroom of a Beijing Ritz Carleton hotel Nicole Kushner Meyer, Jared Kushner's sister, touted the EB-5 immigrant investor program to a group of wealthy Chinese *intent on securing a rat hole to escape into if needed* by telling them "The Kushner family came to the US as refugees, worked hard and made it big - if you invest in Kushner properties, so can you.... Invest early and you will invest under the old rules - Invest \$500,000 and immigrate¹² to the US¹³."

¹⁰ Who in many cases neither behave-, nor see themselves-, as "servants, or are "civil".

¹¹ The Fed indicated on May 2nd that it is 'still on track' to raise rates this years (next in June?).

¹² This is a malaprop; for immigration is defined as 'coming to another country to live there permanently' & emigration as 'leave one's country to go & live in another'.

¹³ A not-so-veiled reference to Trump's views on immigration & lawmakers' concerns that the EB-5 program needs reforming.

While no direct reference was made to the Trump-Kushner linkage, she was introduced as Jared Kushner's sister, her family's "celebrity status" trotted out front & centre & a large picture of President Trump on display. And she didn't mention that the US\$400MM, two-tower Jersey City project she was pitching has lost its anchor tenant as well as millions of subsidies/tax breaks, & that its relationship with the mayor of this liberal-leaning city had turned poisonous. Richard Painter, who now teaches corporate law at the University of Minnesota but who from 2005-2007 was the chief ethics lawyer in the Bush 43 White House called this "incredibly stupid and highly inappropriate". The EB-5 visa program was intended as a job creation program but has over time morphed into a low-cost source of funds for real estate developers (& flogged by often sketchy Chinese go-betweens). In 2015 the GAO (Government Accountability Office) found it carried a high risk of fraud, was rife with counterfeit documentation & had no "reliable method to verify the source of funds of the petitioners". And, since to date 80+% of the visas 'sold' under the program have gone to wealthy Chinese (among whom they are known as "golden visas"), it is not surprising the program is frowned upon-, & unpopular with-, the Beijing authorities. - Rather interestingly, the following Monday, May 8th, the Kushner Companies issued a public apology, saying it had not meant to lure investors by using Mr. Kushner's name (& his family' "celebrity status?") - which of course is utter BS.

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PUNCHING IN PAST 65 : OLDER-WORKER RATE CLIMBS (AP, Stan Choe)

- Retiring in the mid-60s is becoming a quaint 1960's concept ('80 is increasingly becoming the new 65¹⁴). According to data released on May 5th, last month 19% of Americans age 65 & over, were still working, the highest such rate since 1962 & part of a trend since that bottomed out at 10% in 1985. And while some do so by choice, many others don't; for the latest retirement confidence survey by the *Washington, DC-based non-partisan, non-profit Employee Benefit Research Institute* found that over 25% of workers aged 55 & up say they have less than US\$10,000 in savings & investments.& that nearly 33% of them expect to continue working until at least 70 (if they expect to retire at all). Moreover, it found that many more older Americans would like to find work but are unable to do so because they lack the required skill set and/or face employers looking for younger people.

Rather interestingly in April the official US unemployment rate for workers age 65 & over was 3.7%, i.e. close to 1% lower than that for the work force as a whole - At last report the US life expectancy of 79.68 years was the 43rd highest in the world¹⁵ (& Canada's 18th at 81.76 years), while they had been 61.70 years in the US in 1935 when it introduced Social Security, & 71.87 years in Canada in 1965 when the Pearson government created the Canada Pension Plan (CPP)]. And with the population aging, people remaining active in the work force well past 65 will have a positive impact on an economy's 'trend growth rate' (& on pension plans' viability).

¹⁴ A retirement age bench target now almost 1 ½ centuries old that it was adopted by the then Prussian Prime Minister Otto von Bismarck at a time the average life expectancy in Prussia was 61 in order to 'cap' the payout liabilities for his then new-fangled universal pension scheme.

¹⁵ The highest life expectancy in the world, at 89.52 years, is Monaco's & the second-highest Japan's, at 84.74 years.