

Three month LIBOR¹ hits a post-May 1st, 2009 high - On Wednesday January 3rd this rate, at which banks in London lend each other dollars, was set at 1.00511%, a post-May 1st, 2009 high (that had been 1.00688%). At this level it is up from 0.99979% at the end of 2016 & from an all-time low 0.22285% on May 2nd, 2014, but well off the 5.62125% before the Great Recession & from its all-time high of 10.31250% in May 1989 - *This is attributed to an investor expectation that with the White House & both Houses of Congress GOP-controlled as of January 20th, US GDP growth & inflation² will accelerate as taxes are slashed, infrastructure spending hiked & regulations loosened*

The shrinking US stock market - According to the WSJ, new formed companies are staying private longer & M&A has taken numerous companies off the market. The result has been a reduction in the number of listed, public US companies from a high 9,113 two decades ago to just 5,734 today (only marginally more than in 1982 when the economy was half its current size). But on an inflation-adjusted basis their market cap(italization) is near a peak since individual companies' market caps have grown enormously since then.

GLEANINGS II - 692
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BAD YEAR FOR U.S. COPS (AP, Lisa Marie Pane)

- Between January 1st & December 28th 135 lost their lives³. Of that number 64 were shot to death (up 56% YoY), 21 of them in ambushes fueled by anger over police use of (*excessive?*) force. Thus on July 7th in Dallas, during a peaceful rally against police brutality, a sniper killed five police officers & wounded nine more, the most in a single incident since 9-11 (that had cost 72 their lives⁴) & ten days later a lone gun man in Baton Rouge killed three officers & wounded three more outside a convenience store a few weeks after a black man, 37 year-old Alton Sterling, had been shot & killed by the police (*after having been tapered & while pinned to the ground*). On July 16th a Milwaukee police officer was ambushed but not killed in his squad car & on November 2nd in Iowa two policemen were ambushed & killed in theirs. Says Craig Floyd, CEO of The National Law Enforcement Officers Memorial Fund "These officers were killed simply because of the uniform they wear and the job they do. This is unacceptable to the humane society that we are" (*but the use of excessive force by police is?*).

¹ The London Inter-Bank Offered Rate, a market driven rate at which banks in that city will lend money to each other.

² In fact, US annual inflation, measured by the Bureau of Labor Statistics' CPI Index on a November-to-November basis was 1.01% in 2013, 1.37 in 2014, 0.43% in 2015 & 1.69% in 2016.

³ Including 3 from "9/11-related illnesses".

⁴ This may, or may not, be a misrepresentation; for the officials statistics talk about "71 law enforcement officers", a much broader category of "government employees who are responsible for the prevention, investigation, apprehension, or detention of individuals suspected or convicted of offenses against criminal laws" (who in this instance may, or may not, have been in the twin towers on the day in question on personal, rather than official business).

*Police work is not well paid in the US : the median base salary is US\$53,116, (119% of the national average⁵ (the comparable numbers in Canada are C\$71,459 & 144%). Policing requires an ability to make split second **good** decisions of a kind that too many policemen seem ill-equipped to make by training and/or personality. And the police officers' community and/or their union typically makes the mistake of 'putting their wagons in a circle' to defend a 'brother', come what may against all comers. Respect has to earned & protecting malefactors come what may is not the way to do so.*

KILLINGS BY US POLICE LOGGED AT TWICE THE PREVIOUS RATE UNDER NEW PROGRAM (The Guardian, Jon Swayed)

- The Justice Department reported on December 15th that its new system for counting "arrest-related deaths" (to improve the "reliability, validity & comprehensiveness" of information of killings by police) had produced results over twice the rate previously reported. The new system combines a review of open-source systems (*media reports?*) with a survey of local authorities, & had counted 270 homicides by officers in a three month period in 2015 whereas the FBI (*whose system had depended on police chiefs voluntarily submitting their numbers*) had reported only 442 for the entire year; for while the Deaths in Custody Reporting Act of 1994 (re-authorized by Congress in 2014) requires that states receiving federal funding for law enforcement report all killings by police officers on a quarterly basis, many states ignore this without being penalized (reforms to the collection of these data became an issue in 2015 after FBI Director James Comey said it was "unacceptable" that The Guardian & Washington Post had better data bases on this issue than his officials, a situation he called "embarrassing and ridiculous").

*While, as noted above, the FBI had reported 442 police killings in 2015, the Guardian's The Counted data base had identified 1,140 for that year with the kill rate per million ranging from 7.2 for blacks, 3.5 for Hispanics/Latinos, 3.4 for Native Indians, 2.9 for whites & 1.3 for Asians. And the Post's' Fatal Force data base had found that YTD a total of 957 Americans had been "shot & killed" by police. 'Drilling down' in the latter numbers produces some startling results. While in many states the 'kill rate' is in the 2 to 5 per million range, there are 'outliers', incl. New Mexico - 10.00, Oklahoma - 6.67, Colorado - 5.74, & Alabama - 5.21 and, get this, New York State with a kill rate of just 0.85 (one must wonder what police there is doing 'right'). In only 268 of the 957 cases had the officer(s) responsible been identified (with the state of 'forensic ballistics' being as well-established & advanced as it is?). In 628 of the cases the victim had **not** been fleeing by car, on foot or otherwise. And contrary to the perception that most of those killed by police are 'young punks'; 40% had been in the 30-44 year age cohort & another 25% over age 45. Finally, according to a data bank maintained by the Baltimore Sun, the tally for this year was 1,151, 51 of them in the last 17 days of December alone (incl. 8 on the 21st & five each on the 23rd & on Christmas Day)⁶.*

OBLIVIOUS ABOMEY PENS FAREWELL AS WORLD BURNS AROUND HIM

⁵ With 10% making < US\$36,148.

⁶ Some of the discrepancy between the various numbers is a function of definition; thus the Washington Post number is that of those "shot & killed" while others may use a broader-based definition including those who died under different circumstances while in custody, or included public security officials other than police officers in their count .

(Washington Times, Charles Hurt)

- He announced he has begun “penning his farewell address to the American people”, saying “I am thinking about them as a chance to say thank you for this amazing journey ... to celebrate the ways you’ve changed this country for the better in the past eight years and to offer some thoughts on where we all go from here” (while the world is burning down around us, and poverty, joblessness & drug addiction have taken such a grip on our people)

The writer has been on the staff of a number of reputable papers, but was an early adopter of the Trumps populism & now mostly works for Fox News & Breadboard (a main source of far-right bloggerel), the recent driving force behind which, Stephen Bannon⁷, a Goldman Sachs alum, is now Trump’s Chief Strategist. Be all that as it may, there is no doubt ABOMEY hasn’t fulfilled the high hopes he had engendered when elected & did cap his tenure with a disastrous pick of successor.

PITFALLS OF TRUMP PRESIDENCY (AP, Jon Gambrel)

- There is a *growing* host of worries about the conflict of interest potential in a president who is very different from America’s past leaders : while the Oval Office has always been the playground of the wealthy, Donald Trump will be the first-ever ‘franchise president’. The question now arises as to whether foreign governments will seek to please or pressure Trump via his international business interests. And, according to Robert W. Gordon, a legal historian & ethics expert at Stanford “Trump himself tends to treat his businesses and his public policy as sort of extensions of himself ... *and* seems completely unembarrassed about scrambling up and confiscating his business enterprise and the actions and policies of the U.S. government.”

On December 20th the NOT carried an article Access to Donald Trump for \$500,000 : Pitfalls for President’s Family, the first sentence of which read in part :“The invitation made an extraordinary offer : Donors willing to write a check for \$500,000 or \$1 million would be granted access to Donald J. Trump the day after he is sworn in as President along with an opportunity to participate in a multi-day hunting or fishing trip with his oldest sons Donald Jr and Eric”, And this came five days after the paper had reported that one item in an NYC charity auction was “Enjoy coffee with Evince Trump⁸ in NYC or DC” (both of which were reneged after the NOT had outed them).

TRUMP’S NORTH KOREAN RED LINE COULD COME BACK TO HAUNT HIM

(Reuters, David Brunnstrom)

- On January 1st Kim Jong Un declared that his nuclear-capable country was close to testing an ICBM that could some day hit the US, causing Trump to tweet : “It won’t happen” (*without giving details as to how he thinks he will succeed where other US presidents have failed*), and again to complain that China wasn’t doing enough to

⁷ Like Trump a ‘serial husband’.

⁸ Trump’s eldest daughter & Jarred Kushner’s wife,

constrain Pyongyang (a notion the State Department doesn't share - since China has supported successive rounds of UN sanctions against North Korea?). According to James Acton, the co-Director of the Nuclear Policy Program at the Washington-based Carnegie Endowment Fund for Peace, Trump drew a red line, like Obama's in Syria in 2012 over the use of chemical weapons, that could come back to "haunt him".

And this may not be the only occasion where 'on-the-spur-of-the-moment, off-the-cuff tweeting will prove, with the benefit of hindsight, not to have been the wisest thing to do. Moreover, Kim Jong Un is an individual of a type Trump likely never has had to deal with.

ZIONIST UNION CALLS FOR REFERENDUM ON WHETHER TO ANNEX WEST BANK **(Times of Israel)**

- On December 28th a survey with a '4.5% sampling error' was conducted for Israel Radio among a 'representative cross section of 500 Israeli adults' on how they felt about this issue. Interviewees were given three options : "one state for two peoples" (i.e. total annexation, although it was silent on the issue of whether or not Palestinians would have 'full democratic rights' therein), secondly, annex *just* the existing large settlement blocks (West of 'the Wall' & East of the 1949 border/Green Line?) & let the Palestinians have the rest incl. East Jerusalem, & "two states for two peoples", i.e. a Palestinian state based on the 1949 borders, *also including East Jerusalem*. In the event 39% supported the first option, 31% the second & 30% the third (i.e. 61% opted for a form of a two state solution). In its wake of the Zionist Union challenged Naftali Bennett, *the 54 year-old software millionaire leader of the right wing-religious, settler-friendly Jewish Home Party & since 2015 Minister of Education in the Netanyahu Cabinet*, to put his money where his mouth has been for some time & agree to a referendum on the issue, to which he responded the next day by asserting that, once Trump takes office, it will become government policy to annex the settlement city of Ma'ale Adumim⁹ *outside the Green Line*.

The Zionist Union is a centre-left party formed by the December 2014 merger of Isaac Herzog's Labor Party, Tzipi Livni's Hatnuah party (that she formed after leaving Likud in 2013) & the Green Movement. Its 24 seat tally in the 120-seat Knesset is second only to Likud's 30 & accounts for almost half of the opposition's 53. The passage of UNSC Resolution 2334 seems to have raised the Palestinian question's profile in Israel's public psyche; Thus at a December 31st event in Haifa Tzachi Hanegbi, a veteran Likud politician, national security expert & currently the minister in Netanyahu's Office responsible for national security & foreign affairs, told those present "unilaterally annexing parts of Judea & Samaria¹⁰ would be a disaster ... this

⁹ A satellite city 7 kms/4.3miles from East Jerusalem it was planned in 1983 to cover an area of 35 sq.km welloutside the 1949 'Green Line', although its present 40,000 inhabitants live in about one-tenth thereof. It's strategic location between the Northern & Souther West Bank is seen by the Palestinians as a threat to their future state's territorial integrity (in fact, a 2005 UN report noted that its location helped to 'divide the Palestinian territory into Bantustans'. While Israel has long claimed it was built on 'state lands' (*outside the Green Line?*). *the Palestinians have always contested that claim and maintain it is built on property that was expropriated (from Palestinians).*

¹⁰ What the rest of us refer to as 'the West Bank'.

is the vision of Naftali Bennett¹¹, not that of the Prime Minister”, & ZU leader Isaac Herzog “The forces that are demanding annexation are ... brainwashing the public with lies ... saying we’ll annex Area C (the part of the West Bank that is under full Israeli civil & military control) and the world will consent to this ... Area C is 60% of Judea & Samaria. Not only does this have no chance but it would create a Bosnia or a Syria here.”

IN GRAFT ENQUIRY NETANYAHU’S WORST ENEMY MAY BE HIMSELF **(NOT, Isabel Kershner)**

- For decades Netanyahu has outlasted & outmaneuvered his political opponents despite endless scandals *that in 2012 had focused on his use of public moneys to pay for family trips & living expenses, and for big ice cream bills¹² & last November on the fact that his personal lawyer had also acted for the Israeli agent for Germany’s Thyssen Krupp Marine Systems from whom Netanyahu had insisted on buying three submarines that won’t be delivered for ten years & that his Defense Minister Moshe Ya’alon insisted the military did not need (it already has five of them, with a sixth due for delivery this year).* But now, after the police in the evening of January 2nd paid him a visit at his official residence &, after reading him his rights, questioned him for hours *over fraud & bribery allegations, with another interview scheduled for Friday December 6th, he faces new challenges.* According to Abraham Diskin, a political scientist at the Tel Aviv-based Academic Center for Law & Science, “it is not very clear that Netanyahu is going to escape some kind of indictment ... and once there is an indictment ... he will have to resign” and to Amir Oren, a Haaretz columnist & *member of its Editorial Board*, Attorney-General Avichai Mandelblit, a Netanyahu nominee after serving him as his cabinet secretary, “tried to do everything he could so as not to reach the point of having Netanyahu questioned as a suspect ... If, after all his contortions and words, the Attorney-General was forced into ordering an investigation that was hoping to shelve, the difficult option *for him* from here on in is an indictment.”

After the interview Netanyahu dismissed the allegations & insisted the moneys involved were mere “trifles”, blasted the ‘left wing elites & news media”, & called for support from right wingers. The levying of fraud & bribery charges against Israeli Prime Ministers is not an uncommon event : Ehud Barak (1999-2001) & Ariel Sharon (2001-2005) suffered the same ignominy, while Netanyahu’s immediate predecessor, Ehud Olmert (2006-2009) is now cooling his heels in jail for 19 months after having been found guilty of same. The investigation was launched on December 12th at which time Netanyahu told the AG he was “too busy” to be interviewed until after his two-day visit a few days later to Kazakhstan & Azerbaijan “to strengthen Israel’s “diplomatic, security and economic relationships” with them. And the “too busy” stonewalling by his office continued after his return while he, ahead of the vote on resolution 2334, he did have time to initiate a phone call to New Zealand’s Foreign Minister Murray McCully to tell him New Zealand’s continued support for the resolution (that New Zealand was co-sponsoring) would be “a declaration of war” & “rupture relations between their two countries” (in response to which, in a supposedly “harsh” conversation, Minister McCully basically told him to ‘get stuffed’, his

¹¹ Who has been quoted as saying that the conclusion to be drawn from the UNSC resolution is “to stop walking down the suicide path of a Palestinian state and to apply Israeli law to Ma’ala Adumim, the Jordan Valley ... and all of Area C as soon as possible.”

¹² In 2012 there was a public brouhaha after Channel 10 reported that, at a time he was preaching fiscal austerity, the Netanyahu family had a 2.5MM shekel/US\$1MM taxpayer-paid annual budget for cleaning, clothing & food, **as well as** a 10,000 shekel monthly budget for 14 kg. of ice cream.

country's foreign policy was his government's business & not Netanyahu's). This comes at a bad time for Netanyahu who, after years of a 'blazing war' with Obama, was looking for a 'warm embrace' of his policies by President-elect Donald Trump.

AIR POLLUTION IN NORTHERN CHINESE CITY SURPASSES WHO GUIDELINE BY 100 TIMES (REUTERS, Stella Qiu)

- On Saturday December 14th 22 North China cities issued red alerts (the highest of four levels air pollution warnings) & two days later Shijiazhuang, the capital of Hebei province (that encircles Beijing on the North, East & South) for the third day running registered a 'fine particulate matter' reading of 1,000 micrograms per cubic metre¹³, 100x the WHO's 'safe guidance' level & over 3x the EPA's 'hazardous level'), with the readings in nearby Beijing & Tianjin being 212 & 334 respectively (prompting the cancellation of hundreds of flights, the closing of highways & a ban on older, high emission-spewing motor vehicles).

And the National Meteorological Centre warned on the 16th that high small particulate levels would spread to ten provinces as far South as Shanghai (& was proven right when on January 3rd Beijing issued a national red alert warning, with visibility as low as 50 metre/160 feet, for all of Northern China (all this despite the national share of coal-fired power generation having declined from 79% to 69% of the total in the past decade (& being down 3.7% YoY in 2015 & 2.9% in 2014).

ECB'S CAPITAL RATIO DEMAND OF MONTE DEI PASCHI WOULD ALSO TRIP UP 10 OTHER EU BANKS (BB, Boris Groendahl)

- The Bank of Italy reported late on December 29th that the ECB had informed the Monte dei Paschi bank that (to restore market confidence) it need to find enough (new) capital to push its CET1 (Common-Equity Tier 1) capital ratio from its current minus 2.4% level to 8% of its risk-weighted assets in the adverse (*i.e. worst case*) scenario stress testing, *i.e.* well over the legal minimum of 4.5%. Under EU law state aid can be given to solvent banks to cover a stress test shortfall & the Rome government is planning a 'precautionary recapitalization' of the Monte dei Paschi bank and, according to the Bank of Italy, the ECB demand for an 8% CET1 ratio & a total capital ratio of 11.5% translates into a capital shortfall of 8.8BN Euros/US\$12.4BN¹⁴, and closing the CET1 gap will take 6.3BN in high quality capital (4.2BN Euros from the conversion of subordinated debt into equity (*the 'buy-in'* & the rest from government), & the other 2.5BN Euros to offset the capital lost in the buy-in.
- One problem arising from this is that nine other EU banks are short of the ECB's capital demands on the Monte di Paschi bank, incl. Deutsche Bank, Germany's largest & the EU's 6th largest (7.8%), Société Générale, France's 3rd-, & Europe's 9th-, largest (7.5%),

¹³ Dust particles 2.5 microns wide (*i.e.* 0.0001 centimetre/0.000025 inches /one-thirtieth of a human hair) that because of their small size can penetrate deep into the lungs, thereby worsening existing asthma-, & heart disease conditions, reducing lung functioning, & increasing the mortality rate from lung cancer & heart disease. Interestingly, shortly after in the LRT I got in a brief conversation with a young Chinese lady with a four year-old son and, when I asked her where in China she had come from, she answered "the South, then why she had come to Canada, she simply said : "China is not a country fit to live in."

¹⁴ Of the 20BN Euros it has earmarked for bailing out banks (for Monte dei Paschi is by no means the only Italian bank with 'one foot in the grave & the other on a banana peel, only the oldest).

Barclay's, Britain's 3rd-, the EU's 5th -, largest (7.3%), UniCredit, Italy's largest & Europe's 10th largest (7.1%) & the Allied Irish Banks, Ireland's 2nd -, & the EU's 29th-, largest. This may lead to not just Italy but also the Brussels-based EC, the EU's executive arm, pushing back against the ECB's demands.

According to John Raymond, Senior European Bank Analyst at CreditSights¹⁵ "There's a lot more to be explained ... They just say, 'Oh, this is needed to get to 8 per cent', as if we all knew the number was 8 percent, when in fact that's a completely new number."

PUTIN'S REAL LONG GAME (Politico, Molly K. McKew)

- The values that were supposed to bind the West together are no longer holding and Putin has taken advantage thereof to inflict critical damage to the underpinnings of the liberal world order in a "shockingly short" time, while the attempts by America & its allies to repair the damage have been painfully slow (& *ill-conceived/coordinated?*). But President-elect Trump is a rule breaker, something that at a time of inconceivable change can be an incredible asset and, what's more important, has an ability to sell the American people on what he wants them to believe. The unwinding of the post-WW II world order could turn out very badly, or unexpectedly well. Putin perceives himself to be in a multi-faceted political-, not a *more costly* military war, that must be won, not negotiated, as outlined in the *so-called* 2013 Gerasimov doctrine¹⁶, with his overall objective being to replace all western-style democratic regimes with illiberal, populist & nationalist regimes & us helping him do so by acting against our own best interests.

The article is long & doesn't lend itself well to summarizing. But she may be too gloomy & have fallen in the very trap she says Putin has set for the US & its allies¹⁷. Be that as it may, it would nevertheless be worth googling & reading in its entirety.

¹⁵ A independent research firm founded in 2000 with eight employees that at last report had 130 employees and offices in New York, London, Boston, San Francisco, Naples FL & Singapore.

¹⁶ Valery Gerasimov is 61 years of age, has spent his entire adult life in the Russian army with a tank officer's background & has been Chief of Staff of the Armed Forces of Russia & the country's First Deputy Minister of Defense for the past four years (and in April 2014 was added to the list of persons that were the target of EU sanctions "In respect of actions undermining and threatening the territory, integrity, sovereignty and independence of Ukraine").

¹⁷ On January 3rd the office of Ukrainian President Petro Poroshenko released a video of a visit by Sens. John McCain (R-AZ) & Lindsey Graham (R-SC), neither of them Trump acolytes, to the *Ukrainian* 36th Separate Marine Brigade on the front lines in Eastern Ukraine where, with Poroshenko at his side, the latter told the soldiers "Your fight is our fight ... 2017 will be the year of offense ...all of us will go back to Washington and we will push the case against Russia. Enough of Russian aggressionIt is time for them to pay a heavy price. Our fight is not with the Russian people but with Putin. Our promise to you is to take your cause to Washington, inform the American people of your bravery and make the case against Putin to the world", to which McCain had added "I believe you will win"