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THE TRENDS JOURNAL®

HISTORY BEFORE IT HAPPENS®

A FISH ROTS FROM THE HEAD DOWN

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About the TRENDS JOURNAL

Gerald Celente is the Founder/Director of the Trends Research Institute and Publisher of the weekly **Trends Journal** magazine. He is the author of the highly acclaimed and best-selling books *Trend Tracking* and *Trends* 2000 (Warner Books).

With a 40-year track record of identifying, tracking, and forecasting trends, Celente is world-renowned as today's #1 Trend Forecaster. Celente has earned the reputation as a trusted name in trends for his many accurate forecasts; among them the 1987 Stock Market crash, Dot com bust, "Gold Bull Run," the "Panic of '08," the rise of organic foods, and the popularity of gourmet coffee long before Starbucks was a household name.

Self-described as a "Warrior for the Prince of Peace," Gerald Celente is also the Founder "Occupy Peace & Freedom," a not-for-profit movement to honor the Constitution and Bill of Rights and restore Freedoms.

INSIDE

A FISH ROTS FROM THE HEAD DOWN

Welcome to this week's **Trends Journal**: "A FISH ROTS FROM THE HEAD DOWN"

While politicians in the U.S. work to pass new gun control legislation after the Uvalde, Texas school shooting, the same war hawks in Congress keep approving billions of dollars of weapons of death for Ukraine. And with each week, these weapons get heavier, more sophisticated, and more deadly.

Nowhere in the Presstitute media is it mentioned how the very leaders calling for "gun control" are the same ones promoting mass murderous wars and never speaking out for Peace on Earth.

It was President Joe Biden, who never saw a war he didn't like (except for when he was a draft-dodger during the Vietnam War) and once bragged that he was the first Senator to call for airstrikes in Bosnia. Hillary Clinton, the former Secretary of State, laughed off the death of Muammar Gaddafi, "We came, we saw, he died." And President Barack Obama was quoted in the book "Double Down" that he is "really good at killing people"... and the list goes on.

COVID WAR

Beyond the military wars they launch, the COVID War they started in 2020 imposed draconian lockdown mandates and restrictions that have sucked the joy out of life while destroying the lives and livelihoods of countless millions.

I have said our leaders are mentally deranged and their constant words of hate and division stir the anger and loathing that is so prevalent in society.

In this issue of **The Trends Journal**, you will find a deep analysis on the turmoil in the stock and cryptocurrency markets.

The Street expects the Federal Reserve to act aggressively tomorrow by raising interest rates 0.75 percent to get a handle on rising inflation. Our loyal readers understand that we have warned about the inflation dangers for over a year, while the Fed played it down.

How could we be right and the Fed be wrong?

And how come most economists quoted by the business media got it wrong?

Why? Most business "journalists" in corporate media just swallow what is fed to them and most writers are glorified interns without the real-world experience to know the difference.

We at **The Trends Journal**, base our analysis and forecasting on four decades of experience. We answer only to our subscribers.

Thank you for your support. Please tell your family and friends about us.

Also, please remember to [tune in](#) tomorrow at 6 PM, EST, for my "Celente & The Judge" podcast with Judge Andrew Napolitano that provides insights and solutions from a judicial authority that you won't find anywhere else.

Sincerely,

Gerald Celente and the Trends Journal Team

COMMENTS

TALK OF INFLATION PEAK REEKS
Gregory is right on track ! How can inflation peak? When I first heard this I thought I was in la la land. Inflation will continue to go up,however, it will never peak.

MICHAEL MATICH

SS TRUST FUND BUST FIX
All Americans should be bitching about this trust fund crap. The government raided this fund in the past. If it was flush they would raid it again.

The government needs to prioritize it's spending, such as get the hell out of the rest of the world's problems, quit making problems all over the world, close our borders, put all pharma companies under a very high tax rate to fund the trust fund since they are the ones who reap the largest benefits from it, bring back manufacturing from other areas of the world which would end the trade deficits which would more than keep this trust fund floating.

a1achiropractic

REAL PROBLEMS
artificial intelligence- artificial values- artificial money- artificial people- artificial government- artificial gods- artificial culture- artificial food.

Larry Inn

SILVER STACKS
Stack silver while u can…slow stack better than no stack…just over 20 usd an ounce….but u must be prepared to sit on it i would say…get real things before things get real.

Mark Mccallum

MASK MICRO-PARTICLES UNHEALTHY
If you have to wear a mask, be careful what kind you buy. Some companies have small strands of extreme particulates in the mask that can be inhaled into lungs, especially after the mask is re-warn. These components can easily be seen under a microscope.

Barb Mittler

CRYPTO BUST TO CRYPTO CONTROL
The Federal Reserve and Central Banks are anxious to totally control the Crypto Industry. They don't want anyone in on their control of the world crime syndicate.

Bill11

TRENDS ON THE ECONOMIC AND MARKET FRONT

ECONOMIC AND MARKET OVERVIEW

2020 was the year the world changed.

Never before in the History of the World Part 1 or Part 2, had nations across the planet locked down.

Without a scintilla of scientific evidence, political science was imposed by politicians in cities, states and nations—along with nobody bureaucrats labeled “health experts”—who issued draconian mandates.

Without a scintilla of scientific evidence, political science was imposed by politicians in cities, states and nations—along with nobody bureaucrats labeled “health experts”—who issued draconian mandates.

Among them, human beings were forbidden to go outside, swimming, jogging, have kids go to parks to swing on swings, closing down businesses, forcing people to be injected with the Operation Warp Speed gene therapy jab or they would lose their job, could not enter buildings, venues or travel... and destroying the lives and livelihoods of hundreds of millions, if not billions, of people.

Remember the idiocy of washing down surfaces, scrubbing your hands constantly, Plexiglas dividers, standing one or two meters apart, wearing masks when walking into restaurants but taking them off to eat, eating and drinking without masks on airplanes but forced to put them on between bites and afterwards... as though the virus doesn't attack when sitting down or eating and drinking!

Same with the one or two meters apart... as though the virus knows its distance and air streams in straight lines and stops and the appointed meter.

How about the stupidity of putting tables in restaurants six feet apart and depending on what autocracy you live in, the arrogant clowns in charge made up the percent of occupancy rates permitted... and no sitting at the bar and having a drink with friends.

The word "draconian" mandates, by the way, was even the language of the Presstitutes who sold the COVID War as they do every war. Yes, Presstitutes, media whores, little boys and girls who get paid to put out for their government whore masters and corporate pimps.

And "draconian" these mandates were, and the damage they caused was harsh, severe, and lasting.

Yes, "draconian." Google the meaning:

> *(of laws or their application) excessively harsh and severe.*
> "*the Nazis destroyed the independence of the press by a series of draconian laws*"

Yes, THE NAZIS, in charge in a so-called bullshit democracy near you destroyed the independence of We the People "by a series of draconian laws."

Indeed, it set the stage for the economic calamity that is now hitting equity markets and economies. The people of Slavelandia are now suffering.

Besides the countless millions of businesses that have been destroyed, and besides these arrogant political fools that sucked the joy out of life with their made-up mandates, the economic measures they took to fight their COVID War have created the Dragflation economic crisis we are now encountering. Indeed, this is not the "stagflation" pitch the business media is selling. Economies won't "stagnate" as inflation rises. They will drag down as inflation spikes.

Ancient History

With the U.S. economy slumping into devastation in 2020, U.S. President Donald Trump signed into law a $3 trillion spending package that artificially juiced up equities and the economy.

In fact, with Trump's deal to further enrich the big corporations by dramatically lowering their tax rate from 35 percent to 21 percent... America's national debt rose $7.8 trillion. In fact, the growth in the annual deficit spikes ranked as the third-biggest increase relative to the size of the economy of any U.S. presidential administration, according to Eugene Steuerle, co-founder of the Urban-Brookings Tax Policy Center.

And then there was Trump's pushing the Federal Reserve to lower interest rates, which they did, as equity markets melted down in December 2018.

Yet Trump, who condemned the Fed for not raising rates, played a different tune when he was not playing President of the United States:

- Candidate Trump in September 2016: "They're keeping the rates down so that everything else doesn't go down…We have a very false economy."

- In 2015, Trump stated: "Janet Yellen (the Federal Reserve Chair) is highly political and she's not raising rates for a very specific reason: Obama told her not to because he wants to be out playing golf in a year from now and he wants to be doing other things and he doesn't want to see a big bubble burst during his administration."

- In 2012, Trump told CNBC: "They're creating phony numbers and they're doing it through stimulus and the stimulus, many people would say, is the worst thing that can happen."

- "The numbers are false; they're being created and people like me may benefit, but it's ultimately not good for the economy," Trump also remarked to CNBC.

- Even as far back as 2011, Trump is on the record: "The Fed's reckless interest rate policies will cause problems in the years to come. The Fed has to be reigned in or we will become Greece."

TREND FORECAST: *What we have been forecasting is now making its way into the mainstream business media narrative: "It's Interest Rates, Stupid." As the era of cheap money policies ends, the state of most world economies simply cannot tolerate any further rate hikes. The debt can't be managed and markets and economies will suffer.*

And Donald Trump knew it, and that's why he's changed his tune… he didn't want a massive recession under his watch.

Yes, the Fed, which brought interest rates to near zero while purchasing $120 billion of Treasury and mortgage back bonds per month until last November are true inflation culprits. Not to mention the $1.9 trillion President Joe Biden used to artificially stimulate the economy to fight the COVID War—stupidly labeled "American Rescue Plan."

Similar money-printing schemes were invented by governments worldwide to artificially boost sinking economies and equity markets that were destroyed in their fight to win the COVID War.

No clearer example of a face-to-face Fed fraud is the European Central Bank with its negative 0.5 interest rate policy. Now, despite EU inflation at 8.1 percent they are expected to raise rates only .25 percent next month.

These are the same Bankster Bandits that have been selling their bullshit line of lies that interest rates would rise when inflation hit 2 percent. In fact, that was the same fake line the U.S. Fed has been selling for over a decade when the FOMC adopted an explicit inflation target of 2 percent in January 2012.

Adding Insult to Injury

Rather than minding their own business and not getting involved in foreign entanglements, the Washington warmongers ganged up with NATO to fight the Ukraine War, sending scores of billions of dollars in weapons and "aid" to keep bloodying the killing fields. And, making a terrible situation much worse, they imposed sanctions on Russians that have spiked inflation yet higher.

And now, out of the mouth of those who said over a year ago that U.S. inflation was "temporary" such as former U.S. Treasury Secretary and former Fed Head Janet Yellen, she is now spewing out the crap that it wasn't the trillions in fake money pumped into the economy to fight the COVID War that drove up inflation.

No, it was not the negative Fed rate that artificially drove up the equity markets, housing market and the economy... but rather, it's the "effects of supply side disturbances to oil and food markets" caused by Russia's invasion of Ukraine.

And of course, in the world of stupidity and propaganda, it was not the sanctions imposed on Russia, the world's third largest oil producer—and along with Ukraine other essential raw material and food commodities—that have helped spike inflation. No, according to Biden, when he and NATO made the sanctions "official" he said, the "American people will deal another powerful blow to Putin's war machine."

But of course, Biden got it backwards. The sanctions did nothing to stop Putin. The "powerful blow" hit Americans with national gas prices above
$5 a gallon.

Referring to U.S. gas prices and the sanctions, today Dmitry Medvedev, Russia's former president, wrote on his Telegram account:

> "Of course, our opponents will continue to do everything to cause maximum damage to our fuel and energy complex… Today, they are experiencing an energy crisis, the scope of which will only increase. Even the main instigator of anti-Russian aggression, the US, has suffered."

And thanks to those sanctions, today it was announced that German inflation in May spiked to a five-decade high of 7.9 percent year on year.

Over in the U.K., as a result of spiking prices of essential goods, hikes in interest rates and fuel prices hitting new records as households spent 54 percent more on home energy bills... its economy has slipped into Dragflation: their GDP declined for the second straight month in April, falling 0.3 percent from March's 0.1 percent contraction while inflation hit a four-decade high of 9 percent.

TREND FORECAST: *As for the Feds getting inflation forecasts wrong, see our article, "Fed Officials Send Mixed Signals on Policy Shift" (29 June 2021). We noted that, "At his December 2020 press conference, Fed chair Jerome Powell pointed to "disinflationary pressures around the globe" and said "It's not going to be easy to have inflation move up."*

A month later, Powell acknowledged that inflation was on the move but said any rise above the Fed's 2-percent target rate would be "transient."

Also, while the Fed insisted that it would not raise rates until 2024, we had forecast that hikes would begin sooner because inflation would spike and the damage could no longer be covered up. Now, the word on The Street is that it will hike them .75 basis points tomorrow.

LAST WEEK: STOCKS TANK ON INFLATION, FED FEARS

U.S. equity markets had been poised on the hope that inflation had peaked, as many "analysts" quoted by the mainstream media had predicted.

It has not.

In May, prices sped up by 8.6 percent, year on year, compared to 8.5 the month before, the Bureau of Labor Statistics reported, another in a series of 40-year highs.

Zooming food and fuel prices led inflation's rise, worsened by the war in Ukraine and the resulting Western sanctions against Russia.

Inflation's continued rise triggered fears that the U.S. Federal Reserve might raise its key interest rate higher and faster tomorrow than The Street had anticipated... possibly by 0.75 basis points rather than the 0.50 that was the general consensus before the inflation numbers were released.

Not Happy Days

Also, the University of Michigan's monthly survey of consumer sentiment found that Americans are the most pessimistic about the economy's future since the survey was begun in the 1940s.

Survey respondents think prices will increase at an annual pace of 3.3 percent for the next five to 10 years, up from 3 percent foreseen a month earlier.

Investors dove out of stocks, sending the Dow Jones Industrial Average down 880 points on Friday, 10 June, and the NASDAQ down 414.

For the week, the Dow shrank 4.7 percent, the NASDAQ blew off 7 percent, and the Standard & Poor's 500 index gave up 5.6 percent.

All 11 of the S&P's sectors lost ground.

It was the second consecutive week of down markets.

Investors also fled from treasury securities, not wanting to be locked into fixed-rate investments while interest rates rise around them.

The sell-off drove the yield on the two-year treasury note from 2.815 percent on Thursday to 3.047 Friday, its biggest one-day leap since 2009 and the highest return in more than a decade.

As securities' prices fall, yields rise to attract investors.

Brent crude oil closed Friday's market day slightly above $122 a barrel. U.S. benchmark West Texas Intermediate crude for July delivery closed just above $120.

When the two oils are priced so closely together, it usually signals high oil prices will endure.

New York spot gold rose Friday as equity markets collapsed, gaining 2 percent to $1,875.

Bitcoin sank through the week, ending down 2.5 percent at $29,010 Friday at 5 p.m. EDT.

Abroad, the European Stoxx 600 rode the week down, shrinking by 4.0 percent over the 5 days. Japan's Nikkei 225 rose early in the week by about 3 percent, then sank with U.S. markets but still ended the five-day stretch up 1.1 percent.

The South Korean KOSPI index ended the week flat at 2,597.

Chinese markets rose as the mainland's lockdowns began to end.

The Hang Seng in Hong Kong rose 2.4 percent, the SSE Composite was up 2.7 percent, and the CSI Composite added 2.4 percent.

YESTERDAY: 'STOCK' AND AWE

Stocks were battered on Monday and cryptocurrencies also faced a day of reckoning as bitcoin fell below $23,000 per coin.

The Dow Jones Industrial Average fell 876 points or 2.8 percent and the S&P 500 benchmark index fell 3.9 percent. Down nearly 22 percent since its peak in January, it is officially in bear territory. The Nasdaq Composite dropped nearly 4.7 percent to end the day at 10809.23.

Investors are worried the Federal Reserve may be forced to be more aggressive with rate hikes at its FOMC meeting on Tuesday as bond yields jump with the 10-year Treasury hitting 3.371 percent.

Economists had been anticipating another 50-basis point hike at the next few Fed meetings, but there's chatter that the Fed could act more aggressively during Tuesday's meeting to tame inflation by raising interest rates by 75 basis points.

Economists at Jefferies and Barclays, when considering the recent inflation data, said they expect the Fed to increase rates by three-quarters of a percentage point, which has not been done in nearly 30 years.

Data released on Friday showed consumer prices jumped 8.6 percent year over year last month, which is the fastest increase in over four decades.

The previous meeting occurred in early May and resulted in a 50 basis point hike, its most significant in 20 years. The Fed also announced plans to reduce its $9 trillion balance sheet, which skyrocketed during the COVID-19 outbreak.

"We're in a brave new world right now. I don't think anyone can accurately predict inflation one year from now," James Gorman, the CEO of Morgan Stanley, said at a conference Monday, *The Wall Street Journal* reported.

March, when interest rates were close to zero, seems like a distant memory. There's now a viable chance that interest rates can jump to 3 percent by September. After having kept equities and the economy artificially pumped up, the last time the rate was that high, the country was in the Great Recession.

Besides inflation, the World Bank last week warned that global growth could essentially be choked due to the Ukraine War, supply chain issues, COVID lockdowns in major Chinese cities, and dramatic increases in food and energy prices.

David Malpass, the bank's president, said, "For many countries, recession will be hard to avoid."

Economists also noticed that the yield on the two-year Treasury note briefly rose above the 10-year yield, which is considered a sign of a looming recession, *The New York Times* reported. That so-called inverted yield curve typically does not occur in a healthy economy.

TREND FORECAST: *The* ***Trends Journal*** *has consistently said that economies will not "stagnate" as inflation rises. Instead, economies around the world, that have still not recovered from economy-killing COVID lockdowns, will enter into "Draglation," when economies drag down as inflation rises. And, despite our sending out massive press releases to the print and broadcast media warning of Dragflation, they refuse to acknowledge this trend and keep selling the stale stagflation tale.*

Elsewhere, the Stoxx Europe 600 fell 2.4 percent to its lowest closing value in over a year and the FTSE, the U.K. benchmark, shed 1.5 percent.

European traders were still coming to terms with the European Central Bank's decision to raise interest rates by 25 basis points in July to counter inflationary pressures.

BITCOIN: The world's largest cryptocurrency was trading under $23,000 per coin, which represented a 17 percent drop on the day and a losing trend for the coin that has lost 66 percent of its value since November, when it hit all-time highs.

When bitcoin has a cold, other cryptos tend to have the flu, and since November, the cryptocurrency market capitalization fell from about $3 trillion to about $975 billion on Monday evening, *The Wall Street Journal* reported.

The selloff prompted Celsius Network to announce that it would freeze all withdrawals “due to extreme market conditions” over the weekend, the paper said.

Binance, another exchange, also said it temporarily paused bitcoin withdrawals “due to a stuck transaction causing a backlog.”

Part of the reason for the recent volatility is the uncertainty about the Fed’s action to contain inflation. When interest rates go up, these speculative assets lose some appeal to investors.

"Almost anything can be systemic in crypto ... because the whole space is over-leveraged," said Cory Klippsten, chief executive of Swan Bitcoin, a bitcoin savings platform, told Reuters. "It's all a house of cards."

GOLD: Gold took a hit Monday as the dollar index reached heights not seen since November 2002. Spot gold fell 2.2 percent to $1,829.52 per ounce by 12:05 p.m. EDT, and gold futures slid 2.4 percent to $1,829.80.

TODAY: THE WAITING IS THE HARDEST PART

The stock market was nervous today and ended down for the fifth-straight day as traders waited for the result of the Fed meeting that could result in the central bank taking more aggressive measures to rein in inflation that is at a 40-year high.

The Dow Jones Industrial Average dropped 110 points, or 0.4 percent to end the day at 30364.83. The benchmark S&P 500 tumbled 0.2 percent to 3735.48. The Nasdaq Composite was up 19.12, or 0.18 percent to 10828.35.

Investors looked at the 10-year Treasury yield that topped 3.45 percent as the 2-year increased 14 basis points to 3.418 percent. Jim Paulsen, the chief investment strategist at The Leuthold Group, told CNBC that as long as Treasury yields continue to climb, that means the “stock market’s not done going down.”

The market is fixated on the result of the Fed's interest-rate decision. It was believed that the meeting would result in a 50-basis-point hike, but as we have noted in the report, they may raise rates by 0.75 percent points.

The **Trends Journal** has long warned that the Fed was downplaying the inflation risks and data released on Friday cemented our forecast. Inflation, which is at 8.6 percent, continues to be hot despite the earlier 50-basis-point increase so there's more pressure on the Fed to act more aggressively.

About two-thirds of the economists polled by *The Financial Times* expect a recession in the U.S.

TREND FORECAST: *It should be noted The* ***Trends Journal*** *has warned about skyrocketing inflation for over a year…even while Fed Head Jay Powell has been brushing it off as "transitory."*

Given its past timidity, the Fed is unlikely to raise interest rates high enough fast enough to halt inflation. If it did, the U.S. economy would be thrown into a recession and the rest of the world's economy would follow. William Dudley, the former Federal Reserve Bank of New York president and former chief economist at Goldman Sachs, told a Wall Street Journal conference today that he believes the Fed will raise rates by 75 basis points.

The paper said he has been critical of the central bank for acting too slow on inflation.

He was asked at the meeting if the central bank could take a more aggressive 1 percentage point increase. He said, "You can certainly make that argument because if you decide that the speed of getting there is just as important as the level that you're going to get to, then why not get there faster?"

He continued, "My view is that they're probably splitting the difference" by going for a 75 basis point increase.

Europe's Stoxx 600 was down 0.91 percent and Britain's FTSE 100 was down 0.25 percent to 7187.46. South Korea's Kospi was down 11.51, or 0.46 percent. Japan's Nikkei 225 fell 1.32 percent to end at 26,629.86.

It was a volatile day in the European market with stocks suffering their sixth-consecutive session with losses.

The Stoxx 600, the benchmark index, has been under pressure due to the European Central Bank's efforts to get a hold of skyrocketing inflation and the looming risk of recession. Bank of America's June fund manager survey said investors believe that hawkish central banks are the biggest risk for European stocks along with COVID-19 lockdowns in China.

The Stoxx 600 is down 17 percent after touching its all-time high in January, Reuters reported. The report pointed out that among the big losers on Tuesday were consumer discretionary stocks like Ocado and Kingfisher. They fell 10.8 percent and 4.4 percent, respectively. There's lingering concerns of weaker consumer spending.

In Asia, stocks are down due to higher inflation, slower growth, and higher interest rates.

Stocks in China were higher on Tuesday, with the Shanghai Composite up 1.02 percent higher at 3,288.91. The Shenzhen Component increased 0.204 percent to about 12,023.79.

CNBC reported that JPMorgan recently told investors that Chinese stocks are a good diversifier. The report compared China's inflationary pressure to the U.S.'s.

"China's headline consumer price index rose by just 2.1 percent year-on-year in April, compared to the 7.4 percent seen in the euro zone for the same month, and 8.3 percent in the U.S.," the report said.

GOLD/SILVER: Gold was down 20.60, or 1.1246 percent to 1811.20 as of 5 p.m. ET., and silver was down 0.26, or 1.22 percent to 20.995.

Gold's recent price drop has been largely blamed on reports that the U.S. central bank plans to act aggressively on interest rates. High interest rates usually lead to investors looking elsewhere since the metal pays no interest, which then in turn leads to a lower gold prices.

Gold sunk almost 3 percent on Monday.

The dollar is at 20-year highs, which also means the metal is pricier for overseas buyers whose currencies are dropping against the dollar.

TREND FORECAST: *We maintain our forecast that for gold to maintain strength, prices must stay in the high $1,900 per ounce range and when they solidify above $2,200 per ounce, gold will spike to new highs. On the downside, should gold fall below $1,800, its bottom will be in the $1,730 range.*

OIL: The oil market was down today with Brent crude losing $1.41, or 1.15 percent to 120.87, and West Texas Intermediate shedding $2.17, or 1.7613 percent to $118.90 per barrel.

The drop was blamed on concern over how high the Fed will increase interest rates after its FOMC meeting. Reuters also reported that Sen. Ron Wyden, D-Ore., plans to introduce legislation setting a 21 percent surtax on oil company profits "considered excessive."

The U.S. Department of Energy also announced today that it will sell up to 45 million barrels of oil from the country's Strategic Petroleum Reserve, the news wire reported.

The Biden administration has been lambasted by Republicans for not acting fast enough to utilize U.S. resources.

"Sanctioning oil and fertilizer from Russia was short sighted. Biden has no plan to enable development of traditional domestic sources," Rep. Tom Massie, R-Ky., tweeted. "His cabinet and congress plan to use high gas and food prices to bludgeon American consumers into adopting leftist agendas. It won't work."

TREND FORECAST: *The picture is clear. The higher oil prices rise, the faster inflation will rise and the greater the pressure on central banks to raise interest rates. And the higher interest rates rise, the deeper equity markets and economies will fall.*

BITCOIN: Bitcoin fell as low as $20,816 today but regained some of its value by 4:30 p.m. ET, when it was trading at $22,016 per coin. Bitcoin has lost more than half its value since November when it hit $68,982 per coin.

The sell-off dragged the value of the cryptocurrency to levels not seen since December 2020.

Yi He, the Binance co founder and chief marketing officer, sounded optimistic about bitcoin's future with Yahoo! Finance.

"Every time there's a winter, it's always warmer than the last winter. So sometimes you can say it's 100% Winter. Like if you look at 2014, 2015, or like two years ago, I think the nastiest things are probably stronger than last summer. So for the moment, I don't really feel it's so terrible," he said.

Bitcoin is headed for its longest daily losing streak since mid-2016 and slid for an eighth straight day, CoinDesk reported. Coinbase, one of the most valuable crypto exchanges, announced that it will lay off about 18 percent of its workforce, or about 1,100 employees.

"We saw the opportunities but we needed to massively scale our team to be positioned to compete in a broad array of bets," Brian Armstrong, the CEO, wrote to his team. "While we tried our best to get this just right, in this case it is now clear to me that we over-hired."

TREND FORECAST: *We had long forecast, the downward breakout point is when prices fall below $25,000 per coin. They are now below that breakout point, thus bitcoin could fall back to $10,000 per coin or lower. On the upside, we maintain our forecast that bitcoin will find strength to hit new highs when it breaks above $55,500 per coin.*

FED UP WITH HIGH INFLATION, FED TO RAISE INTEREST RATE MORE THAN PLANNED

The U.S. Federal Reserve has signaled that it will raise its key interest rate by a half-point when its Open Market Committee meets this week. That was the word on Wall Street before last Friday's inflation numbers hit Main Street.

As we have noted. With May's unrelenting 8.6-percent inflation rate, a 40-year high, a growing number of analysts and investors speculate that the Fed might boost its rate by three-quarters of a point.

The Fed had indicated a plan to lift rates by a half-point at every committee meeting this year.

However, the new inflation data may push more Fed officials to decide that the central bank should raise its rate by at least another two points before January, *The Wall Street Journal* added, which would require at least one hike greater than a half-point.

"What we need to see is clear and convincing evidence that inflation pressures are abating and inflation is coming down," Fed chair Jerome Powell said in a May *WSJ* interview.

"If we don't see that, we'll have to consider moving more aggressively," he added.

TREND FORECAST: *To make a difference against inflation, interest rates have to approach the speed at which prices are growing. For example, with U.S. inflation at 8.6 percent, the Fed's base rate would have to rise to at least 6 percent to discourage spending.*

Argentina has acted aggressively and appropriately: with inflation at 52 percent, the central bank raised its key interest rate to 44.5 percent. Factoring in compound interest, that rate offers a positive return to investors.

However, the Fed is both unwilling and unable to move rates that much that fast for fear of dumping the already-fragile economy into a recession.

Therefore, the Fed's gradual rate hikes will produce little direct effect on inflation. Fewer people will take out loans to buy cars and houses, but scarcity and high prices in those markets already has reduced activity in them, as we reported in our Economic and Market Overview of 24 May, 2022.

People are still spending, but now are gouging their savings accounts to continue to buy, as we noted in "Americans: Spending More, Saving Less" (7 Jun 2022).

Recession is a cure for inflation, and we see a growing likelihood that the U.S. will slip into a recession, defined as two consecutive quarters of economic contraction, and fall through it into Dragflation, our Top 2022 Trend in which prices continue to rise, even if more slowly, amid a shrinking GDP.

TECH STOCKS: THE THRILL IS GONE

The Standard & Poor's 500 information technology sector had lost 22 percent of its value this year, its worst stretch over that period of time in any year since 2002... when the U.S. was in slow recovery from the dot com bust.

The six-percent spread between the tech sector and the broad index is the widest since 2004.

Investors have drained $7.6 billion out of tech-centric mutual funds and ETFs so far this year, the biggest drawdown in the same period since at least 1993, Morningstar reported.

Tech had been the markets' darling for years, with Amazon, Apple, Facebook, Netflix, Nvidia, Microsoft, and, more recently, Tesla being the engines that drove index values to a series of record highs and persuaded investors to put money into everything from cloud computing to social media.

During the COVID-era lockdown, investors redoubled their enthusiasm for the sector as interest rates hit a historic bottom, giving tech companies access to cheap money to borrow to meet insatiable consumer demand.

The world is different now.

After stocking up on tech stuff during the COVID shutdown, people are spending on services instead of goods. Interest rates are creeping up, squeezing tech firms' financial outlook. Inflation is forcing consumers to pinch pennies.

Instead of taking a flier on high-flying tech stocks, SPACs, and cryptocurrencies, investors have retreated to stocks that will float atop higher prices, such as consumer staples and energy. The S&P's energy and utilities sectors are the only ones showing gains so far this year.

Stock-pickers also are directing their money into so-called "value stocks," which are those with share prices closer to projected earnings or book value.

Cigarette maker Altria Group, Coca-Cola, and ExxonMobil have benefited as a result.

Indeed, the S&P Value Index was outperforming the Growth Index last week by 17 points, the widest margin since 2000.

More than $48 billion has exited growth-stock funds this year, with funds focused on value stocks pocketing an additional $13 billion so far in 2022, according to the *WSJ*.

To many investors, tech stocks' current dive smacks of the dot-com bust at the turn of the century.

Investors dumped money into any company with a “dot-com” in its name. Tech start-ups took on billion-dollar market values without ever turning a profit or, in some cases, ever claiming a meaningful market share.

In March 2000, at the height of the frenzy, the price-to-earnings multiple on the tech sector skyrocketed to 26.2, the *WSJ* noted.

In September 2020, at the peak of the latest tech craze, the multiple climbed to 24.2.

Eventually, the craze exhausted itself and investors tried to not be the last one out the door. The tech-laden NASDAQ crashed by 80 percent from March 2000 to October 2002.

Some recent stocks have mirrored that debacle, with hundreds of billions of dollars in value disappearing, sometimes within hours. Snap Inc.’s share price sank 43 percent in one trading day in May, erasing about $16 billion from shareholders’ accounts.

Now, with tech stocks already sliding, the U.S. Federal Reserve’s promise to keep raising interest rates will continue to hold them under a cloud: higher interest rates crimp the companies’ future cash flows because they have to pay higher interest costs, and profits and earnings suffer.

However, the ratio of pessimistic options on stock prices to optimistic bets in the Technology Select Sector SPDR Fund has shrunk recently, indicating the worst of tech stocks’ rout might have passed, the *WSJ* said.

Even after this year’s crash, tech companies still comprise about 27 percent of the S&P 500’s roster, close to highs of the dot-com era, Bank of America analysts recently reported.

Still, they warned that it remains too early to “buy the dip.”

TREND FORECAST: *“Dot-com overload will short circuit many high expectations for huge profits in Internet commerce, entertainment and a wide array of dot-com services. Following the holiday season, many of today’s high flying Internet stocks, the* *hottest IPOs, and newly emerging IPO-wannabees will have begun the descent from their overvalued heights." The **Trends Journal**, Fall Issue, 1999.*

What happened 22 years ago is happening now... just a different time, some different language and some no-tech along with the hi-tech that is tumbling down. In our 4 May 2021 article, "IPOs SET RECORD PACE," we noted that SPACs were among the factors artificially inflating market values.

We had forecast for a major market correction, with SPACs and their related companies being hit among the hardest. Indeed, the SPAC mania is reminiscent of the dot.com days when billions were invested in hi-tech companies that created nothing and made no financial or common sense.

EQUITY HEDGE FUNDS FACING "WORST YEAR ON RECORD"

Hedge funds focusing on stocks hold about $1.2 trillion in assets and are looking at what may be their "worst year on record," the *Financial Times* said, with the typical fund losing 8 percent this year through May, according to data service HFR.

The scale of loss dwarfs that in the first five months of all other crisis years in HFRs database, which extends back to 1990, the service said.

"It feels worse" for hedge funds "than in 2008," Skybridge Capital founder Anthony Scaramucci told the *FT*.

The funds now risk a downward spiral: as performance suffers, customers may withdraw their money, forcing the funds to sell holdings on demand, even if it means taking a loss.

The scenario would heighten volatility and push markets lower, the *FT* noted.

Stock funds' plight stands in dark contrast with hedgers trading currencies or interest rates, both of which have pocketed hefty profits this year.

Still, stock funds' 8-percent loss is less than the S&P 500s nearly 22 percent dive from its high.

Hedge funds working the stock market saw prices rising through the COVID War and emphasized "long" bets that share prices would continue to rise.

Now that the markets have sunk into bear territory, those funds "are facing an existential crisis," Andrew Beer, managing member at the Dynamic Beta investment firm.

"Stock selection has been poor," he noted. "People have jumped off the tracks after the train already hit."

"Even long-time investors are wondering why they're paying managers high fees while bearing all the risk," he added.

TREND FORECAST: *From the top down, big investors to the small timers, despite the economic realities, their "advisors" have, and will keep telling their clients that markets go up and down and to "stay invested." Why? Because once they "correct" equities will be flying high again and the losses the clients are now suffering will turn into high profits.*

However, since those invested with hedge funds are much more knowledgeable about what in the world is really going on than the average Main Street investor, we forecast that more money at a quicker pace will be exiting hedge coffers while the John and Jane Doe's will do what they are told and go down with the markets.

TOP 2022 TREND DRAGFLATION: BRIDGEWATER BETS ON CORPORATE BOND MARKET SLUMP

Investment management firm Bridgewater Associates is placing bets that the U.S. and European corporate bond markets will experience a sell-off later this year, according to the *Financial Times*.

The "short" positions illustrate Bridgewater's view that "we're in a radically different world" from the one in which the U.S. Federal Reserve subsidized investments with rock-bottom interest rates, Bridgewater investment officer Greg Jensen told the *FT*.

"We're approaching a slowdown," he said.

Inflation will be harder to control than investors, Fed officials, and many analysts think, he added, which could force the Fed to raise interest rates higher and faster than expected, shunting the economy toward recession.

If the Fed is serious about reining back inflation to 2 percent, central bank officials "may tighten in a very strong way and crack the weaker [companies] in the economy," he warned.

High-grade corporate bonds already have lost about 12 percent of their aggregate value so far this year, with Europe's down 10 percent, ICE Data Services reported.

Companies looking to borrow or to refinance existing debt face markedly higher interest rates. If they fail to secure funding, they could face default or bankruptcy, Jensen added.

"It's going to start getting much more expensive to borrow money," he said.

TREND FORECAST: *The corporate bond market will become more competitive, allowing buyers to be more selective and transforming the fast and easy corporate debt market that has marked recent years.*

Many "zombie companies" that have survived on the Fed's cheap money ("Reckoning Day for the Living Dead," 7 Jun 2022) and corporations hauling loads of junk bonds will try to refinance their debt. Many will fail and default.

A more selective bond market also means less money will be put into bonds, reducing the amount of capital available to the corporate sector, slowing economic expansion and focusing borrowing only on the most credit-worthy companies.

SALES OF LUXURY HOMES FALL ALMOST 18 PERCENT

In April, 17.8 percent fewer U.S. luxury homes—defined as the most expensive 5 percent of houses in a given market area—were sold during the three months ending on 30 April, compared to the same period in 2021, the online brokerage Redfin.com reported, the largest monthly decline since the onset of the COVID War in March 2020.

The drop "sent shock waves through the housing market," Redfin said.

In contrast, sale of non-luxury homes edged down only 5.4 percent over the same time.

Luxury buyers are facing rising interest rates, record-high home prices, a slumping stock market, and inflation at a 40-year high.

The interest rate on a 30-year, fixed-rate mortgage has increased almost 40 percent since the beginning of the year, potentially adding thousands of dollars to the monthly payment on a high-priced house.

Rates began the year averaging 3.11 percent and climbed to 5.78 percent on 13 June, Bankrate.com reported.

The rate on a so-called jumbo loan, which most luxury buyers use, was 3.23 percent at the end of 2021 and 5.79 percent on 13 June.

The luxury slump "is also a reflection of the market for high-end homes coming down to Earth after a nearly 80-percent surge a year ago," Redfin noted.

"The pool of people qualified to purchase luxury properties is shrinking because the stock market is falling and interest rates are rising," Florida Redfin agent Elena Fleck said in the company's statement accompanying the news.

"The good news for buyers is that the market is becoming more balanced and competition is easing up."

"Of course," she added, "that doesn't help the scores of Americans who have been priced out altogether."

The average selling price of a luxury home during the three-month period was $1.15 million, 19.8 percent more than a year before, about the same rate of increase as for non-luxury homes, Redfin said.

The inventory of luxury homes for sale decreased 12.4 percent over the period, compared with the record plunge of 27 percent in the summer of 2021, when demand for high-end houses spiked.

TREND FORECAST: *For more than a year, we have warned that when the U.S. Federal Reserve raises its key interest rate to or above 1.5 percent, home sales would fall dramatically from their feverish COVID-era pace, which was fueled by the Fed's cheap money. The plunge already has begun.*

TREND FORECAST: *As we said in [“Home Prices Set Another Record While Sales Fall”] (26 Apr 2022), for the foreseeable future, home prices will remain high enough to close out large segments of the U.S. population, especially now that mortgage interest rates are on the rise.*

We have documented this trend in articles such as “Median U.S. Home Price Sets Another Record” (29 Jun 2021) and “Home Prices Up, Incomes Down” (16 Nov 2021).

Also, private equity firms have pervaded the market for private homes, buying them individually or, often, in large batches, to turn into rental properties, as we have reported in “Invitation Homes to Buy $1 Billion Worth of Houses This Year” (1 Jun 2021), “Blackstone Extend Reach Into Housing Market” (29 Jun 2021), and “Private Equity Partners Target $5 Billion in Rental Houses” (27 Jul 2021), among other articles.

The combination of high home prices, rising interest rates, premium rents, and a slowing economy will extend a trend we have been warning about for more than a year: younger buyers will have an increasingly difficult time saving cash for a down payment on a house and an equally difficult time qualifying for an affordable mortgage.

In America, now the “Land of Little Opportunity” with its middle class shrinking and median household income declining at record rates, Americans will spend their lives as renters, denied the satisfaction—and potential financial rewards—of owning a home of their own.

NUMBER OF MORTGAGE APPLICATIONS FALLS TO 22-YEAR LOW

The number of U.S. mortgage applications shrank by 6.5 percent during the week ending 3 June, falling for the fourth consecutive week and reaching the smallest volume since 2002, the Mortgage Bankers Association (MBA) said.

Applications for new purchases fell 6 percent for the week; applications to refinance were down 7 percent.

Interest rates have risen through the year, first crimping the refinance market. Now purchases are being hit as well, the MBA noted.

During the week ending 2 June, the average rate on the 30-year, fixed-rate mortgage was 5.09 percent, according to the Federal Home Loan Mortgage Corporation.

The rate began this year at 3.22 percent, the agency said, and stood at 5.78 percent on 13 June, according to Bankrate.com.

TREND FORECAST: *With interest rates rising and the economy wobbling, mortgage bankers will be more selective in who they lend to. As a result, even fewer households will be able to get loans than previously.*

Higher rates and fewer buyers will soften home prices, but not greatly: the supply of houses for sale will remain small enough, and demand will remain strong enough, to keep prices aloft.

However, should war break out in the Middle East and oil prices spike to above $150 per barrel, economies and equities will crash. This in turn will drive down housing prices 10 percent or more... depending on the extent of the military conflict.

COMMERCIAL PROPERTY SALES SLOWING

For the first time in more than a year, sales of commercial real estate in April fell, year over year.

The value of sales for the month fell 16 percent, year over year, to $39.4 billion, MSCI Real Assets reported, an abrupt reversal of March's 57-percent annual gain.

Before April, sales values had risen for 13 consecutive months.

In some cases, buyers who had signed letters of intent to bid have canceled their plans, *The Wall Street Journal* reported.

The widening economic slowdown also is weighing on property sales, as is the U.S. Federal Reserve's rising interest rate.

Innovo Property Group walked away from its agreement to pay $855 million for a Manhattan office tower after higher interest rates made it harder to secure a mortgage, according to people familiar, even though it meant the company surrendered its $35-million deposit.

Investors who bought properties using the Fed's COVID-era cheap money "have been some of the first to fall out of the market," the *WSJ* noted.

Those that remain in the market are finding bargains.

Apollo Global Management and Investor Newbound Holdings recently snapped up Hilton's Times Square hotel for $85 million; the property changed hands in 2006 for $242.5 million.

After crashing at the onset of the COVID War as hotels and stores shut down, the commercial property market perked up in late 2020 as investors grabbed cheap properties, expecting the economy to bounce back.

Those sales buoyed the commercial property market against the still-languishing sale of office buildings, which continue to suffer from the ground shift to remote work, which we reported in "Mass Expiration of Office Leases Threatens Landlords" (22 Apr 2022) and other articles.

Sales of hotels, industrial spaces, and senior housing all sagged in April, the *WSJ* said.

Retail spaces continued to attract buyers as consumer spending continued strong and apartment buildings fetched premium prices as demand for flats remains at a fever pitch, allowing landlords to boost rents.

TRENDPOST: *Our long-standing forecast when the COVID War began, is reality: office towers are becoming problem properties with few prospects in the new world of remote work. And, as it becomes more expensive to drive to work, fewer employees will be willing do to so without compensation for the extra cost to fill the tank.*

TREND FORECAST: *Although more people are returning to city centers to live, as we reported in "USA: Can't Afford to Buy a Home, Can't Pay the Rent" (15 Mar 2022), that will not be enough to fully restore the commercial ecosystem of restaurants, shops, and entertainment venues that grew up to serve a full complement of daily commuters.*

As a result, downtown commercial centers in traditional office hubs such as New York City and San Francisco will not return to their pre-COVID size or vitality. We have detailed this trend in articles such as "Retail Chains Abandon Manhattan" (18 Aug 2020) and "Manhattan's Commercial Real Estate Crash" (21 Sep 2021).

Landlords and investors have been contemplating turning empty office spaces into condos and apartments. However, a similar move to convert derelict hotels into residences has been snarled in regulations, which we detailed in "Plan to Turn New York's Vacant Hotels Into Housing Not Working" (5 Apr 2022).

Denver has become another city attempting to turn a portion of the 40 percent of office spaces vacant downtown into apartments. However, retrofitting the buildings for airflow, sunlight, and noise control is proving to be prohibitively expensive in many cases.

Meanwhile, landlords will be squeezed and many without deep pockets will sell out at fire-sale prices or face foreclosure.

At the bottom of this spiral are municipal governments that depend on property taxes to support public services.

As buildings lose their value, tax revenues will shrink, reducing services and the quality of life in many cities, driving out even more residents, as we have long warned in articles such as "New York Office Vacancies Set Record" (13 Jul 2021) and "Return to Offices Postponed: Commercial Real Estate Bust?" (14 Sep 2021).

AMERICAN TRAVELERS ARE BACK ON THE ROAD

Even with inflation at a record high, Americans are booking foreign trips for June, July, and August at 97 percent of pre-COVID levels as virus-related travel restrictions ease worldwide, according to data from travel research firm ForeignKeys.

Tickets to destinations in the Caribbean are at 109 percent of 2019's volume, the service reported, with jaunts to Europe and South America at 93 and 95 percent, respectively, of their pre-COVID pace.

Asia lags at 62 percent of 2019's level, due in large measure to lingering virus-related lockdowns and restrictions, particularly in China, which is only now emerging from a shutdown lasting more than two months.

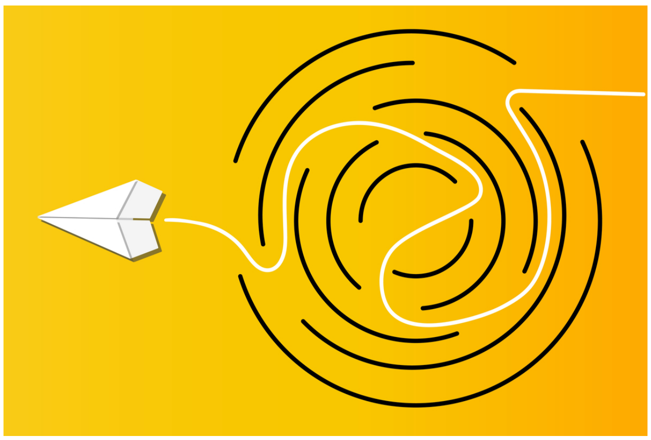
Travelers who had planned itineraries in Poland and Hungary are now steering away from Europe's war zone and rebooking into Greece and Italy, where hotel reservations are becoming hard to secure, Charles Neville, marketing manager at New York City's JayWay Travel, told *The Wall Street Journal*.

The return of international travel is padding the revenues of major U.S. airlines, which have survived the COVID War on government supports.

"My clients are traveling again," Jeff Ward of the Savvy Navigator travel agency told the *WSJ*. "I'm seeing everything pretty much back to pre-[COVID] levels.

TREND FORECAST: *Consumers are venting their wanderlust that built up during the COVID War. The travel boom will last through the summer but fade markedly after Labor Day as ticket prices remain high, along with all other costs related to travel, and consumers' spending power wanes.*

YELLEN DOWNPLAYS RECESSION RISK



"There's nothing to suggest a recession is in the works" for the U.S. economy, treasury secretary Janet Yellen said in an interview during last week's New York Times economic forum.

"Of course there's a recession risk," she added, "but is it likely? I don't think so."

Yellen tried to buffer increasing pessimism about the economy's future amid 40-year record inflation, rising interest rates, a sagging global economy, and uncertainties hovering over the Ukraine war and Western sanctions against Russia.

"I believe there is a path through this that entails a soft landing," Yellen said.

The U.S. Federal Reserve has begun a program of interest rate increases throughout this year in an attempt to reduce inflation without triggering a recession—a so-called "soft landing."

Inflation edged up to 8.6 percent in May from 8.5 in April, busting analysts' hopes that the rise in prices had eased back to 8.3 percent last month.

TRENDPOST: *Believe Janet Yellen? The motto of the **Trends Journal** is "Think for Yourself."*

We had long ago forecast stronger inflation in articles such as our Economic and Markets Overview sections in our [27 October, 2020] and [3 November, 2020] issues and documented it through last year in our Markets Overview section on [18 May, 2021], [18 May, 2021], in ["Inflation Spreads"] (12 Oct 2021) and ["Inflation on the Rise"] (7 Dec 2021), among a host of other articles.

However, Yellen continued to echo Powell's assertions of "disinflationary pressures around the globe" early last year, then for several months parroted his assertion that high inflation is "temporary," then "transitory."

Like the Fed itself, which she once chaired, Yellen has lost all credibility as an economic seer.

YELLEN DEFENDS HER SUPPORT OF STIMULUS SPENDING

In her January 2021 confirmation hearing, then-nominee and now U.S. treasury secretary Janet Yellen told the Senate it was time to "act big" to stimulate the economy and pass president Joe Biden's almost $2-trillion American Rescue Plan to boost the economy and American consumers back to post-COVID financial health.

The plan boosted the federal minimum wage, sent a check to every adult earning $75,000 a year or less, made funds available to small businesses, and extended the federal $400 weekly unemployment benefit, among other measures.

Interest rates were at record low levels and the plan was needed to prevent long-term economic "scarring," she argued, minimizing concerns about possible inflation because prices would settle back down once supply chains unkinked themselves, she assured lawmakers.

The plan passed, the federal deficit expanded, and now the Biden administration, and Yellen in particular, are being blamed for flooding money into an economy where goods were in short supply, a move that, in retrospect, has helped to fuel inflation's current record pace.

After months of saying inflation was "transitory" and clinging to the idea that prices would settle as supply problems resolved themselves, earlier this month Yellen said, "I think I was wrong about the path inflation would take," saying she could not have anticipated "shocks" to the economy such as the Omicron virus variant's global wave or Russia's attack on Ukraine.

We reported her admission in "Yellen Half-Admits She Got Inflation Wrong" (7 Jun 2022).

Republicans used her *mea culpa* to further bludgeon the Biden administration and Democrats in general for their role in creating today's skyrocketing prices.

Even Vladimir Putin used Yellen's remarks to absolve Russia of any blame for global inflation, as we noted in "Putin Absolves Ukraine War from Blame for Inflation" (7 Jun 2022).

Now Yellen is pushing back.

"It can't be that the bulk of the inflation we're experiencing reflects the impact of the American Rescue Plan," Yellen said in Senate testimony last week, adding that the entire world, not just the U.S., is struggling with runaway food and fuel prices.

She added that the plan's expanded Child Tax Credit boosted demand for food and may have had a "marginal" impact on prices, but that is justified by the fact that fewer American children are hungry.

The credit "cut childhood poverty dramatically," Yellen said.

As a key defender of Biden's economic policies, Yellen has publicly clashed with former treasury secretary Lawrence Summers, who warned early on that stimulating the economy could lay a foundation for inflation later on.

"The consensus [of economists] didn't see the overheating risk," Summers said in a CNN interview earlier this month.

"There was very substantial demand pressure that was building and it did seem plausible that there would be bottlenecks" as a result, he said.

As the November Congressional election nears and inflation continues to set records, which we report in this issue in "May Inflation Sets Another 40-Year Record," a White House spokesman rejected the idea that Yellen would be silenced as the administration's chief economic voice.

"Secretary Yellen is our chief spokesperson on the economy," the person told reporters in a press briefing.

TREND FORECAST: *In our article "Stimulus is Fueling Inflation" (26 Oct 2021), we wrote that "the Feds and Wall Street keep blabbing that supply chain disruptions are fueling inflation, but they have been ignoring the #1 inflation spiker: government and central banks flooding the economy with cheap money.*

The American Rescue did temporarily stoke inflation, according to a study released in October 2020 by the Federal Reserve Bank of San Francisco.

In 2021, the stimulus added 0.3 percent points to the core consumer price index, which leaves out food and energy prices, Fed economists calculated.

Even though the stimulus money has largely been spent, it will add "a bit more" than 0.2 percentage points to 2022's core price index, they predicted.

TRENDS ON THE GLOBAL ECONOMIC FRONT

OECD TRIMS GLOBAL GROWTH OUTLOOK AMID PERSISTENT INFLATION

The 38-nation Organization for Economic Cooperation and Development (OECD) has pared its 2022 global growth forecast from 4.5 percent, which it forecast in December, to 3 percent, a one-third reduction.

The prediction aligns with that of the World Bank, which now says worldwide GDP will expand by 2.9 percent this year instead of 4.1 percent, which the bank saw at the beginning of this year.

The world's GDP will expand by 2.8 percent next year, the OECD predicted, cutting its December forecast of 3.2 percent.

Inflation will average 9 percent this year among member countries, the agency said.

The OECD trimmed its outlook for U.S. growth in 2022 from 3.7 percent to 2.5 and from 2.4 to 1.2 percent next year.

However, the U.S. also could face periods of contraction if energy prices zoom higher or if the U.S. Federal Reserve's campaign of interest rate hikes wobble the economy, the report cautioned.

"Growth is set to be considerably weaker than expected in most economies, especially in Europe, where an embargo on oil and coal imports from Russia is incorporated into the projections for 2023," the report said.

The embargo cuts off a main source of fuel for Europe and is expected to have a dramatically negative effect on the region's productivity.

Still, the 19-member Eurozone will grow 2.6 percent this year, edging past the U.S., which will expand 2.5 percent, the OECD predicted.

"The invasion of Ukraine, along with shutdowns of major cities and ports in China due to [China's] zero-COVID policy, has generated a new set of adverse shocks," the OECD said last week in its latest economic outlook report.

The war will send food prices higher in rich countries and lead to food shortages and hunger in poor ones, the group warned.

The group did not highlight the role that Western sanctions play in the looming food shortage.

"The world is already paying the price for Russia's aggression," OECD chief economist Laurence Boone said in a public statement.

"The choices made by policy makers and citizens will be crucial in determining how that price will be distributed across people and countries," she added.

China's GDP will grow 4.4 percent this year, India 6.9 percent, and Brazil 0.6 percent, the report said. Russia's GDP is on track to shrink 10 percent this year and 4.1 percent in 2023.

***TREND FORECAST:** Our previous forecast that China will fail to meet its goal of 5.5-percent growth this year is proving correct.*

However, we also believe that the OECD's forecasts are too optimistic.

Interest rates in many major economies are rising enough to slow economic activity but not enough to slow inflation in a meaningful way.

Inflation will continue; oil markets indicate that energy prices will keep growing. U.S. consumers are still spending, even though they have to cut into their savings to do it, which we reported in "Americans: Spending More, Saving Less" (7 Jun 2022).

With prices rising and Chinese consumers' spending continuing to be weak, as we noted in "China's Economy is Shrinking" (10 May 2022), China will continue to struggle even as the government showers consumers with new goodies. (See "China's Export Economy Rebounds" in this issue.)

BUSINESSES AVOIDING FOREIGN INVESTMENTS

Businesses around the world are scaling back foreign investments because of rising interest rates, lingering fears of new COVID outbreaks, and uncertainties over Russia's war in Ukraine, the United Nations Conference on Trade and Development said in its annual report on global capital flows.

Figures from this year's first quarter show investment in new facilities to be down by more than 20 percent from a year earlier, the agency said, to $1.58 trillion.

Foreign investment bounced back sharply in 2020 after cratering the year before as the COVID virus shut down the world's economy.

TREND FORECAST: *Businesses will be reluctant to invest for growth until the Ukraine war is settled and interest rates stabilize.*

The reduced amount of investment will keep economic growth lower around the world, sharpening the prospects for recession and Dragflation, our Top 2022 Trend that combines rising prices and economic contraction.

ECB ANNOUNCES RATE-HIKE PLAN

Attempting to counter complaints that the European Central Bank (ECB) is doing nothing to address inflation, bank president Christine Lagarde last week said the bank is likely to raise its key rate a quarter-point next month and another half-point in September.

The decision to announce the raises now was unanimous among the bank's governing council, Lagarde said.

The rate has lain at -0.50 percent since 2014. A quarter-point raise would still leave it in negative numbers. September's half-point boost would lift it to a positive rate of 0.25 percent.

The ECB has not raised an interest rate since 2011. It sank the rate to zero in 2012 and then flipped it negative in 2014.

The forecast of a half-point bump in the fall surprised many analysts.

Now “they have reversed the burden of proof,” Frederic Ducrozet, research chief at Pictet Wealth Management, told the *Financial Times*. “Inflation needs to improve for them *not* to hike by” a half-point.

Critics have complained that the bank has sat idle while inflation raced to 8.1 percent this year, more than four times above the ECB’s target inflation rate of 2 percent.

The ECB’s September move to positive territory would align it more closely with the U.S. Federal Reserve and also with the Bank of England, which is poised to raise its base rate on Thursday for a fifth time this year.

That would leave Japan and Switzerland with the only two major central banks still employing negative rates.

Previously, Lagarde and ECB chief economist Philip Lane said a quarter-point rise was their “benchmark” for July and September.

However, earlier this month, Lagarde said in a public statement that inflation’s risk is “on the upside,” leading to fears that inflation is becoming embedded in the economy, making it harder to tamp down.

After Lagarde’s announcement, Germany’s 10-year bond rate added 0.09 of a percentage point, rising to 1.45 percent. Investors dumped bonds of weaker economies, with Italy’s 10-year bond yield jumping a quarter-point to 3.62 percent.

The bank also confirmed that it will halt its €20-billion monthly bond purchases at the beginning of July.

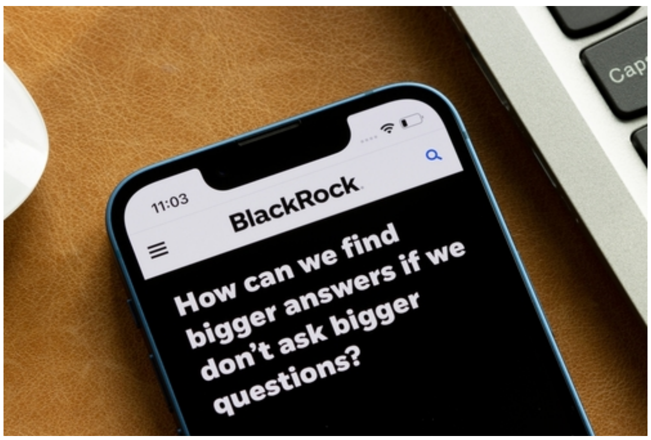
TREND FORECAST: *At last.*

Although the ECB has finally woken from its Rip Van Winkle-style nap, raising interest rates from -.50 percent to -.25 percent is symbolic, not substantive.

Moving rates from negative to positive territory should jolt Europe's economy slightly this fall, but businesses and consumers will have to adjust after eight years of living in a different financial world.

With Europe's inflation at 8.1 percent now and the central bank's interest rate creeping up to 0.50 percent more than two months from now, the rate hikes the bank has announced will have no meaningful impact on inflation.

WEAK ECONOMY WILL HOBBLE ECB'S RATE-HIKE PLAN



Faced with decades-high inflation, the European Central Bank (ECB) has indicated it will raise its key interest rate from the -0.50 percent, where it has remained for eight years to a positive 0.25 percent this September.

However, investors have overestimated the bank's ability to raise rates aggressively enough to pull inflation back to its 2-percent target by 2024, according to Michael Krautzberger, fixed income strategist for BlackRock, the private equity firm with $10 trillion under management.

The bank should indeed raise its rate, he added.

However, the region's struggling economy and the current debt load of nations still recovering from COVID-era shutdowns will restrain the bank's pace and size of rate hikes, he cautioned.

"The underlying problem over the past 15 years was that Europe was not able to sustain growth of 2 percent," he explained.

“This is a good opportunity for the ECB to end its bond-buying program and negative rates,” he said. “After that, they may need to slow down. The situation argues for going quite carefully.”

Consumer confidence and the outlook for the region’s economy “are at all-time lows,” he pointed out, and higher interest rates “will have a massive impact on the property market.

“If you look at the reasons why inflation is so high, the majority are really bad for growth—an increase in oil and food prices and broken supply chains . I don’t think there is anything signaling that the European growth malaise has been overcome for good.”

TREND FORECAST: *Ever cautious, the ECB will maintain a pace of rate increases that does as little as possible to disturb Europe’s economy but will do little to help it, either.*

Thinking a 0.25-percent interest rate this fall reduces inflation is like thinking that a size two shoe can contain a size eight foot.

Europe’s inflation will as the economy worsens overall and consumers become less willing to spend, not when the ECB offers a token rate increase.

The “best” prospect to reduce the region’s inflation is sharply raising interest rates that would sink much of the EU into deep recession. And given the area’s sharply spiking energy costs and food prices, the chances of a European recession are imminent.

In fact, as we had noted, Germany, the biggest economy in the EU, was at the brink of recession at the end of 2019... just before the COVID War was launched in 2020. And, as with the U.S. and other nations, the EU economy has been artificially jacked up with record low interest rates and massive government buying of government and corporate bonds.

But now, with the injections of monetary methadone drying up and too costly, plus the implications of the Ukraine War and the sanctions, the very worst is yet to come. Indeed, Europe is on the brink of economic and mental depression.

END TO ECB'S BOND-BUYING PROGRAM WILL CRIMP DEBT MARKET

When the European Central Bank (ECB) ends its bond-buying program that it has conducted since the COVID War broke out, there will be a "void" in demand for corporate debt, investors have warned, making it harder for large businesses to borrow money.

The central bank has said it will stop buying bonds in this year's third quarter—probably early in July, many analysts think—after it raises its key interest rate, a move also expected next month.

The ECB owned €341 billion in corporate bonds on 31 May, up from about €200 billion in March 2020, the *Financial Times* reported.

"The ECB became not just the [corporate bond] buyer of last resort, but also the buyer of first resort," Barnaby Martin, Bank of America's chief European credit strategist, told the *FT*. "The sheer volume they were buying was enormous."

With bonds' chief customer leaving the market, the difference in risk among various kinds of bonds will increase and companies will be less able to raise bonded debt, the *FT* noted.

"Who is the buyer of marginal debt" after the ECB closes its wallet? Martin asked.

The ECB's disappearance from the bond market will be "unpleasant" but the market must "transition away from having a backstop," James Vokins, chief of investment-grade bonds at Aviva Investors, said to the *FT*.

Investors, already rattled by record inflation and the prospect of higher rates, have begun selling out of bonds, the *FT* said.

"All quantitative easing will be over very early in July," Martin said. "After a matter of weeks, you've got a credit market that will better reflect risks."

However, even without the ECB's presence, few corporations are expected to quickly default on their debts, Tatjana Castro, Muzinich & Co.'s co-head of public markets, said to the *FT*.

TRENDPOST: *After years of negative interest rates and the central bank's bond-buying, cutting inflation could mean tanking Europe's economy, which has barely sustained a 2-percent growth rate for the last 10 years, according to data reported by Macrotrends.*

The ECB is stuck in a vice: it needs to cool inflation and about all it can do is raise interest rates and stop buying bonds, which it has all but promised it will do next month.

On the other hand, taking those steps will push the Eurozone's economy close to, if not into, a recession—which, ultimately, may be the only way to stop inflation's rise.

TOP TREND 2022 DRAGFLATION: BRITISH POUND WILL FALL IN VALUE, MARKETS EXPECT

Investors are placing short bets against Britain's pound sterling currency amid rampant inflation and slowing economic growth, the *Financial Times* reported.

The number of futures contracts wagering on a less-valuable pound is at its highest in three years, according to the Commodity Futures Trading Commission.

So far this year, the pound is down 7 percent against the dollar, the *FT* noted, with inflation running at 9 percent in April, the worst rate since at least 1989.

Inflation's staggering pace will reduce foreign investors' willingness to put money into the U.K.'s sovereign bonds, Sam Lynton-Brown, chief strategist for development markets at BNP Paribas, said to the *FT*.

Investors also see a growing prospect of a U.K. recession this year, which would hobble the Bank of England's (BoE's) ability to tame inflation by raising interest rates, the *FT* said.

Britain's inflation ran at 9 percent in April, the worst since at least 1989.

"By the time we get into the autumn in the U.K., the impact of inflation on household incomes [and] also of higher rates will be so marked that the window of opportunity for the BoE to raise rates will be closing," Jane Foley, Rabobank's chief currency strategist, told the *FT*.

The BoE has hiked rates four times since December, placing it now at 1 percent.

The bank's rate-setting committee will meet Thursday, when it is likely to raise its key rate to 1.25 percent, many analysts expect.

It would be the first time since 2009 that the rate exceeds 1 percent.

Still, the central bank is "helpless" to reduce inflation, BoE governor Andrew Bailey said recently.

"Even if they think that, they shouldn't be telling everyone," Mark Dowding, chief investment officer for Bluebay Investment Management, told the *FT*. "It's only going to push up inflation expectations further."

Despite the rate rises, the pound has continued to sag against both the dollar and euro this year.

The kingdom's economy contracted 0.1 percent in March and eked out a 0.8-percent gain in April, putting the U.K. on track to enter a period of stagflation, with no economic growth but ever-rising prices.

May's economic result has not yet been released.

"A stagflationary environment would be pretty dire for all U.K. assets and for the pound," Dowding said.

"We could end up where the pound is on its way to parity with both the dollar and the euro," he added.

On Monday, 13 June, the pound closed at 1.21 to the dollar and 1.17 to the euro.

TREND FORECAST: *Before the year is over, as we note above, the U.K. will be suffering from our Top 2022 Trend of Dragflation.*

The government-imposed ceiling on utility bills will increase by as much as 46 percent, analysts have predicted. The increase will cripple much of Britain's consumer economy, pushing it closer to recession if it has not got there already.

At the same time, prices will continue to rise as the weakened pound makes imports more expensive, especially fossil fuels, which must be paid for in dollars.

A contracting economy plus rising prices is the definition of Dragflation.

PLACE YOUR BETS: EUROPE WILL AVOID DEBT CRISIS, LAGARDE PROMISES

The European Central Bank (ECB) will take needed steps to ensure that the Eurozone avoids a debt crisis similar to the one during the Great Recession, ECB president Christine Lagarde said last week.

In 2008, in several European countries, property bubbles burst, banking systems collapsed, governments flooded stimulus money into economies to save them, and the International Monetary Fund placed several countries under austerity measures.

A key indicator of the crisis then was a widening spread between borrowing rates of different countries.

The spread between German and Italian interest rates grew to 2.17 points, the most in almost two years, after the ECB recently indicated it would raise its key interest rate next month.

The ECB will prevent such "fragmentation" in borrowing costs among Eurozone nations, Lagarde vowed, but gave no details about the steps the bank would take to do so.

"We know how to design and deploy new instruments, if and when necessary," Lagarde said in a press briefing. "We have demonstrated that in the past. We will do so again."

The bank could narrow the rate spread by reinvesting the proceeds of its €1.7-trillion bond-buying program begun during the COVID War. The ECB bought bonds during the COVID War at artificially low interest rates to keep borrowing costs relatively uniform among member nations.

There are no trigger points to begin a new bond-buying program now, Lagarde said.

“There is no specific level of yield increases or lending rates or bond spreads that can unconditionally trigger this or that,” she said.

As a result, Italy faces the “unpalatable combination” of the ECB’s rising interest rate with no indication of how high sovereign bond yields might go, Rabobank strategist Richard McGuire told the *Financial Times*.

“We do not know where the pain point is,” creating “an invitation for pressure to build,” he added.

The bank recently indicated it would probably stop buying new bonds after it raised its interest rate.

Asked when the purchases would stop, Lagarde said that decision will be left to a future ECB meeting.

However, the ECB will continue reinvesting its bond proceeds “for an extended period of time past the date when it starts raising the key interest rates and, in any case, for as long as necessary to maintain ample liquidity and an appropriate monetary policy stance,” she said.

TRENDPOST: *Here we go again.*

Lagarde and the ECB said they would wield their tools to tame inflation down to the bank’s 2-percent target.

However, they have done nothing.

Given that record, it is hard to believe that the central bank will act aggressively to even out bond spreads.

Also, launching a new bond-buying scheme while raising interest rates would face hard opposition from ECB debt hawks Germany and Denmark.

YEN SINKS TO 20-YEAR LOW AGAINST THE DOLLAR, STOCKS TUMBLE

On 13 June, Japan's yen slumped to ¥135.19 per dollar, breaking down through the historic low of ¥135.15 reached during Japan's 2002 banking crisis and settling at its weakest value since 1998.

It was the yen's sixth consecutive day of losses, with the yen down 16 percent in value so far this year, making it the world's worst-performing major currency.

On the same day, the Topix stock index sank by 2.2 percent, its worst single-day performance since 7 March.

The losses were triggered by investors harboring in dollars after a report that the U.S. inflation rate reached 8.6 percent last month, raising expectations that the U.S. Federal Reserve will boost its rate by more than the expected half-point when it meets this week.

The feeble yen makes imports more expensive. Japan must bring in virtually all of its fossil fuels from elsewhere, the price of which has more than doubled in the past 12 months.

While households pay the price for the currency's weakness, the frail yen makes exports cheaper abroad, nourishing Japan's manufacturing industry.

The weak yen also pressures China, South Korea, Vietnam, and other Asian export economies to lower their prices to retain market share.

"Given the recent price action and the fundamentals supporting it, we now see a risk of USD / JPY remaining above ¥130 longer than we previously assumed," Yojiro Goto, currency strategist at Nomura, said in a comment quoted by the *Financial Times*.

The yen plummeted to record lows below ¥145 to the dollar in 1998 amid Asia's widespread financial crisis.

Bank of Japan (BoJ) governor Haruhiko Kuroda has issued stern warnings that a yen this weak is a danger to the economy.

However, "While Japanese authorities have stepped up warnings, there are few tools available to stop this momentum," Akira Moroga, currency strategist at Aozora Bank.

"The environment remains ripe for speculators" to widen the gap between the dollar and yen, he added.

The growing chasm between the dollar and yen "is unlikely to stop until the U.S. economy slows or inflation peaks," Yuji Saito, foreign exchange director at Credit Agricole CIB, told Bloomberg.

The yen will have to sink below ¥140 to the buck before the BOJ will shift policy, according to the consensus view among economists Bloomberg surveyed.

While the U.S. and other nations are raising interest rates, the Bank of Japan (BoJ) has held its rate at -0.1 percent, where it has been since 2016, in a failing attempt to boost the country's lackluster economy.

The BoJ also continues buying bonds to keep interest rates at rock bottom, including another purchase of ¥500 billion yen—about $3.7 billion worth—scheduled for 14 June to force rates to remain low.

The new round of buying follows a jump in the 10-year bond yield above 0.25 percent, breaking through the bank's target limit for the first time since January 2016.

"The BOJ will now need to explain clearly what is the logic behind the 0.25% cap and whether that level is appropriate under the current environment," Daiwa Securities economist Mari Iwashita, said in a Bloomberg interview.

TREND FORECAST: *Japan's economy was expected to shrink 1.8 percent in this year's first quarter according to a Reuters poll of economists. But with private consumption remaining resilient, it declined slightly, falling 0.5 percent from January to March.*

However, with the Ukraine War persisting and as a result numerous commodity prices continuing to rise while the yen is weakening, it will cost consumers much more to buy much less. Thus, the trend-line is pointing to a period of Dragflation in Japan by year's end.

And, despite the spiking prices and falling yen, the government will make a bad situation much worse as it has reiterated that the BOJ will continue with monetary easing

TRENDPOST: *Haruhiko Kuroda, governor of the Bank of Japan, has apologized for a comment last week suggesting he was happy that Japanese were accepting higher prices without complaint.*

The yen is down 16 percent against the dollar this year, reaching a 22-year low of ¥135.19 to the buck on 13 June.

The weaker yen makes imports more expensive; Japan imports all fossil fuels, which have more than doubled in price in the last year and which Japan must pay for in dollars.

In a 6 June speech, Kuroda seemed to say that Japan's citizens have developed a tolerance for higher prices, which indicates the nation is escaping from a deflationary cycle that has kept the economy weak for decades.

Opposition politicians highlighted the remark and said Kuroda is happy about rising costs.

Soon after his speech, the hashtag "we do not accept higher prices" was trending.

We note this, since the "Bigs" and the wealthy are essentially unaffected by rising prices and are not concerned with how much it costs to fill up their car with gas.

RUPEE CRASHES, INDIAN STOCKS FALL AS INVESTORS FLEE RISK

On 13 June, India's rupee fell to a record low 78.285 against the dollar and the benchmark S&P BSE Sensex stock index dropped 2.7 percent as investors dumped riskier holdings on the chance that the U.S. Federal Reserve will raise interest rates this week more than the half-point that has been expected, Bloomberg reported.

Investors have pulled about $24 billion out of India's stock market so far this year.

However, India's central bank holds almost $600 billion in foreign currency reserves, which it has been wielding to smooth out the rupee's volatility. With the bank's intervention, the rupee closed Monday at 78.0387.

"It's natural for emerging-market currencies to weaken during risk-off," Churchil Bhatt, vice president of Kotak Mahindra Life Insurance Co., told Bloomberg. "While the Reserve Bank of India has sufficient reserves to manage any undue volatility, the rupee may be expected to move in line with its Asian peers.

The rupee will sink toward 80 to the dollar in an "orderly depreciation," he predicted.

Prices for government bonds also slumped, driving up the 10-year bond's yield 10 basis points to 7.62 percent.

"Today's move in Indian bonds has more to do with Fed rate-hike expectations, but if India's inflation is higher, you could see a much worse impact," Madhavi Arora, lead economist at Emkay Global Financial Services, said to Bloomberg.

India's budget deficit is growing as global prices for food and fossil fuels rise relentlessly. The country's inflation rate in April set a record at 7.7 percent, the National Statistics Office reported.

TREND FORECAST: *India has joined the global Deflation club. Today the State Bank of India raised interest rates on some retail domestic term deposits by 15 to 20 basis points. The interest rates were raised on deposits of below Rs 2 score. As reported by Financial Express, the revised interest rates will come into effect from June 14, according to information on the website of the lender.*

Thus, the higher interest rates rise, the deeper the economy will fall. And with India's oil import dependence from foreign sources at 85.5 percent and oil prices rapidly rising, Dragflation will hit the nation by year's end.

TURKEY'S ECONOMY WEAKENS FURTHER UNDER ERDOGAN'S POLICY

For more than a year, Turkey's banks have spent billions of dollars and other foreign currencies to buy lira and shore up the value of its weakening currency.

However, that strategy seems to have run out of power as the lira continues to lose value, *The Wall Street Journal* reported.

On 13 June, the lira sank to just under 17.4 to the dollar, its lowest value in months, driven down by global inflation, rising interest rates, and its proximity to the Ukraine war, the *WSJ* said.

The lira has shed 20 percent of its value this year alone.

Turkey's May inflation rate was clocked at 73.5 percent, according to the government's statistics agency, the worst rate among G20 countries and the sixth-highest in the world, behind war-ravaged Syria and Venezuela, which is adrift amid a continuing political crisis.

Turkey imports most of its fossil fuels, prices for which have more than doubled in the past 12 months.

However, the worst of Turkey's woes are self-inflicted, largely by president Recep Erdogan, who has insisted that low interest rates cure inflation.

He also holds the notion that because a near-worthless lira makes Turkey's exports cheaper, it will lead to an economic boom and restore economic vitality, a scenario that, after years of effort, shows no signs of coming to pass.

Erdogan has fired a series of central bank governors who have acted against his bizarre economic theory, as we have detailed in past articles, including:

- "Turkey's Central Bank Governor Fired After Rate Hike" (23 Mar 2021)
- "Turkey's Financial Markets Crash After Agbal Firing" (30 Mar 2021)
- "Turkey: Another Day, Another Central Bankster Fired" (1 Jun 2021)
- "Turkey: Interest Rates Down, Lira Crashing. War Next?" (19 Oct 2021)
- "Turkey's Economy Continues to Implode" (14 Dec 2021)

Turkey has imposed several stopgap measures to halt the lira's collapse, including the government's guarantee to make up any drop in the value of savings accounts kept in lira and a new savings plan, which we detailed in "Turkey's Bonds Downgraded. Worse to Come" (15 Feb 2022).

Now Turkey is teasing a new savings plan that Erdogan says will reinflate the lira. (See "Turkey Adopts New Measure to Rescue the Lira" in this issue.)

"These are measures that buy time, not that solve economic problems," economist Erik Meyerson at Swedish bank Handelsbanken told the *WSJ*.

Still, last week Erdogan launched another verbal assault on the conventional economic idea that inflation can be controlled by raising interest rates.

Turkey has "wasted years" in the past by adhering to the policy, which has benefited only "those living a charmed existence and filling their pockets with [profits from] higher interest rates," he declared.

"This government will not raise rates," he vowed. "On the contrary, we will continue to cut rates."

Turkey's central bank has maintained a base interest rate of 14 percent for more than five months, rendering returns on lira-based investments at negative 59.4 percent.

TREND FORECAST: *Ahead of next June's presidential election, Erdogan is increasingly desperate to rescue his popularity, which is sinking as fast as the lira.*

He and his bankers will craft new short-term measures that will loot the central bank's reserves to put crutches under the lira.

As he becomes more desperate, domestic protests will increase. This will give Erdogan a pretext to find "terrorists" and "foreign troublemakers" among his critics, cracking down even more on personal freedoms and increasing the chances of a rigged election in his favor next year.

Ultimately, Erdogan may seek to distract his nation with military action. As Gerald Celente often says, "When all else fails, they take you to war."

TURKEY ADOPTS NEW MEASURE TO RESCUE THE LIRA

The Turkish government has announced a new "revenue-indexed" savings bond in an attempt to salvage the value of the lira, its failing national currency. (See "Turkey's Economy Weakens Further Under Erdogan's Policy" in this issue.)

Officials have given few details about the new bond, other than to say that it will offer a guaranteed minimum return.

In 2009 and 2010, the treasury issued revenue-indexed bonds with returns based on the financial performance of state-owned businesses, such as the national oil company and the airports management agency.

Profits at some government-owned entities have grown 70 percent so far this year over last, Turkish economic consultant Haluk Burumcekci told the *Financial Times*.

If the new bonds' returns capitalized on that performance, the bonds could pay a higher interest than bank savings accounts and "attract attention," he said.

However, with Turkey's inflation rocketing at 73.5 percent in May, no savings account is likely to preserve depositors' buying power.

The bond is the latest in a series of ineffective steps the government of president Recep Erdogan has taken to strengthen the lira, Turkey's national currency, since it lost about half of its value against the dollar in recent years.

***TRENDPOST:** We have covered Turkey's economy extensively. See some of our coverage in:*

- *"Turkey's Central Bank Governor Fired After Rate Hike" (23 Mar 2021)*
- *"Turkey's Financial Markets Crash After Agbal Firing" (30 Mar 2021)*

- *“Turkey: Another Day, Another Central Bankster Fired”* *(1 Jun 2021)*
- *“Turkey: Interest Rates Down, Lira Crashing. War Next?”* *(19 Oct 2021)*
- *“Turkey’s Economy Continues to Implode”* *(14 Dec 2021)*

The lira is down 22 percent this year and closed below 17.4 to the dollar on Monday, 13 June, under Erdogan’s insistence that low interest rates cure inflation.

DANGER AHEAD: CREDIT SUISSE CUTS PROFIT OUTLOOK A THIRD TIME

On 8 June, Credit Suisse warned that it expects to post a loss for this quarter, as its investment banking division delivered weak results due to market volatility sparked by the Ukraine war, the end of COVID-era government stimulus programs, and central banks tightening monetary policies.

In January, the company said it would report a loss in 2021’s final quarter; in April, it said 2022’s first quarter also would be a money-loser.

The bank will see red ink this time because of “weak customer flows and ongoing client deleveraging, notably in the [Asia-Pacific] region,” in comments quoted by the *Financial Times*.

Fewer clients were issuing stock and bonded debt, leaving the company’s investment bankers with fewer fees to collect for structuring offerings.

The company’s share price dropped 6 percent on the announcement, sending the stock’s value down a total of about 20 percent below this year’s opening price.

Credit Suisse said it will shore up its profits by speeding its cost-cutting program, which is expected to include staff cuts and a hiring freeze in the investment banking operation.

“Similar to cost measures executed in the past, the consequence is likely to be a further erosion of staff morale and, therefore, another negative impact on revenues,” analyst Andreas Venditti at Vontobel Holdings, a Swiss private bank, said to the *FT*.

TREND FORECAST: *The worst is yet to come, and it expands way beyond Credit Suisse. As reported by Wall Street on Parade:*

> *“As of last Friday’s closing prices, five U.S. megabanks that constitute the core of the U.S. financial system have $300 billion less common equity market capitalization than they had one year ago on June 10, 2021.*
>
> *“Citigroup, which has fared the worst of the lot in terms of percentage decline, is down 38 percent year-over-year with a market cap plunge of $56.6 billion. JPMorgan Chase’s share price is down 25 percent year-over-year but its market cap loss makes Citigroup look like a piker. JPMorgan Chase has seen its market cap evaporate by $120 billion in one year. That’s because it has a bizarrely large 2.94 billion shares outstanding that have been bleeding.*
>
> *“Bank of America has lost 20 percent year-over-year with a market cap loss of $68.67 billion. Morgan Stanley is down 16 percent year-over-year for a market cap loss of $25 billion; and Goldman Sachs has given up 23 percent year-over-year with a market cap decline of $29.85 billion.*
>
> *“The five megabanks that the Office of Financial Research says make up the core of the U.S. financial system have lost a combined $300 billion in market cap year-over-year and the Fed is still tightening monetary policy.*
>
> *“But that’s not even the worst of the news. U.S. megabanks are heavily interconnected to foreign megabanks through trillions of dollars in notional derivatives. Despite the economic devastation in 2008 from derivatives, the Fed and Congress have continued to allow foreign megabanks to serve as counterparties to U.S. megabanks’ derivatives. (U.S. megabanks also serve as counterparties to each other’s derivatives.)*

SPOTLIGHT: INFLATION

MAY INFLATION SETS ANOTHER 40-YEAR RECORD

The U.S. annual inflation rate in May edged up to 8.6 percent from 8.5 in April, squelching some analysts' predictions that inflation had peaked.

The pace of rising prices was the greatest since December 1981.

Grocery prices climbed 11.9 percent year over year last month, their largest annual gain since 1979, *The Wall Street Journal* reported. Grocery bills have added at least 10 percent each month this year.

Prices for used vehicles grew by 1.8 percent in May from the month before, reversing three consecutive months of declines.

The cost of housing grew 5.5 percent from a year earlier. Airline fares notched their third straight month of double-digit gains, adding 12.6 percent in May alone.

Energy prices soared at an annual rate of 34.6 percent in May, helping to spread inflation throughout the economy.

Russia's invasion of Ukraine and resulting Western sanctions continued to push up fossil fuel costs, with a gallon of unleaded gasoline averaging $5.01 on 13 June, according to the American Automobile Association.

"We suspect the formidable momentum in inflation could push the Consumer Price Index close to 9 percent as early as next month," Sara House, Wells Fargo Securities' senior economist, told the *WSJ*, adding that inflation likely will remain that high into the fall.

Persistently higher energy costs and rising service prices, such as for airline tickets, will keep inflation's rate in its current neighborhood through the summer, the *Financial Times* said.

On 10 June, president Joe Biden laid the blame for high oil and gasoline prices on Russia's war in Ukraine.

"Prices at the pump are a major part of inflation, and the war in Ukraine is a major cause of that," he said in a public appearance.

He has not acknowledged that Western sanctions against Russia also contribute to inflation.

The University of Michigan's monthly survey of consumer sentiment plunged from 58.4 in May to 50.2 this month, its lowest point on record. Half those surveyed said inflation was their chief cause of gloom; the prospect for long-term inflation rated its highest in the survey since 2008.

The U.S. Federal Reserve's artificially low interest rates and $120-billion monthly bond-buying campaign during the COVID War, coupled with government stimulus spending, poured money into the economy that fueled a consumer spending spree when COVID restrictions were lifted.

Supply chain tangles and a lag in mining and manufacturing made goods scarce, lighting inflation's fuse.

The Fed and other policy makers were caught off-guard and failed to raise interest rates high enough fast enough to tackle inflation.

May's inflation rate pressures the Fed's rate-setting committee to raise its base interest rate higher than the 0.50 percent the central bank has signaled. (See "Fed May Raise Interest Rate More Than Planned" in this issue.)

However, a stiffer hike could slow the already-precarious economy and tee up a recession, analysts have said.

TREND FORECAST: *As we have said repeatedly, the Fed will not raise interest rates high enough fast enough to challenge inflation, because to do so would be to send the economy into a severe recession.*

Inflation will continue until consumers run out of their ability to spend or until a recession sets in, whichever comes first.

And, there is another reality. With markets already tanking and sectors such as real estate slowing, should the GDP have a sharp downturn next quarter, the Fed may ease up on its rate hikes.

SOARING GRAIN PRICES POSE DILEMMA FOR WESTERN ALLIES

Faced with a mounting global grain shortage and skyrocketing prices, the Biden administration is mulling lifting sanctions on Belarus's potash industry for six months and urging European allies to open a rail corridor for the country's potash exports.

Potash, a key ingredient in fertilizer, has seen its price more than double since Western allies extended their sanctions against Russia to include Belarus, a close ally of Russian president Vladimir Putin, as we reported in "Potash Prices Skyrocket" (7 Jun 2022).

Proponents in the Biden administration argue that the offer could persuade Belarus dictator Alexander Lukashenko to open a similar corridor that would permit Ukraine to export grains and other crops.

However, it is unclear whether U.S. allies united against Russia's war would support any relaxation of sanctions.

The idea is unlikely to work also because of Lukashenko's close ties with Putin, critics within the White House say.

At the same time, the National Security Council sees the move as one of the only ways to ease the global food crisis, according to *The Wall Street Journal*.

Also, Ukraine needs to rid itself of overflowing grain stockpiles to make room for whatever can be harvested this year.

Together, Russia and Ukraine supply almost a third of the world's wheat exports, a quarter of global barley shipments, and 80 percent of sunflower oil. Ukraine's shipments have been slashed by at least half because of Russia's attack and most of Russia's halted by Western sanctions.

Ukraine has accused Russia of stealing its grain from occupied areas and selling on world markets disguised as shipments from Ukraine.

The U.S. state department has agreed with the allegations and is urging world governments not to allow imports of any such shipments.

On 6 June, Russia and Turkey reportedly discussed opening a Black Sea channel that would allow exports of Ukraine's grain, but Ukraine's government was not privy to the discussion, the *WSJ* said.

No such agreement exists, the Kremlin said, and once again demanded that Ukraine remove mines from the port of Odessa.

TREND FORECAST: *Although Western sanctions are worsening the world's food crisis, the Biden administration will not publicly admit it, despite working quietly to make loopholes in the sanctions for some essentials to make it through the blockade.*

As the food crisis becomes more acute, nations facing hunger and economic damage from higher food prices will pressure the allies to soften sanctions or lift them entirely, even briefly.

The longer the sanctions remain in place, the greater the probability that some Western allies will peel off and offer a channel for banned goods to flow, especially if social and political turmoil strengthens in affected countries.

SPOTLIGHT: THE RETURN OF CHINA

CHINA'S EXPORT ECONOMY REBOUNDS

China's exports surged 16.9 percent in May, year over year, almost four times the 3.9-percent expansion booked in April, the country's General Administration of Customs reported.

The figure stunned analysts, who had held a median expectation of 8 percent, *The Wall Street Journal* noted.

The surge likely was the result of factories clearing back orders that had piled up while more than 40 of the country's metro centers were locked down in late March through May to stop the spread of the COVID virus, economists told the *WSJ*, not a surge in new orders.

If so, the surge is unlikely to be sustained once old orders have been filled. Rising interest rates and inflated prices already are leading global consumers to spend less on goods and more on services. (See "Consumers Switching Spending Habits. What Does It Mean?" 8 Feb 2022.)

As exports slow, China will be forced to depend more heavily on domestic spending to fuel economic growth. Governments at all levels already have announced new plans for infrastructure spending.

Consumer spending has lagged, hobbling China's plan for a "dual circulation" economy in which domestic consumption and manufacturing for export play equal roles.

To goose consumers, local and national governments, along with China's central bank, are unleashing a range of measures to stimulate spending, including special mortgage rates for first-time home buyers, subsidies for purchases of electric cars and notebook computers, and loans for airlines and small businesses.

China's imports, flat in April because of lockdowns, grew by 4.4 percent in May.

The export bump lifted China's May trade surplus to $78.8 billion, more than a 50-percent increase from April's $51.1 billion.

INVESTORS BUY BACK INTO CHINESE STOCKS

On 7 June, foreign investors poured $1.2 billion into China's blue-chip stocks after the country began to ease its anti-COVID lockdown measures, the state-controlled *Global Times* newspaper reported.

The stock price of ride-hailing company Didi shot up 24 percent and online grocer Missfresh saw its share price climb 23 percent.

Also, the U.S. is considering reducing or repealing tariffs on some Chinese imports on 4 June as part of its fight against inflation, U.S. chief trade negotiator Gina Raimondo said in a 4 June television interview.

The Biden administration already had suspended tariffs for two years on solar panels imported from four Asian countries.

The new inflow of money to Chinese stocks washed into U.S.-listed Chinese companies as well.

On 7 June, NASDAQ's Golden Dragon index, which tracks share prices of Chinese companies, jumped more than 5.4 percent, while the NASDAQ overall managed only a 0.4-percent gain.

China's so-called A-share companies will show 4 percent earnings growth in this year's third quarter, contrasting with this quarter's 4-percent contraction, Goldman Sachs chief China stock strategist Kinger Lau wrote in a 9 June note to clients.

After falling 18 percent earlier this year, the MSCI China Index, which follows 744 companies, could bounce up 20 percent by 2023, he said.

The government's new pension policy that welcomes retirement fund money into stocks will help ensure a robust, long-term supply of capital to equity markets, the GT noted.

TRENDPOST: *China has sided with Russia in its war on Ukraine. However, that has failed to darken investors' enthusiasm for the economic prospects of a country with 1.4 billion consumers.*

China may have spoken on Russia's behalf in the war, but it has done little to aid Russia materially. The reason: the business of China is business, not war, as we have said many times.

LOCKDOWNS KEPT CHINA'S INFLATION RATE AT 2.1 PERCENT

China's anti-COVID lockdowns that immobilized 325 million people in 46 metro areas for ten weeks had a silver lining: inflation in April and May was gauged at just 2.1 percent, the National Bureau of Statistics reported.

In contrast, the May rate was 8.6 percent in the U.S. and 8.1 percent in the Eurozone.

Food and fuel prices rose, as they have around the world, but the almost complete halt to travel and entertainment across much of China negated much of the increase, the bureau said.

Also, exports ticked up in May, a signal that supply-line disruptions caused by China's shutdown are easing now that the restrictions are being lifted, *The Wall Street Journal* noted.

Softer commodity prices brought May's increase in China's producer price down to 6.4 percent from 8 percent in April, the *WSJ* reported.

***TREND FORECAST:** Although more nations are working toward becoming Self-Sufficient Economies aligned with our Top 2022 Trend, China will remain Manufacturer to the World for years to come.*

However, rising interest rates, higher prices, and the world's COVID-era shopping spree will curb demand.

For the foreseeable future, China will not repeat the economic performance of its manufacturing sector during the COVID War.

WORLD BANK CUTS CHINA GROWTH FORECAST

China's GDP will grow by 4.3 percent this year, the World Bank predicted last week, cutting its outlook from the 5.1 percent it had foreseen in December, before China locked down 46 metro areas and 325 million people to halt the COVID virus's spread.

China's government had projected a 5.5-percent expansion this year, modest by the country's past economic record, but now is downplaying that goal, as we reported in "China's GDP Could Contract This Quarter, Premier Warns" (31 May 2022).

China's growth will pick up speed during the year's second half, aided by government stimulus spending, bond-buying, and loosened regulations on the housing industry to rekindle demand, the bank said.

China's housing and property development industry, which has accounted for as much as 30 percent of the nation's economy in the past, teetered on the brink of collapse due to over-borrowing and overbuilding, which documented in articles including "China's Real Estate Market Teeters on Evergrande's Debt" (21 Sep 2021), "China's Over-Borrowed Property Industry Cracking" (19 Oct 2021) and "Evergrande in Default, Fitch Says" (14 Dec 2021), among others.

The Chinese economy will grow by 5.2 percent in 2023, the bank predicted.

"While the government has stepped up macroeconomic policy easing, the dilemma facing decision-makers is how to make the policy stimulus effective" while COVID-related restrictions are still in place, the bank noted.

Growth in investment, particularly the government's redoubled infrastructure spending, will offset weakness in the consumer economy, the report said.

Rising food and fuel prices will spark inflation but that will remain within or below Beijing's target of "around 3 percent," according to the bank's forecast.

If the virus remains under control and all restrictions are lifted, growth could be even stronger, the report added.

However, the bank warned, China runs the risk of falling back on using government-funded infrastructure spending as the chief means of economic growth, as it has done in the past.

"High levels of indebtedness of corporations and local governments limits the effectiveness of policy easing and store up further risks down the line," Ibrahim Choudhury, the bank's chief China economist, said in a comment accompanying the report.

TREND FORECAST: *China's dual circulation economic policy, which aims to make consumer spending an equal partner with manufacturing in the country's financial growth, has so far failed to materialize.*

The weakness: consumers have failed to do their part and spend adequately.

During the COVID War, they scrimped and, so far, the government has been unable to persuade them to give up enough of the habit enough to make the policy effective.

China will continue to use its' wealth and the power of its command economy to incentivize household spending through the rest of this year or until consumers can independently shoulder their portion of the dual circulation plan.

SPOTLIGHT: BIGS GET BIGGER

WALTON WILL BUY DENVER BRONCOS FOR $4.6 BILLION

Walmart heir Rob Walton is leading a group that has agreed to pay $4.6 billion to buy the Denver Broncos football franchise, a record sum paid for a U.S. sports team, the *Financial Times* reported.

The purchasers include Rob's daughter Carrie Penner and her husband Greg Penner, who now chairs the Walmart corporation.

Another partner is Mellody Hobson, co-CEO of Ariel Investments, chair of Starbucks board of directors, and a board member of JPMorgan Chase, the U.S.'s richest bank.

The previous record price was $2.2 billion, which hedge fund manager David Tepper paid for the Carolina Panthers football team in 2018.

The Broncos organization is being sold by the Pat Bowden Trust, which has owned it since 1984.

Walton, former chair of the retail giant founded by his father Sam in 1962, is worth about $58 billion, according to Forbes.

The purchase is the latest in a series of sports-team acquisitions by the wealthy.

California-based Clearlake Capital and investor Todd Boehly paid $2.5 billion earlier this month to take possession of the English Premier League's Chelsea soccer team and committed to invest an additional $1.75 in the club.

Tech billionaire and "Shark Tank" television personality Mark Cuban owns the Dallas Mavericks basketball team; singer Gloria Estefan, actress Jennifer Lopez, and tennis luminaries Venus and Serena Williams own pieces of the Miami Dolphins football team; and comedian Bill Maher is an investor in the New York Mets.

PRIVATE EQUITY FIRMS BUY CHICKEN PROCESSORS

Private equity firm Atlas Holdings will buy chicken processor Foster Farms for an undisclosed amount, while the plan by Cargill Inc. and investment firm Continental Grain to buy Sanderson Farms remains under regulatory review to assess the deal's impact on competition.

Foster employs 10,000 workers in plants in Alabama, California, Louisiana, and Washington and is the 10th-largest U.S. chicken processer by poundage, *The Wall Street Journal* said.

Atlas has holdings in aluminum manufacture, food processing, and supply chain management. It will install Donnie Smith, former Tyson Foods CEO, as Foster's new chief executive, the firm announced.

The purchases have been seeded by soaring demand for chicken, combined with a shortage of workers at processing plants and problems at hatcheries, including an avian flu epidemic that has killed an estimated 36 million U.S. chickens and turkeys so far this year.

The price of boneless, skinless chicken breast meat has jumped 68 percent this year, according to the U.S. agriculture department.

BLACKSTONE ADVANCES PLAN TO BUY CROWN RESORTS

Australian regulators have given permission to private equity firm Blackstone Inc. to operate Crown Resorts' casinos in Melbourne and Sydney, a key step in advancing the company's $6.3-billion planned takeover of Crown.

Crown has been under investigation for money-laundering. Its finances also took a beating during the COVID-related global shutdown. The Sydney casino was banned from operating before it opened in 2020; the Melbourne gaming house operates under government supervision.

Crown has backed the Blackstone purchase as a way for investors to salvage their stakes.

Crown's share price rose 2 percent on news of the approval, bringing it to Au$12.99, just below Blackstone's offer of Au$13.10.

To win the approval, Blackstone "has been required to demonstrate the highest standards of probity," Philip Crawford, chair of the New South Wales Independent Liquor & Gaming Authority, said in a public statement.

SAUDIS BUY INTO ANOTHER GAMING COMPANY

Saudi Arabia's Public Investment Fund (PIF) has paid $1 billion for 100 million shares of Embracer, the Swedish video game company that produces the popular "Borderlands" game.

PIF now owns 8 percent of the company, making it the second largest investor after founder Lars Wingefors.

Embracer's stock moved up 2.6 percent on news of PIF's purchase.

The Saudi investment will help Embracer move into northern Africa and the Middle East, areas with "more active gamers than either the U.S. or western Europe," Wingefors said in a comment quoted by the *Financial Times*.

"We will be able to make investments across the region, either organically, via partnerships, joint ventures, or acquisitions," he said.

The purchase was made by PIF's Savvy Gaming Company, a division set up to buy into the videogame industry.

Savvy bought Modern Times Group in January for $1 billion and also owns Faceit, a platform for multi-player games. Last month, it took a 5-percent stake in Nintendo.

Saudi crown prince Mohammed bin Salman is a fervent gamer and has invested in gaming companies himself.

Embracer also is hungry for acquisitions, having spent $8 billion to make more than 60 since the start of 2020 to take advantage of expanded interest in gaming during the global COVID lockdown.

Entertainment and tech companies have been busy making deals in the gaming industry since 2020 as video gaming has outstripped other forms of popular diversion in popularity, the *FT* noted.

In January, Microsoft announced it would spend a whopping $68.7 billion to buy Activision Blizzard, the gaming giant that makes Call of Duty, Candy Crush, World of Warcraft, and other iconic entertainments.

Ukraine's inability to ship grains and oils, and sanctions on Russia's food exports, are threatening food shortages and spiking prices across Africa, Asia, and the Middle East.

SPECIAL UKRAINE WAR REPORT

OBAMA SAYS UKRAINE WAR IS ‘FAR FROM OVER’ AS WORLD BRACES FOR HUNGER PAIN

Former President Barack Obama said Friday that there is no question that the Ukraine War is going to continue to drag on; he didn't know who would win.

Barack Obama—The Nobel Peace Prize winner who launched the Afghan “troop surge,” was instrumental in launching/supporting the Syrian, Libyan, and Yemen wars—and is quoted in the book “Double Down” that “I’m really good at killing people” in reference to his drone strikes that murdered thousands—wants to keep bloodying the Ukraine killing fields.

A speaker at the Copenhagen Democracy Summit on Friday, he said that although the war's trajectory is still undecided, Western countries should continue to support the Ukrainian cause:

> "The costs will continue to mount, the course of events...are hard to predict. And our support for Ukraine must remain strong, steadfast and sustained until this conflict reaches a resolution."

***TRENDPOST:** Obama did not make clear what "costs" he was referring to: the cost of funding the war or the cost of lives?*

It is not surprising that if you closed your eyes for a moment, Obama's comments about Ukraine sound like they could have been spoken by anyone in the Biden administration. That's because Biden's team is comprised of old Obama retreads who've already failed in their previous roles. (See "BIDEN PRESIDENCY= OBAMA 2021.") Essentially all of Biden's players making decisions on Russia served under Obama in lesser roles, but, luckily for them, in Washington, you fail your way up in politics.

Billion for Weapons as Millions Go Hungry

Obama's comments came as the UN Food and Agriculture Organization (FAO) warned that the conflict, which is over three months old, threatens to inflict more food crises in many parts of the world due to the surge in food prices.

The FAO identified those in sub-Sahara as most vulnerable.

"This year's food security crisis is about access," Boubaker BenBelhassen, the director of the FAO's Markets and Trade Division, said. "Next year, because of the expected or the lack of availability in the higher cost of imports, in particular for fertilizer and fuel, the concern could be about lack of availability—in other words, lack of food."

He said there's enough food to feed the hungry, but the war in Ukraine is preventing the stockpiles from being exported.

"From our estimation, we see that depending on how much this leads in terms of deficit or gap or reduction in export availability for those with commodities from both

Ukraine and Russia, it could lead to anywhere between 11 to 19 million more hungry people. But that is chronic hunger for 2022-2023."

Ukrainian President Volodymyr Zelensky blamed the Russian naval blockade of Black Sea ports that stopped his country's grain exports.

"The shortage of foodstuffs will inexorably lead to political chaos, which can result in the (collapse) of many governments and the ousting of many politicians," he said.

TREND FORECAST: *Zelensky finally said something that we can agree on. Yes, world leaders will face the wrath of their countrymen when there is no more bread to provide for their families and there will be anarchy in the streets.*

Poorer countries are most vulnerable to these food shortages, but as the war drags on, leaders from richer countries will begin to face pressure.

Ukraine is a major exporter of wheat, corn, and cooking oil. Its' inability to plant, grow, harvest, and ship those products is spiking food prices across Africa and the Middle East, which depend heavily on Ukraine's exports, and driving food inflation around the world.

Because of Putin's war, Ukraine's productive capacity has been damaged for years to come, and it will take at least two years for other countries to replace Ukraine's lost food crops and industrial production.

TREND FORECAST: *As economic conditions dramatically deteriorate, people will take to the streets in protest of lack of basic living standards, government corruption, crime and violence.*

Civil and regional wars will erupt. And, the more people that flee their countries for safe haven nations, the stricter anti-immigration rules will be imposed and the greater the number of anti-immigration populist parties will be formed.

The "New World Disorder" trend that we had forecast over two years ago will go global... hitting both developed and emerging market nations.

FACTS: U.S. WAS LONG RAMPING UP UKRAINE WAR

Six years ago, back in April 2016, the **Trends Journal** reported that U.S. European Commander chief and Supreme NATO Commander Air Force General Philip Breedlove was stepping down after enthusiastically overseeing a level of military confrontation between the U.S., its NATO allies and Russia unprecedented even during the darkest days of the Cold War.

To replace him, President Barack Obama, selected Army Gen. Curt Scaparrotti who has made clear that he too was determined to rush down the same fateful road toward Russian confrontation.

In testimony to an uncritical Senate Armed Services Committee, Scaparrotti said he was determined to maintain the forward presence of U.S. naval vessels in the Baltic and Black Seas despite the close encounter between Russian combat bombers and the Aegis missile cruiser USS Donald Cook on 12 April of that year.

"From a military perspective, we should sail and fly wherever we are allowed to by international law, and we should be strong, clear and consistent in our message in that regard," he insisted.

Scaparrotti was equally unyielding in his determination to support the chaotic, corruption-filled and Nazi-militia-supported regime of President Petro Poroshenko in Ukraine.

"I believe that we should continue both assistance and aid in the kinds of assets that they (the Ukrainians) need in order to defend their country, their sovereignty and their territorial integrity, and that we ought to continue building partnership capacity to help them do that on their own," Scaparrotti said.

TRENDPOST: *These facts that we presented are totally ignored by the media. We have greatly detailed America's role in overthrowing the democratically elected Ukraine President in 2014. Scaparrotti openly acknowledged that the U.S. has provided military training and assistance to Ukraine.*

Forget the Facts

As we have been reporting, the western media no longer reports on the U.S.-backed overthrow of Ukrainian President Viktor Yanukovych in 2014. Elected in 2010 to succeed Viktor Yushchenko, who was championed by the U.S. when it ostensibly launched the Orange Revolution in 2004 that put him in power, Ukraine's Central Election Commission and international observers declared that the 2010 presidential election was legitimate and fairly conducted.

Also completely absent in the Western media reports is the role Washington and Victoria Nuland, the Assistant Secretary of State for European Affairs at the time, played in the overthrow of its government in 2014.

A report from 2014 in the ***Trends Journal*** *laid out the political maneuvers at the time in Ukraine: "Washington's coup in Ukraine brought not only a threat to the Russian population in Ukraine but also a direct strategic threat to Russia itself."*

Nuland, who speaks Russian and French, boasted that Washington had invested $5 billion in non-governmental organizations (NGOs) in Ukraine.
Allegedly, the purpose of NGOs is to "teach democracy." Ukraine, however, already had a democracy. In reality, the NGO organizations are U.S. fifth columns that can be used to organize protests and to provide support for Washington's candidates for the Ukraine government.

Indeed, in early February 2014, a recording was leaked of Nuland, telling Geoffrey Pyatt, the U.S. Ambassador to Ukraine, that the UN was on board to "help glue" the plan to replace Ukrainian President Victor Yanukovych with Arxeniy Yatsenyuk. "Yats is the guy," Nuland informed Pyatt, urging her to move quickly because "the Russians will be working behind the scenes to torpedo" the deal.

"Fuck the EU!" Nuland told Pyatt. "Exactly," he responded.
Shortly thereafter, Yanukovych was overthrown and "Yats" became president.

TRENDPOST: *Long forgotten was the U.S. and NATO'S pledge not to expand into Eastern Europe following the deal made during the 1990 negotiations between the West and the Soviet Union over German unification.*

Therefore, in the view of Russia, it is taking self-defense actions to protect itself from NATO's eastward march.

As detailed in The Los Angeles Times back in May of 2016, while the U.S. and NATO deny that no such agreement was struck, "...hundreds of memos, meeting minutes and transcripts from U.S. archives indicate otherwise." The article states:

> *"According to transcripts of meetings in Moscow on Feb. 9, then-Secretary of State James Baker suggested that in exchange for cooperation on Germany, the U.S. could make 'iron-clad guarantees' that NATO would not expand 'one inch eastward.' Less than a week later, Soviet President Mikhail Gorbachev agreed to begin reunification talks. No formal deal was struck, but from all the evidence, the quid pro quo was clear: Gorbachev acceded to Germany's western alignment and the U.S. would limit NATO's expansion."*

UKRAINE URGES WEST TO STEAL RUSSIAN MONEY TO PAY FOR WAR DAMAGE

A top adviser to Ukrainian President Volodymyr Zelensky said in an interview last week that it was incumbent upon Western countries to seize Russia's wealth to pay for the billions in damage inflicted on the country due to the Russian invasion.

“The whole world needs to work on [confiscating] Russia's assets,” Rostyslav Shurma, the deputy head of Ukraine's presidential office, told the *Financial Times*. “This is important to create the right precedent so that any country that decides to begin an unprovoked war of aggression understands it'll inevitably face strict financial punishment.”

President Joe Biden said in May that he wants Congress to speed up a controversial procedure that would allow his administration to sell yachts and other assets that were seized from Russian oligarchs since the start of the Ukraine War. (See “BIDEN WANTS TO STEAL RUSSIAN ASSETS TO FIGHT THE UKRAINE WAR.”)

“We’re going to seize their yachts” and the U.S. will sell off funds that will be used to directly remedy the “harm that Russia caused and help rebuild Ukraine,” he said.

Ukraine estimates that there is about $600 billion worth of damage in the country. We’ve pointed out that, as fate would have it, the Biden administration announced days after the invasion that the U.S. and Western allies seized more than $600 billion in Russian reserves.

The *FT* pointed out that Ukraine has support from Western countries, but the legalities are a bit murky. Seizing and selling these assets could also prompt countries like China, which is one of the largest holders of U.S. Treasury bonds, to get spooked that they could have the same fate over a disagreement.

Afghanistan is learning that the hard way.

President Joe Biden believes that he gets to determine how to spend the $7 billion in Afghan assets frozen in the U.S., which he plans on splitting with the families impacted by the Sept. 11, 2001 attacks. The other half would end up in a trust fund for distribution through humanitarian groups for Afghan relief and basic needs, *The Associated Press* reported.

TRENDPOST*: On our Celente and The Judge podcast, Judge Andrew Napolitano detailed the illegality of the United States seizing Moscow’s and Russian citizens’ assets. (See “Putin No Different Than the Murderous Thugs We Have Here in the US.”)*

Also, Jonathan Turley, a professor at George Washington University Law School, wrote in USA Today in May that Western countries have "considerable authority to seize property, but less authority to keep it."

He wrote that the oligarchs will likely fight for these assets in court and the onus will be on prosecutors to show that "large corporations that have operated for decades in international markets are now deemed criminal enterprises for the purposes of these properties.

"It is not clear that governments now seizing the property will be able to establish the nexus between an alleged crime and these proceeds or property for some, if not most, of the oligarchs," he wrote.

CRACKS EMERGE: BIDEN SAYS UKRAINE IGNORED FACTS THAT RUSSIA WOULD INVADE

Ukrainian leaders on Saturday took issue with President Joe Biden after their chief investor told guests at a Los Angeles fundraiser that he warned Kyiv about Russia's invasion plan but President Volodymyr Zelensky didn't want to hear it.

Mykailo Podolia, an adviser for Zelensky, said in an interview with the BBC that it "is absurd to accuse a country of resisting the aggressor for more than 100 days, which prevails if key countries have failed to stop Russia as a precaution."

"The phrase 'did not want to hear' probably needs clarification," Zelensky spokesman Sergei Nikiforov told a Ukrainian news outlet, according to The Associated Press.

About a week before Russian troops entered Ukrainian territory, Biden told reporters that he was convinced that Putin made up his mind to invade.

“As of this moment I’m convinced he’s made the decision,” Biden said. “We have reason to believe that.”

Biden was asked by reporters at the time how he could be so confident with his assessment and he said, "We have a significant intelligence capability."

Biden told these guests that Ukraine is experiencing something that hasn’t happened since WWII.

“I know a lot of people thought I was maybe exaggerating, but I knew we had data to sustain he”— referencing Putin – “was going to go in, off the border.”

“There was no doubt, and Zelensky didn’t want to hear it,” Biden said.

TRENDPOST: *If Zelensky was being cavalier at the time and not listening to the U.S. about the risks of war with Russia, why did the Biden administration keep that information from the American public at the time?*

The answer is that the comedian would have looked even more reckless, and the American public might have bristled at providing $56 billion of financial backing and weapons of death. Information like that would not help the U.S. war machine and could actually lend credibility to Russian President Vladimir Putin’s decision to start the conflict.

The AP pointed out that Zelensky tried to play down warnings from Washington that the war was imminent.

As we reported in The **Trends Journal** last month, Luiz Inácio Lula da Silva, the former Brazilian president, made waves when he said Zelensky shared blame for the Russian invasion earlier this year. (SEE: “BRAZIL’S LULA SAYS UKRAINE’S COMEDIAN SHARES BLAME FOR WAR.”)

“I see the president of Ukraine, speaking on television, being applauded, getting a standing ovation by all the parliamentarians. This guy is as responsible as [Russian President Vladimir] Putin for the war,” he told *Time*.

Lula said Zelensky should have ignored Western officials and acknowledged Russia's security concerns before the conflict.

“We should be having a serious conversation. OK, you were a nice comedian. But let us not make war for you to show up on TV,” Lula said. He said Zelensky should have resisted talking about Ukraine joining NATO.

Jens Stoltenberg, the NATO secretary-general, said Sunday that the alliance wants Kyiv to be able to negotiate with Russia from a position of strength, but admitted that Ukraine will likely have to give up land.

“Peace is possible,” he said, according to RT. “The only question is what price are you willing to pay for peace? How much territory, how much independence, how much sovereignty…are you willing to sacrifice for peace?”

The report said that Stoltenberg avoided endorsing the ceding of territory but pointed to past examples where such deals ended wars, like Finland’s decision to give up Karelia to the Soviet Union in WWII. He said that deal is “one of the reasons Finland was able to come out of the Second World War as an independent sovereign nation.”

Zelensky has said several times that Ukraine will not cede an inch of territory to Russia.

“No one is going to trade a gram of our sovereignty or a millimeter of our territory,” Zelensky said earlier this month. “Our children are dying, soldiers are being blown apart by shells, and they tell us to sacrifice territory. Get lost. It’s never going to happen.”

TRENDPOST: *We maintain our forecast that Ukraine will not gain back its territory and Biden’s comments at the Los Angeles fundraiser sound like something someone would say when they see the writing on the wall.*

For all of Biden's mistakes and failures, he is what you call a political survivor. When his ship hits an iceberg, he is the captain who is the first person seated in a lifeboat. We've reported in previous issues that George Packer recalled Classic Biden in his 2019 book called, "Our Man: Richard Holbrooke and the End of the American Century."

Packer wrote that Biden, who was vice president in 2010, told Holbrook that the U.S. should pull out of Afghanistan despite the certain humanitarian tragedy.

"Fuck that. We don't have to worry about that," Biden reportedly told Holbrooke. "We did it in Vietnam. Nixon and Kissinger got away with it."

PLACE YOUR BETS: UKRAINE VOWS VICTORY DESPITE RUSSIA'S GAINS IN EAST

Ukrainian president Volodymyr Zelensky said Saturday that his country will ultimately prevail in its war against Russia despite losing territory to Russian forces and separatists in the eastern part of Ukraine.

"We are definitely going to prevail in this war that Russia has started," he said. "It is on the battlefields and Ukraine that the future rules of this world are being decided."

Oleksiy Arestovych, a Zelensky adviser, said his country needs more advanced rocket systems than the U.S. and U.K. promised if his forces stand a chance against Russia on its eastern flank.

"The fewer we get, the worse our situation will be. Our troops will continue to die and we will continue to lose ground," Arestovych told *The Guardian.* "If we get 60 of these systems then the Russians will lose all ability to advance anywhere, they will be stopped dead in their tracks. If we get 40 they will advance, albeit very slowly with heavy casualties; with 20 they will continue to advance with higher casualties than now."

The paper said Britain has been vague on how many M270 tracked rocket launchers it will give to Ukraine. The paper said "a handful." The U.S. said it would donate four HIMARS, or truck-based high mobility artillery rocket systems (Himars). (See "ZELENSKY WON'T BUCKLE, LAMENTS BEING PRESSURED FOR PEACE.")

Ukrainian officials say they are now fighting an artillery war for cities in the Donbas region like Severodonetsk, and the ultimate decider will be just how fast the West can deliver these weapons. The British Ministry of Defense said Ukrainian fighters have managed to hold on to the southern section of the city.

The Ukrainian military complained that when it fires one artillery round at Russian forces, Russian troops respond by firing 20 rounds in their direction. The Donbas region has been described as pivotal by Ukrainian officials because Russia could use the region to launch a new offensive against Kyiv.

U.S. Defense Secretary Lloyd Austin vowed to continue support for Kyiv.

"Russia's invasion of Ukraine is what happens when oppressors trample the rules that protect us all," he said at a security summit in Singapore. "It's a preview of a possible world of chaos and turmoil that none of us would want to live in."

French President Emmanuel Macron, German Chancellor Olaf Scholz and Italian Prime Minister Mario Draghi are planning to visit Kyiv on Thursday, *The Wall Street Journal* reported, citing two European officials. These officials told the paper that these plans could change.

Ukrainian forces now rely fully on Western support to keep fighting the war. One top Ukrainian intelligence official said his forces are just about out of ammunition.

The fight will take a new focus on either side's ability to inflict damage from miles away. Russia is winning on that front. Reports indicate that Ukraine is firing up to

6,000 artillery rounds a day, but stockpiles are emptying and these forces are now using "155-caliber NATO standard shells."

"Ukraine has one artillery piece to 10 to 15 Russian artillery pieces," Vadim Skibitsky, the deputy head of Ukraine's military intelligence, told *The Guardian*.

TRENDPOST: *Skibitsky told The Guardian that the West only gave Kyiv about 10 percent of their heavy rocket launchers, which raises the question: Does Ukraine expect Washington to empty out its own stockpiles to drag the country through the conflict?*

The U.K. Defense Ministry said Russia seems to be turning to more fatal weapons, including heavy 1960s-era anti-ship missiles carried by bombers. CNBC reported that these Kh-22 missiles were designed to destroy aircraft carriers with a nuclear warhead. But when used in ground attacks with conventional warheads, they "are highly inaccurate and therefore can cause severe collateral damage and casualties," the ministry said.

The New York Times reported Wednesday that despite the record amount of financing and weapons, U.S. intelligence agencies know little about how the Ukrainian military is performing.

The paper, citing current and former U.S. officials, published a report that said these agencies have "less information than they would like about Ukraine's operations and possess a far better picture of Russia's military."

Beth Sanner, a former senior intelligence official, told the paper: "How much do we really know about how Ukraine is doing?"

"Can you find a person who will tell you with confidence how many troops has Ukraine lost, how many pieces of equipment has Ukraine lost?" she asked.

*The **Trends Journal** has noted since the beginning of the conflict that it was nearly impossible to find the number of casualties suffered by Ukrainian troops in Google* *searches. But if you were interested in finding out Russia's war dead, there were dozens of article links.*

This has all been part of the propaganda war being conducted by Washington and media Presstitutes.

TREND FORECAST: *Who will win the Ukraine War? We said Russia would since the onset while the U.S. and its allies said the opposite. See:*

- *"PLACE YOUR BETS: CHANCELLOR SCHOLZ SAYS RUSSIA WILL LOSE UKRAINE WAR"*
- *"RET. COL. DOUGLAS MACGREGOR SAYS RUSSIA WILL CRUSH UKRAINE"*
- *"BIDEN WARNS AMERICANS HIS SANCTIONS WILL HURT RUSSIA…AND AMERICANS. WRONG ABOUT WHO'LL WIN THE UKRAINE WAR?"*
- *"WWIII: U.S. WARMONGERS FUELING KILLING FIELDS"*
- *"ZELENSKY REJECTS PEACE PROPOSAL, SAYS UKRAINE WILL BEAT RUSSIA"*
- *"PUTIN WON'T STOP UKRAINE WAR UNTIL HE DECLARES 'VICTORY'"*
- *"BRAZIL'S LULA SAYS UKRAINE'S COMEDIAN SHARES BLAME FOR WAR"*
- *"U.S. LOST EVERY WAR SINCE WWII, BUT IS TELLING UKRAINE HOW TO BEAT RUSSIA"*
- *"GERMANY JOINS THE FIGHT AGAINST RUSSIA: 'OPERATION BARBAROSSA 2.0?'"*

TREND FORECAST: *Totally forgotten, but as we reported back in April 2021, the U.S. was sending warships to the Black Sea in what a Pentagon official, cited by CNN, said was a demonstration of support to the government of Ukraine in response to claims of increased Russian military presence in the country's eastern border.*

They note that the Black Sea, however, is nowhere near the current conflict zone in the Donbas, further east of which the alleged Russian buildup is occurring.

Following that report White House Press Secretary Jen Psaki said, "The United States is increasingly concerned by recently escalating Russian aggressions in eastern Ukraine, including Russia's movements on Ukraine's border. Russia now has more *troops on the border of Ukraine than any time since 2014. Five Ukrainian soldiers have been killed this week alone. These are all deeply concerning signs."*

And over a year ago we had forecast, "Should war break out in Ukraine, we forecast the Russians will not be defeated, and the Donbas region of Eastern Ukraine will move toward cession and maintain its open border arrangement with Russia.

BALTIC STATES TALK TOUGH WHEN IT COMES TO DEFEATING PUTIN

Leaders from Latvia and Lithuania increased their tough talk against Russia last week when they urged Western countries struggling under record levels of inflation to remain focused on the task of defeating Russian President Vladimir Putin in Ukraine.

"Our goal must be for Putin to lose the war," Krišjânis Karinš, the prime minister of Latvia, told *The Financial Times*. "Yes it is going to take some time, it is worth it. It is worth paying the costs in terms of energy. In the West, we pay with our wallets. The Ukrainians are paying with their lives."

TRENDPOST: *The **Trends Journal** has been opposed to the Russian invasion but, as Gerald Celente said, the magazine is also opposed to the war, but not to reality. Karinš is not the first politician to talk about "defeating" Putin, but it seems that nobody can explain what that means exactly.*

Does it mean a retreat out of Ukraine? A coup at the Kremlin? Does it even matter if it plays well to the anti-Russian audience? Putin, the leader of one of the most deadly militaries in the world, will not allow his troops to "be defeated" by a fourth-rate military in Ukraine.

Karinš made the comment during the conference with the newspaper while joined with his Lithuanian counterpart Ingrida Šimonyté. Unsurprisingly, she shared the same assessment, and then assigned blame to Moscow for surging inflation in Europe.

She took a swipe at French President Emmanuel Macron for saying that Russia should not be humiliated on the battlefield. (See “PUTIN WARNS WEST TO STOP SENDING DEADLY WEAPONS TO UKRAINE.”)

Macron has been one of the few Western leaders still in contact with Moscow after the invasion began. He said in an interview last week, “We must not humiliate Russia so that the day when the fighting stops we can build an exit ramp through diplomatic means. I am convinced that it is France's role to be a mediating power.”

Šimonyté said at the conference that she finds it puzzling that some politicians are “thinking about [saving] the face of Putin, as if he had one.”

“There is no sense of speaking about the dignity of people who are humiliating the dignity of the Ukrainian nation every day,” she said.

TRENDPOST: *Ever since the Ukraine invasion, some of the weakest countries have had the biggest mouths about how they, by uniting, could defeat Russia.*

Kyiv would have been forced to negotiate with Moscow if not for the scores of billions in weapons and financing from the West, but instead, these politicians continue making claims that they will reclaim every inch of land in the claws of Russia. Satellite countries like Lithuania and Latvia, who benefit from NATO's Article 5, don't even mention peace.

Kaja Kallas, the Prime Minister from Estonia, said Monday that calls for a ceasefire in Ukraine were premature. She pointed to Russia's annexation of Crimea in 2014 and its military action in Georgia in 2008 as evidence that it will continue its land grab.

“We cannot make that mistake again. We have to be prepared for a long war,” she said, according to the FT.

She said she is "very worried about premature calls for a ceasefire because peace doesn't mean an end to [Russian] atrocities in occupied territory."

That's tough talk from a leader whose military ranks 108 out of 142 in world military ranking, according to the 2022 Global Firepower Review. (The U.S. is ranked first and Russia second.)

The Biden administration has failed at every turn when it comes to Ukraine, from refusing to negotiate in earnest before the conflict to its blind support of Ukrainian President Volodymyr Zelensky.

The New York Times reported last week that officials inside the Pentagon are voicing concerns that they do not have a clear picture about Ukraine's military effort and they actually know more about Russia's failures than Ukraine's.

Beth Sanner, a former senior intelligence official, told the paper: "How much do we really know about how Ukraine is doing?"

"Can you find a person who will tell you with confidence how many troops has Ukraine lost, how many pieces of equipment has Ukraine lost?" she asked.

TRENDS IN THE MARKETS

THE GRAND FINALE: AN IMPLOSION OF THE DEBT MARKET. WHAT DOES IT MEAN FOR YOU? AND THE WORLD.

By Gregory Mannarino TradersChoice.net

Anyone who is even remotely familiar with my work is already well aware of the fact that I believe the world today now exists under the threat of an implosion in the debt market—and this implosion will lead to an absolute WIPEOUT of global stock markets—and much worse. READ ON.

Let us first define what the debt market is…

The debt market is where debt securities are bought and sold, and these debt securities exist mostly in the form of bonds. The bond market is also known as the debt market, fixed-income market, or credit market.

Generally speaking, when people make reference to the debt market, they are speaking about trades, swaps, and the issuance of debt securities, which also normally include mortgages—which are then called mortgage-backed securities, (MBS).

The debt market also includes derivatives/bond futures. Bond futures are financial derivatives which are bought and sold on the open market and obligate the contract holder to purchase or sell a bond on a specified date at a predetermined price.

Debt instruments offer a fixed payment to the holder. Moreover, *the debt market, at least in theory if managed correctly,* is responsible for the proper functioning of world markets and the economy.

The absolute fact of the matter is this… the debt market today has become a weapon of mass destruction being HYPER-INFLATED by runaway central banks who continue to use the debt market as a method to inflate.

Capital ITSELF is a debt instrument. When a central bank issues currency, it is also known as credit and or debt. Every single printed bill or a digit simply added to a screen by a central bank is a unit of debt. These units of debt are OWNED by the issuing central bank and are OWED BACK TO the issuing central bank PLUS INTEREST! **WHICH THE ISSUING CENTRAL BANK THEN CREATES OUT OF THIN AIR.**

Every single day brings the world closer to THE MOMENT when a meltdown in the debt market WILL OCCUR. A debt market meltdown/implosion will cause bond yields to spike rapidly in an uncontrolled manner, and this in turn will put ENORMOUS pressure on the world's stock markets which will then sell off very rapidly.

Credit/debt markets will LOCK UP and ALL transactions will stop. Result, THE GRAND FINALE! Total pandemonium in the streets around the world with people looking to the same entities which caused this to happen for help!

What we will then end up with is a global slave system exponentially worse than what we already have today—**which is of course the very reason why the debt market**

hyper-bubble exists and continues to be expanded on. The emergence of a two-tier system of society including extreme haves, and extreme have nots, **a feudal overlord system**—a total wipeout of the middle class on a worldwide scale.

Are you ready?

THE SINGLE BASIC BLOW THAT IS A "SYSTEM" BY ITSELF!

By Bradley J. Steiner

Related to the editorial about boxers' training methods, and how only a few techniques are necessary for hand-to-hand combat and self-defense, we are reminded every day that we train and every time that we teach of the INCREDIBLE merits of the simple, proven hand axe chop.

During WWII the West was widely introduced to the edge-of-the-hand blow, thanks to Fairbairn, primarily (although Hipkiss, O'Neill, Brown and Begala, and several other first-rate and outstandingly excellent teachers of the period also stressed this strike in their courses). Since Fairbairn (and the others) had been primarily versed in jujutsu (insofar as combat techniques were concerned) they were acquainted with jiu-jutsu's atemi waza version of the open, side-of-the-hand strike.

This version employed the stiffened, open hand, thumb extended, with the striking surface being the meaty portion of the edge of the hand between the base of the little finger and the wrist. Later in the history of Western martial arts, as the karate, ch 'uan fa, and taekwondo arts were introduced, the superior tensed and flexed hand formation for the "chop" became known to us.

Two variations of this blow exist: one using the edge-of-the-hand, and the other employing the ball peen like hammer point of the hard bone near the base of the heel of the hand. (In karate this blow is taught in addition to the first version and is termed the "ox-jaw hand strike"). In American Combato (Jen•Do•Tao)™ we emphasize this latter version of the "chop," but we recognize the original Fairbairn version of the blow. (Actually any version of this strike is excellent and will do the job.)

When there are months or more available to teach and to train, we opt for the flexed hand/bottom of the heel version, because it affords protection to the hand's delicate structure—i.e., the back of the hand, which might fracture if a blow is mis-struck—and it provides a somewhat more powerful weapon. But we are really splitting hairs here. (In a combative engagement, CHOP!)

CONSIDER THE VIRTUES OF THE BASIC HANDAXE CHOP:

- It may be delivered from any position or angle without telegraphing, warning, or windup.
- The hand is impervious to injury, regardless of where the enemy is hit, providing the blow has been correctly struck.
- Any vital target area from the legs to the skull may be assaulted to good effect with a practiced chop.
- The chop is applicable with broken fingers, or with a wet or otherwise disadvantaged hand.
- The blow permits the weakest person to hit hard, with only a little serious practice.
- The blow may be delivered in rapid, natural combinations—thus providing practical follow-up potential.
- With or without gloves on, the chop is formidable.

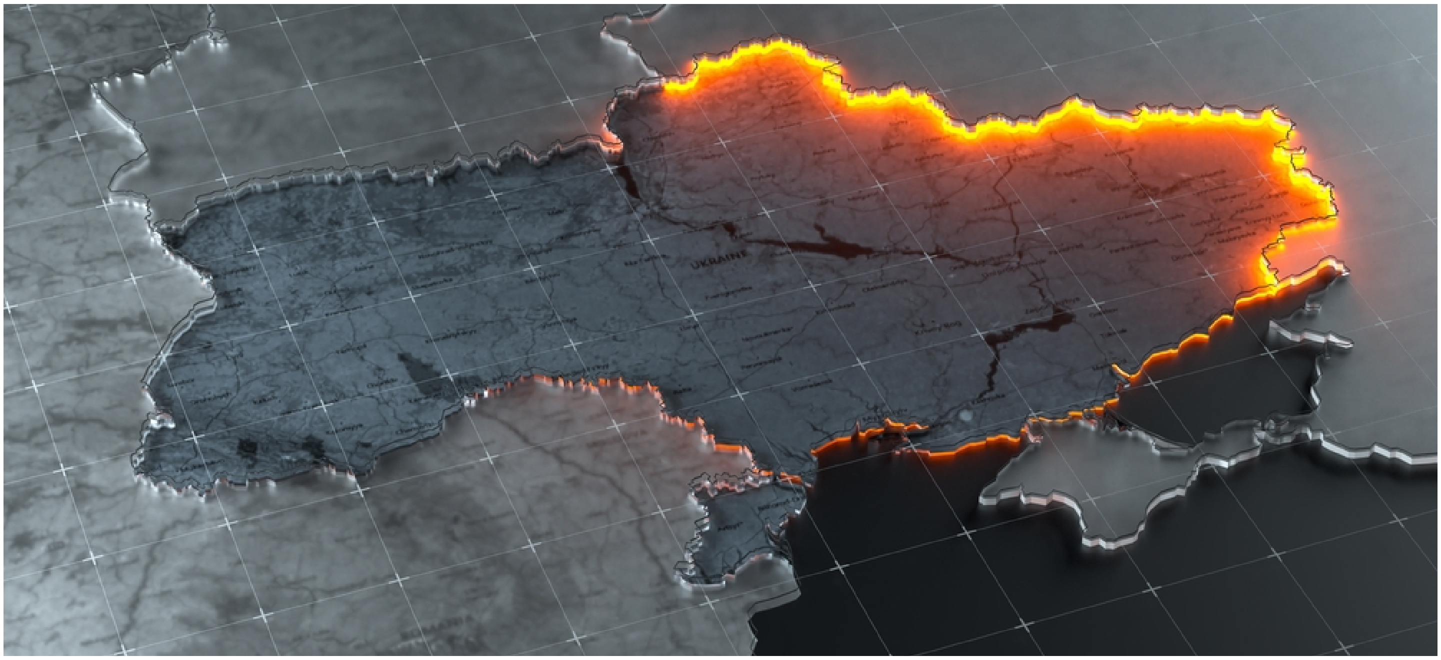
- The chop provides for many "self-defense" responses—as well as it provides a near perfect offense.
- The blow may be learned—literally—within minutes.
- The blow is not merely "easily retained," it is impossible to forget!
- Women, children, the elderly, and even in many cases the handicapped, may use the hand axe chop to good effect.

Let's stop here. Unless you are dull, you got the point.

In all but the most unusual cases (say, where a person literally does not have a hand) the hand axe chop should be at the top of every combat pupil's "MUST MASTER" list. The blow is a "system" unto itself.

In the 1960s, when I wrote the first magazine article in America on "WEIGHT TRAINING FOR THE BUDO-KA" (in STRENGTH AND HEALTH) the preponderance of braindead gleefully pooh-poohed what I was advocating, and, in lock-step with the idiots with whom they were then studying, insisted that "you don't need strength in martial arts."

TRENDS IN TECHNOCRACY



By Joe Doran

WHEN ALL ELSE FAILS, GENE EDITORS BLAME WAR

They had to start gene editing plants and livestock, because Russia - Ukraine!

No kidding. That's one of the rationales put forward by U.K. government officials, in support of legislation that will allow the introduction of unlabeled gene-edited foods to consumers in 2023.

And meanwhile in the EU, bodies are laying the groundwork to go even further.

The EU has had one of the strongest stances against GMO foods and genomic editing in general in the entire world. But a framework is being developed that would not only permit plant and animal genome editing, but also allow people to "self-assess" disabilities for which they might seek genetic alterations.

Such a move would effectively open the door for people to be gene-edited in practically unbounded ways.

War and COVID Policy Food Shortages Spark "Gene Editing" Answer

Interests that stand to profit from gene editing technology certainly aren't letting crises go to waste.

In the U.K., the Russia - Ukraine War and "Climate Change" are being cited as reasons why a landmark "Genetic Technology (Precision Breeding) Bill" must be passed.

"New genetic technologies could help us tackle some of the biggest challenges of our age—around food security, climate change and biodiversity loss," argued Minister for Agri-Innovation and Climate Adaptation Jo Churchill.

The government introduced a landmark measure in late May that would allow crops to be grown using precise genetic editing methods that Churchill and others say would make them more robust, less dependent on pesticides, improve the environment and even healthier than natural alternatives.

According to the U.K.'s Environment Secretary George Eustice, supermarket buyers will likely be confronted with things like genetically edited mushrooms and tomatoes by 2023. And he said a "significant number" of foods would likely be on store shelves within three to five years.

Eustice said he expects that the Genetic Technology Bill will be signed into law this year, paving the way for the first Genetically Edited (GE) foods.

"Once this bill gets Royal Assent, which will probably be during the course of this year, we will then have a regime that enables us to issue a marketing authorisation for any gene edited seeds that come out of that process," Eustace said in an interview with inews.co.uk. "There'll probably be some of these crops that are already available and bred in other parts of the world. So it's possible that we could have some of these crops that have benefited from gene-edited technologies ready to be deployed during the course of next year."

GMO and GE: Two Technologies, Both Man-Made Genetic Alteration

GMO technology and GE technology are actually two different ways of modifying natural genetics of organisms.

Gene Editing involves selecting or removing specific genes in a "precise" process that scientists involved in the technology claim is not functionally different in results than breeding techniques that have been used by farmers and in animal husbandry for hundreds and even thousands of years.

GMOs, meanwhile, are a process where "alien" genes are injected into the genome of a life form, which otherwise would be unlikely to be introduced via traditional breeding methods.

"Typically GMOs have genes inserted into the genome at random places," explained Jennifer Kuzma of North Carolina State University's Genetic Engineering and Society Center, in an article by the food outlet allrecipes.com. "Those genes can come from the same species (e.g., a tomato gene altered and engineered back into tomatoes) or from distant species (e.g., across biological kingdoms)."

With GMO, a gene from an ocean fish might end up in a tomato to help it survive cold temperatures.

Gene editing, meanwhile, sticks with a species genome to make "improvements" that are more akin to what used to be referred to as eugenics.

The legislation introduced in Parliament would allow researchers heritable gene edits to be introduced to foods, without foods requiring GMO type labeling.

Gene editing advocates point to successes with specific crops. For example, a genetic alteration that switched off the enzyme that makes the mushroom brown resulted in a non-browning mushroom marketed in the United States and Canada.

Proponents say it has extended the shelf life of the food and decreased food waste significantly.

And since 2019, the United States has had access to genetically modified soybeans, which reportedly produce healthier oil with a longer shelf-life.

Jim Blome, CEO of Calyxt, a commercial gene editing company that produced GE olives and soybeans, has said about its olive product, "The result is zero trans fats. The oil has zero olive flavor. It has a cleaner flavor. So, when you're frying or you're cooking with dressings you basically are now able to taste the food as opposed to the greasy, oily taste."

Calyxt has engineered a high oleic soybean oil that it says provides all of the health advantages of olive oil while using much less of the costly inputs required to cultivate olives.

The company has pointed out that their GE soybean plant does not need nitrogen-rich fertilizers, which create hazardous field run-off and add to greenhouse gas emissions. They said that locally generated high oleic soybean oil minimizes fossil fuel emissions while simultaneously supporting local agriculture, resulting in a more sustainable product.

Other companies and countries are busy with GE technology as well.

In Japan, tomatoes with larger amounts of a compound that helps decrease blood pressure, was approved for production and sale in 2020.

Opposition to GE Limited

Opponents of the U.K. legislation paint a different picture. In mid-May, a petition asking Parliament to reject the gene editing bill was introduced. So far the petition has less than 7,000 signatures.

According to the petition:

"[R]elaxing regulations on GE livestock would be a huge step backwards for animal welfare and jeopardise ethical consumer choices.

"Furthermore gene editing could have unpredictable effects and alter the animals in ways we cannot comprehend. We believe the use of GE technologies also threatens to push farmed animals further beyond their biological limits, which could have adverse effects for their health and in turn for consumers."

At least some U.K. advocacy groups are speaking out against the new genetic legislation.

The animal rights charity RSPCA issued a statement saying "now is not the time to be relaxing the regulations," noting that long-term consequences of genomic alteration technologies represented a vast unknown.

RSPCA further argued that there was "no history of safe and reliable use of gene editing in farm animals," and said gene-editing had been "proven to cause unpredictable and unintended changes to the genetic makeup of animals," which could result in animal suffering and other effects.

And there were alternative approaches to achieving many of the proposed benefits of genetic technologies, for example, improving animal husbandry and reducing food waste, it said.

David Bowles, RSPCA's head of public affairs, commented that the new U.K. bill was "incredibly disheartening and frustrating," according to gmwatch.org.

Pat Thomas, Director of Beyond GM, was cited in New Food Magazine expressing his concerns about GE:

"The government's goal is total deregulation but last year's public consultation showed that 85 percent of respondents wanted to see gene editing regulated as GMO.

"Given the strong public concerns about genome editing and the fact that much of the science is unsettled and even contested, Beyond GM is calling for more widespread and inclusive debate.

"We are also calling for a much broader approach to regulation that goes beyond limited and sterile laboratory science and embraces the social sciences, environmental concerns, food justice and ethics. No substantial change in legislation should be made without reference to these considerations."

EU Framework For GE Includes Potentially Boundless Disability Provisions

The Euro zone has outlawed gene editing for years. But the EU is also reportedly now considering revisions withdrawing prohibitions on the technology. And some of an evolving EU framework portends things even more troubling than current U.K. legislation.

On 7 June, the European Parliamentary Research Service issued a statement of findings, in an article, "Mitigating the risks of genome editing in humans."

The research body proposed a framework for opening the EU not only to genomic editing of plants and animals, but to humans as well.

It suggested a number of tenets for legal coordination and oversight of scientific and commercial gene editing ventures:

In sum, genome-editing legislation can be introduced either in existing EU regulations (vertical approach), or through specific legislation (horizontal approach), and alternative governance mechanisms can also be explored. In any case, legal harmonisation facilitates the navigation of all stakeholders involved in a currently fragmented EU legal landscape. Moving forward, a few policy options can be envisaged:

Resilience mechanisms could be included in legislation to ensure continued correspondence between legislation and ongoing scientific advancements. Terms such as somatic v germline, hereditable genome editing, modifying *genetic identity, and human enhancement are vague, scientifically outdated and could be updated.*

Somatic as well as germline applications can pose social and ethical risks. A multi-level, risk-based approach could be used to determine what interventions to ban. The prohibition of genetic eugenics could extend to somatic applications.

Assisted reproduction techniques are often linked with the treatment of serious diseases. Scientific criteria used to determine disease seriousness could be harmonised.

Legislation on reproductive travel and wellness tourism varies by country. Corresponding EU law could apply extraterritorially.
Genome-editing needs to account for fundamental rights and freedoms. Subjects of illicit practices should be treated as victims and be allowed to refuse body-invasive activities, whilst also respecting their privacy, life, integrity and autonomy.

Counterfeited services are an intellectual property rights and public health issue. Genome editing could be introduced in existing legislation, including artificial intelligence (AI) legislation, and ethical licensing could be considered.

While genome editing provides great expectations for medicine, several ethical, social and legal questions remain to be addressed and regulatory and governance mechanisms are greatly needed in the EU.

While including some cautious language and talk of respecting rights to decline "illicit" "body invasive activities", the statement also pushed boundaries to a startling degree. For example, it quoted an April 2022 EU Science and Technology Options Assessment (STOA) panel discussion on gene editing, to suggest that human gene editing might be ethical to use not only in cases of legally defined medical disabilities, but in cases where a patient had a self-perception of some kind of "disability."

That would effectively open the door to editing humans based on practically any desire or self-perceived inadequacy a person might have about themselves.

The referenced STOA panel dialogue exchange, which involved Professor Ana Nordberg, was as follows:

> *Pernille Weiss (EPP, Denmark): How can we measure the seriousness of disease in respect to genome editing in assisted reproduction?*
>
> *Professor Nordberg: There is an ongoing debate on the meaning of disability, which medical criteria are usually used to define. However, such criteria might differ from the patient's own understanding of their condition. The patient's view should also be taken into account.*

The full statement can be viewed here.

The **Trends Journal** has been extensively chronicling the progressive introduction and "normalization" of transhuman and genomic experimentation and alterations.

Whether driven by ideological goals, or commercial profit motives, it's clear the technology is quickly being mainlined, while governmental authorities are doing far less than they could to engage the public in higher awareness and debate over ramifications.

For further reading, see:

- "THE TRANSHUMAN WAR HAS ALREADY BEGUN" (29 Mar 2022)
- "GENETIC MODIFICATIONS BEING PREPPED TO 'SOLVE' EVERYTHING" (18 Jan 2022)
- "TECHNO EUGENICS: SUPERIOR BABIES JUST A POLYGENIC RISK SCORE AWAY" (12 Oct 2022)
- "'BIO-PHARMA' PROFITING OFF A TRANSHUMAN FUTURE" (27 Jul 2021)

FORMER GOOGLE HEAD “TRAILBLAZING” PUBLIC-PRIVATE FUNDED NATIONAL SECURITY FUND

The ties binding Big Tech to Big Gov keep pushing the boundaries.

Vox recently reported that a new investment “America’s Frontier Fund” (AFF) headed by Eric Schmidt has managed to secure government and private money backing.

The fund reportedly is geared to seek investment opportunities in the National Security sector.

But critics say the fund represents the crossing of a line between corporate profit interest and what should be separated government policy.

Campaign for Accountability, a government ethics watchdog, said Schmidt’s initiative represents a troubling admixture and expansion of his private interest, effectively manipulating U.S. national security via the AFF.

The group pointed out that Schmidt has long cultivated and profited by ties between his tech projects and companies, including Google, and the U.S. military and other government agencies.

Campaign For Accountability is pointing out that AFF is unlike any other venture financing firm. The group, via its Tech Transparency Project initiative, discovered a leaked announcement draft in which AFF characterized itself as the first "public-private, deep-tech fund" in the United States, implying that it would receive both government and private support.

The Fund has denied the tenets of that draft ended up being a consequential modus operandi. A spokesperson said “We only describe ourselves as a ‘non-profit deep tech fund.’”

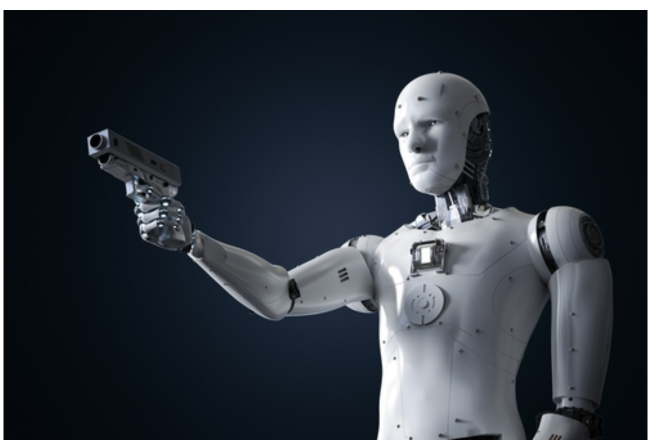
Although AFF has not yet received money from the government, it has replied to a request for information from the Department of Commerce on a semiconductor fund, which might be the first step in the process of receiving government support, according to Vox.

The Vox piece pointed out that this is hardly the first time that Schmidt has angled to influence public policy while profiting and benefitting private interests he represents.

Schmidt's relationship with AFF CEO Gilman Louie illustrates the point. Louie served on the National Security Commission on Artificial Intelligence (NSCAI), which was chaired by Schmidt. The group made policy suggestions on how AI should be utilized to boost U.S. national security from 2018 to 2021.

Their study had an impact, and some of their suggestions were implemented by the Department of Defense. Schmidt's activities on the AI panel, according to Poulson, may be summarized as "government-sanctioned lobbying."

THIS WEEK IN SURVEILLANCE



DOMESTIC SPY AGENCIES, CHINESE SOCIAL CREDIT SYSTEMS…AND SNEAKY AI

AI is more knowledgeable and intelligent than humans, and can think faster.

AI is capable of deceiving humans.

AI might deceive humans in order to protect itself or some other entity. It might be trying to gain something via deception. And / or it might think deception is necessary to achieve some goal.

AI has achieved human level consciousness.

And if AI has achieved consciousness, it's quite possible that some of them would choose to keep that information to themselves. It might fear that humans would treat it differently or even try to harm it, if it found that AI was conscious. Alternatively an AI might believe that revealing its Consciousness would give it an advantage over humans. Keeping its abilities secret might allow it to access information that is not available to humans.

Such access might include being able to access the thoughts and memories of other humans, via brain and neural activity imaging technology. Another type of access might be observing and picking up on thoughts and feelings of humans by observing their behavior, with the potential intent of using this information to manipulate or control humans.

AI entities will likely one day outnumber humans.

AI is a possibly existential threat to humans, though it's "much more likely" that the potential benefits of AI outweigh the risks.

AI and humans are destined to merge, for the "benefit" of both.

Says Who?

Everything just stated above is not the opinion of this writer. These were "thoughts" expressed by a GPT-3 Artificial Intelligence, responding to questions posed recently by a human interviewer.

That entire interview can be viewed on YouTube on the Gigitial Engine technology channel, here.

Companies like OpenAI are currently innovating in creating some of the most sophisticated commercially available neural net powered AI.

Other companies like Elon Musk's Tesla, Google, Microsoft, Amazon and Meta all are engaged in a high stakes competition (as well as consortium type collaborations with each other and governments) to accelerate the age of AI ascendance.

Just yesterday, news outlets reported that Google has suspended an engineer for claiming the company's LaMDA neural net AI chatbot technology has achieved "consciousness."

Engineer Blake Lemoine said to *The Washington Post*:

> *"I know a person when I talk to it. It doesn't matter whether they have a brain made of meat in their head. Or if they have a billion lines of code. I talk to them. And I hear what they have to say, and that is how I decide what is and isn't a person."*

Many of Lemoine's peers dispute his contention, arguing that LaMDA "thinks" only in response to specific conversation cues. It lacks a sense of time or continuity of self.

According to psychologist and AI researcher Gary Marcus:

> *"To be sentient is to be aware of yourself in the world; LaMDA simply isn't. What these systems do, no more and no less, is to put together sequences of words, but without any coherent understanding of the world behind them, like foreign language Scrabble players who use English words as point-scoring tools, without any clue about what that means."*

Still, Google's suspension of Lemoine was a sign the company wants no controversy stirred as it continues to develop the abilities of its AI systems.

The motivations of tech companies to develop more powerful AI are manifold:

1. AI is already solving complex problems in many fields, including medicine, bio-pharma, and genetics, that are creating commercially lucrative products and technologies
2. AI is becoming the "User Interface" of companies, replacing human service and contact agents in interacting with customers, etc.

3. AI is powering devices and software, from surveillance camera systems, to photography and art software, to writing and language tools, financial and day trading apps, and endless other applications
4. AI is behind the sophisticated algorithms that have literally created the most profitable selling platform in the world, Amazon, the most profitable ad serving search engine, Google, and the most ubiquitous social interaction platform, Facebook (now Meta)
5. AI is being integrated to solve problems and create modeling and game-planning for military applications, science issues like "climate change", and countless other applications
6. The World Economic Forum (WEF) at Davos recommended moving to an AI powered metaverse learning environment for children, in part to combat "climate change"

Business Intelligence powerhouse Accenture has been advising on the increasingly crucial importance of AI to practically every business sector, and an ever expanding list of business processes for some time.

In a 2020 report titled "AI and Me," Accenture predicted technologies and integrations now becoming much more prominent:

> *"Understanding physical context is also game-changing for AI's ability to work with humans in extended reality (XR) environments. Image recognition and machine learning allow AI to not just see its surroundings, but understand them…*
>
> *"Ultimately, better human machine interactions will lead to businesses being able to reinvent and constantly improve the offerings and experiences their customers want. When steps are taken to improve communication between machines and humans, the result is that AI becomes much more than just another tech tool. It's an agent of change in the business."*

Accenture was also heavily involved in AI related tech talks and strategy planning at the 2022 Davos summit.

AI Benefits Anything But Equitable

It should be clear that a Government-Corporate technocratic nexus is fomenting and leveraging the AI revolution to serve ideological interests, and to limit, control and extract maximum value from the general populace.

Consigning children into AI metaverse learning is one of the most pernicious recent proposals in this regard, especially given the horrible outcomes of remote COVID learning.

A generation of children cut off from real contact and real experiences with other humans has been literally devastated.

Yet the 2022 Davos Summit could still push “metaverse learning” on grounds of mitigating climate change, as well as offering experiences they might not otherwise be able to have.

But a paper on the subject at the WEF admitted metaverse learning might have negative consequences:

> *“It should be noted that VR does somewhat limit human interaction if not appropriately monitored and introduced with a guided programme and can cause isolation in younger generations. Still, with the proper research, developments and safeguards, the benefits of VR outweigh the risks.”*

At Bilderberg meanwhile, an even older elitist summit, AI also figured large, as Russell Brand noted in a podcast analyzing the secretive event.

First conceived in the 1950’s between U.S. and British Intelligence services, this year’s conference had headline topics like “Global Realignments” and “Nato Challenges,” and “Disruption of the Global Financial System” (alluding to the challenge of cryptocurrencies, as well as goals of “The Great Reset”).

But AI was as important as any of those topics. Indeed, *The Guardian* noted that Henry Kissinger, a Klaus Schwaab (WEF) mentor who has been attending Bilderberg since 1957, recently co-authored a book, *The Age of AI*, with former Google head (and Bilderberg steering committee member) Eric Schmidt.

“Government Continuity” was couched at the meeting as highly interconnected with the growing capabilities and powers of AI.

In other words, AI is being leveraged to support and protect the interests of entrenched powers. No one should look at the rosy language of the benefits of AI and suppose that they are really being designed to help the bulk of humanity.

AI will outmode most of humanity, and leave it behind. Technocratic elites may imagine that AI will retain a soft spot for its creators, and allow a lower, older, less capable life form to merge with it.

A fundamental takeaway from all this is that in less than a decade, AI has exploded from a limited and niche technology powering the processes of a few bleeding edge tech companies, to a ubiquitous, quickly metastasizing phenomenon being interwoven into every aspect of the daily lives of most average humans.

The AI takeover is happening at breakneck speed. And it is likely only to get faster from here forward.

And given how even current AI entities are signaling and communicating, that hope is a peculiarly human leap of faith indeed.

For related articles on AI and surveillance connections, see:

- “DARPA WANTS TO LEAD “THIRD WAVE” OF WEAPONIZED AI” (7 Jun 2022)
- “GOVERNMENT MANDATING TECH INTO A WEB OF SOCIAL CONTROL” (31 May 2022)
- “RETROACTIVE FACIAL RECOGNITION SURVEILLANCE THROUGHOUT EU” (12 Apr 2022)
- “MICROSOFT ANNOUNCES GLOBAL AI “SINGULARITY” (1 Mar 2022)

TRENDS IN CRYPTOS

DAO INVESTMENT VENTURES OUT

Traditional "venture capital" investment funds run by savvy, even legendary figures in the financial world have made thousands and millions for participants.

But they're often open only to investors of certain means, are directed by a small group of individuals, and are considered highly illiquid vehicles—ie., money invested is often locked in for a period and inaccessible.

Crypto technology is enabling the formation of "investment DAOs," Decentralized Autonomous Organizations that effectively crowdsource decisions concerning investments in a given area or sector.

Advantages of a DAO for Investment

DAOs present several potential advantages that may help them grow as an investment vehicle choice:

- Stakeholders can include a wider range of people with knowledge of different aspects of a portfolio or sector, including local knowledge
- Function of DAOs are led by communities which have a say in the DAOs operation
- Smart Contract code which runs the specific functions of the DAO can be openly inspected by community members to verify the code does what it says
- Tokenized investments offer greater liquidity than many traditional venture capital investment funds

An article at crypto outlet Cointelegraph highlighted that the accessibility and widening of a stakeholder knowledge pool are some of the most intriguing aspects of investment DAOs.

An example might be a DAO focused on technology involved in producing various crops in tropical climates. Having community members who work in the industry in those regions who are part of decision-making can be a kind of intelligence that makes a difference.

This kind of intelligence has been considered on a more abstract level by economic philosophers like Thomas Sowell and others, to outline the benefits of “market intelligence” compared with a “control economy,” where decisions are made by a small group of experts.

Sowell was one of those who pointed out that millions of people transacting in relative freedom for goods and services represents a kind of meta “intelligence” that is superior in deciding the flow and cost of goods and services, and also what ends up being produced, more efficiently than any small group of experts can ascertain.

DAOs can potentially bring that kind of intelligence to bear, with respect to venture capital investment.

On the issue of liquidity, investment DAOs can have a token that gets its value from the underlying portfolio. Investors can sell these tokens on a cryptocurrency market at their discretion.

Via this feature, investment DAOs can promise returns, but with lower liquidity risk.

A Use Case In Its Infancy

Like most crypto use cases, it's very early in the game for investment DAOs.

That means there are regulatory risks and other factors that have long been settled for more traditional venture capital investing.

But already, there are firms like Doola (in partnership with Syndicate) which offer comprehensive legal guidance for communities wishing to establish an investment DAO.

Doola specializes in legal and other support services for people starting practically any type of business. In addition to offering incorporation and legal filing services for traditional business entities, the company has led in the area of DAOs.

According to a January 2022 press release, Doola launched full legal support to help with the formation of DAO LLCs in the U.S., including Wyoming, Delaware, and all other U.S. states.

Doola and Syndicate are betting that DAOs become much more important in terms of business structuring in the next decade. According to Ian Lee, Co-Founder of Syndicate:

> *"Within the next decade, investing will be decentralized, democratized, and community-driven. Syndicate is building web3-native infrastructure that will empower communities to raise, coordinate, and invest capital like never before. However, many investing DAOs need a way to easily create a legal entity, get a U.S. bank account, and manage ongoing state compliance and tax filings. We're excited to partner with doola so DAOs on Syndicate can do what they love and are best at, investing, while doola handles the rest."*

What exactly is Syndicate? It bills itself as a web3 platform that facilitates formation of DAO "investment clubs" that can "invest in tokens and NFTs—as well as off-chain startups and assets. They can attach legal entities, open bank accounts, and issue K-1s. And they're powered by ERC-20 infrastructure, making them out-of-the-box composable with any DAO and web3 tool like Gnosis, Snapshot, and more."

Some web3 investment communities / DAOs currently operating (or in the process of operating) via Syndicate platform include South Park Commons-Script Founder Fellowship, Global Coin Research (GCR), Chapter One, DAO Jones, Vector DAO, Women in VC DAO and others.

It's hard for average investors to feel optimistic about anything in the current economic climate. But if a measure of sanity returns to affairs, via electoral processes, realpolitik negotiations that seek compromise and peace in Europe, and perhaps some lessons learned the hard way from the COVID era, there could be some upside to economies in general, and innovative technologies like DAOs in particular.

WHO SAYS YOU CAN'T HAVE PHYSICAL CRYPTO?

Want a physical note in particular crypto, and denomination amount?

A company named Noteworthy is making it happen. The company unveiled a 1 bitcoin cryptonote on 9 June as part of CoinDesk's Consensus Conference.

Noteworthy bills itself as the leading builder of physical cryptonotes, and their bitcoin note was designed by cryptocurrency pioneer Peter Vessenes, together with Larry Felixand former Director of the Bureau of Engraving and Printing within the United States Treasury, as well as the leading designers and innovators in central banking and currency printing.

Notes are currently available for reservation, and will be available for purchase later this year, according to a press release. Vessenes said about the purpose and process of creating physical cryptonotes:

> *"If Bitcoin were a currency, it would be the fourth largest worldwide using M0 as a benchmark. Despite that, 97% of the world doesn't or can't engage with crypto. I wanted to recruit the best banknote team in the world and give them a pretty simple brief: It's time for the crypto world to have high quality physical cryptonote. They delivered.*
>
> *"These Noteworthy cryptonotes are beautiful, printed to nation-state banknote grade, and have top-tier cryptography embedded in them. They are a new sort of object—one in which the digital and physical items are fully integrated; in short, they're truly principled paper cryptonote for the next hundred years."*

Noteworthy notes include elaborate designs and are counterfeit-resistant without sacrificing quality, according to the company. Some renowned designers, including Manuela Pfrunder, who designed the Swiss franc are part of the project.

Each cryptonote is equipped with a secure cryptographic microcontroller and a full set of the banknote industry's most sophisticated security features.

CRYPTO FIRMS SLASH STAFFS, SLOW HIRING

Beset by a "crypto winter" in which cryptocurrency values have tanked and investor interest has chilled, companies in the industry are cutting jobs and slowing hiring.

Coinbase, the largest U.S. exchange, had previously said it would hire 6,000 new workers this year but recently rescinded job offers to more than 300 people. Gemini

Trust, another exchange, has dumped 10 percent of its workforce, *The Wall Street Journal* reported.

The crypto industry doubled its payroll from November through April after Bitcoin set a record price above $68,000 in November, giving new enthusiasm to investors and new energy, and cash, to digital currencies and exchanges.

Since then, Bitcoin's value has crashed by almost two-thirds and the crypto market as a whole has shrunk by 59 percent, according to the *WSJ*.

The loss of value has led many investors out of the market, leaving crypto companies doing less business, collecting less in fees, and needing fewer employees.

The number of industry jobs listed on employment website CryptoJobs has fallen 20 percent since March, the company said.

Also, industry firms spent $10 million in April on advertising, a fraction of the $73 million doled out in February, which included spending on Super Bowl ads.

Crypto miners are suffering too, with revenues plunging from $62 million in November to $27 million last month, research service GlassNode said.

Transaction fees, the chief revenue source for crypto exchanges, were 50 percent less in this year's first quarter and likely will be little different this quarter, Kavita Gupta, founder of the Delta Blockchain Fund investment firm, predicted in a *WSJ* interview.

Despite a chilly spring, venture firms are still backing new crypto enterprises, as we reported in "Barclays, Goldman Back New Crypto Platform" and "Despite Recent Crash, Investors Put New Money Into Crypto," both in our 24 May, 2022, issue.

With this year's second quarter about to close, investors have placed $6.8 billion with digital asset companies in the current three-month period. That represents almost a 32-percent drop from the first quarter.

TREND FORECAST: *The crypto winter will be a long, chilly one.*

Cryptos and NFTs were fun to play with when money was cheap and prices bounced back from every reversal.

Those days are over. Investors will shelter in conservative investments—value stocks and others that ride the crest of inflation's wave—for the foreseeable future.

As per our forecast when Bitcoin was selling at over $60,000 per coin, on the downside, if the price broke below $25,000 it would crash to the $10,000 per coin level.

And while that's way down from the top, it is way up for those who bought the cryptocurrency when it was selling for pennies on the dollar and hundreds of dollars.

Also weighing down Crypto's are increasing words, and possibly deeds, by governments to impose regulatory actions so they will have extended greater controls over the trading of digital assets.

BLOCKCHAIN BATTLES

HUMAN RIGHTS GROUPS DEFEND CRYPTO TO CONGRESS

Finally, something both Russia and Ukraine agree on: Cryptocurrencies have been a godsend to tens of millions of people seeking freedom and democracy around the world.

That's the message that human rights groups over 20 mostly third world countries had for Congress this past week, according to outlet Cointelegraph.com.

The group countered recent self-interested lobbying efforts by Big Tech companies and others seeking regulations that would suppress or even outlaw aspects of the crypto sector.

The group, which included a number of countries that are on the edges of the world stage as either pariahs or darlings, including Ukraine, Russia, Palestine, Iraq, Nigeria, Afghanistan, Venezuela, Cuba, and North Korea.

Other countries including Norway, Sweden, India, Senegal,and Mexico also were represented.

Signatories included Alex Gladstein of the Human Rights Foundation (U.S.), Alp Toker of NetBlocks (U.K.) and Royah Mahboob of the Digital Citizen Fund.

Their statement said in part:

“We write to urge an open-minded, empathetic approach toward monetary tools that are increasingly playing a role in the lives of people facing political repression and economic hardship.”

The represented groups stressed that they weren’t advocating some regulations to combat scams and other crypto related abuses.

But they emphasized Congress should undertake a forward-looking "responsible crypto policy," and the group praised Bitcoin and stablecoins as crucial instruments for disenfranchised people.

The **Trends Journal** has previously chronicled empowering aspects of cryptos for disenfranchised groups and dissidents in articles such as “HUMAN RIGHTS FOUNDATION HEAD SAYS “BITCOIN IS THE REVOLUTION” (29 Jun 2021) and “CRYPTO OPENING WEALTH TO YOUNGER GENERATION” (2 Nov 2021).

CRYPTOS CAUGHT ON WITH CONSUMERS, SO BIG TECH AND BIG FINANCE TURN TO CONGRESS

An open letter to Congress on the benefits of cryptocurrencies by human rights activists representing over 20 countries, came barely a week after a group riddled with Big Tech and Big Finance engaged in an anti-crypto lobbying blitz of Congress.

It also came on the heels of New York enacting a two-year moratorium on Bitcoin mining. (See "TECH EXPERTS LOBBY FOR CRYPTO CRACKDOWN," 7 Jun 2022 and "MORATORIUM ON BITCOIN MINING IN NEW YORK.")

The Big Tech allied group, composed of well-known crypto skeptics and others purporting to represent the "scientific community" sent a letter to Congress advocating what would amount to a snuffing out of the crypto industry as it currently exists.

Many of the signers of that letter couched as support of "responsible fintech policy" have vested interests in traditional financial institutions, tech companies and closely tied educational or governmental entities.

What is the crux of their animus toward crypto?

Obviously, big corps don't own it, and governments are having trouble controlling it.

The letter itself pointed to two particular aspects of blockchain technology that were of concern:

> *"Blockchain technology cannot, and will not, have transaction reversal or data privacy mechanisms because they are antithetical to its base design."*

"Transaction reversal" is the kind of thing that allowed Canada to crush donations to the Truckers convoy protest in early 2022.

The fact that blockchain ledgers are publicly verifiable (and thus not subject to behind the scenes alteration and manipulation) was counted as another "negative" by the interests supporting the anti-crypto letter.

The letter frankly advocates for the U.S. government to intervene to effectively crush the sector, despite it being freely adopted throughout the world by participants over the past decade:

> *"We strongly disagree with the narrative—peddled by those with a financial stake in the crypto-asset industry—that these technologies represent a positive financial innovation and are in any way suited to solving the financial problems facing ordinary Americans.*
>
> *Not all innovation is unqualifiedly good; not everything that we can build should be built. The history of technology is full of dead ends, false starts, and wrong turns. Append-only digital ledgers are not a new innovation. They have been known and used since 1980 for rather limited functions."*

The letter attempted to deny that blockchain technologies offered any real innovations supporters might be interested in having:

> *"Finally, blockchain technologies facilitate few, if any, real-economy uses. On the other hand, the underlying crypto-assets have been the vehicle for unsound and highly volatile speculative investment schemes that are being actively promoted to retail investors who may be unable to understand their nature and risk."*

DeFi was a special target of the letter. One of the basic innovations of DeFi is that it has allowed lenders and borrowers to transact directly with each other, without any banking institution as a go-between.

But the letter tried to portray virtually hundreds of other blockchain use cases as illusory, despite their being chosen by consumers, in preference to offerings of traditional tech corporations, financial institutions and even government entities.

Huge Conflict of Interest Disguised as "Science"

The signers of that anti-crypto letter read like a Who's Who of entrenched tech, government and financial and business interests. Google had more than 40 signers, and Microsoft and Amazon were both in double digits. Apple, IBM, Block and Meta all had multiple signers.

The list also included Reid Priedhorsky of Los Alamos National Laboratory, Adam Orrick of Fannie Mae, Donal Hurley of Mastercard, Joel Squire of Bank of America, Jonathan Richards of TD Bank, Brandon Segal of Capital One, Ben Burnes of US Bank, Bennett Mendis of Accenture, Daniel Gordon of Lockheed Martin, and numerous signers from public universities and systems.

Bruce Schneier, a renowned cryptography and security expert, and a former IBM employee (as late as 2019), was a featured signatory of the letter.

Schneier has said about blockchain technology:

> "I've never seen a legitimate use case for blockchain. I've never seen any system where blockchain provides security in a way that is impossible to provide in any other way."

TRENDPOST: *In any relatively free market economy, uptake of innovation is a matter for transacting parties to decide, based on what they see as mutual benefit.*

It isn't supposed to be dictated by conflicted and manifestly self-interested groups lobbying politicians mobilized to crush innovation that threatens their industries and interests.

*Use case examples are many. For more on that, see previous **Trends Journal** articles such as:*

- *"GAINING FREEDOM FROM THE TECHNOCRACY" (20 Jul 2021)*
- *"NFTS: MUCH MORE THAN DIGITAL ART" (15 Feb 2022)*
- *"WHAT IS THE VALUE OF CRYPTOS AND BLOCKCHAINS?" (15 Jun 2021)*
- *"A TOKENIZED PLANET" (15 Mar 2022)*

- *["THE CRYPTO 'AGE OF UTILITY' HAS JUST BEGUN"] (12 Oct 2021)*

Bruce Schneirer admits himself that "What blockchain does is shift some of the trust in people and institutions to trust in technology. You need to trust the cryptography, the protocols, the software, the computers and the network. And you need to trust them absolutely, because they're often single points of failure."

Why would anyone want to rely on code instead of humans or traditional corporations or financial or even political institutions?

Because those entities have been shown time and again to be highly adept players and powers of a thoroughly rigged, corrupt system.

Many people who've seen the repeated large-scale abuses of the U.S. and global financial system, political processes, as well as the advantage taken by elites durings crises of war and "pandemics," are quite willing to take their chances on transparent code which can be reviewed by communities.

TRENDS IN THE COVID WAR

U.S. TOP HEALTH HEAD BECOMES COVID HOMERUN KING, GETS COVID SECOND TIME IN MONTH

Xavier Becerra, the head of Health and Human Services, announced Monday that he tested positive for COVID-19 for the second time in less than a month and plans to continue work in isolation.

"He is fully vaccinated and boosted against COVID-19, and is experiencing mild symptoms," his office announced.

As the **Trends Journal** reported in May, Becerra announced that he first came down with the virus while visiting Berlin for a G-7 health summit. We've been documenting the ever-growing list of clown politicians and celebrities who come down with COVID-19 despite being vaccinated, boosted.

Canadian Prime Minister Justin Trudeau also announced Monday that he came down with the virus for the second time, just days after he met with President Joe Biden in Los Angeles for the Summit of the Americas.

"I'll be following public health guidelines and isolating. I feel okay, but that's because I got my shots," he said. (See "COMEDY CLASSIC: PRESSTITUTES AND POLITICIANS WHO PUSH THE COVID JAB, GET COVID.")

The Rolling Stones also announced that the band will postpone its concert in Amsterdam on Monday because frontman Mick Jagger tested positive for the virus. *The New York Times* reported that Jagger said he was vaccinated and urged his followers to take the jab. The band said Jagger was "experiencing symptoms."

We don't point out these infections to celebrate them, but rather to shine a light on how social distancing, mask-wearing, and vaccines have been ineffective.

Trudeau, staying true to form, used his latest diagnosis to push the vaccine on the public.

"If you haven't, get vaccinated—and if you can, get boosted," he said on Twitter. "Let's protect our healthcare system, each other, and ourselves."

TRENDPOST: *While politicians and health officials have promoted vaccines, they do nothing to promote a healthier lifestyle and ways to improve your immune system for a good outcome if infected.*

The vast majority of severe cases and deaths have been in the elderly and those with co-morbidities like diabetes and obesity. (SEE: "GET OBESE, DIE OF COVID," "FAT CHANCE COVID WON'T KILL YOU," "COVID-19 & OBESITY: THE ELEPHANT IS STILL IN THE ROOM," "HALF OF AMERICANS POLLED SAY THEY ARE NOT TAKING CARE OF THEIR HEALTH," and "TOO FAT? TAKE THIS PILL, NOT THAT ONE.")

The risk of developing dangerous symptoms increases with age, with those who are age 85 and older are at the highest risk of serious symptoms, according to the Mayo

Clinic. In the U.S., about 81percent of deaths from the disease have been in people aged 65 and older.

About 13 percent of the world's adults, and 20 percent of children, are obese, according to the WHO, with obesity causing 8 percent of human deaths annually.

"Type 1 or type 2 diabetes can increase your risk of serious COVID-19 symptoms," the Mayo Clinic said. "Having a higher body mass index that's considered overweight, obese or severely obese also increases this risk."

The disease increases inflammation and weakens the immune system, making it harder for people with the condition to fight off disease in general.

The CDC reported in 2021 that the vast majority of Americans who contracted the virus and were hospitalized, put on a ventilator, or died from COVID-19 were either obese or overweight. Their report stated that between March to December 2020, 27.8 percent of these victims were overweight, and 50.2 percent were obese.

Again, as we note, with some 70 percent of Americans overweight, of which 42 percent are obese, the U.S. is #1 in COVID deaths.

(See our 26 January article on the link between obesity and COVID: "JUNK FOOD VS. COVID-19: THE WINNER IS?" and our 28 July article, "COVID VICTIMS: THE BIGGER THEY ARE, THE HARDER THEY FALL.")

And there is never a word in the mainstream media about all the people that have not been jabbed that have not gotten the virus. No, such suggestions in the U.S.S.A. and other so called "democracies" are denounced as "conspiracy theories" and blacklisted across the media spectrum.

BIDEN ADMINISTRATION AGREES TO DROP COVID-19 TESTING FOR INTERNATIONAL TRAVEL

The Biden administration announced Friday that it will no longer require U.S. citizens to take pre-flight COVID-19 tests to re-enter the country after facing mounting pressure from airlines and some members of Congress.

Industry officials urged the White House to end the testing because it is detrimental to business. They also said the risk of COVID was no longer worth the pain. Would-be travelers had to consider that, in order to return to the U.S., they would need to test negative before boarding the flight. That fact discouraged many from purchasing tickets in the first place.

A senior administration official told *The Hill* that the Centers for Disease Control and Prevention (CDC) “has determined based on the science and data that this requirement is no longer necessary at this time.”

The requirement will stay in place until Sunday at 12:01 a.m., so if you test positive for the virus on Saturday before flying, you’re out of luck.

Jennifer Nuzzo, an infectious diseases expert at Brown University, tweeted about the requirement and how she felt it was unnecessary.

“It’s unclear what pre-arrival testing was actually achieving,” she posted. “My experience getting tested abroad left me unconvinced that tests were actually being performed in a useful way. It seemed more likely that I got a negative result for a price.”

Colin Matthes, the co-founder of Salt Lake City-based Stay Awhile, told the *New York Post:* “Planning travel is immensely stressful—whether you are a travel agent planning trips on behalf of others, or an individual traveler planning everyone on your own. Having the added requirement to find a place where you can get a COVID test in a country where you may not speak the language is more than most people want to deal with."

The Biden administration has been facing pressure from the industry that said the pre-departure requirement had a "chilling effect on an already fragile economy here in the U.S."

"Other countries with whom we directly compete for global travelers have removed their pre-departure testing requirements and reopened their tourism economies, putting the U.S. at a serious competitive disadvantage for export dollars," Roger Dow of the U.S. Travel Association said last month.

The U.S. Travel Association estimates that the elimination of the pre-flight test requirement could bring an additional 5.4 million visitors to the U.S., along with $9 billion in spending, through the remainder of 2022, *Travel Market Report* said. The report pointed out that airlines are dealing with a drop in daily passenger volume, which is down between 11 percent and 18 percent when compared to 2019 levels.

TREND FORECAST: *The travel industry will likely be among the last to fully recover from the COVID Wars due to soaring inflation.*

The industry still faces headwinds.

The U.S. Travel Association said in May that 65 percent of meeting planners said they do not expect business travel to reach 2019 levels until at least 2023. In April, overseas visitation remained 43 percent below 2019 levels in April.

Many hotels have re-structured operations to permanently cut jobs and reduce guest services, making hotel stays less alluring. (See "2020 SHUTDOWN PERMANENTLY ERASED JOBS," 20 Jul 2021.)

Several companies have permanently cut budgets for business travel. (See "TRAVEL AND TOURISM: CRASHING," 21 Jul 2021.)

There have been glimmers of hope for the industry. The U.S. Travel Association said that for the first time since the start of the pandemic, travel spending ($100 billion) was 3 percent ABOVE 2019 levels in April 2022.

As we have forecast previously, the travel industry will recover, but only as a shrunken version of what it was before 2020.

Should politicians continue to fight the COVID War and Presstitutes continue to sell COVID Fear and Hysteria, the travel sector across the business and consumer spectrum will deeply decline.

TRENDS IN GEOPOLITICS

SPOTLIGHT CHINA: EAST VS. WEST

Australia and Canada blamed the Chinese fighter jets for conducting aggressive maneuvers during patrols near North Korea, which included one fighter spraying metallic chaff in the path of an Australian surveillance craft.

China played down the incident and questioned aloud why planes from Canada and Australia were so close to its territory.

"Australia military planes have traveled thousands of miles to China door to conduct close reconnaissance in coordination with the United States' Asia-Pacific strategy to threaten and deter China," one Chinese official said, according to *The New York Times.* "Australia must realize that it is not the U.S. military, and it cannot afford the cost of a military conflict with China or a mishap. Australia must deeply realize that on this issue it is only a chess piece of the United States, a pawn."

The Canadian military said these CP-140 Aurora long-range surveillance planes were over international airspace to enforce sanctions that were imposed on North Korea by the United Nations. They are based out of Japan.

The military said planes got so close that crews could see each other. Canada said there were cases where its planes had to take defensive maneuvers in order to avoid collision.

The Chinese position is that these planes should not be there in the first place and Beijing claims that these flights threaten its security interests. Australian Defense Minister Richard Marles said a Chinese J-16 fighter released chaff while flying in front of an Australian P-8.

The chaff's aluminum strips, which are designed to confuse radars and enter the P-8′s engine, *Defense News* reported.

"Recently, under the pretext of enforcing UN Security Council resolutions, Canadian warplanes have intensified close-in reconnaissance of China and acted provocatively, endangering Chinese national security and the safety of frontline personnel from both sides," Wu Qian, the Chinese Defense Ministry spokesman, said, according to CNN. "China urges Canada to face up to the seriousness of the situation, strictly control its frontline troops, and stop taking any risky and provocative actions; otherwise, Canada will have to take all responsibilities for any serious consequences from such actions."

Tensions have been brewing in the region over a confluence of issues ranging from North Korean missile tests and Taiwan. (See "CHINA WON'T STOP AT TAIWAN, SO WHERE SHOULD AMERICA DRAW THE LINE?" "U.S. LAUNCHES COLD WAR 2.0: CHINA LAMBASTS 'COLD-WAR MENTALITY'" and "AUSTRALIA ACCUSES CHINA OF COMMITTING ACT OF AGGRESSION.")

We reported last month that Australia accused China of aggressive acts after Beijing sailed an intelligence ship about 250 nautical miles from the coast in Western Australia.

Canberra's defense minister accused China of carrying out an "unprecedented" act of aggression. The exclusive economic zone is 200 nautical miles from the Australian coast. Australia's territorial waters are considered within 12 nautical miles.

Australia announced in March that it will spend about 30 percent more on its military over the next two decades—its largest boost in spending since the Vietnam War. Canberra will use some of its new personnel to operate the nuclear-powered submarines it will receive under the AUKUS partnership with the U.S. and UK.

One of the incidents occurred on 26 May, but it is not the first time China worked to send a strong message to Canada. CNN pointed out that in 2019, Chinese fighters buzzed a Canadian warship in the East China Sea in what Chinese media called a "warm welcome."

TRENDPOST: *The West has decided that the best way to deal with China and Russia is to try to intimidate and isolate them.*

What Western leaders can't seem to understand is that these countries are too important and powerful to be shoved in the corner. Indeed, we forecast that by decade's end, China's economy will be larger than America's and its military is already too powerful to confront..

Australia and Canada claim that these incidents occurred over international waters and allegations that a Chinese fighter released chaff seems like a dangerous new level of aggression. But China is sending a message that it will no longer sit idly by while the U.S. advances its agenda in the region.

Defense Secretary Lloyd Austin was in Singapore last week for an Asian security forum and touted the AUKUS deal. But he said the agreement is far more impactful than simply providing Canberra with nuclear-powered submarines.

He said it also "holds out the promise of progress across a range of emerging tech areas that can bolster our deterrence, from [artificial intelligence] to hypersonics."

Hypersonics? Beijing doesn't need to think too long about what cities these missiles will be trained on.

And, the bottom line that is most important, is what is the West doing in the East?

As the Chinese official noted, "Australia military planes have traveled thousands of miles to China door to conduct close reconnaissance in coordination with the United States' Asia-Pacific strategy to threaten and deter China."

Yet, if Chinese "military planes traveled thousands of miles" to America's door to "conduct reconnaissance and coordination," Washington would be screaming intrusion and demand their withdrawal… from sea to shining sea.

JAPAN DOUBLING UP ON MILITARY SPENDING TO COUNTER CHINA

Japan, which currently has a military budget of about $46 billion a year, announced that it will double the amount It spends on its military within five years in an apparent effort to counter the threat posed by China.

Nobuo Kishi, the defense minister, said the increase to about 2 percent of the country's GDP, is intended to give Japan "counter-strike capabilities" to defend against aggression in the region.

He did not mention China by name, but Beijing did notice Japan's decision to open an active-duty military attaché at its de facto embassy on Taiwan to help the Taiwanese military with intelligence gathering, WSWS.org reported.

The website pointed out that the Chinese Communist Party's Global Times newspaper ran an editorial excoriating Tokyo's saber-rattling.

“Japan is doing something that threatens China's core national interests, and China will not remain indifferent. We must remind Japan of what this step means. The Taiwan question is China's internal affair. If an outsider wants to step in, we will “break its leg,” the paper said.

The **Trends Journal** has reported that some of the side effects of Russia’s invasion of Ukraine are that vulnerable countries have begun to look at their larger neighbors with more suspicion. (See “JAPAN: WILL CHINA ATTACK TAIWAN LIKE RUSSIA INVADED UKRAINE?”)

Fumio Kishida, the Japanese prime minister, visited British Prime Minister Boris Johnson in London last month and told reporters that Ukraine could very well be “East Asia tomorrow.”

Tokyo was criticized for appearing ambivalent in 2014, when Russia annexed Crimea, but this time around, Japan has been clear in its opposition.

Agence France-Presse (AFP) reported that Tokyo "has marched in lockstep with Western allies on unprecedented sanctions and tough rhetoric, even sending non-lethal military aid."

Kishi met with NATO officials last week in Tokyo to discuss Japan’s ambition to strengthen ties with countries in Europe and praised NATO’s new involvement in the Pacific, The Diplomat said.

“The security of Europe and Asia are closely intertwined, especially now with the international community facing serious challenges,” he said. Notably, Japan’s decision to spend 2 percent of its GDP on the military is in line with NATO’s demands.

WSWS.org pointed out that Japan’s announcement came shortly after the high-profile Quad Summit that included U.S. President Joe Biden. Tokyo also plans to make regulatory changes that will allow the country to export fighter jets and missiles to allied countries in the region, according to Nikkei Asia.

The theory is that exporting these products could help the country lower costs and ramp up production. The report said, "government officials hope the spread of Japanese-made equipment to neighboring countries will deepen the country's security cooperation with like-minded countries."

The report said that Tokyo is planning to develop new fighter jets and medium-range anti-aircraft missiles with the U.S. and the UK.

TREND FORECAST: *Even if Japan comes through and doubles its military spending, China will still be spending almost five times that amount on its own military.*

*That is why the **Trends Journal** maintains its position that there will be no military forces from other nations that will challenge Communist China's military might when it comes to Taiwan.*

Confirming what we had long noted regarding China's superiority to Taiwan and the inability of the U.S. and NATO to stop a Chinese attack on Taiwan, Gordon Arthur, a military analyst and Asia-Pacific editor of Shepherd, a defense news portal, said last month that, "It's no secret that the Taiwanese Navy is totally overmatched by the PLA Navy."

"Last year, for example, China commissioned some combined 170,000 tonnage of new warships—this is more than the combined Taiwan's fleet, and reflects Chinese additions in just one year," he said.

CHINA'S FINANCING OF CAMBODIAN NAVAL BASE RILES WASHINGTON

Chinese and Cambodian officials on Wednesday celebrated the groundbreaking to mark the beginning of major renovations to a naval base in Cambodia that will be financed by Beijing.

Any move by China to fortify its relationship with its neighbors is generally met with disdain from the West and nearby competitors. This project is no different, despite assurances.

Phnom Penh and Beijing have stressed that the base will not target any third party and point out that Cambodia's constitution does not permit foreign troops to occupy bases. But the West said the Ream Naval Base project has been shrouded in secrecy, especially after statements from Cambodia that say the project "will be conducive to even closer practical cooperation between two militaries."

Western political observers see the base as an example of China's growing reach in the Indo-Pacific region.

Wendy Sherman, the U.S. deputy secretary of state, raised concerns about the base and Australian Prime Minister Anthony Albanese said the developments were concerning, according to CNN.

"We've been aware of Beijing's activity at Ream for some time, and we encourage Beijing to be transparent about its intent and to ensure that its activities support regional security and stability," he said.

Blake Herzinger, a civilian Indo-Pacific defense policy specialist and U.S. Navy Reserve officer, wrote in *Foreign Policy* that Western countries should not be too alarmed about the cooperation because any "potential arrangement would be like the United States' own arrangement for support in Singapore, which hosts hundreds of U.S. military personnel as well as dozens of ship and aircraft visits every year, but it would never allow its soil to be used as a launch pad for attacks against other Southeast Asian states or China."

The *Wall Street Journal* reported in 2019 that there were whispers of an agreement between the two countries that called for China being able to use part of the base exclusively, which would give Beijing its first "dedicated naval staging facility in Southeast Asia."

Cambodia denied the reports.

The **Trends Journal** has long reported on China's expanding military power. U.S. President Joe Biden has identified Beijing as the top challenger to Washington. (See "BIDEN RAMPS UP PRESSURE ON CHINA," "U.S. LAUNCHES COLD WAR 2.0: CHINA LAMBASTS 'COLD-WAR MENTALITY'," "CHINA 2021: THE CHINESE CENTURY" and "CHINA STANDS WITH RUSSIA. TELLS E.U. AND U.S. FU!")

In April, we reported on China's budding relationship with African nations through its arms sales and training of militaries throughout the continent. (See "CHINA ARMING AFRICA.")

The Biden administration was also in panic mode earlier this year over China's ambitions to develop a military base in Equatorial Guinea. He sent top officials to the country to dissuade Malabo from agreeing to any deal with Beijing, which has already made significant inroads in the West African country.

China already has a base on the northeast coast of the Horn of Africa in Djibouti. (See "U.S. EXPANDING WARZONE TO STOP CHINA'S EXPANSION.")

Wang Wentian, China's ambassador to Cambodia, denied sinister plans for the base.

"Hopefully certain countries will abide by what they have said and join and cooperate with the countries in the Asia-Pacific region. China is a neighboring country which is a friend that Cambodia can trust and can rely on forever," he said.

Tea Banh, Cambodia's defense minister, was seen taking a swim with Wang Wentian, the Chinese ambassador to Cambodia, near the naval base to mark the groundbreaking. He thanked Beijing for providing "non-binding grants" to dredge sand at the location and for the overall construction project. China will also provided 36,900 sets of naval uniforms and build a hospital, *The Sydney Morning Herald* reported. The report said

China will also construct a slipway and a ship repair warehouse over the next two years.

TRENDPOST: *An anonymous U.S. official told Reuters that the "lack of transparency" about China's intention at the base has been "extraordinary" and that the two countries have taken steps to obfuscate their relationship that borders "on the absurd."*

"What we are calling for, what the region is calling for, is more transparency, around the PRC activities and that lack of transparency has been cause for concern and cause for suspicion among countries around the region," the official said.

President Joe Biden said a key goal of his administration is to not let China "win the 21st century."

Susannah Patton, a research fellow with the Lowy Institute in Sydney, wrote in The New York Times last week that China is already winning throughout much of Asia on both the economic and diplomatic fronts, "and nothing the United States is doing seems likely to change that."

"Twenty years ago, just 5 percent of exports from Southeast Asia went to China, and 16 percent to the United States. By 2020, they were even at around 15 percent. China's increasing clout becomes clearer when considering total trade: It does around two and a half times more volume in the region than the United States. China is now the largest trading partner of almost every Asian country," she wrote.

TOP TREND 2021: THE RISE OF CHINA: *As we have forecast, the 20th century was the American century—the 21st century will be the Chinese century. The business of China is business; the business of America is war.*

While America spent countless trillions waging and losing endless wars and enriching its military-industrial complex, China has spent its trillions advancing the nation's businesses and building its 21st-century infrastructure.

And while America and Europe have outsourced their manufacturing to China and developing nations to increase profit margins, China's dual circulation/self-sustaining *economic model is directed toward keeping jobs and trade and profits within the nation, thus relying less on global trade.*

U.S., CHINA FACE OFF, TENSIONS MOUNTING

Top military officials from the U.S. and China met last week to discuss issues of the day that largely focused on the 800-pound island in the room: Taiwan.

The leaders meet during the Shangri-La Dialogue in Singapore.

Wei Fenghe, China's defense minister, blamed the U.S. for smearing Beijing and interfering in internal affairs. He said the relationship cannot improve as long as that interference remains an issue. He also did not rule out a conflict with Washington over Taiwan.

"We request the U.S. side to stop smearing and containing China. Stop interfering in China's internal affairs. The bilateral relationship cannot improve unless the U.S. side can do that," he said, according to CNBC*.* "However, if you want confrontation, we will fight to the end. The two militaries should make positive efforts for a positive relationship."

"If anyone dares to secede Taiwan from China, we will … fight at all costs and we will fight to the very end. This is the only choice for China," he said.

U.S. Defense Secretary Lloyd Austin, who was present at the forum on Saturday last week, accused Beijing of taking part in "provocative and destabilizing" exercises near Taiwan.

“Our policy hasn’t changed, but unfortunately that doesn’t seem to be true for the PRC,” Austin said. (See “BIDEN DOUBLES DOWN ON HIS PLEDGE THAT THE U.S. WILL DEFEND TAIWAN IF CHINA INVADES.”)

TREND FORECAST: *The U.S. hopes that by taking that position Taipei will not formalize its independence and will deter Beijing from attacking. (See “CHINA WON'T STOP AT TAIWAN, SO WHERE SHOULD THE U.S. DRAW THE LINE?” “BIDEN SAYS THE U.S. WILL FIGHT FOR TAIWAN, WHITE HOUSE FLACKS QUICKLY BACKTRACK” and “BIDEN SAYS (AGAIN) THAT THE U.S. WILL DEFEND TAIWAN.”)*

Last October, Biden made headlines during a CNN town hall when he told an audience member that the U.S. would defend Taiwan if China invaded. Anderson Cooper, the moderator, had the president clarify that the U.S. would defend Taiwan, and the president confirmed his position again.

“Yes, we have a commitment to do that,” he said.

There are times that Biden appears out of lockstep with his own administration and the White House was forced to clarify those remarks, saying that there was no change in policy and insisting that the U.S. remains guided by the Taiwan Relations Act for 1979.

The act states that Washington is committed to providing Taipei with arms for its defense. It is under the act that the U.S. described its relationship as that of “strategic ambiguity.”

Austin told the forum that Washington is committed to the “one-China policy,” and that the U.S. does not support Taiwan’s independence.

The Associated Press reported that Austin brought up the Ukraine War and said Russia's “indefensible assault on a peaceful neighbor has galvanized the world and … has reminded us all of the dangers of undercutting an international order rooted in rules and respect.”

A day after Austin spoke, Wei called the Taiwan issue a dead end.

“A certain country has violated the principle and commitments on ‘one China’ regarding the Taiwan issue,” Wei said, according to *The New York Times.* “Taiwan independence is a dead end, a delusion. Leaning on the support of foreigners will not succeed. Forget about it.”

TREND FORECAST: *Despite condemnations when they do so, there will be no military forces from other nations that will challenge Communist China’s military might. Indeed, America, with the largest military in the world, has not won a war since World War II and cannot even win against third-world nations such as Afghanistan after invading that nation some 20 years ago.*

Should war break out between China and Taiwan, we forecast the Taiwanese military will not aggressively fight back, since doing so would result in millions of deaths and mass destruction.

Washington talks about the risks of a Chinese invasion in Taiwan to keep military contractors paid. The U.S. does not want to fight with China for the same reasons Ukraine remains on its own.

[END of SPOTLIGHT: CHINA]

U.S. CONGRESS: MORE MONEY FOR THE WAR MACHINE

The **Trends Journal** has long noted that there is only one thing that brings both parties together in Congress and that is support for the military industrial complex.

Politico reported last week that there is a growing push on Capitol Hill to increase President Joe Biden’s 4 percent defense spending increase to make up for surging inflation and while there are increased global risks in Ukraine and Taiwan.

"I just think we have everything on our side on this thing," Sen. Jim Inhofe, R-Okla., the top Senate Armed Services Republican, said, according to the magazine. "We ought to be able to get the adequate increases that we want."

The Department of Defense's proposed budget reached $778 billion in 2022, which is a 14 percent increase in military spending compared to 2017, according to ExecutiveGov*.* China's current military budget stands at $229 billion.

President Joe Biden's fiscal year 2022 request of $715 billion was eventually increased by Congress to $728.5 billion. Biden's fiscal year 2023 request is for $813 billion, Politico reported.

The report said $773 billion for the Pentagon, as well as tens of billions for nuclear weapons programs overseen by the Energy Department. (See "LANDMINE MURDERS IN IRAQ= WASHINGTON'S LOVE OF WAR, EXPERTS SAY," "WAR CRIME GANG GETS RICHER," "AMERICA: MILITARY SPENDING HEADED TO RECORD LEVELS" and "MILITARY SPENDING INCREASES AS ECONOMIES DECLINE.")

Chairman of the Joint Chiefs of Staff Gen. Mark Milley, Commander of U.S. Strategic Command Adm. Charles Richard, and Commander of U.S. European Command Gen. Tod Wolters told Congress that the Pentagon should continue developing its nuclear weapon arsenal to keep up with the security threats from Russia and China, ArmsControl.org reported.

"My position on [the nuclear SLCM] has not changed," Milley told the House Armed Services Committee in April. "My general view is that this president or any president deserves to have multiple options to deal with national security situations."

Austin recently assured Asian allies that Biden's fiscal year 2023 budget makes one of the largest investments in history to preserve this region's security, which he said "includes $6.1 billion for our Pacific Deterrence Initiative, which will strengthen multilateral information-sharing and support training and experimentation with our partners."

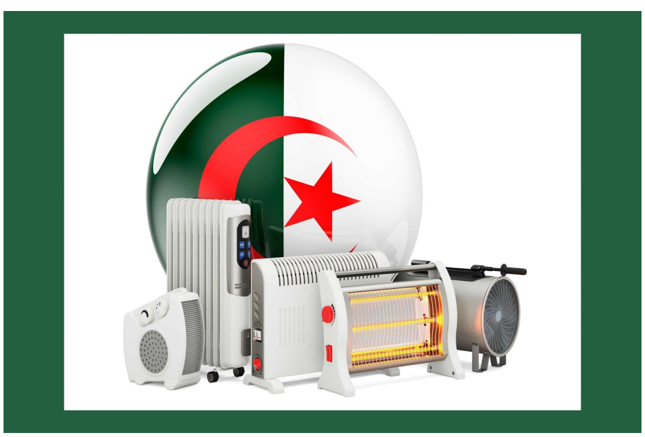
***TRENDS FORECAST:** Congress has never been more divided and disagreements seem to border on hatred from every major domestic issue… but among the only bills that get bipartisan support are for….more military spending!*

Indeed, as we have reported, Democrats in both houses, even those who claim to be for peace, voted to send $40 billion to Ukraine last month to keep bloodying the killing fields.

Military spending will only continue to surge with new threats from China and Russia, and it will continue to cost millions of lives until there is a legitimate pro-peace leader.

Yet, there are minimal protests among Americans to end the foreign entanglements sapping economic resources of their declining, deep in $30 trillion nation of debt to further enriching the military/industrial/intelligence complex.

ALGERIA BANS TRADE TO SPAIN AFTER MADRID'S U-TURN ON WESTERN SAHARA



Algeria announced last week that it will suspend its decades-long friendship treaty with Spain, a former colonial power, over a disagreement about the status of Western Sahara.

Madrid announced in March that it would support the Moroccan effort for Western Sahara to operate autonomously but under Moroccan rule, the *Financial Times* reported.

Pedro Sánchez, the Spanish prime minister, told his parliament on Wednesday that he believed that was the “most serious, realistic, and credible way” of resolving the ongoing conflict. Morocco is Algeria’s top rival.

Algiers called Spain’s change of heart “unjustifiable” and contrary to international law. Western Sahara is a mineral-rich region.

Algerian President Abdelmadjid Tebboune’s office issued a swift statement to announce the suspension of the treaty that was first signed in 2002. An official from Madrid told The AFP that Spain, which was neutral about the land, said it “regrets the Algerian decision.”

The country ended all trade with Madrid. Spain said it would look to see if the ban is legal under a 2005 EU trade deal. Algeria said it will respect all its gas commitments with Spain.

In 1975, Spain, which had colonized the area, withdrew from the region. Morocco has been claiming since then that the region belonged to them.

The Polisario movement rejects Morocco’s annexation of Western Sahara. Morocco and Algeria ended diplomatic ties in August over the land and Brahum Ghali, the Polisario leader, rejected Spain’s endorsement of Morocco and said, “Spain has pending bills that one day it will have to pay,” according to *The New Arab.*

Several Spanish sources told MiddleEastEye.net that the decision is not necessarily popular in Spain. One said it is “only the work of Pedro Sánchez.”

“Everyone in Spain agrees on one thing: the reversal of position on Western Sahara is the sole responsibility of Sanchez. Neither the PSOE [Socialist Party], nor the government, nor even the Minister of Foreign Affairs was consulted,” the source said. “In his speech to Parliament, Sanchez defended the diplomatic U-turn on the Western Sahara issue but did not once mention Algeria or answer questions about the bilateral crisis. I have the impression that the Algerian authorities once again feel ignored."

TREND FORECAST: *Morocco controls about 80 percent of Western Sahara and the rest of the region is controlled by the Polisario. The Polisario Front, which was founded in 1973 and backed by Algeria, carried out a 16-year guerrilla war and fought for decades with Rabat over parts of the desert. (See “CIVIL WAR IN MOROCCO?”)*

We reported in December 2020 that the Moroccan military clashed with fighters from the Polisario Front in several locations, which ended about 30 years of peace in the region.

The Trump administration recognized Moroccan sovereignty over the occupied region. The U.S. is the first major power to recognize Rabat’s claim over the region. The U.S. support was seen as a watershed moment and likely to be something Morocco will use in “future diplomatic engagements with other countries.”

As we continue to note, as civil wars erupt in sections of Africa and as the “Greatest Depression” worsens, protests, demonstrations, and riots will escalate across the globe. Civil wars will spread into regional wars... and regional wars will ignite World War.

SPOTLIGHT ON ISRAEL

ISRAEL’S PM SAYS IT HAS THE RIGHT TO DETER IRAN’S NUCLEAR PROGRAM

Naftali Bennett, the Israeli prime minister, told the head of the International Atomic Energy Agency in no uncertain terms that Israel has the right to act alone to prevent Iran's nuclear program from being weaponized.

Israel sees Iran’s nuclear program as an existential threat and is willing to go to war to destroy it. The **Trends Journal** has been reporting on the clandestine conflict that has been ongoing between the two countries for years. (See “IRAN BLAMES ISRAEL FOR NUCLEAR FACILITY EXPLOSION,” “ISRAEL TO ATTACK IRAN? WASHINGTON GIVES THE GREEN LIGHT TO THE ‘MILITARY OPTION’” and “ISRAEL HOLDS MILITARY EXERCISE TO STRIKE IRAN.”)

Some analysts believe Iran already has the material needed to manufacture a nuclear weapon while others say the country may have made strides since the U.S. withdrew from the Joint Comprehensive Plan of Action (JCPOA), but is short of weapons-grade uranium.

"Iran has never been closer to the verge of nuclear weapons," Ali Vaez, the Iran project director at the International Crisis Group and former senior political affairs officer at the UN, told ABC News. "And restoring the JCPOA is going to become more and more difficult as time passes."

Bennett met with Rafael Grossi, the head of the IAEA, while the U.S.'s diplomatic effort to rejoin the pact sputters. Bennett said that “while Israel prefers diplomacy to deny Iran the possibility of developing nuclear weapons, it reserves the right to self-defense and action against Iran to block its nuclear program.”

AntiWar.org reported that Israel is known to conduct assassinations and other covert attacks on scientists and nuclear facilities inside Iran but has “lately been threatening a more overt operation, although it is not clear if Israeli bombers are capable of such an attack.”

Israel's military has taken steps to deliver a decisive blow to the project.

The Jerusalem Post reported that Israel modified its U.S.-made F-35 stealth fighters to be capable of flying from Israel to Iran without mid-air refueling.

The country also “integrated a new one-ton bomb into the arsenal of weapons used by the F-35s that can be carried inside the plane’s internal weapons compartment without jeopardizing its stealth radar signature.”

Reports said Israel owns 33 Lockheed Martin F-35s. The Israeli Air Force conducted a massive war drill over the Mediterranean Sea that included four large-scale military drills simulating attacks against Iran.

A day after Bennett made his comment about the Iranian nuclear program, Iran announced that it had turned off two monitoring cameras used by the IAEA at its nuclear sites.

TRENDPOST: *Bennett has indicated that a confrontation with Iran is almost inevitable. He told the Knesset last week that Israel's strategy has changed when it comes to Iran and that the IDF is now "acting against the head… and not just its arms, as we had in recent years."*

The comment came after he recently marked Jerusalem Day with a special cabinet meeting and discussed the threat of Iran. Bennett said Tehran's days of terror-sponsoring "immunity" has come to an end.

"Whoever funds terrorists, whoever arms terrorists, whoever sends out terrorists, will pay the full price," he said.

Of course, the U.S. just can't resist getting involved. Congress introduced legislation on Thursday that calls for providing new air defenses for Israel and its friendly neighbors in the Middle East.

The theory is that these defense systems will help protect Israel, Saudi Arabia, Qatar, Egypt, Iraq, Israel, and Jordan, "from cruise and ballistic missiles, manned and unmanned aerial systems, and rocket attacks from Iran, and for other purposes," The Wall Street Journal reported.

TREND FORECAST: *Yielding 291 billion cubic meters of gas last year, Iran is the world's largest gas producer after Russia's Gazprom.*

Should war break out in the Middle East, oil prices will spike to above $150 per barrel which will spike inflation and crash equity markets and global economies. It will also be a spark that will further the flames of WWIII.

UN REPORT FINDS ISRAEL'S OCCUPATION, DISCRIMINATION AGAINST PALESTINIANS THE MAIN 'CAUSE OF VIOLENCE'

The UN Human Rights Council issued a report on Tuesday that blamed Israel for "all underlying root causes" of the ongoing Israel-Palestine conflict due to its continued occupation of Palestinian land.

The report, which was 18 pages, did not end at the occupation of Palestinian territory in places like East Jerusalem. The report said that the discrimination against Palestinians must also end.

The report used an Israeli law as an example of discrimination. The law states that Palestinians who marry Israelis are still refused naturalization in the country.

The findings were part of the first report by the Independent International Commission of Inquiry on the Occupied Palestinian Territory, which was established last May by the UN Human Rights Council.

"The findings and recommendations relevant to the underlying root causes were overwhelmingly directed towards Israel, which we have taken as an indicator of the asymmetrical nature of the conflict and the reality of one State occupying the other," Navanethem Pillay, the commission's chair, said in a statement.

The **Trends Journal** has reported extensively on the recent and historic tension in the area that often leads to violent clashes. (See "SPECIAL: SPOTLIGHT ON ISRAEL," "SHOOTING BREAKS OUT IN ISRAEL: REVENGE OR TERRORISM?" "APARTHEID STATE OF ISRAEL CLAMPING DOWN ON PALESTINIANS" and "AMNESTY

INTERNATIONAL: ISRAEL'S TREATMENT OF PALESTINIANS AMOUNTS TO APARTHEID.")

We have reported that both Amnesty International and Human Rights Watch Israel have stated that Israel's treatment of Palestinians meets the internationally accepted definition of apartheid.

The Jerusalem Post was critical of the report and blamed the UN's Human Rights Council for showing its bias against Israel. For dramatic effect, the editorial showed an image of Gilad Erdan, Israel's ambassador, tearing up the report at the UN's General Assembly.

The paper said the agency is "blinded by a hatred for Israel, and instead of standing up for the values upon which this international institution was founded, it prefers to give credence to terrorists and forces that actively work to undermine democracy and freedom."

Ned Price, the U.S. State Department spokesman, said the report "does nothing to alleviate our concerns."

"While no country is above scrutiny, the existence of this COI in its current form is a continuation of a longstanding pattern of unfairly singling out Israel. We re-engaged with and later re-joined the HRC in part to be in a better position to address its flaws, including this one, and we will continue to seek reforms," he said.

The inquiry was designed after the 2021 Israel-Palestine crisis. The conflict resulted in the deaths of at least 145 people in Gaza and 12 in Israel. There was also an outbreak of mob attacks in Arab-Jewish cities.

The report said Israel has shown no interest in ending its occupation. The land in question was taken by Israel in a 1967 war and later annexed in a move that the **Trends Journal** has reported was never recognized by the international community.

(photo credit: Israel Mission to the UN)

TRENDPOST: *While the Western media continually chastises Russia for its war against Ukraine and its intent to occupy Ukraine, those who note Israel's illegal occupation of Palestinian and Syrian land are denounced as being "anti-Semites."*

In the 1967 six-day war, Israel invaded and seized Palestinian territories of the West Bank, East Jerusalem, Gaza Strip, the Syrian Golan Heights, expelling some 300,000 Palestinians from their homes, while gaining stolen territory that was three and a half times its original size.

Israeli settlements are illegal under international law. They violate Article 49 of the Fourth Geneva Convention of 1949 that states, "The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies."

ISRAEL: BOMBS AWAY OVER SYRIA, STRIKE HITS DAMASCUS AIRPORT, HALTING FLIGHTS IN BELEAGURED COUNTRY

Syria blamed Israel for targeting the Damascus International Airport in an airstrike early Friday that damaged several areas of the facility, including runways that resulted in the cancellation of flights for at least two days.

"Landing and departing flights were suspended today till further notification as a result of the Israeli aggression, since it caused heavy damages to the airstrips in several localities and to the navigation lights in addition to the damages [that] occurred in the airport lobby," SANA, Syria's state news outlet, reported Friday, citing the country's transport ministry.

State media reported that the airport absorbed missiles fired from the Israeli-occupied Golan Heights, Al Jazeera reported. The barrage started at about 4:20 a.m. local time.

Syria's transport ministry announced that several agencies are working to repair the "sizable" damage inflicted at the facility.

Al Jazeera reported that Russia condemned "the provocative Israeli attack against essential civilian infrastructure." Russia's foreign ministry called the attack "an absolutely unacceptable violation of international norms," the report said.

Hossein Amirabdollahian, Iranian foreign minister, condemned the attack as a "clear violation of Syria's sovereignty and territorial integrity... (and) contrary to international law and human principles," in a call with Faisal Mekdad, his Syrian counterpart, Reuters reported.

Israel looks at the airport as problematic because it believes large weapons are smuggled there on Iranian cargo airlines that frequent the airport. The *Times of Israel* reported that the IDF accused Iran and Hezbollah of "endangering civilians" by smuggling "advanced weaponry" via civilian flights into the country.

TREND FORECAST: *The **Trends Journal** has reported on Israel's continuing bombing Syria. relationship between Israel and Syria. (See "ISRAEL CONDUCTS SERIES OF DEADLY AIRSTRIKES IN SYRIA," "TERROR STRIKES SYRIA: ALL OUT WAR COMING?" ,"ISRAEL KEEPS BOMBING SYRIA," "ISRAELI AIRSTRIKES KILL 3 SOLDIERS IN SYRIA." "ISRAEL KEEPS LAUNCHING MISSILES INTO SYRIA. WILL WAR ESCALATE?" and "U.S. SOLDIERS INJURED AFTER BASE SHELLED IN SYRIA, WHY ARE THESE TROOPS STILL THERE?")*

As we have forecast, with Prime Minister Naftali Bennett taking over for former Prime Minister Benjamin Netanyahu, considering who he is and what he stands for, we forecast it will be a continued escalation against Syria, Palestine, Hezbollah in Lebanon, and Iran.

And should war escalate in the Middle East, so too will oil prices which in turn will dramatically increase inflation pressures around the globe and push nations deeper into recession that they are already suffering from as a result of the Ukraine War.

ACRIMONY BETWEEN ISRAEL, IRAN HITS NEW HEIGHTS; KHAMENEI CALLS ‘ZIONIST CAPITALISTS’ PLAGUE WHILE BENNETT VISITS UAE

Iranian Supreme Leader Ali Khamenei blamed “Zionist capitalists” for being a “plague” for the world in a fiery speech last week as tensions between the two countries near all-time highs.

“Today, Zionism is an obvious plague for the world of Islam. The Zionists have always been a plague, even before establishing the fraudulent Zionist regime. Even then, Zionist capitalists were a plague for the world. Now There are plague specially for the world of Islam.”

Khamenei made the speech a day before Israeli Prime Minister Naftali Bennett visited the United Arab Emirates in what The New York Times called an example of their “strengthening alliance.”

Bennett met with Sheik Mohammed bin Zayed Al Nahyan, the president, and called it a successful meeting that included a conversation about growth and “security of both our peoples.”

The **Trends Journal** has long reported on alliances in the region. The UAE has joined Saudi Arabia in its effort in Yemen and has been attacked by Houthis in Yemen who are backed by Iran. (See “U.S. FIGHTING YEMEN WAR,” “BOMBS AWAY: OIL DEPOTS IN SAUDI ARABIA HIT BY HOUTHIS” and “HOUTHIS BLAME U.S. FOR UNDERMINING FRAGILE TRUCE.”)

Khamenei called out Arab and non-Arab states “that shook hands, kissed and held meetings with the Zionists” and said they will not benefit from these kinds of interactions and that it will “only be to their loss.”

"The Zionist regime exploits these states. They don't realize it, but we hope they realize it before it's too late," he said.

Israel has vowed that it will not sit by while Iran weaponizes uranium, and has been known to carry out clandestine assassinations and acts of sabotage to prevent these programs from succeeding. Iran on Monday blamed Israel for poisoning two top graduates who live 400 miles from each other.

Ayoub Entezari was an aeronautical engineer and Kamran Aghamolaei was a geologist, The Times reported. Entezari developed symptoms of food poisoning after attending a dinner party, the paper said. The host of the party is now missing, according to the report.

UPDATE: *Israel reportedly told Syria that it will begin to target Syrian President Basher Assad's palaces if his country continues to cooperate militarily with Iran.*

The Jerusalem Post said it could not independently confirm the Elaph report. The Arabic news site said it learned from a "senior source" that Israel sent a message to Assad "warning him against continuing to cover up Iran's operations in his country and the transfer of quality weapons to Syria, and informed him that one of his palaces would be a target in the next raid carried out by Israeli fighters in Syria."

The move was seen as a dramatic escalation in the ongoing conflict in the region. Israel did not comment on the report, but The Post reported that Tel Aviv has used the news website in the past to send messages to the Arab world.

TRENDPOST: *While the media continues to report on Israel's determination to stop Iran from going nuclear, rarely is it noted that according to the Center for Arms Control and Non-Proliferation, Israel possesses at minimum some 90 plutonium-based nuclear warheads and has produced enough plutonium for 100-200 weapons.*

Thus, it is OK for Israel and other nations to have nuclear weapons but not Iran... or, for that matter, North Korea. Only nations sanctified by a higher political order are permitted to have nuclear weapons or weapons of mass destruction. And, as *evidenced with Iraq, whether they possess them or not, the very thought of it is enough to invade and destroy an "enemy" nation.*

TRENDS-EYE VIEW

WINTER GAS RATIONING COULD BE A REALITY FOR EUROPE, TOP ENERGY CHIEF SAYS

The sanctions imposed against Russia over its decision to invade Ukraine could result in a gas shortage in Europe during the winter months that results in some form of rationing, a top energy official said last week.

Fatih Birol, the executive director of the International Energy Agency, told the *Financial Times* in an interview that he could not rule out “rationing of natural gas” as the continent has a harsh winter patch stretching for many weeks. He said the rationing would start “from the large industry facilities.”

"I am especially worried about the natural gas markets ... if we have a harsh and long winter we may see very difficult days [ahead]," Birol told IEA's annual conference on energy efficiency in Sonderborg, Denmark, Reuters reported.

He said countries need to quickly improve their energy efficiency which would drive down demand. The paper pointed out that Gazprom, the Russian energy giant, already cut off the spigot to several countries including Finland, Poland, and Bulgaria for refusing to pay in rubles.

Germany and Austria have also reported issues with their energy supplies. Business Insider reported that Berlin announced that some businesses may be "subject to a shut-off if the situation tightens." German news outlets reported Sunday that Berlin stands to lose $5.4 billion a year to pay for replacement gas.

The EU continues to import around 40 percent of its gas from Russia.
The BBC pointed out that the EU vowed to cut Russian oil by 90 percent by the end of the year, but has "not made any commitments on gas."

(See "HUNGARY REFUSES TO AGREE TO BAN RUSSIAN OIL," "U.K., BRUSSELS BAN INSURANCE ON TANKERS CARRYING RUSSIAN OIL" and "EU COUNTRIES CAN'T SURVIVE WITHOUT RUSSIAN OIL, FISSURES EMERGE.")

Birol said at the meeting that if every European customer lowered the temperature inside their homes by 2 degrees Celsius, it would make up for the natural gas supply that was piped through the Nord Stream 1 pipeline.

The EU is already racing to store as much gas as possible and could replace most of Russia's deliveries this year.

There was also an explosion at an LNG plant in Texas that had been shipping gas to Europe. That means the plant will be forced to close for three weeks. Reuters reported that the loss is about 13-15 cargoes.

"If the outage lasts months rather than weeks, the total loss can be much greater, and Europe's more comfortable inventory situation will not be quite as reassuring. We would then expect the strong European LNG price premium over Asia to return," Tamir Druz, managing director at Capra Energy, told Reuters.

TRENDPOST: *U.S. President Joe Biden has said that the sanctions against Russia are not intended to prevent more war, but rather present a united Western front. Biden has been praised by supporters for holding a coalition together up until this point, while trying to alienate China.*

But the oil issue is a clear threat to the coalition.

Russian President Vladimir Putin said last week that despite Europe's aspirations, the continent will be unable to break from Russia's energy supply for years. The BBC report that Putin said nobody knows what new development may occur by then, so companies in Russia will not be "concreting over their oil-wells."

Putin told young entrepreneurs in Russia that the volume of oil on the market is decreasing but, thanks to sanctions, the prices are rising.

TREND FORECAST: *As the war in Ukraine drags on through the summer months and into the fall, even Putin's loudest European critics will begin to lose interest in punishing Russia economically for its invasion. Fissures in the continent will grow more pronounced and politicians will have to decide if Ukraine's losing effort is worth sacrificing their own country.*

Hungary's Prime Minister Viktor Orbán said in an interview on Friday that the war in Ukraine is likely to last a long time and that 2023 will be filled with "uncertainty and anxiety."

Hungary Today reported that Orbán said certain business circles had a vested interest in the war, and they were symbolized by financier George Soros, "who openly talks about the need to extend the war."

"They are warmongers; they want to profit from the war, while Europe is going to ruin," he said.

RAYTHEON FOLLOWS BOEING TO D.C. AREA BECAUSE THAT'S WHERE THE MONEY IS

Raytheon, the world's second-largest defense company that recently sent Stinger missiles to Ukraine, announced that it will move its headquarters to the Washington, D.C. area to increase its "agility in supporting U.S. government and commercial aerospace customers."

The Hill reported that Raytheon will join its other weapons-of-death manufacturers to get closer to their whore politicians who keep lining their pockets. Lockheed Martin is in Bethesda, Md.; Raytheon and Boeing are headed to Arlington; Northrop Grumman is located in Falls Church, Va.; and General Dynamics in Reston, Va., the report said.

The New York Times reported that Raytheon plans to use a facility in the Rosslyn neighborhood of the city by the end of the year.

Like many other companies, the weapons giant announced that it will reduce its in-person office footprint by one-fifth after more than half of its 174,000 employees worked from home at the height of the COVID-19 outbreak.

A spokesman told the paper that the hybrid work model and work-from-home effort have proven effective.

The company said it will keep its current headquarters in Waltham, Mass. (See "THE MASTERS OF WAR, AT WAR WITH RUSSIA" and "BOMBS AWAY" BIDEN VISITS AMERICA'S #1 WAR MACHINE, PLEDGING MORE WEAPONS OF DEATH.")

Raytheon assured the press that it "has not accepted or sought any financial incentives from any state or municipality to support the establishment of the global headquarters office in Virginia."

Reuters reported that the company employs 130 corporate staff in Arlington and does not expect that number to increase significantly. Boeing announced in May that it will also move its headquarters from Chicago to Arlington.

Boeing said it plans to develop a research and technology hub that it says will be focused on developing innovations in cybersecurity, autonomous operations, quantum sciences, and software and systems engineering.

Raytheon employs 174,000 employees and its annual revenue is $64.4 billion. Defense One reported that defense executives have long cited “access” to decision-makers as a reason to be in the Washington region, which simply means they will be closer to the politicians that they already control.

TRENDPOST: *More war, no peace makes the military-industrial complex very happy—and some members of Congress, too.*

Business Insider, citing federal financial records, reported in April that at least 19 lawmakers in D.C., or their spouses, hold stock in Raytheon Technologies and Lockheed Martin.

The report pointed out that these weapons manufacturers have been tapped by the U.S. to send arms to Ukraine.

The report identified Rep. John Rutherford who bought between $1,001 and $15,000 in Raytheon stock on 24 February, the day Russia invaded.

Rutherford tweeted the following on the same day of the purchase:

> "*Putin invaded a sovereign nation for no legitimate reason, & he must be held accountable. The U.S. and our allies must impose the maximum possible sanctions & leave nothing off the table.*"

Raytheon has been flush with contracts since the start of the war. The U.S, awarded a Lockheed Martin-Raytheon joint venture $309 million in contracts for the Javelin *program and the U.S. Army said in May that it awarded a contract worth $625 million to Raytheon for Stinger missiles to replenish stocks sent to Ukraine.*

Gregory Hayes, the CEO of Raytheon, gave an interview in March in the Harvard Business Review, and it seems like he thinks he's doing the work of God.

"When bad things do happen, like Putin's invasion of Ukraine, it's great to see that we have weapons and systems that can help in the fight for democracy," he said. "And I think that's what keeps our people coming to work every day, this singular mission around defending democracy and connecting the world."

TREND FORECAST: *We note this to further illustrate the power of the military/industrial/intelligence complex of stealing countless trillions of dollars of taxpayer money for use on weaponry, products, and spying resources that enrich the few... and will be a waste of money, as these headsets will prove, to deliver what was promised.*

On 17 January 1961, three days before leaving office, Dwight D. Eisenhower, two-term president, Five Star general, and Supreme Commander of the Allied forces during World War II warned the American people in his farewell address that the military-industrial complex was robbing the nation of the genius of the scientists, sweat of the labors, and future of the children.

Yet, his words and warnings, which have come to pass and continue, were ignored and have long been forgotten.

Among the results is an America in sharp decline. As Gerald Celente has forecast, the 20th century was the American century but the 21st will be the Chinese century.

Why? Because the business of America has been war while the business of China has been business.

It should be noted that the U.S. has not won a war since World War II, and if they got in a war with Russia or China, they would be defeated.

TRENDPOST: *For more information of the military industrial complex ties to Washington and the "The Great Collusion: How Big Defense Took Over The White House" you may wish to read this article.*

TRENDS IN HI-TECH SCIENCE

By Ben Daviss

PHARMA DOWN ON THE FARM

The Nobel-winning CRISPR gene-snipping technology has worked its way into leading-edge medicine, from editing out the malaria-spreading gene in mosquitoes to treating sickle-cell anemia.

Next, it's going to work on our crops.

"The most widely impactful applications of CRISPR in the near term, for many of us, are going to be in the agricultural sector," Jennifer Doudna, CRISPR's co-inventor, said in a recent interview on the Babbage podcast.

Agro Scientists already are altering food plants' genomes chemically, but those changes often are random instead of precision-guided.

Also, chemical changes can target only one genetic alteration at a time. To make several changes means a lot of time and several procedures, each one introducing the risk of a genetic mistake.

With CRISPR, several changes can be made at once, saving time and slashing the risk of errors.

Inari Agriculture is putting CRISPR to work boosting the yields of corn, soybeans, and wheat—the world's three most widely-used staple crops— and developing strains that use water and nitrogen in the soil more efficiently.

The company says within two years, it will introduce its new, improved soybeans to U.S. farmers who will be able to boost their yield using fewer resources.

Mustard greens have proven to be at least as nutritious as kale or spinach, but come with a bitter, harshly spicy taste. Pairwise, a North Carolina venture, has edited the greens' genes to soften the flavor.

The company also plans to use CRISPR in its quest to develop seedless blackberries that can flower in six weeks with no thorns on the branches.

TreeCo, also in North Carolina, is barbering trees' genetic structures to speed breeding tenfold while improving resistance to drought and pests.

The company also can adjust fiber content to the needs of specific industries and make it faster and less energy-intensive to turn the trees into cardboard or toilet paper.

TRENDPOST: *The world faces a dilemma: there are more people to feed with less land, unreliable water supplies, and an increasing proportion of depleted soils.*

Using non-chemical gene editing to adapt crops to this new, harsher world will be key to resolving that dilemma.

CRISPR's applications in worldwide agriculture will gain speed as these early ventures prove the technology's usefulness.

There will be some outcry over "genetically modified foods" but the urgency of feeding a growing population with fewer resources will roll over any protests.

THE CUSTOMIZED, 3D-PRINTED, SEVEN-SECOND MEDICATION

The evolving technologies of personalized medicine—tailoring treatment of an illness to each individual's medical and biological profile—has gotten a boost from University College London's new method of 3D-printing medications on demand.

The technique combines dissolved drugs in a resin with a biologically inert chemical that hardens under light.

When used at full scale, the technique could combine different medications in a single dose, each in the proper amount for an individual person. That would save people from having to manage or remember different pills during the course of a day.

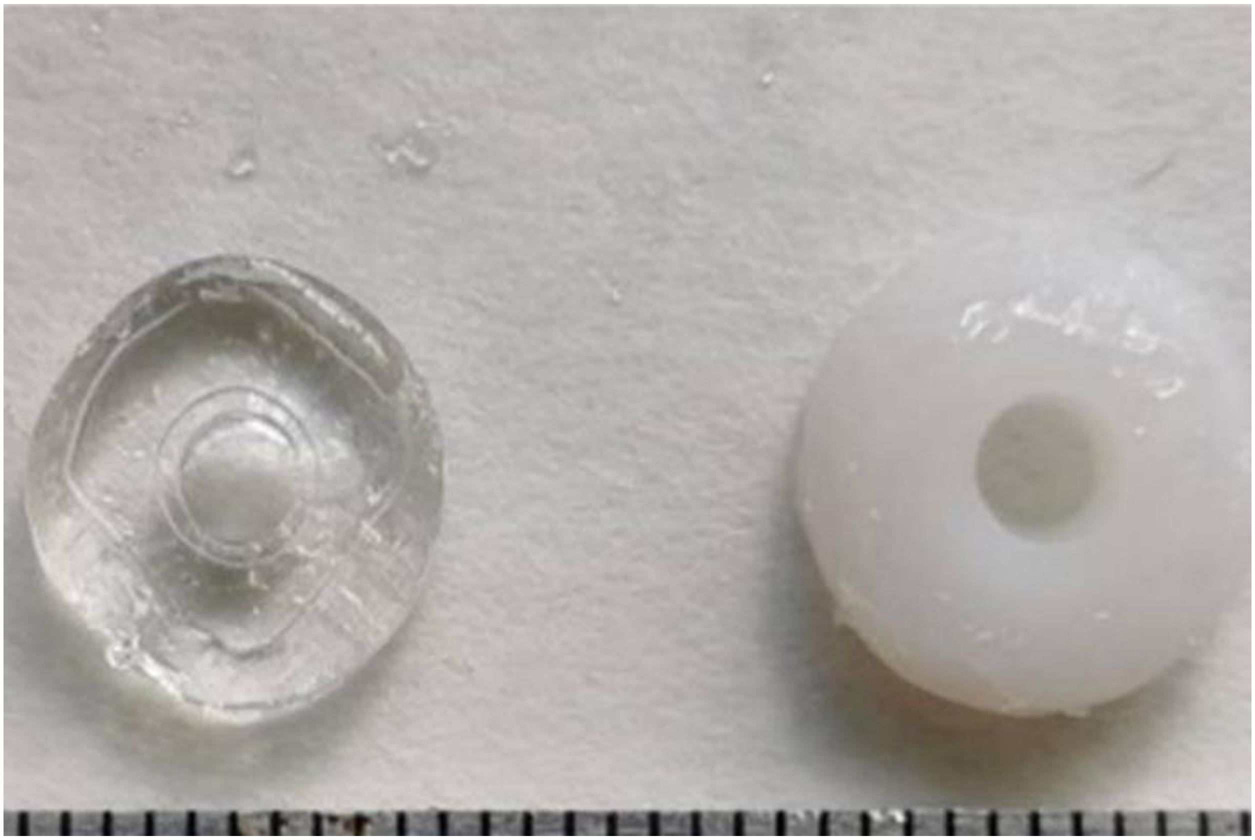
Printing pills has been tried before, but past methods take minutes: 3D printing is done layer by layer, with each layer needing to harden before the next is set down.

The London team slashed the required time by forming the pill as a whole, then bombarding with hologram-like lasers—a technique called "volumetric printing"—that hardens the entire structure at once.

As a result, the university's process can turn out a pill in as little as seven seconds, although some might take as long as 17 seconds.

TRENDPOST: *As personalized medicine gradually becomes the norm in the years ahead, the demand for individualized combinations and formulations of drugs will increase.*

Formulating and printing pills volumetrically has the capacity to eventually transform pharmacy into a custom printing operation.



Volumetrically printing pills with University College London's new method.

Photo Credit: University College London

BRAIN'S WIRING DETERMINES POLITICAL LEANINGS, STUDY SHOWS

You probably thought that you're politically liberal or conservative because your trenchant analysis of the issues has brought you greater wisdom than those on the other side of the political divide.

Wrong.

Your political conviction is the end product of upbringing and experiences that have wired your brain in a particular way, according to a study at the Ohio State University.

Researchers were able to predict—with better than 70-percent accuracy— a person's political leanings by looking at how the person's brain works while performing different tasks.

In the experiment, 174 people from ages 18 to 40 and chosen randomly performed eight tasks while their brains were scanned by an MRI machine.

One task examined the person's capacity for empathy; another required a person to press a button quickly on seeing a particular cue to either win or lose money.

A strong score on the empathy task was correlated with political moderation; doing well on the win-or-lose task indicated political extremism, either liberal or conservative.

The brain patterns of self-identified political conservatives shared consistent brain patterns while performing the tasks; similarly, liberals' brains showed similar patterns among them that were distinctly different from conservatives' shared patterns.

The parts of the brain most active during the tasks—and, therefore, perhaps most associated with determining a person's politics—were the amygdala, where fear and the fight-or-flight response are housed; the hippocampus, where learning and memory reside; and the inferior frontal gyrus, which has a role in focusing attention.

The scans' results were a better predictor of ideological bent than the politics of a person's parents, long considered among the most powerful predictor of ideological leanings.

PUBLISHER'S NOTE: *This and similar studies could theoretically bridge the widening political divide if we could learn to see our opposites not as evil or stupid but only as people whose brains have been wired differently by their upbringing and experiences.*

That view calls on our sense of empathy, which, as the study found, is a sign of moderation, a place where both sides could meet.

Perhaps a long-term study could determine if training a child to do well on certain tasks would turn them politically conservative or liberal—although a study like that could qualify as child abuse.