

# 02/02/2017 - How to be a diplomat...

## How to be a diplomat...

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Ah, the fine art of diplomacy.

Apparently Benjamin Franklin was one of the best. As was Thomas Jefferson.

Their proficiency in speaking French played a part. After all, French was the language of diplomacy.

Today, the language of diplomacy appears to be quite different.

As the *Washington Post* reports:

*'It should have been one of the most congenial calls for the new commander in chief — a conversation with the leader of Australia, one of America's staunchest allies, at the end of a triumphant week.*

*'Instead, President Trump blasted Australian Prime Minister Malcolm Turnbull over a refugee agreement and boasted about the magnitude of his electoral college win, according to senior U.S. officials briefed on the Saturday exchange. Then, 25 minutes into what was expected to be an hour-long call, Trump abruptly ended it.*

*'At one point Trump informed Turnbull that he had spoken with four other world leaders that day — including Russian President Vladimir Putin — and that "This was the worst call by far."*

Hah! *That's* how you do diplomacy — Trump-.

On with the show...

## Markets

Overnight, the Dow Jones Industrial Average gained 26.85 points, or 0.14%.

The S&P 500 closed up 0.68 points, or 0.03%.

In Europe, the Euro Stoxx 50 index ended the day 28.24 points higher, or 0.87%. Meanwhile, the FTSE 100 gained 0.12%, and Germany's DAX index added 1.08%.

In Asia, Japan's Nikkei 225 index is down 48.15 points, or 0.25%. China's CSI 300 remains closed in observance of the New Year holiday.

In Australia, the S&P/ASX 200 is currently down 2.36 points, or 0.04%.

On the commodities markets, West Texas Intermediate crude oil is US\$53.60 per barrel. Brent crude is US\$56.58 per barrel.

Gold is trading for US\$1,214.89 (AU\$1,590.03) per troy ounce. Silver is US\$17.60 (AU\$23.03) per troy ounce.

The Aussie dollar is worth 76.42 US cents.

## Good news and bad news

Good news for freedom lovers. From the *Financial Times*:

*'Theresa May on Wednesday night comfortably won a historic House of Commons mandate to start Britain's divorce from the EU amid warnings that the looming exit negotiations could descend into a diplomatic "fist fight".*

*'Mrs May is on course to start the two-year Brexit process next month after MPs voted by 498 to 114, a government majority of 384, for the bill that gives her the power to invoke the EU treaty's Article 50 exit clause.'*

That's the good news. The bad news is that Britain will still sink into a cesspit of debt, poverty and misery under the weight of its social-welfare programs.

The biggest of all is the National Health Service (NHS).

As we've long said, the British have an odd way of recognising and celebrating their achievements. Ask any Briton and they'll most likely list the First World War, Second World War and the NHS as the country's greatest accomplishments.

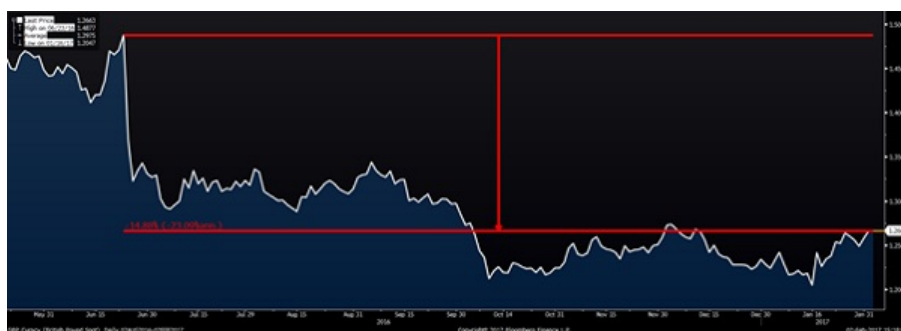
They certainly all have one thing in common: they are each probably responsible for more British deaths than any other cause in history.

The First and Second World Wars are over. Unfortunately for the British, the NHS lives on.

## Trading out of the EU

The British parliament votes to invoke Article 50, and the currency wars continue.

The British pound is still down nearly 15% since last June's Brexit vote:



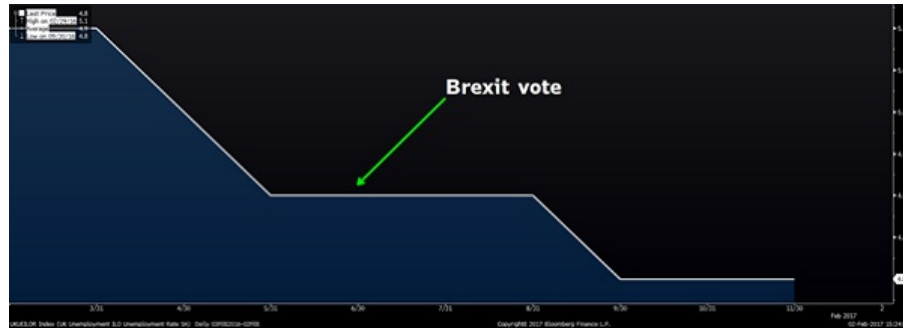
Source: Bloomberg  
[Click to enlarge](#)

We wonder if the pound sterling could be an opportunity for traders.

Leading up to the Brexit vote, the establishment belted out all sorts of nonsense about how a vote to leave the European Union could plunge Britain into recession...causing hundreds of thousands of job losses.

As it turned out, nothing of the sort has happened. No doubt leaving the governor of the Bank of England, Mark Carney, with a severe helping of egg spread across his chops.

Because the reality is that the UK unemployment rate now stands at 4.8%. At the time of the Brexit vote...it was 4.9%:



Source: Bloomberg  
[Click to enlarge](#)

That said, the pound is unlikely to stay where it is. Currencies rarely do. They move about. Sometimes they move wildly.

One thing we believe for certain: As the Brexit debate continues, the pound, along with other currencies, commodities, stocks and indices will experience wild swings.

It's why we launched the *Currency Wars Trader* service. The aim is to help Aussie investors profit from, and protect their wealth against, the ravages of the ongoing global currency wars.

It's a fascinating service, which I'm proud to endorse. Details [here](#).

**What?!**

Speaking of currency wars, today is a glorious day.

Why?

Because of this line from Bloomberg:

'Aussie Jumps on Record Trade Surplus as Dollar Sold After FOMC'

Our immediate reaction: The Fed met today?

Seriously, this must be the first time since 2008 that we had completely missed an upcoming US Federal Reserve meeting.

For the past nine years, the Fed and central banks have been at the centre of our thoughts. As you can appreciate, that's not a good thing.

But now, the spell is broken. Perhaps the Fed will become as much of an irrelevance as OPEC became during the early 2010s.

Of course, there's a reason we missed the Fed meeting. We had other things on our mind. The markets, [currency wars](#) and, naturally, Mr Trump.

We're not sure if that's a good thing or a bad thing.

**In the mailbag**

We've received a truckload of letters [fact check: four actually] from subscribers about our Saint Barack of Obama commentary in Tuesday's *Port Phillip Insider*.

Subscriber John W writes:

*'I read your Port Phillip Insider today and would say it's one of your best, showing the media obsession with "evil" Trump and Saint Obama (people really think he can walk on water I'm sure) was a great read. Please continue the great journalism on this front as I for one am sick tired of mainstream claptrap on "Mr Evil" and "Mr Saint", you showed real stats and showed the media for what they are: biased and line selling. I never saw any protest in the streets when a lot of people were dying from the Nobel bomb winner.'*

As we wrote on Tuesday, the attacks on Trump are highly amusing. The mainstream media apparently just can't cope with the fact that an outsider (albeit it a billionaire outsider) is in the White House.

The reason they hate it is because it renders useless the years they've spent building up key contacts within Washington DC's bureaucracy.

Make no mistake; the mainstream media aren't just angry about Trump's policies, they're angry at being shut out of the corridors of power.

But not everyone enjoyed our observation on the Patron Saint of Drones, Barack Obama. Subscriber LS wrote:

*'I thought your commentary on Obama was disgusting. When you quote figures as you did, how about you don't present them in isolation. Obama made choices that aimed to prevent unnecessary casualties, both of innocent people and his own countrymen.'*

*'How about you present statistics about the wonderful achievements of GW Bush, whose leadership led to many deaths of his own servicemen and many innocent people in order to achieve the great mess that he left behind. Give us some of his statistics, including the economic consequences. He helped create the GFC, responded stupidly to 911 and governed over a miserable performance for the S&P 500, to name a few of his great achievements. I'm sure you have all the statistics on that. Your statements on politics make me have enormous doubts about your services. Still waiting for my evidence on that one. I suggest that you stick to your knitting, rather than all the right wing claptrap.'*

Here are the achievements of George W Bush:

*[Intentionally left blank.]*

George W Bush was a terrible president. Ronald Reagan was a terrible president. Bill Clinton was a terrible president. George HW Bush was a terrible president.

And we have no doubt that Donald Trump will be a terrible president too.

As we say, we have no horse in the race.

Our amusement stems from the saying: 'The enemy of my enemy is my friend'. Our enemy is the mainstream press. They profess to be independent and balanced...the beacon of the Fourth Estate. That they will hold politicians, bureaucrats and the Establishment to account.

Rubbish. They have their agenda set firmly in stone: to not rock the boat. It's to develop important relationships with those they are supposed to hold to account (in order to ensure an invite to the next cocktail party).

The mainstream press is simply a mouthpiece for the political and bureaucratic class. They seek to push the progressive policies of the redistribution of wealth. They want less individual freedom and more government control.

The mainstream press are 'patsies' for the Establishment. We dislike politicians. We dislike the mainstream press even more. Therefore, the more the mainstream press dislikes Trump, the more we grow to like him.

There, we said it. Deal with it.

By the way, terrorists initially tried to blow up the World Trade Centre with a truck bomb in 1993. That was one month after Bill Clinton took office as president.

It's likely that the planning for the attack took place before Clinton became president.

The 2001 attack took place eight months after George W Bush took office as president.

It's likely that the planning for the attack took place before Bush became president.

Both events would have happened regardless of whether it was Clinton or George HW Bush in the White House in 1993, and regardless of whether it was George W Bush or Al Gore in 2001.

**Cheers,  
Kris**