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Elizabeth Warren's potential Presidential candidacy

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Comments of the Day

15 October 2019

Video commentary for October 14th 2019

Eoin Treacy's view

A link to today's video commentary is posted in the Subscriber's Area.

Some of the topics discussed include: Pound pauses, Wall Street quiet, Japan and China steady, tanker rates surge, carbon credits steady, oil weak, gold steady, copper firms, commodities potentially primed for outperformance, Treasuries susceptible to profit taking.

Game Changer

Thanks to a subscriber for this report by Ed Hyman and team at Evercore which makes a bullish case. It's loaded with interesting graphics and I commend it to subscribers.

Eoin Treacy's view

A link to the full report is posted in the Subscriber's Area.

There are a couple of big points that stick out to me. The first is you can't have a recession without unemployment rising. The second is oil price spikes have a causal factor in recessions over the last thirty years but we need to consider when they are a necessary cause. The third is recessions generally occur following a bubble in something. That sector represents the epicentre of risk and is most likely to collapse when the music stops.

Elizabeth Warren's potential Presidential candidacy

Thanks to a subscriber for this snippet of an article by Niall Ferguson for the Sunday times.

Eoin Treacy's view

Medicare for all is a laudable aspiration, but has the potential to be murderously difficult to implement. The healthcare sector employs millions of people and accounts for 18% of the US economy. Every doctor and dentist's office in America have at least one person handling insurance claims, collecting co-pays, sending out bills etc. With a fully public

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option most of these administrative staff would be surplus to requirement. In other words, the clear risk from a fully public healthcare option would be recession even if the long-term benefit of cutting back on waste is a net positive.

Oil Shipping Costs Soar to Highest Levels in 11 Years

This article by Costas Paris for the Wall Street Journal may be of interest to subscribers. Here is a section:

"There is a lot of confusion and uncertainty out there," said Paolo d'Amico, head of Intertanko, a trade body representing tanker owners. "Everyone is afraid of being hit by the U.S., sanctions, rendering about 50 VLCCs untouchable."

U.S. oil exports to Europe, which usually move in smaller tankers, hit a record 1.8 million barrels a day for the week ending Oct. 7, according to Kpler, an energy market intelligence company. The figure is double the 924,000 barrels in the previous week. But shipments to Asia, which are typically done on VLCCs, were reduced almost in half to 508,000 barrels.

A Singapore broker said rates for some VLCC cargoes on sailings from the U.S. Gulf Coast to the Far East were more than \$120,000 on Thursday. Average earnings for supertankers picking up cargoes from around the world hit \$94,124 a day, up from \$18,284 on Sept. 25, when Washington blacklisted the Cosco fleet.

"VLCCs to Asia are a rare commodity, the market is red hot and will stay that way while the U.S. sanctions on Cosco ships are in place," said the broker, who asked not to be named because he isn't authorized to talk to the media.

Eoin Treacy's view

The Baltic Dirty Tanker Index broke out on the upside last week, to trade above 1500 for the first time since 2008. That follows the breakout in the Baltic Dry Index in August. The latter's move has not been as pronounced but does highlight the additional pressure on the shipping sector from the impending implementation of the IMO2020 rules on ship emissions.

Eoin's personal portfolio: precious metals long initiated

Eoin Treacy's view

One of the most commonly asked questions by subscribers is how to find details of my open traders. In an effort to make it easier I will simply repost the latest summary daily until there is a change. I'll change the title to the date of publication of new details so you will know when the information was provided.

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