

March 29, 2024

(Still) Waiting for Godot

The optimist proclaims that we live in the best of all possible worlds; and the pessimist fears this is true. — James Branch Cabell

If there are no dogs in Heaven, then when I die I want to go where they went. - Mark Twain

Markets

[Updated Charts](#)

Well, I was wrong about a top in the stock markets , but I still think a top is clos - very close. But remember that I think there is an inflation-driven blow-out on the other side of this downturn.

Luke Gromen discussing a point I made several weeks ago about how the Chips Act and Inflation Reduction Act may be mostly superfluous

Back to today – in August, Josh noted that it costs 5-6x more to build a 1-gigawatt nuclear power plant in the US than in China. This week, semiconductor

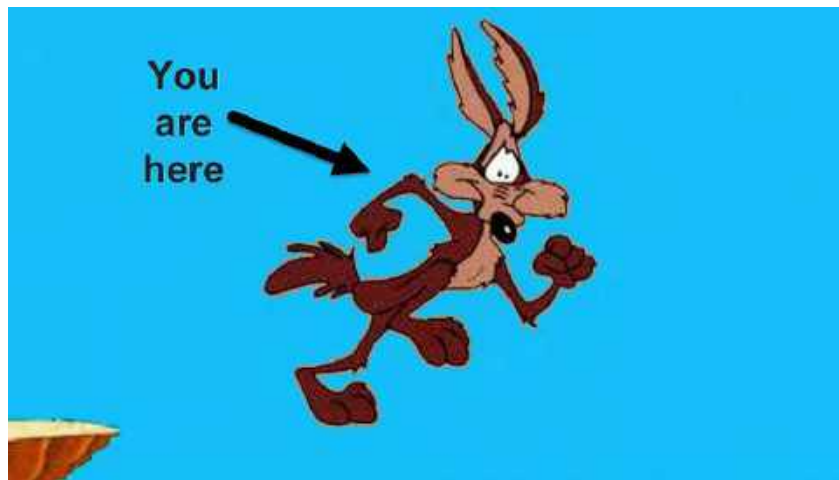
suppliers said it costs 4-5x more to build plants in the US than in Asia. Also this week, Bloomberg Businessweek noted that the “lower priced” US EV is \$39,895 v. \$9,698 in China. Setting aside the size and performance differences, we arrive at that ratio again: $\$39,895/\$9,698 =$ the US EV is 4.11x more. As Ian Fleming wrote, “Once is happenstance; twice is coincidence; three times is enemy action.” As the Nikkei article noted above, “the issue is structural.” If the US is 4-5x more expensive than China to make a variety of goods, then either the USD needs to be massively devalued v. CNY, or the US will lose the economic competition v. China.

I recommend this [article](#) by Kuppy discussing how inflation affects the markets. You know that I think there is a lot of inflation in our future on the other side of whatever downturn is coming.

Luke Gromen

But there IS a crisis: Quarterly US government gross debt issuance has risen to as high as in COVID, mostly in T-Bills...with the US at full employment and nominal GDP growing near 6%, rather than unemployment rising and GDP falling as it was in COVID.

Waiting for Godot



The table is set.

The invitations have been sent out.

The meal is cooking in the kitchen.

The guests are beginning to arrive.

Dinner will be served in a half an hour.

Nothing to do but drink, engage in some small talk ... and wait.

Or, if you prefer more colorful metaphors, Wile E. Coyote has run off the cliff, but gravity has not yet asserted itself.

Let's see -

Debt/GDP = 120% (depending on how you measure it)

Deficits are running around \$2 trillion a year

Entitlements are running cash negative

Our military spending is not up to the level of our commitments

We are issuing short-term debt to fund the government

The Fed is now out of options - either austerity or inflation

An extraordinarily divisive election between two unpalatable opponents is in our near future.

We might even have a nice downturn coming up.

But, I've been talking about this for over thirty years.

In all fairness, I said it would take 30-40 years to unfold, but now that we are in the end game, even as we watch culture and institutions come apart, it is all, in some ways, boring. It is more than perverse how chaos becomes normal.

Biden spending more money? Yawn.

Trump saying yet another outrageous thing? Another yawn.

We are becoming desensitized; habituated.

Just get it over with, damn it!

The only things to get excited about these days are racism (kinda slowing down, actually), transitioning and Palestine. (I wonder what we would have come up with if Hamas had not attacked Israel back in October. Has to be something. Always something.)

There is a black swan which will emerge from this chaos, but by definition, we don't know when.

I don't actually think that we should just get it over with. Things are just going to get increasingly ugly, and I don't wish that on anyone, particularly on my family, friends and self.

But, after thinking about this daily for 30-some-odd years, it does get old, even for an obsessive like me.

So, hang in there. Gravity still works - I promise.

The hope is that we survive as well as Wile E did.

Short Takes

The suggestion is to substitute potatoes for eggs (this sounds like parody, but they are, evidently, sincere) -

"I'm writing on behalf of (PETA)... to respectfully suggest an appealing way to modernize the White House Easter Egg Roll—one that would be truly inclusive and welcomed by every tot who doesn't eat eggs for religious, cultural, or environmental reasons or because they object to the way animals, including hens whose reproductive systems are exploited for eggs, are raised and killed these days,"

I'm a nerd; once took a college-level astronomy course in high school; once owned a telescope with a solar filter so I could view the sun; and I am flabbergasted by the hysteria around the solar eclipse. Thousands and thousands traveling for hundreds of miles to see a 4 1/2 minute darkening of the sun. Our part of Texas is in the zone of totality and there are forecasts that our population will double during the eclipse. Eclipse-viewing parties everywhere. (Kinda like what used to happen before the launch of a new iPhone or a new pop tour.) I've seen one. Interesting, but far from life changing.

A nova is going to show up in the sky shortly. Now, that's exciting. Not the viewing - it will just be another point of light. But the idea that you are watching a massive star explode contains wonder (although it actually exploded some 3,000 years ago, when the Assyrians were the bad-asses in the Middle East, and the light is just now reaching us).

(Early weather forecasts are for cloudy and stormy for the eclipse in Austin.)

"None of the above" would probably have been better -

A Texas Man is Running for President After Changing His Name to 'Literally Anybody Else'

This fits well with some of the conspiracy theories about why such an extraordinary amount of illegal immigration is allowed -

A federal judge dismissed a lawsuit challenging a District of Columbia law allowing "noncitizen residents" to vote in local elections.

I was never an Ivermectin pusher, but I did note at the time that the FDA's treatment of Ivermectin wrt Covid-19 was Exhibit A for why trusting experts, particularly governmental experts who are conforming to a narrative, is a bad idea -

The U.S. Food and Drug Administration (FDA) has agreed to remove social media posts and webpages that urged people to stop taking ivermectin to treat COVID-19, according to a settlement

Finally, something that we can hold over China's head instead of the other way around (ht CH)

Two mines in North Carolina are the world's only producer of the quartz necessary for semiconductor manufacturing

I have not verified the numbers but have seen what seemed to be reliable estimates that \$450 billion of the \$1.2 trillion spending bill was pork.



A better life through technology



Jonathan Haidt is one of my heroes. His books, *The Coddling of the American Mind*, and *The Righteous Mind* are tours de force that everyone should read. He has just published *The Anxious Generation* about the rewiring of adolescent minds by social media. I have not yet read the book, but have listened to his interviews. My guess is that this is another MUST READ.

Important



Jonathan Haidt  @JonHaidt · 2h

...

I talked with [@kilmeade](#) about why it is not all good that teenage boys' rates of broken bones have plummeted so fast that they are now below the rates for 50 year old men. Loss of experience and risk-taking in the real world:

It Ain't Easy Being Green

From an [article](#) by Javier Vinos discussing why 2023 was such a warm year and why 2024 will likely also be warm -

The unlikely volcanic eruption is the likely cause of the extraordinary warming, which in turn led to the occurrence of the unprecedented three SSW events [essentially, polar vortex collapses]. Our understanding of the effects of these events supports this interpretation.

Historical data on the warmest years suggests a high probability that 2024 will again break the temperature record, similar to what happened in 1877-78, 1980-81, 1997-98, and 2015-16. However, if we have correctly identified a major cause of the warming as the Hunga Tonga eruption, we can expect that as the excess water vapor exits the stratosphere, it will induce a cooling effect at the surface, potentially lowering temperatures for the next 3-4 years. Studies such as [Solomon et al. \(2010\)](#) have already shown the negative impact on global warming of stratospheric drying. We should see the reversing of all the warming caused by the Hunga Tonga volcano.

In addition, other factors affecting temperatures, such as the decline in solar activity after the maximum of Solar Cycle 25 and a future shift of the Atlantic Multidecadal Oscillation to its cold phase, could contribute to a large pause in global warming. Using the 2023-24 temperature as a reference point, we could even see some cooling in the coming years. These are indeed interesting times in terms of climate dynamics.

Better than bugs, I guess -

Snakes might be the most sustainable meat, according to an analysis of farmed pythons in South-East Asia

WHO's Tedros Adhanom Ghebreyesus -

Our food systems are harming the health of people and planet. Food systems contribute to over 30% of greenhouse gas emissions, and account for almost one

third of the global burden of disease. Transforming food systems is therefore essential, by shifting towards healthier, diversified and more plant based diets.

War, Energy and Food

From The Wall Street Journal

The Coming Electricity Crisis

Artificial-intelligence data centers and climate rules are pushing the power grid to what could become a breaking point.

By

[The Editorial Board](#)

March 28, 2024 5:45 pm ET

President Biden and the press keep raising alarms about a climate crisis that his policies can't do much about. Yet in the meantime they're ignoring how government climate policies are contributing to a looming electric-grid crisis that is more urgent and could be avoided.

These pages have been warning for years about an electric-power shortage. And now grid regulators and utilities are ramping up warnings. Projections for U.S. electricity demand growth over the next five years have doubled from a year ago. The major culprits: New artificial-intelligence data centers, federally subsidized manufacturing plants, and the government-driven electric-vehicle transition.

Georgia Power recently increased 17-fold its winter power demand forecast by 2031, citing growth in new industries such as EV and battery factories. AEP Ohio says new data centers and Intel's \$20 billion planned chip plant will increase strain on the grid. Chip factories and data centers can consume 100 times more power than a typical industrial business.

PJM Interconnection, which operates the wholesale power market across 13 Midwest and Northeast states, this year doubled its 15-year annual forecast for demand growth. Its projected power demand in the region for 2029 has increased by about 10 gigawatts—about twice as much as New York City uses on a typical day.

Don't expect the power to come from New York, which is marching toward a power shortage as it shuts down nuclear and fossil-fuel power in favor of wind and solar. A new Micron chip factory in upstate New York is expected to require as much power by the 2040s as the states of New Hampshire and Vermont combined.

Electricity demand to power data centers is projected to increase by 13% to 15% compounded annually through 2030. Yet a shortage of power is already delaying new data centers by two to six years, according to commercial-real estate firm

CBRE Group

. It is also driving Big Tech companies into the energy business.

Amazon

this month struck a \$650 million deal to buy a data center in Pennsylvania powered by an on-site 2.5 gigawatt nuclear plant.

Data centers—like manufacturing plants—require reliable power around the clock year-round, which wind and solar don't provide. Businesses can't afford to wait for batteries to become cost-effective. Building transmission lines to connect distant renewables to the grid typically takes 10 to 12 years.

Because of these challenges, Obama Energy Secretary Ernest Moniz last week predicted that utilities will ultimately have to rely more on gas, coal and nuclear plants to support surging demand. "We're not going to build 100 gigawatts of new renewables in a few years," he said. No kidding.

The problem is that utilities are rapidly retiring fossil-fuel and nuclear plants. "We are subtracting dispatchable [fossil fuel] resources at a pace that's not sustainable, and we can't build dispatchable resources to replace the dispatchable resources we're shutting down," Federal Energy Regulatory Commissioner Mark Christie warned this month.

About 20 gigawatts of fossil-fuel power are scheduled to retire over the next two years—enough to power 15 million homes—including a large natural-gas plant in Massachusetts that serves as a crucial source of electricity in cold snaps. PJM's external market monitor last week warned that up to 30% of the region's installed capacity is at risk of retiring by 2030.

Some plants are nearing the end of their useful life-spans, but an onslaught of costly regulation is the bigger cause. A soon-to-be-finalized Environmental Protection Agency rule would require natural-gas plants to install expensive and unproven carbon capture technology.

The PJM report cites "the role of states and the federal government in subsidizing resources and in environmental regulation." It added: "The simple fact is that the sources of new capacity that could fully replace the retiring capacity have not been clearly identified."

Meantime, the Inflation Reduction Act's huge renewable subsidies make it harder for fossil-fuel and nuclear plants to compete in wholesale power markets. The cost of producing power from solar and wind is roughly the same as from natural gas. But IRA tax credits can offset up to 50% of the cost of renewable operators.

Baseload plants can't turn a profit operating only when needed to back up renewables, so they are closing. This was the main culprit for Texas's week-long power outage in February 2021 and the eastern U.S.'s rolling blackouts during Christmas 2022.

The media will discover this problem eventually, though not this year if it might call into question Mr. Biden's climate agenda. Perhaps they'll notice when more blackouts arrive.

Miscellany



The Babylon Bee  @TheBabylonBee · 5h



Checkmate: Trump Sneaks Back Into White House, Invokes Squatter's Rights buff.ly/3vIMBuS



Sick ... yet, funny



Francis Scott Key Bridge 
@FrancisScottKeyBridge



I have information that could lead to the arrest and imprisonment of Hillary Clinton.

02:20 AM · 26/03/2024 · [Twitter for iPhone](#)

519 Retweets **4K** Likes

I'll leave you with this



You're welcome.