

**November 4, 2022**

**The problem with the world is that the intelligent people are full of doubts and the stupid ones are full of confidence. - Charles Bukowski**

**This energy illiteracy ideocracy is getting to the point that we can no longer joke about this anymore. - Tracy Shucart**

**It's an actual humanitarian issue at this point. - Lyn Alden**

## **Deflation?**

### **Markets**

**The drums are beating ever more loudly for deflation, including thoughtful analysts, such as Stephanie Pomboy, Jim Richards, and the incredible Juliette Declercq and Lacy Hunt.**

**The idea is that when this thing turns, it will get ugly.**

**I am still in the stagflation camp, but am beginning to wonder what comes after stagflation.**

**Most people miss the point that the Fed is deliberately inflating away inflation. In that environment, deflation will be difficult to get under way, but if it can get going ...**

### **Interesting - And Frightening – Tidbit**

**So, we all know that Biden is drawing down the Strategic Petroleum Reserve. I assert it is for political reasons, but people will differ.**

**In any event, it is now about 1/3 empty - down some 160 million barrels.**

**But, speaking of politics, it turns out that in previous budget resolutions - this is a bipartisan thing - have directed future sales from the SPR as a trick to make the budget look not quite as bad as it would have otherwise.**

**That means that there is another 200 million (more or less) barrels to be drawn down per those budget resolutions.**

**From the Congressional Research Service:**

**The legislation that mandated SPR oil sales includes the Bipartisan Budget Act of 2015 (P.L. 114- 74), the FAST Act of 2015 (P.L. 114-94), the 21st Century Cures Act of 2016 (114-255), the 2017 Tax Revision (P.L. 115-97), the Bipartisan Budget Act of 2018 (P.L. 115-123), the Consolidated Appropriations Act of 2018 (P.L. 115-141) and the America’s Water Infrastructure Act of 2018 (P.L. 115-270). Broadly considered, this legislation requires oil to be sold from the reserve over the period FY2017 through FY2027. Table 1 presents mandated SPR sales data through 2028.**

**Table 1. Mandated SPR Sales**  
(Fiscal Years, Millions of Barrels)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Budget Act 2015	0	5	5	5	5	8	10	10	10	0	0	0	58
FAST Act	0	0	0	0	0	0	16	25	25	0	0	0	66
Cures Act	10	9	6	0	0	0	0	0	0	0	0	0	25
Tax Revision 2017	0	0	0	0	0	0	0	0	0	4	3	0	7
Budget Act 2018	0	0	0	0	0	7.5	7.5	7.5	7.5	35	35	0	100
Consol. Approp. 2018	0	0	0	5	5	0	0	0	0	0	0	0	10
Water Infra. Act of 2018	0	0	0	0	0	0	0	0	0	0	0	5	5
<b>Total</b>	<b>10</b>	<b>14</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>15.5</b>	<b>33.5</b>	<b>42.5</b>	<b>42.5</b>	<b>39</b>	<b>38</b>	<b>5</b>	<b>271</b>

**Source:** Data is extracted from cited legislation: P.L. 114-74, P.L. 114-94, P.L. 114-255, P.L. 115-97, P.L. 115-123, P.L. 115-141, and P.L. 115-270.

**Notes:** Table 1 does not include withdrawals for modernization and maintenance as authorized in the Bipartisan Budget Act of 2015. Those expenditures were specified in dollars, not barrels of oil. The future price of oil as well as U.S. net imports are unknown and therefore a conversion to barrels of oil is arbitrary.

**Amazing ... just amazing. Stupidity literally on top of stupidity.**

It is not clear when we can begin refilling the reserve and at what price.

## **If The Treasury Market Isn't Working, Nothing Is Working. Deflation**

Yet again, no change in forecast or outlook.

And we are getting closer and closer to the point at which the treasury market no longer works.

The combination of a strong dollar and market illiquidity is leading us to crisis.

## **Electrification**

I have started a new page on the subject of electrification, which you can access [here](#).

The bottom line is that this is another religious exercise by zealots, which we will all come to regret. As with the oil thing, not that it's a bad idea, but we are going about it in perhaps the worst way possible.

## **It Begins**

### Occupations with the largest declines in job postings

Dec. 31, 2021, to Oct. 21, 2022



Data: Indeed. Chart: Axios Visuals

## **Sigh**

**AOC: "Inflation is not going up due to government policies. Inflation is going up due to Wall Street decisions."**

## **Well Worth Your Time**

**Worthwhile interview with Russell Napier [here](#).**

**And a presentation by Raoul Pal [here](#).**

## **The Pelosi Thing**

**Pretty straightforward to me:**

**Thirty years ago, one of my premises was that civil unrest would increase significantly in the end game.**

**We have ratcheted up demonization of the other side to ridiculous levels. We are now to the point that a large majority of our population would marry someone from another race or religion but not another ideology. If you are Democrat, Republican is the new Black, Catholic or Jew (and similarly for Republicans).**

**We are becoming more violent - BLM, Antifa, January 6.**

**And, there are a lot of crazy and/or drug-addled people out there, in addition to a fanatic fringe on both the right and the left.**

**Law enforcement is vacating the field, particularly in progressive areas.**

**There will likely be increasing violence - left and right.**

**We are creating a perfect storm.**

**We are defining the word, dysfunctional.**

**And it is years, yet, before the storm passes.**

## Mid-Terms

I wrote an article some time back that basically said that the Republican wave in the mid-terms is overdone, that gasoline prices were coming down and inflation was peaking (for now), that the Dobbs decision would help Democrats, that the Democrats would come back and that the Republicans are running some truly awful candidates. My bottom line was that the Senate was up for grabs and the House would turn Republican.

I lucked out with that one. Still looks like that, with what appears to be movement toward Republicans in the Senate.

Something I did not anticipate is that the reaction against wokeness, primarily on the West Coast, has begun.

## Reading Tea Leaves

The *New York Times* is now discussing Biden's gaffes in relationship to his age - click [here](#).

But the *Washington Post* reports that Biden is having regular meetings about organizing a run in 2024.

- "President Biden and first lady Jill Biden have been meeting since September with senior advisers at the White House residence to prepare a potential 2024 reelection campaign."
- "Top White House advisers Anita Dunn, Mike Donilon and Jen O'Malley Dillon, who played senior roles in Biden's 2020 campaign, have been involved in the planning discussions with Biden, as has Chief of Staff Ron Klain."

My guess is that these two items are linked. Biden wants to run and others do not want him to.

In related news, rumor is that Trump is waiting to launch until after mid-terms, taking advantage of Republican wins. "I'm like 95% he's going to run," - Reince Priebus, Trump's former White House chief of staff.

Buckle up.

## **Pandemic, Redux**

**It is likely that the Republicans will start hearings on the mistakes associated with the pandemic.**

**I have been unrelentingly critical of the official response and the stupidity and the politics. The stranglehold on information and the attacks on alternative theories. Rampant incompetence and relentless political spin from the CDC, the FDA, Fauci (he probably knew better, but was being political) and the Biden administration. Cuomo was out of his mind.**

**But, stupidity, incompetence and political extremism are not crimes. And most of the time we were doing things for the first time and making things up as we go along.**

**I saw no malfeasance.**

**I just can't get indignant.**

**Sad and disgusted, maybe, but not indignant.**

**So, show trials, I guess.**

**However, I will withhold judgment, particularly without data from Pfizer and Moderna about their trial results and data resulting from the inoculations. The administration was strongly managing the narrative and the data. Who knows what's actually behind the curtain?**

**If nothing else, it will add to the divisiveness within the country.**



Subscribe

*The Atlantic*

IDEAS

## LET'S DECLARE A PANDEMIC AMNESTY

Let's focus on the future, and fix the  
problems we still need to solve.

By Emily Oster

### **War, Energy and Food**

**Russia's Defense Ministry said Saturday that Moscow would suspend its implementation of a UN-brokered grain export deal that allowed for more than 9 million tons of grain to be exported from Ukraine.**

**The move comes after Russian naval forces repelled a drone attack in the Bay of Sevastopol, where Russia's Black Sea Fleet is headquartered the Russian-installed leader of the area said on Saturday. Sevastopol is located on the annexed Crimean peninsula.**

**Moscow said it was suspending participation on the grain deal, due to the attack. As of 11/2 the deal was back in place.**

**Russian Foreign Minister Sergei Lavrov signaled the Kremlin could be ready to negotiate an end to the Ukraine war so long as the West meets certain conditions. ... Lavrov said the West would need to "fully take into account the interests of the Russian Federation and its security." ... Secondly, the West would have to "offer us some serious approaches that will help defuse tensions."**

**He just can't stop himself - the beatings will continue until morale improves**



President Biden ✓

@POTUS

United States government official



The oil industry has a choice.

Either invest in America by lowering prices for consumers at the pump and increasing production and refining capacity.

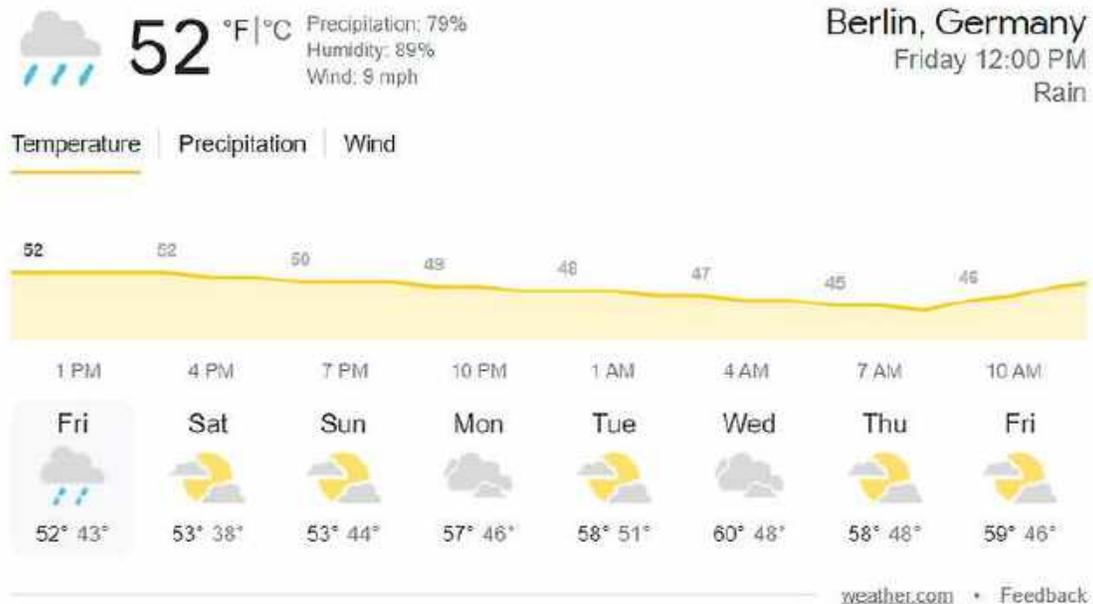
Or pay a higher tax on your excessive profits and face other restrictions.

4:05 PM · Oct 31, 2022 · The White House

**"It will be the mother of all ironies if distillate shortages in the US's Northeast lead to increased distillates imports from China or India... that came from Russian crude." - Anas Alhajji (The Jones Act, a really big deal I need to discuss some day, is the primary reason that the Northeast cannot get distillates or natural gas from other areas of the US. Well, the Jones Act and continuing to reject the building of pipelines.)**

**ERDOGAN: GERMANY'S SCHOLZ HAS CHANGED STANCE, SAYS WE SHOULD FIND COMMON GROUND WITH PUTIN**

**Mild weather continues. I remember being in Berlin with Beth this time of year, many years ago, and we were freezing.**



## **Xi Gets It**

**"Based on China's energy and resource endowments, we will advance initiatives to reach peak carbon emissions in a well-planned and phased way, in line with the principle of getting the new before discarding the old."**

## **Hmmmm**

**505 years ago, Luther nailed 95 Theses to Wittenberg Church. He protested the sale of indulgences — pieces of paper that, if you had one, you got heaven. Without it? Fires of purgatory. Our thesis: the university degree is the modern indulgence. - Luke Gromen**

## **I Hate This So Much**

**I have avoided ulcers because I let this stuff just wash over me and move on.**

**This happens all the time in politics, but Biden is taking it to a new level - kinda like taking credit for the sun coming up in the morning.**

**Social Security is going up because of a law signed in 1972 - the year Biden was first elected to the Senate - a law which adjusts Social Security payments for**

**inflation. Inflation has many causes, but Biden's stimulus package is among them, so, Biden is partially responsible for our inflation. So, yes, to that extent, it is due to his leadership.**

**Maybe the thing that is most depressing is that the White House would not have said it if they did not think a lot of people would buy it.**

**War is peace.**

**Ignorance is strength.**

**Freedom is slavery.**

**(Twitter put a fact check tag on the tweet and the White House ultimately deleted it.)**



Seniors are getting the biggest increase in their Social Security checks in 10 years through President Biden's leadership.

**I Vote In Favor**

**If we all just switched to cursive and stick shift cars, we could cripple an entire generation**