

## Daily Report 19 April

Week 2 of April is drawing to a close. Small new profits were registered in the portfolio. One more week to go. The MTD return is at 0.57 percent.

April Trading so far:

**Week 1: 261,452.00**

**Week 2: 257,565.91**

**Week 3: NA**

**MTD 519,017.91**

**The AUM is 91,335,000. The MTD return is starting at 0.57 percent.**

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The interest rate markets have not slowed, after the US Fed Chairman made everybody lose sleep over the direction of inflation and interest rates. Two year bond yields are still lofty at near 5% and 10 year bonds are above 4.6%. There is no scope for the US Dollar to fall now, given that every trader is chasing yield. The Yen is still above 1.543 and the even the SingDollar is still lofty at 1.35.

Olaf Scholz was in China over the past week. Other than the fact that he was shown the cold shoulder on the first stop of his itinerary, ChongQing, where he was met by a vice mayor rather than the head of state or at least a Cabinet minister, the rest of the trip was less eventful for him. In some aspects of it, he was in China on the same kind of quest as Janet Yellen, trying to tell the Chinese that they were overproducing, particularly in the area in which Germany excels in and wishes to compete – cars! Obviously, his pleas to the Chinese were seen as self serving, and he was scolded by Xi Jinping.

Here is the story from Nikkei Asia:

### **Xi tells Germany's Scholz to look at industry overcapacity 'objectively'**

*At meeting in Beijing, leaders hold talks on Ukraine as Mideast conflict also looms*

SHANGHAI -- Chinese President Xi Jinping met German Chancellor Olaf Scholz on Tuesday, calling for a "long-term" and "strategic" approach to ties between the world's second- and third-largest economies amid rising geopolitical tensions and spiraling conflicts.

Xi told Scholz that as the Nos. 2 and 3 economies, "the significance of consolidating and developing China-Germany relations transcends the scope of bilateral relations

and has an important impact on the Asian and European continents as well as the entire world," according to Chinese state media.

Scholz on Tuesday posted a picture of himself with Xi on X, writing that he would be talking to the Chinese leader about "how we can contribute more to a just peace in Ukraine." China's account said the two leaders had an in-depth exchange of views on the crisis and expressed China's and Germany's commitment to the purposes and principles of the Charter of the United Nations, to opposing the use of nuclear weapons or attacks on peaceful nuclear facilities, to appropriately addressing the issue of international food security, and to abiding by international humanitarian law.

A translated readout from Scholz's office said the chancellor emphasized: "The Russian war of aggression against Ukraine and Russia's rearmament have significant negative effects on security in Europe. They directly affect our core interests. They indirectly damage the entire international order." **(Why is he talking to Xi about Ukraine, when he should be talking to Putin??)**

The meeting in Beijing caps a three-day visit for Scholz, after he toured Sino-German joint ventures in the western city of Chongqing and spoke to college students in Shanghai. The summit comes days after an Iranian attack on Israel sparked fears of a wider war in the Middle East, on top of Russia's still-raging war in Ukraine.

During the trip, Scholz has highlighted trade and investment issues, as Berlin had raised concerns about unfair practices in its China strategy policy paper published last year. "Competition must be fair: no dumping, no overproduction, but reliable protection of copyrights," Scholz said in an X post on Monday after a dialogue with students from Tongji University in Shanghai. **His remarks echoed U.S. Treasury Secretary Janet Yellen's repeated calls for a level playing field during her recent visit to China. (Some pundits say that the point is misdirected as China only exports 15% of their cars, while Germany exports more than 70%. Is the country making BMWs and Merces, so scared of Chinese competition now? This compliant about overcapacity will soon turn around to bite Scholtz in the ass.)**

In the meeting with Scholz, Xi pointed out that the industrial supply chains of China and Germany are deeply embedded in each other, according to the state media report. The two sides should aim for "win-win cooperation" in fields like cars, green transformation and artificial intelligence, Xi said.

**Both sides should look at the issue of production capacity "objectively," Xi added. (Precisely because China's government knows that it is Germany that is "overproducing".)**

Later in the day, ahead of a meeting with Chinese Premier Li Qiang, Scholz said he wanted to work to create the "right framework conditions" for German companies in China, Reuters reported. "By this we mean equal market access and fair competitive conditions, the protection of intellectual property and a reliable legal system."

Chinese customs authorities on Tuesday announced that they were lifting bans on some German beef, imposed over concerns about mad cow disease. Scholz said they had also agreed to open up to German apples and pork.

Germany, which overtook Japan to become the third-biggest economy last year, maintains a more open market for technology and capital than Japan and the U.S., which have adopted more restrictive stances in dealing with China, according to analysts at the Mercator Institute for China Studies (MERICS). "Germany is definitely in a position of strength here," Max Zenglein, chief economist at the German think tank, said before Scholz's meeting with Xi. "The question now is how this will be used in the context of the trip."

While the Chinese government has pledged reform to entice foreign investment, MERICS cautioned that this means "strengthening and adapting one's own system to the changing global realities."

Gavekal Research said in a note on Monday that despite much fretting in Europe over a bulging trade deficit with China, the figure relative to gross domestic product has "pretty much normalized." But the experts noted: "**The key category which has not improved in Europe's favor over the last year has been vehicles. Europe has long run a car surplus with China, but that flipped into a deficit early this year.** In China, weak domestic demand is weighing on European car sales, while in Europe Chinese carmakers are achieving a splash with their new offering of reasonably-priced but snappy electrical vehicles."

This is a major worry for the German auto industry. Still, top automaker executives who joined the German delegation in China have made upbeat statements. BMW chief executive Oliver Zipse told a German radio show on Tuesday that when it comes to China, "we actually see more opportunities than risks."

Also looming over the Xi-Scholz meeting were two conflicts that have rattled the world. Scholz was expected to raise the issue of Chinese support for the Russian invasion of Ukraine. Beijing has urged peace talks, but has stood by its "no limits" partner Moscow, which has been shunned by much of the West, including Germany. **(Why should Xi talk to Putin about peace in Ukraine when it is not his business to interfere. If Germany and NATO are so concerned, they should be talking to Putin...)**

In the Middle East, China maintains ties with both Israel and Iran. But it has been sharply critical of Israel's war against the Palestinian militant group Hamas in Gaza, and it has not joined the West in condemning Iran's drone and missile attack on Israel over the weekend. In a phone call, Chinese Foreign Minister Wang Yi told his Iranian counterpart Hossein Amir-Abdollahian that Beijing believes Tehran "will be able to handle the situation well and spare the region further turmoil while safeguarding its own sovereignty and dignity," according to state news agency Xinhua.

Germany, on the other hand, released a statement after Scholz landed in Chongqing saying it "stands closely by Israel's side," and blaming Iran for "risking a regional conflagration." **(This is truly disingenuous, when it was Iran's consulates that were attacked.)** On Monday, Scholz did say that Israel should also de-escalate.

The other thing that was on Scholtz's mind was how he could get China to weigh in on the conflict and try to end it.

There was another article in Politico on the Scholz visit.

### **Scholz wants Xi to stop Russia's war. Xi wants Europe to stop trade war.**

Beijing "is not a security threat," Chinese president tells German chancellor. Despite the state media's portrayal of a friendly setting, Beijing's grievances over Europe's looming war on green tech were obvious during his meeting with the leader of the largest EU economy.

APRIL 16, 2024 1:03 PM CET

BY [STUART LAU](#)

German Chancellor **Olaf Scholz got a slap from Chinese leader Xi Jinping** on Tuesday over Europe's turn toward trade protectionism — and little fresh commitment on Ukraine.

Despite the state media's portrayal of a friendly setting — featuring tea and a walk with the Chinese president — Beijing's grievances over Europe's looming war on green tech were obvious during his meeting with the leader of the largest EU economy.

**"China's exports of electric vehicles, lithium batteries and photovoltaic products [solar panels] are a massive contribution to the world's effort to tackle climate change," Xi said.**

**The Chinese leader was responding to an investigation Brussels launched last year into Beijing's electric vehicle subsidies. (If China retaliates, German car companies will be crushed.)** More recently the European Commission has announced a probe into state support for Chinese wind turbines being pitched for European generation projects, which followed similar checks on rail and solar projects.

He told Scholz, who was in China for a four-day visit, that "the two sides should beware of the rise of protectionism," and hinted that Berlin should not go down the path of de-risking, as there's no risk whatsoever in the bilateral ties.

Stressing that Beijing "is not a security threat", Xi said Chinese-German cooperation should not be construed as a risk.

"Be it traditional fields such as machine manufacturing and automobiles, or new areas like green transition, digitalization or Artificial Intelligence, the two countries have huge potential for win-win cooperation yet to be explored," Xi said, according to state media Xinhua.

Scholz, flanked by a business delegation made up of top German executives eager to keep their lucrative business opportunities in China, focused his opening remarks not on trade but Ukraine.

He called on Xi to “contribute more to a just peace in Ukraine.” “The Russian war of aggression against Ukraine and Russia’s rearmament have had a very significant negative impact on security in Europe. They directly affect our core interests,” he told Xi.

Xi has not offered any fresh commitments on Ukraine, instead supporting “all efforts conducive to peaceful resolution of the [Ukraine] crisis, as well as the timely convening of an international peace conference recognized by both Russia and Ukraine.”

He called for “the equal participation of all sides, and where all peace plans could be discussed” — a strong hint that Europe should invite Russia to the table. He asked the West not to “pour fuel on the fire,” China’s euphemism for sending weapons to Ukraine.

(The Germans are obviously concerned that the war is being lost in Ukraine, and Politico, a leading political journal in the US/Europe has this to say:

### **Ukraine is heading for defeat**

*The West's failure to send weapons to Kyiv is helping Putin win his war.*

By **JAMIE DETTMER**  
in Kyiv

If the tide doesn’t turn soon in this third year of Russia’s invasion, **it will be the nation of Ukraine as it currently exists that is consigned to the past.**

APRIL 17, 2024 4:00 AM CET

*Jamie Dettmer is opinion editor at POLITICO Europe.*

Just ask a Ukrainian soldier if he still believes the West will stand by Kyiv “for as long as it takes.” That pledge rings hollow when it’s been four weeks since your artillery unit last had a shell to fire, as one serviceman complained from the front lines.

**It’s not just that Ukraine’s forces are running out of ammunition. Western delays over sending aid mean the country is dangerously short of something even harder to supply than shells: the fighting spirit required to win.**

**Morale among troops is grim**, ground down by relentless bombardment, a lack of advanced weapons, and losses on the battlefield. In cities hundreds of miles away from the front, **the crowds of young men who lined up to join the army in the war’s early months have disappeared.** Nowadays, eligible would-be recruits dodge the draft and spend their afternoons in nightclubs instead. Many have left the country altogether.

As I discovered while reporting from Ukraine over the past month, the picture that emerged from dozens of interviews with political leaders, military officers, and ordinary citizens was one of a country slipping towards disaster.

Even as President Volodymyr Zelenskyy says Ukraine is trying to find a way not to retreat, military officers privately accept that more losses are inevitable this summer. The only question is how bad they will be. Vladimir Putin has arguably never been closer to his goal.

“We know **people are flagging and we hear it from regional governors and from the people themselves**,” Andriy Yermak, Zelenskyy’s powerful chief of staff, told POLITICO. Yermak and his boss travel together to “some of the most dangerous places” to rally citizens and soldiers for the fight, he said. “We tell people: ‘Your name will be in the history books **(but unfortunately, the person himself may be six feet underground)**.’”

If the tide doesn’t turn soon in this third year of Russia’s invasion, it will be the nation of Ukraine as it currently exists that is consigned to the past.

For a war of such era-defining importance, the scale of Western leaders’ actions to help Kyiv repel Russia’s invaders has fallen far short of their soaring rhetoric. That disappointment has left Ukrainians of all ranks — from the soldiers digging trenches to ministers running the country — weary and irritable.

When POLITICO asked Foreign Minister Dmytro Kuleba if he felt the West had left Ukraine to fight with one hand tied behind its back, his verdict was clear: “Yes, I do,” [he said](#), in an interview in his office, an hour after another Russian mid-morning missile attack.

Zelenskyy has laid out the stakes even more starkly, saying Ukraine “will lose the war” if the U.S. Congress does not step up and supply aid.

Increasingly it looks as if Putin’s bet that he can grind down Ukrainian resistance and Western support might pay off.

Without a major step-change in the supply of advanced Western weapons and cash, Ukraine won’t be able to liberate the territories Putin’s forces now hold. That will leave Putin free to gnaw on the wounded country in the months or years ahead. **Even if Russia can’t finish Ukraine off, a partial victory will leave Kyiv’s hopes of joining the EU and NATO stuck in limbo.**

The ramifications of such an outcome will be serious for the world. Putin will claim victory at home, and, emboldened by exposing Western weaknesses, he may reinvigorate his wider imperial ambitions abroad. Lithuania, Latvia and Estonia are especially fearful they are next on his hit list. China, already an increasingly reliable partner for Moscow, will see few reasons to alter its stance.

Right now, Ukraine’s most urgent need is for artillery shells — millions of them. Moreover, Ukraine says it needs at least two dozen Patriot air-defense systems to protect troops on the front lines and to defend Kharkiv, the country’s biggest city after Kyiv, which has been under ferocious missile and artillery attack for weeks.



Fears are growing that Russia may target Ukraine's second city for a ground offensive soon.

"It's symbolic because they say that Kharkiv was the first capital of Ukraine. It's a big target," Zelenskyy said in an interview with POLITICO's parent company Axel Springer media outlets last week.

Ukraine's military is braced for more losses in the coming months. Oleksandr Syrskiy, commander in chief of the armed forces, has warned that the situation on Ukraine's eastern front has "significantly deteriorated in recent days." As Zelenskyy himself put it elsewhere, "We are trying to find some way not to retreat."

The fears about the fragility of the front lines are only compounded by an unprecedented barrage of Russian attacks intended to knock out Ukraine's electricity networks.

In recent meetings with POLITICO, the country's political leaders acknowledged that public spirits are sagging, and although they all tried to stay upbeat, frustration with the West came through in every conversation.

"Give us the damn Patriots," snapped Kuleba, Ukraine's chief diplomat. Sitting for an interview in the foreign ministry, he couldn't hide his exasperation with the delays, and the strings that come attached to Western weaponry — like not striking Russian oil facilities.

Kuleba, of course, offered his unconditional gratitude for all the support that has come from the Western allies over the past two years. But he warned that Ukraine is trapped in a vicious cycle: The weapons it needs are withheld or delayed; then Western allies complain that Kyiv is on the retreat, making it less likely they'll send more aid in future. (Since POLITICO's meeting with Kuleba, Germany has agreed to supply Patriots, but the question still remains whether they will prove sufficient.)

**The mood in the senior ranks of the military is even darker than Kuleba's.**

**Several senior officers** talked to POLITICO only on the understanding they would not be named so they could talk freely. They **painted a grim forecast of frontlines potentially collapsing this summer when Russia, with greater weight of numbers and a readiness to accept huge casualties, launches its expected offensive.** Perhaps worse, they expressed private fears that Ukraine's own resolve could be weakened, with morale in the armed forces undermined by a desperate shortage of supplies. As Volodymyr Zelenskyy himself put it elsewhere, "We are trying to find some way not to retreat."

Ukrainian commanders are crying out for more combat soldiers — one estimate from the former top commander, Valeriy Zaluzhny suggested they'd need an extra 500,000 troops.

But Zelenskyy and the Ukrainian parliament are hesitant about ordering a massive fresh call-up. In an interview with POLITICO, Yermak, the powerful Head of the

Office of the President of Ukraine, offered an important — and to outsiders perhaps surprising — reason for not launching a mass mobilization: such a call-up wouldn't have the backing of the people. Zelenskyy is still “president of the people,” he said. “For him, that's very important, and it's very important that the people do something not just because they're ordered to do it.”

And there's the rub. **The West has failed to come up with what's needed, and it in turn is undermining Ukraine's will to do what it takes.**

**The country is facing an existential crisis — Putin literally wants to scratch it from the map (it was Ukraine that did not want to stay neutral and wanted to take on Russia, with help as long as it takes from the west. You get what you ask for)— and yet there apparently isn't enough public support for a new draft. Young Ukrainians are dodging the military draft.**

Admittedly, Ukraine is no different from its neighboring European countries where recent opinion polls suggest large numbers would refuse to be conscripted even if their nations were under attack. But Ukraine is the country at war. **An existential fight like this can't be won without mobilizing the entire nation.**

And yet, as the conflict continues, Ukrainians living in Kyiv and the center and west of the country — away from the front lines — appear in some ways to be ready to put up with war raging in the east, as long as they can get back to their normal lives.

Hence, there is draft-dodging: eligible young recruits find other things to do with their time, packing into hipster bars and techno clubs in the late afternoons.

Vitali Klitschko, the former heavyweight boxing champion now serving as Kyiv's mayor, said he understood why people wanted to get back to normal, arguing that it is healthy. He told POLITICO the desire to resume daily activities was an expression of defiance in the face of Putin's attempts to wear the people down.

Maybe so. But faced with a relentless enemy, driving home its advantage against a badly equipped army of defenders, such a hands-off attitude seems high risk. **(Yup, game over.)**

As Ukraine's ousted chief commander Zaluzhny found to his cost, rational warnings that things may not turn out well can get commentators and analysts in trouble. But suspending critical thinking won't win this war either.

The West has placed too much faith in sanctions, believing they'd bring Russia to heel. There's also been wishful thinking about Russians turning on Putin over casualty figures, or hopes he may be ousted in a Kremlin coup. Instead Russia's economy has remained resilient and Putin has strengthened his grip on power.

It's true that before launching the 2022 invasion, the Russian leader may have been misled by his bungling intelligence chiefs into believing a short war would offer a quick win.

Ukrainians living away from the front lines appear in some ways to be ready to put up with war, as long as they can get back to their normal lives.



But Putin can afford to wait. Last month he awarded himself another six-year term as president. (Awarded himself? That's a western narrative...Putin won 87% of the vote on an 80 percent turnout). He can settle for a stalemate: Keeping Ukraine stuck between victory and defeat, shut out of both NATO and the EU, would still amount to a win.

And what would a deadlocked conflict do to Ukrainian resilience?

The early burst of patriotic fervor which saw draft centers swamped with volunteers has evaporated. An estimated 650,000 men of fighting age have fled their country, most by smuggling themselves across the border.

Advertisement

Two years ago, the trains heading out of Ukraine were almost exclusively carrying women, children and the elderly to seek refuge. This week, around a third of the passengers on one train carrying this correspondent out of the country were men of fighting age. Somehow they'd managed to get waiver papers to leave. (Corruption abounds.)

In Zelenskyy's presidential office in Bankova Street, his officials insist they are still positive. But that Western aid, especially President Joe Biden's long-delayed \$60 billion package of support, can't wait much longer.

What would Putin do if Ukraine doesn't get the Western help it needs to win? "He would completely destroy everything. Everything," Zelenskyy told Axel Springer media. Ukrainian cities will be reduced to rubble; hundreds of thousands will die, he said.

"People will not run away, most of them, and so he will kill a lot of people. So how it will look like? A lot of blood."

(It is quite interesting to me that the Scholz was in China to talk to Xi about Ukraine. It demonstrates a sense of panic in NATO, certainly Germany, that Russia is winning. All the signs are there. The western propaganda that Ukraine was winning is now being recognized to be just a lot of BS...)

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*Un-Influencer in a World full of Hubris*