[▯ ▯ ▯]
>> Andrew: HELLO, THERE.
HAPPY TARIFF DAY.
WELCOME TO "COMMODITIES."
LET'S SEE HOW THE ENERGY
COMPLEX IS TRADING RIGHT
NOW.
OIL HOLDING UP DESPITE THE
THREAT TO GLOBAL COMMERCE.
WE WILL HEAR MORE, OF COURSE,
IN ABOUT AN HOUR'S TIME FROM
THE ROSE GARDEN AT THE WHITE
HOUSE TRUMP'S LATEST TARIFF
MEASURES.
OIL, THOUGH, IS PRETTY SOLID
RIGHT NOW.
THERE ARE MOVES IN CONGRESS
TO CLAMP DOWN ON RUSSIAN OIL
EXPORTS AND TRUMP HIMSELF HAS
TALKED ABOUT THAT OVER THE
PAST FEW DAYS WITH CRITICS OF
THE MOSCOW REGIME SAYING THAT
PUTIN, THE RUSSIAN LEADER,
VLADIMIR PUTIN HAS NOT MADE
ANY DECISIVE MOVES TO END THE
FIGHTING IN UKRAINE.
SO THERE IS OIL.
IT'S HAD ACTUALLY QUITE THE
BOUNCE OVER THE PAST FEW
SESSIONS.
>>> LET'S SEE WHERE THE
METALS ARE TRADING AND OF
COURSE GOLD IS THE STORY
THERE.
AND THAT'S THE FUTURE, THE
JUNE FUTURE FOR GOLD MOVING
UP TRADING IN RECORD
TERRITORY AGAIN.
ALTHOUGH SPOT GOLD LAST TIME
I CHECKED WAS DOWN A LITTLE
BIT FROM MONDAY.
SO GOLD LET'S SAY CLOSE TO
RECORD HIGHS TODAY.
BLOOMBERG SAYS IT'S NOT JUST
THE CENTRAL BANK IN CHINA
THAT'S BUYING INTO BULLION.
LOCAL INVESTORS RUSHING TO
DIVERSIFY THEIR PORTFOLIOS
AND ONE BIG ETF
[indiscernible]IFO GOLD ETF
WHICH IS THE LARGE NET.
THE COUNTRY GOT RECORD
INFLOWS OF ALMOST
$200 MILLION U.S. ON MONDAY.
SO CHINESE RETAIL INVESTORS
JUMPING INTO GOLD.

INTRIGUING STORY FROM
BLOOMBERG.
THE TRANS CANADA PIPELINE
WHICH WE LUCKY TAXPAYERS OWN
HAS DOWNGRADE FORECASTS FOR
THE AMOUNT OF OIL EXPECTED TO
FLOW THROUGH OVER THE NEXT
THREE YEARS AND APPARENTLY
THE PROBLEM IS HIGH FEES.
TO COVER THE MASSIVE COST
OVERRUNS OR PARTLY COVER THE
MASSIVE COST OVERRUNS ON
BUILDING THAT PIPELINE
EXPANSION AND THAT'S ACTUALLY
BEFORE THE REGULATOR NOW, THE
CANADA ENERGY REGULATOR.
>>> A QUICK LOOK AR AT WHERE
THE AGRICULTURAL COMMODITIES
ARE.
WE WILL HAVE MORE ON CANOLA
LATER ON THE SHOW BECAUSE OF
COURSE OUR CANOLA GROWERS IN
CANADA FACE A DOUBLE WHAMMY
TARIFFS IMPOSED BY BOTH THE
STATES AND CHINA.
>>> A COUPLE OF RESOURCE
RELATED STORIES WE ARE
TRACKING TODAY.
KOREA'S INC. TO TURN MINED
RESOURCE PRODUCED BY TECH
RESOURCES INTO REFINED
METAL.
THE FEE DROPS TO $80 U.S. PER
TONNE THIS YEAR AND THAT'S
AFTER A COLLAPSE IN TREATMENT
CHARGES IN THE SPOT MARKET
BECAUSE IT IS A MISMATCH
BETWEEN GLOBAL CAPACITY AND
AVAILABILITY.
THE DECLINE IN PROCESSING
FEES COULD AFFECT GLOBAL ZINC
SMELTERS.
>>> TOTAL ENERGY HAS SIGNED
AGREEMENTS TO ACQUIRE CERTAIN
WIND AND SOLAR PROJECTS UNDER
DEVELOPMENT IN ALBERTA.
AMOUNT TO GO A TOTAL CAPACITY
OF MORE THAN 800 MEGAWATTS.
THE COMPANY SAYS THE
AGREEMENTS AS WELL AS RECENT
ACQUISITIONS WILL CONTRIBUTE
TO ITS CASH FLOW GROWTH AND
GOAL OF REACHING HIGHER
PROFITABILITY IN THE
ELECTRICITY SEGMENT.
>>> AND THE IVORY COAST IN

WEST AFRICA IS RAISING THE
PRICE IT PAYS FARMERS FOR
COCOA BEANS AMID EXPECTATIONS
FOR A SMALLER HARVEST.
THE PRICE HOWEVER IS STILL
FAR BELOW GLOBAL RATES.
THE CROP IS EXPECTED TO BE
SMALLER THAN LAST YEAR DUE TO
HARSH WEATHER.
CONCERNS OVER THE HARVEST
HAVE ALSO KEPT NEW YORK COCOA
FUTURES NEAR HISTORIC HIGHS.
>>> RIGHT.
SO U.S. PRESIDENT DONALD
TRUMP IS SET TO ESCALATE THE
TRADE WAR THIS AFTERNOON.
LET'S BRING IN BOB McNALLY
LONG TIME WATCHER OF GLOBAL
OIL MARKETS PRESIDENT OF
RAPIDAN ENERGY GROUP.
THANK YOU FOR JOINING US.
>> THANKS FOR HAVING ME,
ANDREW, AND HAPPY LIBERATION
DAY.
[CHUCKLING]
>> Andrew: YOUR TAKE IS
THAT GENERALLY THE TRUMP
ADMINISTRATION WILL AVOID
PUTTING TARIFFS ON IMPORTED
ENERGY BECAUSE THEY DON'T
WANT TO RAISE THE PRICE AT
THE GASOLINE PUMP.
>> I THINK THAT'S RIGHT,
ANDREW.
I THINK THE PRESIDENT REALLY
DOESN'T WANT TO PUT UPWARD
PRESSURE ON OIL PRICES IF HE
CAN AVOID IT.
THERE ARE CERTAIN ISSUES LIKE
IRAN THAT MAY INEVITABLY LEAD
TO HIGHER OIL PRICES AND
THAT'S COMING AT HIM.
BUT WHEN IT'S THINGS HE CAN
CONTROL WE SAW IN THE CASE OF
CANADA FIRST HE REDUCED THE
PROPOSED TARIFF FROM 25 TO
10%.
MY BET IS HE WILL CONTINUE TO
EXEMPT ENERGY IMPORTS
INCLUDING CANADA'S CRUDE WE
GET FROM CANADA AND REFINED
PRODUCTS THAT NEW BRUNSWICK
SENDS NEWS NEW ENGLAND.
I THINK THE PRESIDENT WANTS
TO AVOID IT.
AND EVEN RECIPROCAL TARIFFS

IF THEY GO INTO PLACE ON THE
E.U. OR IN INDIA THEY ALSO
SEND THE UNITED STATES A LOT
OF GASOLINE, A LOT OF
DIESEL.
I THINK HE WILL WANT TO AVOID
THAT.
THAT WOULD BE MY
EXPECTATION.
YOU NEVER KNOW.
WITH PRESIDENT TRUMP.
BUT THAT WOULD BE MY
EXPECTATION.
>> Andrew: BECAUSE IN THE
HEARTLAND THE MIDWEST WHERE
HE GETS GOOD BIT OF HIS
SUPPORT THEY CAN SEE THAT IF
GAS PRICES GO UP THEY WON'T
BE HAPPY.
>> YOU ARE RIGHT, ANDREW.
BUT, YOU KNOW, ONE
CONSEQUENCE OF THE TARIFF
DISCUSSION IS WEAK MACRO
CONDITIONS AND LOWER CRUDE
OIL PRICES.
NOW UNTIL THE LAST FEW DAYS
WE HAVE SEEN CRUDE OIL PRICES
HAVE RIS NOON THE MID 70s
BUT UNTIL THE LAST WEEK OR SO
CRUDE OIL PRICES WERE FALLING
AND IN SOME WAYS THAT COULD
OFFSET THE INCREASE WOULD YOU
GET FROM TARIFFS.
SO THE QUESTION ABOUT WHETHER
THE CONSUMER NOTICES THE
TARIFF IS INTERESTING.
IT COULD BE JUST AN INCREASE
IN THE PUMP PRICE OR IT COULD
BE THAT THE CRUDE PRICE DROPS
AND OFFSETS THAT TARIFF
IMPACT BUT THAT WAS ALL THIS
INTERPLAY OF MACROECONOMIC
AND FUNDAMENTAL FACTORS ON
BOTH CRUDE AND PRODUCTS THAT
MATTERS.
BUT YOU ARE RIGHT.
THE GASOLINE PRICES IS ONE OF
THE MOST WATCHED POLITICAL
PRICES IN THE UNITED STATES
AND EVEN AROUND THE WORLD.
AND THE PRESIDENT WANTS TO
SEE THOSE GOING LOWER.
HE REALLY DOES.
>> Andrew: WE HAD THIS
INTERESTING ISSUE OF
SECONDARY TARIFFS THE

PRESIDENT HAS MUSED I THINK
ABOUT POSSIBLY CLAMPING DOWN
ON RUSSIAN AND IRANIAN OIL
EXPORTS WITH THESE SECONDARY
TARIFFS THAT WOULD PUNISH
NATIONS THAT GO ON BUYING
CRUDE FROM THOSE SOURCES.
OF COURSE IT WOULD BE AN
EXTENSION OF U.S. ECONOMIC
POWER.
IS HE LIKELY TO FOLLOW IT
THROUGH ON THAT?
>> YES.
HE, WITH VENEZUELA, HE ROLLED
OUT THIS NEW CONCEPT OF
SECONDARY TARIFFS.
SO IF YOU IMPORT FROM
VENEZUELA YOU WILL FACE A 25%
TARIFF.
SO WE THINK CHINA, SPAIN AND
ITALY, THE MAIN IMPORTERS,
THEY MAY PULL BACK THEY WILL
PROBABLY PULL BACK.
BUT THAT'S A RELATIVELY SMALL
AMOUNT OF OIL.
THE PRESIDENT HAS THREATENED
AS YOU SAID TO IMPOSE
SECONDARY TARIFFS ON
COUNTRIES THAT IMPORT FROM
IRAN.
THAT'S GOING MAINLY TO CHINA,
MILLION AND-A-HALF BARRELS A
DAY.
THAT'S A LOT OF OIL.
RUSSIA 4.3 MILLION BARRELS A
DAY OF CRUDE AND PRODUCTS GET
YOU UP TO OVER
6 MILLION BARRELS A DAY.
MOST OF IT GOING -- A LOT OF
IT GOING TO INDIA AND CHINA.
SO IF HE DID THAT, ANDREW, I
THINK YOU WOULD SEE A LOSS IN
SUPPLY AND A PRICE INCREASE.
SO I WOULD EXPECT IF
PRESIDENT TRUMP FOLLOWS
THROUGH ON SECONDARY TARIFFS
WITH IRAN AND RUSSIA VERY
POSSIBLE, HE WILL DO IT IN A
GRADUAL FLEXIBLE WAY BECAUSE
AGAIN HE REALLY WANTS LOWER
OIL PRICES AND HE WILL TRY
HIS BEST TO KEEP THE WORLD
FROM BEING SHOCKED BY HIGHER
OIL PRICES.
>> Andrew: THE CHINESE
PROBABLY WON'T SIT QUIETLY

FOR SO-CALLED SECONDARY
TARIFFS IF -- THEY HAVE BEEN
BUYERS OF BOTH RUSSIAN AND
IRANIAN OIL, I BELIEVE.
>> THAT'S EXACTLY RIGHT.
THEY TAKE IN WELL OVER A
MILLION BARRELS A DAY OF
CHINESE AND AN EQUAL AMOUNT
ROUGHLY OF RUSSIAN AND THEY
HAVE STRATEGIC ALLIANCES WITH
BOTH PARTICULARLY RUSSIA.
AND SO YOU KNOW IF PRESIDENT
TRUMP IMPOSES HARSH TARIFFS
AND TRADE PENALTIES ON CHINA
AS YOU SAID I THINK CHINA
WILL BE LESS LIKELY TO GO
ALONG WITH THESE SECONDARY
TARIFFS.
THEY WILL CALL THE BLUFF OF
THE UNITED STATES.
HOWEVER, I THINK CHINA IS
WILLING TO PLAY BALL WITH
IRAN.
IF PRESIDENT TRUMP GOES
EASIER ON CHINA I THINK THE
CHINESE MIGHT BE WILLING TO
TAKE A LESS IRANIAN OIL
BECAUSE THEY DON'T WANT TO
SEE A WAR IN THE PERSIAN GULF
BUT WITH REGARD TO RUSSIA
THAT'S TOUGHER I DON'T THINK
CHINA WILL EASILY GO ALONG
WITH SECONDARY TARIFFS.
THAT WILL BE AN ESCALATION
SITUATION I AM PRETTY SURE.
>> Andrew: IT'S
FASCINATING.
WHAT IS YOUR TAKE GLOBALLY.
IF WE DO GET A PROLONGED
TRADE WAR IT SEEMS CERTAIN
INVESTMENTS WILL FALL OFF,
CONSUMPTION WILL FALL OFF AND
THAT'S BAD FOR ENERGY.
BAD FOR ENERGY PRICES.
YOU ALREADY TOUCHED ON THAT
THEME.
>> THAT'S RIGHT.
THERE IS ENORMOUS DOWN SIDE
RISK TO CRUDE OIL PRICES
BECAUSE OF DOWN SIDE RISK TO
ENERGY DEMAND FROM SHRINKING
ECONOMIC ACTIVITY.
AND IF WE SEE A TRADE WAR SO
RETALIATION PRESIDENT TRUMP
WILL ANNOUNCE HERE IN AN HOUR
WHAT WE WILL DO, THE UNITED

STATES.
OTHER COUNTRIES WILL FIGHT
BACK.
E.U. WILL PROBABLY
RETALIATE.
OTHER COUNTRIES WILL TRY TO
CUT DEALS LIKE U.K., LIKE
MEXICO.
BUT IF WE GET INTO AN UPWARD
ESCALATION I THINK EVERY
ECONOMIST WOULD AGREE WE WILL
SEE LOWER GDP GROWTH, LESS
TRADE AND IN A FRAGILE
ECONOMY ALREADY WE WILL SEE
DOWN SIDE RISK TO DEMAND IN
OIL PRICES BUT ANDREW, I
SHOULD CAUTION.
AT THE SAME TIME WE ARE
SEEING AN SEMBLAGE OF
MILITARY AND NAVAL MUSCLE IN
THE MIDDLE EAST THAT WE
HAVEN'T SEEN IN A LONG TIME.
PRETTY SOON THREE CARRIER
STRIKERS B 2s, B 52s AND
OTHER ASSETS.
THERE IS A RISK THAT AS IRAN
COMES TO A HEAD WE COULD HAVE
A VERY BULLISH GEOPOLITICAL
DISRUPTION.
SO IT'S AN INTERESTING TIME
THAT MACROECONOMIC PRESSURES
ARE BEARING DOWN DOWNWARDLY
ON OIL PRICES BUT
GEOPOLITICAL RISKS ARE ALSO
GROWING AND GO THE OTHER
WAY.
>> Andrew: THAT'S
INTERESTING, BOB.
I DIDN'T KNOW THAT.
YEAH.