



MACRO Voices

with hosts Erik Townsend and Patrick Ceresna

Michael Every: A Week Where Decades Happen?

March 6th, 2025

Erik: Joining me now is Michael Every, global strategist on economics and markets for Robobank. Michael, you're back kind of early. We don't normally have someone back just six weeks after your first appearance on MacroVoices, where you were super popular. We had another guest booked this week who had to back out, when we went to look for a backup guest, I just thought, wow, as much as it's only been six weeks, your comment, when you were on before, saying, take President Trump very seriously, but not always literally, proved to be so prescient, it just seemed like such a fit this week. Michael, what the heck just happened in the Oval Office? What's the real agenda? What's going on here? How do we make sense of this news flow around Zelensky and Trump and the falling out and now Europe is befriending Zelensky, and where is this all headed? What does it mean? How do we sort it out?

Michael: Great question. Good to be back, and I have to say, let's be honest, that six weeks feels like six months or six years in terms of the news flow that we've seen and the sheer exhaustion that I think we're all feeling. So, there's a lot to unpack there. Should we start with Zelensky?

Erik: Let's do it.

Michael: Okay. So, I mean, there are so many different ways that you can look at that, and there are such passionate opinions of it from different sides. Clearly, what we saw on that fateful Friday in the White House was a diplomatic failure of historic proportions at the very, very highest level. That's not how diplomacy is supposed to be done in public. I can assure you, that's how a lot of diplomacy is done when the cameras are turned off, but that should never have been done like that. And you can blame Trump, some people have, you can blame Zelensky, and I personally think far more of it since when Zelensky, he didn't realize where he was and the audience he had, and he was using a lot of the same rhetorical tricks that go down well in Europe and do not work in America. But the long and the short of it is that trust was already not there and it blew up. But I think the greater likelihood is, and the way things are moving, by the time people are listening to this, it could already be true that whilst you've seen today, in Asia time, America now pause all military aid to Ukraine. To add extra pressure on top, there really aren't many good options for Ukraine other than signing that minerals deal, which is what blew everything up on Friday, and then proceeding to try and flesh out what does or doesn't constitute some kind of security guarantee of sorts afterwards, because it's not going to happen the other way around. Europe isn't really in a position practically to do it. America has said it won't do it. No one else will. And so, it's really that or nothing. So, I expect we will return

to that. And I think Zelensky, you know, much humbled, even if he doesn't do it in person, will end up signing.

Erik: Let's talk about the mineral deal and what it actually means itself, because President Trump repeated the exact same phrase at least a dozen times, raw earth minerals. Now, I've been trading commodities for a while, I've never heard of a raw earth mineral. A lot of people talk about rare earth elements, things like neodymium and so forth. The thing is, Javier Blass, very well-respected commodities journalist from Bloomberg has been very, very vocal saying, hey, Ukraine doesn't have any substantial reserves of any of those, certainly not \$500 billion worth. This doesn't make any sense. And then I've seen some other communications where they've talked about these raw earth minerals such as nickel, copper and lithium. Last I knew, those were all base metals, and they even mentioned crude oil. So, what does this mean? It's not really raw minerals. Is it just, they want a slice of any natural resource in Ukraine that that might have value? What's really going on here?

Michael: Well, again, this comes back to the seriously, but not literally thing. Those who understand this situation from a different angle to the geology side, which is very accurate that you're bringing up there, see it like this: The deal was, and if it's signed, will be a fig leaf. There aren't \$500 billion worth of those particular resources, however you want to define them, in Ukraine. And the amount of time it would take to develop them and get your money back on that, even if it were true, is just ridiculous in terms of any kind of future that Donald Trump is interested in. So that, in itself, doesn't really mean anything, but what it does do is tick boxes for Trump. Because, first of all, if anyone hadn't spotted, this is abundantly clear, he wants out of this war, because it is a major distraction for the US and a drain on resources militarily at a time when it wants to be pivoting 100% to Asia. We've heard the same thing from previous presidents, and nothing happened on that front, and he definitely wants to do it. That's one point. And secondly, and we can discuss this maybe in a moment as a sidebar, he would like to try and achieve some kind of detente with Putin, if he can, because he thinks just maybe he can do an inverse Nixon. Nixon, of course, went to China after the Sino-Soviet split, and it's been a logical strategy for the US to pursue for a long time to try and break off Russia from China. Now, I don't think that will work, but I can understand why he would like to try it. So, he wants to end the war quickly, and to do that, he's obviously just trying to get a ceasefire in place, just as starters, and then avoid having this security commitment, which Zelensky was pushing him for, and pushing him for on the Friday when everything blew up. Because if they do do that, effectively, you've extended the equivalent of NATO Article Five membership to Ukraine, without Ukraine even joining NATO. That, if Russia attacks Ukraine, we will step in, which is how NATO is spoke to work, so they could never really do that. And, even Europe itself, I think, is going to find it difficult to actually come to do that when push comes to shove.

So, what this was, was an attempt to try and buy time, get everything to just calm down for a while, which suits Russia, in terms of their war economy is overheating, and it suits Ukraine to a certain degree. Suits Europe to a degree and certainly suits the US, and then just dangle this prospect of some kind of economic integration between Ukraine and the United States, which is in incredibly ambiguous in terms of what would actually mean, as if it's some kind of security

guarantee that Vladimir Putin would never consider breaching in the future. Because at least on that basis, Trump would not be repeating what past presidents did in Iraq and in Afghanistan, where you spend trillions of dollars, occupy the place for years and walk away with absolutely nothing. That's not how realpolitik works. If you're doing economic statecraft from a realpolitik perspective, and you're there involved militarily, you want to get paid for it. There needs to be some economic upside, not just a strategic upside, in terms of the military dimension. There needs to be some money flowing from it. And this was a fig leaf. I believe that maybe, in some people's imaginations, was a real cash cow. I doubt that's the case, but, you know, I could be wrong, but at least would provide the fig leaf for then a basis for a ceasefire and potentially discussions about what security guarantees could mean. But the more people look at the deal and point out how silly it is, the less likely that is to happen. And the more Zelensky has kept saying, well, no, I want security, I want security, the less likely that is to happen. So, in some respects, from a US perspective, it was like the best short term deal that was possible.

Erik: Michael, let's keep things rolling. As much as there's a lot to talk about in Ukraine, there's also so much more news, though, and I should mention to our listeners, this was recorded early on Tuesday morning. Who knows what will have happened in the two days between now and when you hear this. But as of this moment, the next big piece of news is when everybody thought Canada and Mexico tariffs were going to be one of these things that, you know, every 30 days, they get renewed and we're working toward a deal. President Trump, at least as of recording time has said, nope, not going to waive them this time, they go into effect, I think it's midnight tonight, or perhaps it was midnight last night. I'm not sure, Michael, you can fill us in, what's going on? Why is it suddenly turned from a threat to it's really happening? Is it really happening, or is it just a bigger threat? What's going on here?

Michael: Okay, this is a really, really crucial point, because the 20% tariffs on China are happening. The executive order there has been signed. That's real. That's in the bag. The 25%, 10% for energy, from Canada and from Mexico, Trump verbally yesterday, said, we're still set to go, and it's too late for any negotiations. That's purely verbal. You know, nothing would surprise us if there was a sudden pivot there. And why it's critical is not just because this would be very damaging to the Canadian, Mexican and even US economy if it were to occur, but because it's a pivot point for the overall US Grand Strategy, or what I call the US Grand macro strategy. Because bear in mind, Trump has already floated that there could be a tariff exception for Australia, which is a US Defense ally in the Asia Pacific. He's floated that there could be some kind of trade deal with the UK, despite the fact that, on paper, he shouldn't get along with a British prime minister at all, and certainly JD Vance probably wouldn't. And so, you say, okay, there are potential exceptions being made here. Although China is getting a 20%, are exceptions going to be made for Canada and Mexico if they give some kind of quid pro quo? And Mexico has suggested, crucially, that if it were to match external tariffs on China, in other words, it will do on China what the US is doing. Could it then avoid the US tariff itself? And there have been US figures, including the Treasury Secretary Bessent who said, yes, that makes sense. So I don't know if Trump's already made up his mind and they're going to press ahead anyway, but it makes much more statecraft sense to not have a tariff on Canada and Mexico, except maybe in certain sectors which are deemed to be national security, but generally not. But

to have a joint North American external tariff against China, so that effectively, the USMCA is a closed loop on that front, similar to how the European Union works with its joint external tariff. And that makes sense if you then try and bolt on the UK and bolt on Australia, and you start to see the foundations for a North America, plus defense allies, the UK and Australia, both being in the AUKUS grouping, which Trump, when he was asked by journalists, didn't know what it was referring to, but I think he just misunderstood the question as a front against China. But if it is going to be 25% against Mexico and Canada, with no exceptions, and they are not taken off again within days or weeks before the real damage starts, then we're looking at a completely different grand strategy of basically the US alone against everybody, at which point, yeah, it's incredibly volatile for markets. If that happens, I'm not saying it's not volatile. If we have a group against China, that's also incredibly volatile, but at least it's the framework you can understand. If it's the US against all, it's far more complex and chaotic.

Erik: Let's go a little deeper on that subject of volatility and markets, because that's what our listeners care about. Normally, when we talk about how you trade this or how you trade that, it seems like what's going on here is President Trump is intentionally trying to create kind of a reputation for himself. You never know what I really mean until you find out. That's not something that's easy to trade. So I mean, is it straddles and vol plays here? What do you do to try to navigate a situation where, literally, I don't think you or I, Michael, have any idea whether or not Canada or Mexico tariffs are still going to be a big issue just 48 hours from our recording time, when our listeners hear this, either they'll be totally forgotten or it'll be a huge big news deal, and it's impossible to tell. That's very, very difficult.

Michael: Sure, and look, there are three ways to play it. First of all, you don't play and that's valid where you can afford not to. Secondly, as you correctly said, straddle and vol and basically just try and do your best to ride it out with tight stops on everything, where you can hedge where you can. And the last one, and you know, I'm going back to talk my own book here is to say, do both of those. And alongside that, try and look at what makes real strategic sense here from the US perspective. And I would still put it to you that whilst America can do okay in the long run without Mexico, without Canada, it's an enormously stronger force versus China, with those two economies bolted on, and with Australia bolted on, and with the UK bolted on, for all the problems that every one of those economies have jointly, with some internal reforms, that's quite the economic beast. So, in that respect, the one thing Trump can't do is look wimpy on tariffs at this stage, because they haven't even gone on yet against these purported allies and trade partners, but it would make far more sense to scare the hell out of everybody. Let people think that he really is serious and even maybe go ahead with it briefly, just have them feel the pain for a couple of days, and have people think, wow, he's really serious, and then take them off, only if then the quid pro quo, as I said, is that he builds this bigger block for a larger strategic purpose. So, if you're thinking strategically, and you can be out of the game where you can do and you can hedge your volatility risk as well, I think that's the most logical way to do it.

Erik: Okay, picking up on what you said about understanding the US strategy and kind of trading around that, I want to go over some executive orders that have come out and help us interpret not just what the order means, but what it's going to mean for markets and how you

would trade it. Let's start with this, America First Investment Strategy executive order. What's going on here?

Michael: That one was huge, absolutely huge. And there are so many of them coming out, and the detail in them can be quite nitty gritty. I completely get while many people in markets just start to be punch drunk and don't pay attention. But that one was absolutely huge. I mean, there are many details in it that the juiciest ones were that effectively CFIUS, so the foreign investment screening board that's always been there in the US is now going to make sure that China cannot have any say or investment in a whole swathe of the US economy, including agricultural land, technology, infrastructure. You're out. And if you are a China front man, you're also out. But leading back to the point I was just making about maybe having a larger view and a different strategy at the same time, it was made clear, if you go on the US Green list by absolutely separating your supply chain and technology chain from China, then you get fast track FDI approval. So, you have a two-tier system. If you're China, you're out. If you're a front man for China, you're out. If you're nothing to do with China, you're straight in with hardly any paperwork. So that, in itself, is huge.

And the secondary element of the executive order was to do everything that's possible to try and dissuade American capital from investing in the Chinese military. Now, of course, you can't do that directly anyway, but China has what's called a civilian military fusion, where every civilian company has to cooperate with the state and with the military if they're asked to. So, there isn't really a differentiation between the two. It's a polite fiction. So effectively, if America wants to, we can interpret that executive order to say, you just can't buy Chinese stocks. And that's ironically, just as Chinese, you know, tech shares have gone through the roof, so that that's now there as well, and above and beyond that one other little morsel, there was a list of countries who were put down as adversaries of America that need to be watched, and Hong Kong was on the list. So, I mean, that's not a complete surprise to anyone who's seen the changes there over the past few years, but to have that in black and, that's huge. And as I said, that absolutely speaks to in principle, the framework of saying, be in Team America and you get fast track approval. Don't be in Team America, and your name is not on the list. You're not getting in at all.

Erik: Michael, let's move on to the next executive order. What the heck is meant by USTR investigation into Chinese maritime industries?

Michael: Again, really sounds technical and boring, and it's staggeringly important when you understand the history of it and the implications. So, the Biden admin had actually launched a USTR complaint about the fact that if you look at global ship building, China dominates. We all know that. And control of key ports, China is very, very high up on the list there. And in terms of ocean carriers, China is really, really important as well. So basically, anything that happens in a civilian sphere at sea, China dominates in the same way that the US Navy dominates militarily, and a lot of that is with state firms, and all of that is with subsidies of different kinds. So, the current USTR has said that they're carrying out an investigation, and what they are proposing is, after March '24 and they've had a round of discussions with different people, they are proposing

to fight Chinese state control of maritime industries with a number of really radical measures. First of all, they're going to charge China built ships, which is a huge, huge number of the global fleet on entering a US port, \$1,000 per net ton, up to a \$1 million cap and \$1.5 million if it's a China built and operated ship. Now, if you make several port stops from Asia to US ports dropping off cargo, that really adds up. That could be \$3 million or \$4.5 million per journey. That really makes it expensive to start using those services. And at the same time, they're going to charge people who have got Chinese built ships in their fleet, but don't send them to the US. So, say, for example, you're a European carrier, and you keep all your Chinese built ships in Asia, and you send your European built ships, or your Japanese built ships to America. And you say, haha, nothing to pay. No, they know which ships you've got and who built them, and they'll still make you pay. So, in other words, the pressure is to absolutely diversify your fleet away from China by making it more expensive. And then adding on top of that, they're now talking about introducing quotas for American crude and American flagships to carry a share of total US exports, which could be anything from corn to ships to missiles. So initially they're talking about 1% of all American exports will have to be carried on those kinds of vessels. That will rise to 3% and then to 5% over the next couple of years, at which point 3% of that cargo has to be on an American built ship, and then that will rise to 15% of all outbound cargo, and 5% of all the ships have to have been built in America.

So, you're basically forcing people to build in America, and you're making it much more expensive to go with the cheapest, most efficient option, which is, of course, from a Chinese state-controlled industry. And why this is interesting is, if you look back at American history theory in this area, which I have done, I wrote a paper on it a few years ago called *In Deep Ship*, and that's with a P. But you know, you understand the implication. America has used this strategy in the past several times. It used it against the British in order to develop, to develop a Merchant Marine just after your independence, when you know there was no economic logic in doing so, everyone would have said, just buy your stuff from the Brits on their ships. And America said, no, if we do that, we'll never develop and we'll never be a commercial power, and we'll never have strategic autonomy. So, they made it more expensive to bring, to buy things from Britain, and they built lots of ships with subsidies. And they did the same thing a couple of times, and each time, then market forces kicked in, and the Merchant Marine shriveled away to nothing. So, we're basically repeating history, but the implication is, you get a sharp bifurcation in the global fleet, you get massive disruption of supply chains, and you get the reindustrialization of America.

Erik: Michael, let's keep going on the executive orders. I've got two more of them for you. Cryptocurrency seems to me like President Trump gave the crypto community everything they wanted, then crypto sold off. Is that just a sell-the-news event? What happened?

Michael: Well, I mean, there are lots of things that could have driven that. The market has been very, very choppy of late. You did have that big hack, which North Korea appears to have been behind, but part of the legislation that's still being drawn up, and we'll find out more in the next couple of days, again, suggests that the assets that Trump wants to put in this crypto reserve have to be made in America, as it were, that you can't use non Made-in-America stable

coins, which of course, makes a lot of them out there not valuable. Now, they have suggested the names of some that they do want to include, and even those have started to sell off again, because people are starting to wonder if it's a continual bait and switch, that there's a whole discussion that can be had about how crypto and a network of crypto assets can be used by the US to create fiscal space for themselves out of really, digital magic, to be honest, it remains to be seen. It's certainly an ironic action that you come out as pro crypto and you end up with crypto selling off, but that really is part and parcel of some of the inverse outcomes that you get from trying to interpret Trump too literally sometimes.

Erik: Let's move on to the final executive order, and the one that baffles me the most. As far as I understand what a sovereign wealth fund is, Michael, that's for creditor nations. In other words, nations that possess wealth and need to invest it, they create a fund, sort of like a big hedge fund, to invest their wealth. Why does the biggest debtor nation in the history of the world need a sovereign wealth fund?

Michael: It's a fantastic question. I'm really glad you asked things like that, because, no offense at all, that's exactly how it's asked by people who I think don't get what Trump's trying to do. So let me, let me try and say...

Erik: That's okay, I want to get it and I don't get it. You're exactly right. Good call.

Michael: So okay, so you're absolutely right in that it doesn't make sense from a traditional framework like that, and the US doesn't run a fiscal surplus, so there's no accumulated wealth, and it doesn't run a current account surplus, so there's no accumulated national savings. So how can it be done effectively? And I'm going to try and do it as simply as I can here. It's a way to achieve geo strategic goals with as little oversight from Congress as possible, and some of which are in very gray areas, and it doesn't count as debt on the balance sheet. So let me give you an example of how it could work. So, let's say, for example, you have a piece of land lying around. It's a federal asset, and it's worth 6 billion US dollars, big piece of land in one of the states somewhere. If you set up this sovereign wealth fund, what they're talking about doing is saying, we will take that six and we will use typical financialization magic, because the US is the past master of financialization. And we will strongly encourage the private sector to leverage that up 10 times to the point where we have \$60 billion to play with. Then we will give \$1 million to everyone who lives in Greenland. And when they have their independence referendum in April, we will strongly incentivize them to become a US protector or a US state. What does it cost the US up front? Nothing. What have they got? Greenland. Is Greenland worth more than \$60 billion in terms of the assets and the geo strategic location? I would wager that it is. Now, that's one extreme example. Did Congress have a say? No, because it's a sovereign wealth fund. Can they allocate funds to it, or say, we're not going to issue them? No. Is there any debt on the balance sheet? No, none, whatsoever. And if there is, it's actually from the private sector. And obviously debt to GDP does matter when it starts to get high, even in the US. And what have you got? A hard asset. So, if you play it right, you actually manage to use the power of financialization, which, as I said, is a US specialization, and it's also one of the reasons why the US is no longer an industrial power. Because you financialized and de industrialized. But you

use financialization almost kind of off-book to buy hard assets like Greenland or ports or other reserves, or raw earths, as you were saying, and you suddenly start to transition back to being much more of a physical controller and producer of things. So that's what I think the game is.

Erik: That sounds to me more like an executive branch slush fund than a sovereign wealth fund.

Michael: Correct.

Erik: Do I get it now? Okay, that's what it really is.

Michael: It can be that too, absolutely. And of course, will it line people's pockets? Well, is this the USA? Yes, of course it will. But can it at the same time, manage to strategically shift the US from being purely financialized to being also an asset holder, a hard asset holder? It can do both at the same time, and it can also feather people's nests, if that is the way it goes.

Erik: Michael, I'm all out of executive orders. Let's go back to this. It's only been six weeks since we had you on MacroVoices, who would have guessed the 10Y yield would be 50 basis points lower? What gives?

Michael: So, this is another one of those strange inverses, because Bessent, the Treasury Secretary, has said openly, they're no longer looking at Fed funds, and by the way, you'll notice all the screams or rate cuts have gone away, but they are looking at the 10Y, that's what they think is the key pivot point in terms of the financial pressure being felt within the economy. That would ostensibly tell you that, therefore it would go down. But of course, nothing that the admin has been doing so far really would encourage that. The only thing you could say might lean in that direction is all the cost cutting from DOGE, because people are now starting to worry that if you fire enough civil servants, enough federal workers, enough NGO people, you cut enough spending off in an economy which has been propped up by a vast fiscal deficit, you get a recession. Which, of course, if the Fed isn't going to move, which, for now, it isn't because of the potential inflation risk from tariffs you are going to see reflected in the 10Y. So, you could say they've done it cleverly via DOGE to get the 10Y down, and therefore, ease pressure on parts of the economy. Or you could say it's happened entirely fortuitously, and they had nothing to do with it. It depends, whether you're being generous to them or not. But as I said, it's not a complete surprise that you have an admin which is the 10Y is important to us. And suddenly, despite the fact that many policies are inflationary, the 10Y goes down. So again, seriously, but not literally, perhaps that applies.

Erik: Let's move on to what I think is maybe the biggest theme of our time, really, which is I perceive, I don't know how to explain this, other than I'll call it a contagion of populism. It feels to me like as much as so many people around the world are so incredibly critical of President Trump, it also feels like the Trump populist revolution is spreading. All of the sudden, the Reform UK party, which nobody took seriously before, is really getting traction. AfD didn't win the German elections, but I think they came in second. I don't know how Meloni is doing in Italy,

but it feels like we're seeing what I'll call a contagion of populism that's spreading around the world. Did President Trump start this? Is he just part of it? Why is it happening, and where is it headed?

Michael: Again, a great question. I wrote a piece in early 2019 called [The Age of Rage](#), specifically saying that I thought there would be a tidal wave of populism which would come sweeping through, and initially it would be to the left, and then it would move to the right, and that the rightest argument would win. And the argument I made within that, echoing other work by far more serious thinkers who have been looking at this for a very, very long time, is that the historical pattern is, you do get waves of populism, not just in the US, but globally. And you get them around technological transitions. You get them around phase shifts in terms of how the economy is operating. You get them around demographic waves. There are lots of conflating factors that can all come together. But if you look at economy after economy, and not just within democracies, but right around the world, people are pretty dissatisfied. They all feel that there are various different crises that they are facing in their lives, whether it's the crisis of liberal democracy, the climate crisis, if you come from one particular camp, whether it's the failure of institutions or a globalist elite, if you're from a different camp, pretty much nobody is satisfied with the way things are working at the moment, and young people are the very least satisfied. And if you look at the job prospects, many of them have and how unaffordable housing is, which, by the way, was a deliberate policy choice made by their parents as a generation and their grandparents to say, okay, let's keep the economy going with more expensive housing and assets. You can understand why they're angry. If you grow up and you see, you will have a worse living standard than your mom and dad and potentially even than your grandparents did into their old age, why wouldn't you be angry? So, this isn't just a US phenomenon. It isn't just a European one, it's a global one. And yet the solutions are extremely hard to find. On one level, you have to say, we have to cooperate, and you have to cooperate. You have to build the kind of structures which only seem to operate on a basis, which increases inequality, which creates more populism. Or you can say that it needs to be nationalists of the world unite, and everyone goes for a kind of Trumpism. And at the moment, that appears to be the argument that is winning. But of course, that will create masses of volatility of its own. But what worries me the most there is if it fails or if it succeeds. Let's start with that if it succeeds. And of course, that's entrenched. You can guarantee that will last for a generation, or a political generation, because it's worked. But if it doesn't work, then I don't think everyone is suddenly going to say, let's go back to the sensible center. Let's go back to acronyms and NGOs and technocrats, because they know what they're doing. No, I fear far worse populism is to come if this brand of populism can't manage to achieve some kind of results, and I don't just mean in the States, I mean everywhere.

Erik: Michael, what does that mean for the European Union? Because, frankly, I am having a hard time imagining Thierry Breton reinventing himself as a populist politician. It seems like, in general, the European Union is not set up to embrace, or could ever embrace, populism. Are we going to see a breakdown of the EU as a result of this?

Michael: Well, I'm not going to forecast that, because no one knows exactly what will occur, and no one knows exactly how the EU will mutate. In fact, at the moment, you can see that very much in response to the Ukraine crisis, which we started by talking about, there's an attempt to try and whip up a brand of, kind of EU populism, which is to say, let's rally around the flag and around the Ukrainian flag, introduce all the national security kind of changes and defense changes that nationalists have been arguing for a very, very long time. But let's do that under a European pan, European umbrella. So, let's all wave the European flag. So this is an interesting concept to monitor, but yes, Europe itself is doing that because it recognizes that there are nationalist and populist pressures rising, not just from the right, but also from the left in some countries, because that's more of a European tradition, and you are getting around a third of the vote in many European economies going for anti-European populist parties. Now, imagine if you were to have a crippling recession. I mean, I'm not forecasting one. That's a dangerous base to be building from. Imagine if you were to have a geopolitical crisis. For example, something far worse happening in Ukraine. From that basis, yes, Europe itself is openly saying they understand that there are existential risks here. Macron has used exactly that phrase, so things will have to change. And I think Europe will do so. The question is, can it do so in time? And you know what? What intellectual and political baggage will have to be jettisoned in order for it to do so?

Erik: Michael, I saved the biggest elephant in the room for last. Let's talk about China.

Michael: China. Okay, well, it's the dragon in the room rather than the elephant. And you have to understand what an important week we are talking in, even if listeners are going to hear this on Thursday rather than Tuesday, because not only do we have the backdrop of Europe talking about whether they will or won't increase defense spending, not only do we have the question of whether US tariffs will or won't go on Mexico and Canada. Not only do we have that addressed to Congress by President Trump, which some people are suggesting could see him even saying he wants to withdraw from NATO, we also have China's two sessions, which is when they start to set policy. And what they're talking about is what they can do as a backdrop to what the US might be doing in terms of tariffs and all the executive orders that I've been discussing and just how disruptive they are, we have to wait and see there. And it wouldn't surprise me if China itself doesn't say wait and see as well, because everything is so fluid, they're not quite sure what opportunities might arise. I mean, if the Western alliance really does fragment, where does China stand vis-à-vis that? So, I think they'll play their cards close to their chest. But I want to redirect the question slightly and put it like this. Everything we are talking about from President Trump trying to get out of Ukraine on any terms possible, President Trump trying to create some kind of detente with Russia, which I've alluded to Europe, realizing that it may not be able to rely on NATO and saying, okay, we need to rearm. And we need to rearm Ukraine, tariffs maybe, or maybe not going up on Canada or Mexico. And maybe we do, or don't, have a fortress America. That trade block may be being extended to the UK, which means they can't go with Europe and Australia. All of this, all of it, factors back to the fact that the US' grand macro strategy is laser focused on China, that China as a rival to it and the first country since the Soviet Union to really potentially be ahead of it in some key areas, is what everything is about. All the other factors that you're seeing, all the other stories, they all conflate. They're all linked. Each one of them

can drive the other like cogs in a machine, but China is at the center of the whole thing. So yes, we'll look to see what China says. But you can't ever not have it at the back of your mind, even if you're talking Ukraine or Russia or, quote, unquote, raw earths, or tariffs on Canada or Mexico, etc.

Erik: Michael, you knew this was coming. We've got so many different topics that we've talked about. I'm going to hit you with the same dirty trick question as last time that I interviewed you. How the heck do you assimilate all of this into a cohesive macro trading strategy?

Michael: Well, again, it depends on how many assets or what assets you're playing with, what scale, your risk appetite, your time frame, or all the standard disclaimers. And of course, the other one that I don't give investment advice, I have to make that abundantly clear. I don't manage money, and I'm not trying to manage anyone's here in this conversation. But that said, I repeat what I began with and what I just reiterated a moment ago, that you either have to be a complete expert in your own little micro market, if you're just looking at a particular FX cross and you trade that really well, you've got a good feeling for the momentum in it. Of course, headlines are going to buffet it around at the moment. Of course, you're going to want much tighter stops and into trading more carefully than usual, but you can keep doing that. That's absolutely fine. If you've got a broader set of assets you're looking at, or you're trading global equity markets, etc., you have to take a much bigger picture view. And if you're cross asset across geography, absolutely you do. And if that's the case, yes, you still need that volatility hedging. Yes, you need to perhaps sit this one out for a while if you really don't know which way it's going. If you can afford to do that for a couple of weeks or a couple of months, that's not the worst thing in the world to do, particularly if you've still got a fairly high T bill rate like you have in the US, in US dollars. But you need to try and have at least some kind of understanding of what the hell is going on here, which is what my role exists for specifically, that I'm not the expert on Eurodollar. I'm certainly not the expert on 'raw earths' or the 10Y yield, even though I've looked at many of them in the past in different ways. But what I am trying to do is explain that there is a picture here. There is some kind of strategy, chaotic as it may appear. And sometimes the chaos can be part of that strategy. And if you can start to understand elements of that too, you can start to see where you think things will sit in 12 months. Now, there can be a hell of a lot of volatility in the next 12 hours or 12 days or 12 weeks, but over a 12-month horizon, which I presume is much more logical for people who are thinking about retirement, it will certainly stand you in good stead.

Erik: Michael, I can't thank you enough for another terrific interview two in a row. As the case may be, before I let you go, please tell us again what you do at [Rabobank](#), how people can follow your work and how they can contact you.

Michael: Well, I mainly try and get enough sleep in this current environment, and I'm not doing very well, but as you said at the beginning, I'm a global strategist, and my job is to look cross asset, cross geography and cross discipline, to try and work out what the big global themes are and how they all intersect. And at the moment, it is this state craft, not economic policy and grand macro strategy. Rabobank itself, obviously, is the world's leading food and agri bank.

That's the sector in which we specialize. If you want to follow my work, please go and have a look at [Rabobank Knowledge](#), that website has all of our good stuff. If you'd like to follow what I'm saying, in particular, you can look for me on LinkedIn, [Michael Every Rabobank](#). And if you'd like to interact with me more frequently, because I'm there a bit more often, look for me on X [@TheMichaelEvery](#) and I enjoy a good to and fro on all the topics that we're talking about here. And you know, you have to keep abreast of it all. This is not something that you can turn off of for a couple of days and go and do something else. To quote Lenin, there are decades where nothing happens and weeks where decades happen, and potentially this could be one of those weeks.

Erik: Patrick Ceresna and I will be back as MacroVoices continues right here at [macrovoices.com](#).