

Turkey plans to hold new big tenders for wind, solar plants by summer 2018

Hurriyet Daily News, 22.02.2018



The work has begun on new tenders for 1,000-megawatt (MW) wind and solar power plants, Turkish Energy Minister Berat Albayrak has said.

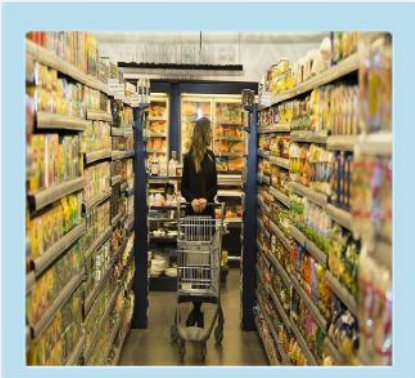
Albayrak said the government planned to finalize these tenders by this summer at a sector meeting on Feb. 22. “We will probably announce the details of the tender this spring ... We want to finalize these tenders before this summer ends,” he said during his opening speech at the First Turkish Energy and Mining Forum in Istanbul. The ministry is working on an offshore wind plant, which will be the world’s largest.

“We plan to add a solar battery and storage system to the solar project,” Albayrak added. The Energy Ministry plans to launch 10,000 MW solar and wind plants in the next decade. In an effort to reach this goal, the ministry held tenders for 1,000 MW solar and wind plants for each last year. “In terms of renewable energy, 2017 was a key year for Turkey,” he said. The Turkish-Korean Kalyon-Hanwha consortium on March 20 last year won the tender bid for the construction of Turkey’s biggest solar power plant set to be built in the Central Anatolian province of Konya’s Karapınar district, with an estimated investment volume of \$1.3 billion.

The tender requested locally produced equipment to be used and stipulated that local engineers should constitute 80 percent of employment in the project. A consortium of German giant Siemens and Turkey’s Türkerler and Kalyon Enerji holdings won a billion-dollar wind energy tender on Aug. 3, 2017, offering the lowest price to the state with \$3.48 cents per kilowatt hour. Eight consortia, including four German giants, participated in the Energy Ministry’s 1,000 MW wind power project tender on July 27, 2017.

Confidence in Turkey's services, retail trade and construction sectors down in February

Anadolu Agency, 22.02.2018



Confidence in Turkey's services, retail trade and construction sectors dropped in February compared to the previous month, the Turkish Statistical Institute (TÜ K) announced.

The services sector index fell 1.3 percent to 100.7 in the month, from 102 in January. According to the TÜ K, this resulted from a smaller number of managers over the past three months seeing the business situation as positive and demand/turnover as rising. The retail trade confidence index was down 1.5 percent month-on-month to reach 104.7 in February, from 106.2 in the previous month.

The fall came from a decreased number of managers expecting an improvement in business activity/sales over the next three months, the TÜ K said. The construction sector confidence index also fell 3.7 percent to 83.8 points in February from 87 in January. This decrease "stemmed from the decreased number of managers evaluating 'current overall order books' as above normal for the season," the TÜ K said. Sectoral confidence indices range from 0 to 200, indicating an optimistic outlook when above 100, but a pessimistic outlook when below 100, according to the TÜ K. Meanwhile, consumer confidence in the Turkish economy also inched down 0.1 percent to 72.25 in February, the TÜ K reported on Feb. 20.

Turkey may consider retaliatory measures if US curbs Turkish steel imports

Hurriyet Daily News, 21.02.2018



Turkey may respond with retaliatory measures if the U.S. moves to curb Turkish steel imports, Economy Minister Nihat Zeybekçi said late on Feb. 20.

"Such measures will hit Turkish importers, producers and exporters. If they complain about U.S. measures, then we will assess the situation and are more likely to take retaliatory measures," Zeybekçi said, adding that they were closely following the developments. He noted that Turkey has imposed additional customs duties on certain imports.

“Turkish steel producers have faced three anti-dumping investigations in the U.S. but the cases were later dropped,” Zeybekçi said, adding that the Turkish government does not provide any support or incentives to local steel producers that create unfair competition. The minister criticized U.S policies, stating that they violated World Trade Organization (WTO) rules. “The U.S is not likely to reverse its protectionist policies any time soon. So we are taking precautions,” Zeybekçi said. Zeybekçi’s remarks came shortly after news that the U.S. Department of Commerce was considering various options for imposing customs duties or quotas on steel and aluminum imports, arguing that importing those products “weakens national security.”

The department’s primary recommendation is imposing a 24-percent tariff on steel imports. The second alternative is a tariff of 53 percent for 12 steel producing countries, including Turkey. Another involves imposing quotas based on 63 percent of each country’s 2017 steel exports. U.S. President Donald Trump is expected to make a decision on tariffs and curbs in mid-April. Last year, Turkey exported \$1.1 billion worth of steel to the U.S., capturing a 5.7 percent share in the U.S.’s total imports. This made Turkey the sixth largest seller of steel to the U.S. Turkey’s share in the U.S.’s total imports declined by 1.6 points from a year ago. According to U.S. data, Turkey accounted for the second largest share of the U.S.’s long steel imports.

Turkey sees sharp rise in property sales to foreigners in first months of 2018

Anadolu Agency, 21.02.2018



Turkey’s property sales to foreigners reached 1,742 units in January, with a 25.7 percent year-on-year increase, according to data from the Turkish Statistics Institute (TÜ K).

Nearly 97,000 properties were sold across the country with a slight year-on-year increase in the mentioned period, data released on Feb. 21 also showed. Iraqis became top property buyers in Turkey in January with 272 units, followed by Saudis with 160 units, Afghans with 124 units, Russians with 121 units and Kuwaitis with 108 units. Istanbul was the top destination for foreign property buyers as 545 houses.

The Mediterranean resort of Antalya followed it with 424 properties being sold to foreigners. Last year, foreigners purchased over 22,000 properties in Turkey. Significant decline in mortgaged house sales Last month, 97,019 homes were sold in Turkey, according to TÜ K data with a 1.7 percent year-on-year increase. Istanbul boasted the largest share of house sales with 16.8 percent, or 16,336 homes, according to TÜ K data. Ankara and the Aegean province of zmir followed Istanbul with 9,720 (10 percent) and 5,841 (6 percent) property sales respectively. Home sales with a mortgage represented 29.6 percent of all home sales in Turkey, TÜ K said. Mortgaged home sales across Turkey amounted to 28,678 units in January, marking a 20.3 percent year-on-year decrease compared to the same month of last year.

Turkey backs Macedonia in name row with Greece

Hurriyet Daily News, 21.02.2018



Turkish President Recep Tayyip Erdoğan has supported Macedonia's stance in its row with Greece about the country's name.

“We have made our stance clear by being the first country to recognize Macedonia with its constitutional name and national identity and by appointing an ambassador,” Erdoğan said during a joint press conference with his Macedonian counterpart Gjorge Ivanov in Ankara. Macedonia was founded in 1991 and was admitted to the United Nations in 1993, but it had been accepted under the provisional name of the “Former Yugoslav Republic of Macedonia” (FYROM).

Some 118 countries, including Turkey, currently recognize Macedonia under its constitutional name. Greece does not accept Macedonia's name because it has a region by the same name in its north. Greece also argues that the former Yugoslav Republic has claims on its territory and its historical heritage. Since 2017, negotiations have stepped up, as the new government in Skopje wants a deal over its name with Athens, which can veto its NATO and EU membership. Ivanov thanked Erdoğan for Turkey's “principled stance” over the name issue. The Macedonian president also voiced support for democratically elected Turkish authorities in the face of any kind of terrorism.

Merkel calls for solidarity among EU states regarding migrant crisis

Reuters, 23.02.2018



German Chancellor Angela Merkel pressed European member states Thursday to do their share in helping to deal with the large influx of migrants, work together to strengthen external borders and fight the problems causing people to flee their homelands.

Speaking to Parliament before a meeting with other EU leaders Friday in Brussels, Merkel stressed that countries need to remember that “solidarity is not a one-way street” a statement that seemed to take aim at eastern European members who have benefited from EU funding, but have been resisting taking in refugees.

“It is up to all member states never to lose sight of their responsibility for the whole,” she said, without naming any individual nations. “And that, of course, includes safeguarding our common European values on which the European Union was established.” Germany took in by far the largest number of migrants since 2015. Hungary, Poland and the Czech Republic are being sued by the European Commission for refusing to accept their share. Merkel says EU leaders need to agree upon a fair quota system for taking in asylum-seekers, saying that the goal is to have “significant steps” concluded by June. She said she would approach the negotiations with “tenacity and patience.” She said Germany also plans to become more engaged in European matters overall, noting that her conservative bloc’s coalition agreement with the Social Democrats — who still need to approve it before a new government is formed — stresses the importance of Europe.

“Germany can only do well in the long term when Europe does also,” she said. Among other issues she said Germany would push for the Brussels summit was how to make the EU more competitive in China, resolving conflicts in places like Syria, Libya and Ukraine, and how to move ahead after Britain leaves the trade bloc. “First, I’m convinced the world will not wait on us, neither on us in Germany nor us in Europe,” she said. “And second, we need more European answers to the most pressing questions of our time.”

Exports of Turkish hazelnuts to China see massive increase

Daily Sabah, 21.02.2018



Turkey holds the majority of the world hazelnut production and exports and has found its biggest market in Europe, yet recently China has become an important opportunity for expansion.

The advertising and promotional activities carried out by the Hazelnut Promotion Group (FTG) in the East Asian countries, especially in China, since 2000 started bearing fruit. The amount of hazelnuts sold to China has increased significantly in recent years. While Turkey sold 712,928 kilograms of hazelnuts to China in 2007, this figure rose to 7.3 million kilograms in 2017.

In the decade since 2007, 26 million kilograms of hazelnuts were exported to China, which brought about \$216.3 million to the country’s economy in foreign currency. Edip Sevinç, Chairman of the Black Sea Hazelnut and Hazelnut Products Exporters’ Association, said that they attach great importance to the Chinese market. Noting that there has been important and pleasing developments in exports to the Asian country, Sevinç said since 2000, the FTG has been carrying out advertising and promotional activities in the Far Eastern countries, especially in China, stressing that the years of work have finally started bearing fruit.

Sevinç said they believe the Chinese market will become even more important for Turkey in the future, pointing out that the figures also support their assumptions. “Turkey’s most important market is comprised of the European countries. With the increase in exports in recent years, China started to become an important market for Turkey after Europe,” Sevinç said. “We are also very hopeful for the future as supported by the export figures. If China’s development continues and Turkey’s hazelnut policy makes no mistake, the amount of exports to this country will be further increased,” Sevinç added.

Russia kills UN bid for Syria ceasefire by putting forward last-minute amendments

Daily Sabah, 21.02.2018



After two weeks of negotiations, Russia on Thursday told the UN Security Council that there was still no agreement on a 30-day ceasefire in Syria, dimming hopes of international action to halt the carnage in Eastern Ghouta.

During a council meeting called by Russia, Ambassador Vassily Nebenzia presented a new raft of amendments to a draft resolution that would allow deliveries of humanitarian aid and medical evacuations during the pause. Negotiations on the draft presented by Sweden and Kuwait on February 9 have dragged on as hundreds of Syrians have died.

Where in a fierce government air campaign in the opposition-held enclave of Eastern Ghouta. Nebenzia told the council that Sweden and Kuwait had requested a vote on the draft resolution even though they are “fully aware there is no agreement on it.” The Security Council needs to reach a “feasible” agreement on a ceasefire and not take a decision that would be “severed from reality,” said Nebenzia. UN diplomats resumed talks in a last-ditch bid to avoid a Russian veto and a vote at the council was now considered for Friday. “We are trying to find a way forward,” Swedish Ambassador Olof Skoog said after the meeting, adding that he was “leaning towards a vote” on Friday.

The United States, France and Britain called for a quick vote to address the acute crisis on the ground. “The United States is ready to vote on this resolution right here and right now,” said US diplomat Kelley Currie. “The assault from the regime is relentless, and the suffering is overwhelming.” Outside UN headquarters in New York, a coalition of aid groups put up three billboards, inspired by the film “Three Billboards outside Ebbing, Missouri” that said “500,000 dead in Syria. And still no action? How come Security Council?”

More than 400 people have been killed in the five-day assault by the government on Eastern Ghouta, where UN Secretary-General Antonio Guterres said 400,000 Syrians are living in “hell on earth.” In his address to the council, Nebenzia cited concerns over enforcing the ceasefire and questioned the feasibility of quickly launching a major aid operation to reach civilians and lift sieges. He accused supporters of the ceasefire of seeking to create “a scandal in order to step up pressure on the Syrian government and taint the Russian government.” The draft resolution would pave the way for the truce to go into effect 72 hours after the adoption of the measure and for aid deliveries and medical evacuations to begin 48 hours after that.

It demands the immediate lifting of all sieges including in Eastern Ghouta, Yarmouk, Foua and Kefraya and orders all sides to “cease depriving civilians of food and medicine indispensable to their survival.” In a concession to Russia, the draft was amended during tough-going negotiations last week to specify that the ceasefire does not apply to the Daesh or Al-Qaeda. That would allow the Syrian government offensive to continue against Al-Qaeda-linked jihadists in Idlib, the last province in Syria outside the control of Damascus. French Ambassador Francois Delattre warned that failure to act to help Eastern Ghouta would result in a devastating loss of credibility for the Security Council and could mean “the death knell of the United Nations.” More than 340,000 people have been killed and millions driven from the homes in the war, which next month enters its eighth year with no end in sight. More than 13.1 million Syrians are in need of humanitarian aid, of whom 2.9 million live in besieged and hard-to-reach areas.

TAP to get 1.2 bln euros in loans from EBRD in 2018

Reuters, 20.02.2018



The European Bank for Reconstruction and Development plans to allocate loans worth up to 1.2 billion euros for the Trans-Adriatic Pipeline (TAP) this year, part of a \$40 billion project to bring new gas supplies to Europe.

The European Union is trying to reduce its dependence on Russian gas by developing the so-called Southern Gas Corridor which is expected to bring around 16 billion cubic meters of gas to Europe per year from 2020. The gas would come from the giant Shah Deniz 2 field in Azerbaijan via TAP as well as from the South Caucasus Pipeline.

It cuts through Georgia and the Trans-Anatolian Pipeline (TANAP) that goes through Turkey. “The amount expected will be in the range of up to 500 million euros in a direct loan and up to 700 million euros in a syndicated loan, subject to final internal approvals,” Bruno Balvanera, EBRD Director for the Caucasus, Moldova and Belarus, told Reuters yesterday. “It’s expected to be approved towards the middle of the year.” In 2017, the EBRD approved a \$500 million loan for the TANAP pipeline. Azeri gas flows to Turkey are expected to begin flowing through it in July 2018. The European Investment Bank approved a 1.5 billion euro loan for the TAP earlier this month.

Venezuela begins selling oil-backed cryptocurrency

Agence France, 21.02.2018



Venezuela formally launched its new oil-backed cryptocurrency on Feb. 20 in an unconventional bid to haul itself out of a deepening economic crisis.

The leftist Caracas government put 38.4 million units of the world's first state-backed digital currency, the Petro, on private pre-sale from the early hours. During the first 20 hours of the pre-sale, which runs through March 19, Venezuela received "intent to buy" offers to the tune of \$735 million, according to President Nicolas Maduro. "The Petro reinforces our independence and economic sovereignty"

"And will allow us to fight the greed of foreign powers that try to suffocate Venezuelan families to seize our oil," he said. A total of 100 million Petros will go on sale, with an initial value set at \$60, based on the price of a barrel of Venezuelan crude in mid-January -- but subject to change. Economist and cryptocurrency expert Jean-Paul Leidenz told AFP prices during the pre-sale "will be agreed privately," and will then fluctuate according to the market when the initial coin offering of 44 million Petros is made on March 20. Meanwhile, the government will reserve the remaining 17.6 million Petros. Venezuela has the world's largest proven oil reserves but is facing a crippling economic and political crisis. Vice-President Tareck El Aissami said the Petro will "generate confidence and security in the national and international market."

HSBC more than doubles pre-tax profits to \$17.2 bln in 2017

Agence France, 20.02.2018



Banking giant HSBC more than doubled pre-tax profit to \$17.2 billion in 2017, it announced on Feb. 20, after a recovery drive to streamline its business and slash costs.

Adjusted pre-tax profit also rose 11 percent year-on-year to \$21 billion as revenue growth outweighed operating expenses, the bank said. The results came as new chief executive John Flint takes over from Stuart Gulliver, who steps down later on Feb. 20 following seven years at the helm. Flint has said he wants to accelerate the pace of change at the bank.

The Asia-focused firm has laid off tens of thousands of staff since 2015 as part of a wide-ranging overhaul that also saw it sell off its Brazil operations. The bank's strategy of expanding business in the Pearl River Delta, an area of southern China including major cities such as Hong Kong and Guangzhou, has also boosted performance. Gulliver said HSBC had concluded the transformation program that it started in 2015 and described it as "simpler, stronger, and more secure" than it had been when he became chief executive. But chairman Mark Tucker warned that while the bank was optimistic about the global economy in 2018, rising international tensions and the threat of protectionism could be disruptive.

Romania eyes more political dialogue, economic cooperation with China

Xinhuanet, 16.02.2018



Romanian Prime Minister Viorica Dancila on Wednesday emphasized the desire of her government to intensify the political dialogue and strengthen the economic cooperation with China.

Romania's new government attached great importance to developing relations with China and is willing to actively push forward pragmatic cooperation between the two countries, so as to achieve concrete results and enrich the connotation of their partnership, Dancila told Chinese Ambassador to Romania Xu Feihong in their first official meeting at the Government headquarters.

Dancila said that Romania supported the Belt and Road Initiative and cooperation under the "16+1 mechanism", hoping both sides would further tap the potentials and take substantive steps in the cooperation in areas such as energy, infrastructure, agriculture, tourism and culture. According to her, transport and energy will be important parts of bilateral cooperation. In the field of transport, Dancila expressed Romania's interest in cooperating with China in road infrastructure, shipping and air transport projects. While in the energy sector, she mentioned the cooperation between the two countries in the area of nuclear energy.

The Belt and Road Initiative aims to achieve policy, infrastructure, trade, financial and people-to-people connectivity along and beyond ancient Silk Road trade routes, thus building a new platform for international cooperation to create new drivers of growth. The "16+1" mechanism, or the China-Central and Eastern Europe (CEE) cooperation framework, is a platform created in April 2012 by China and 16 CEE countries. The Chinese ambassador, for his part, said that the new era requires new measures and new bright spots in bilateral relations. Major energy cooperation projects between the two countries are at a crucial stage and need to be promoted.

He stressed that China is ready to work with Romania to carry out pragmatic cooperation and to bring substantial benefits to the two peoples. Dancila also extended her Chinese New Year greetings to Chinese people, wishing them prosperity and happiness in the Year of the Dog, which begins on Feb. 16.

Japan bank keen to work with Turkish companies

Anadolu Agency, 21.02.2018



Collaborations between Japanese and Turkish firms in third countries, especially in Africa, could bring success, since the two countries complement each other, a Japan Bank for International Cooperation (JBIC) senior official said on Feb. 20.

“In the Africa region I understand that Turkish companies have very close ties, network and business routes. We expect to see successful partnerships in the Africa region as soon as possible,” JBIC Global Head of Infrastructure and Environment Group Kazuhisa Yumikura told Anadolu Agency.

Yumikura said Turkish companies hold a “unique” competitive edge and know-how in the construction sector. “Japanese companies don’t have such competitiveness in this area. Turkish and Japanese companies are complementing and supplementing each other and this combination assists the smooth implementation of business,” he said. Yumikura added that the bank also provides export loans to Turkish buyers in order to support foreign trade between the two countries. He appreciated Turkey’s “tremendous” economic growth in 2017 and expected it to continue in upcoming periods.

“The strength of the economy or prosperity here means more than statistical numbers. I feel a great strength in the Turkish economy right now,” he said. Recalling that the JBIC recently signed an agreement with Turk Eximbank to support Turkish and Japanese companies to collaborate in other countries, Yumikura said the deal would contribute to the maintenance of strong growth. The JBIC has provided bank-to-bank credit line in Turkey, which is still active, Yumikura also said. “We have extended outstanding loans to four Turkish banks for supporting Japanese exports to Turkey – Bank, Yapı Kredi, Denizbank and Garanti,” he said. Yumikura said the bank also supports renewable energy, energy efficiency and global environment projects in Turkey through the Development Bank of Turkey and Industrial Development Bank of Turkey.

US looking at new sanctions on Russia

Reuters, 22.02.2018



The Trump administration is considering new sanctions against Russia in response to election meddling and a devastating cyberattack last year, senior U.S. officials said on Feb. 21, pushing back against criticism that it has been slow to act.

Both Republicans and Democrats in the U.S. Congress, which nearly unanimously passed a new sanctions bill against Russia last summer, criticized President Donald Trump for not punishing Moscow and accused him of being soft on his Russian counterpart, Vladimir Putin.

Their recrimination followed a decision by the Trump administration in January not to announce sanctions against Russia for now under the new law. In a briefing for a group of reporters, three senior administration officials involved in sanctions work described a process that is slow moving for legal reasons and cannot be accelerated in response to negative headlines. They did not provide details on when the administration would reach a decision or what measures were under consideration. The officials said some sanctions have already been imposed against two Russian entities cited last week in a 37-page indictment from U.S. Special Counsel Robert Mueller about Russia's meddling in the 2016 presidential election. Those two are Concord Catering and Concord Management and Consulting, which the indictment said controlled the Internet Research Agency, a group that coordinated the meddling. Sanctions were imposed on them in June related to Russia's incursion into Ukraine.

The officials said a review is well under way at what more can be done in response to the meddling. They said they are also looking ahead to the potential for tampering in the 2018 midterm congressional elections next November. "The process on sanctions is long; it's arduous; it's not pretty, but when the evidence is there and we're ready, we go ahead with the sanctions," one official said.

Five reasons 2018 could be the best year yet for cryptocurrencies

CNBC, 14.02.2018



In an earlier piece for CNBC, I explained why a potential cryptocurrency bubble could burst in 2018. Many people asked me afterward: If I'm so skeptical about the space, why am I invested in it?

Let me clarify. I'm someone who always calculates the potential upsides and downsides, and I think many people take unnecessary risks: They either invest too much or too little because they don't do proper analysis. So I want to highlight five reasons why 2018 might be the best ever year for cryptocurrencies and why I'm heavily invested in them.

Bitcoin (BTC) is the most important cryptocurrency. Most government-backed money that goes in and out of crypto goes through bitcoin, so what happens to the original cryptocurrency affects the entire market. The token's market dominance stood at about 40 percent as of Wednesday. By my estimates, however, it's clear bitcoin's market dominance should return to 75 percent of the entire space. I actually see a 150 percent potential upside in bitcoin for 2018. Why? Well, BTC is still dominant. It has the biggest user base and the biggest industry. Still, it faces a challenge in scaling up for wider use.

Bitcoin now can't handle more than six or seven (or, with the "Segregated Witness" protocol upgrade, it's 12 to 14) transactions a second. Compare that with credit cards, which involve thousands of transactions per second, so the criticism about bitcoin's ability to be useful at larger scales is understandable. The scalability challenge results in high fees as well. What is the solution? It is the so-called second-layer peer-to-peer off-chain networks. To cite an example, look at the Lightning Network. Created by Blockstream, the Lightning Network allows for transactions off the blockchain, thereby decreasing the transaction costs almost to zero and increasing the speed and scalability almost infinitely. And it's just getting started. As you can see from this map, more and more nodes as well as channels are being established. It is growing exponentially.

In the coming months, we will see a sharp uptick in transactions and the use of more bitcoin in these channels. What's more, the Lightning Network doesn't have any fee. In other words, second-layer networks solve the problems bitcoin faces — scalability and lack of liquidity. That could be a key reason why bitcoin surges this year. At the end of 2017, I foresaw that bitcoin would drop as low as \$5,000 — but it could potentially climb to as high as \$60,000. Lightning Network will have a big impact on the potential upside. There are also other second-layer projects like Rootstock that would allow computations similar to those of ethereum (a blockchain-based computing platform that supports another cryptocurrency named ether) to be done through bitcoin. Exciting projects such as those could cause a significant spike in BTC. I would dare say in the realm of 60 to 70 percent with the potential upside of 100 percent — and maybe even more.



Like last year, initial coin offerings (ICOs) will impact the ethereum network because ICOs usually require plenty of ether. That will buttress the demand for the platform's digital coin. More legitimate ICOs will lead to greater interest in ether as we are already seeing with the billion-dollar ICO of messaging app provider Telegram and that of Kodak. That means we could see a rise in the market cap of ethereum to \$200 billion by the end of the year from less than \$90 billion on Wednesday. The cryptocurrency's price could possibly double to \$2,000.

Though other platforms could see similar gains, I believe ethereum will be the main focus. Many believe regulations hurt markets, but that is a short-sighted perspective. In the long run, companies require rules for the sake of legal stability and certainty. Regulation gives users and institutional clients the confidence to invest. We saw something similar when Japan started regulating bitcoin. The market dropped initially, but it rose eventually. Ditto in Australia. Other countries could follow the same rule book — I think we are going to see something like that with South Korea and probably many others — but the market's fate will be no different than after what played out in Japan and Australia.

A lot of execution and usability. There are several start-ups like my own that offer debit cards to help people spend their cryptocurrency holdings. That means the number of users and merchants is set to increase sharply in 2018. This would burnish the reputation of cryptocurrencies, with more and more companies trusting them. The firms that execute well this year will stand out and create a survivorship bias — where a few companies thrive and others fail, but people focus on the winners and ignore the losers. Most start-ups bomb, but the spectacular successes of companies such as Facebook and Airbnb help mask those failures. Likewise, the success stories of a few entities in the cryptocurrency space will overshadow the negative news of several going bankrupt.

Institutional investors. The last reason why 2018 will be a stellar year for cryptocurrencies is that this will be the first year of solid institutional money flowing into the ecosystem. It is estimated that \$10 billion to \$12 billion has so far flown into the crypto ecosystem, but that's nothing compared to what institutional funds could invest. Since those first funds propped up the market to around \$500 billion, the next \$10 billion to \$12 billion, which is peanuts for some funds, could double the market cap this year.

To sum up, the likelihood of all five factors happening is not 100 percent. But I still see a probability of 70 to 75 percent. And each one of them might grow the market's overall size 50 to 100 percent — maybe even 200 percent. If you combine those factors, the market's upside potential could rise to up to seven or eight times the present levels. While this might not be as much of a multiple as what we saw in 2017, it is much higher in absolute terms. That could make 2018 the most successful year in crypto ever. Additionally, the growth might not be based so much on hype or hope as it would be on solid foundations. That being said, the reader should not see this piece as investment advice, and should definitely read my discussion of potential risks. When you dismiss real risks as fear, uncertainty and doubt (FUD), you could be blindsided. Commentary by Dr. Julian Hosp, the co-founder and president of TenX, a company that makes cryptocurrencies spendable in everyday life. He has recently released the book "Cryptocurrencies Simply Explained."

Trump's economic vision ignores immigrants, but it will need their labor

CNBC, 22.02.2018



In a new White House economic report, President Donald Trump's advisers cite the importance of an expanding labor force to raising growth and incomes.

So the Economic Report of the President suggests an array of policies to add workers, including baby boomers whose retirements have diminished the supply of labor and younger people who have abandoned the job market. A combination of policy changes and favorable conditions, the report notes, could lure 1.7 million more workers and boost growth by one-tenth percentage point annually over the next 10 years.

But one policy the report doesn't discuss at all is immigration — and for good reason. The immigration proposal favored by Trump would have the opposite effect, shrinking the labor supply and the economy's long-term growth potential. U.S. labor force participation has declined in recent years partly from simple demography. In 2008, the first members of the massive baby boom generation began turning 62, the age workers can begin to retire and accept Social Security benefits. For reasons that are less clear, growing numbers of "prime-age" Americans between 25 and 54 have also stopped working. Among other factors, economists blame displacement caused by technology and foreign trade, and increased reliance on disability payments by those with health problems.

With American productivity-per-worker in a long-term slump, adding workers is vital to boosting economic output. "Policies that increase the labor force participation rate of all workers would have a material impact on long-run economic growth," said the White House report, prepared by the Council of Economic Advisers chaired by Kevin Hassett. The report lists a number of options. They include allowing Social Security recipients to work without paying Social Security taxes, augmenting retraining for displaced workers and curbing the opioid crisis. But at the moment, the biggest source of increased labor supply is immigration, legal and illegal.

In 2016, the National Academy of Sciences estimated, immigrant workers accounted for \$2 trillion of America's \$18 trillion economy. Through 2035, the combination of new immigrants and those already here will account for all the growth in the working-age population, according to Pew Research Center estimates. "You can be pro-growth and anti-immigration," GOP Sen. Jeff Flake of Arizona told me last week, "you just can't be both." Yet Trump is now pressing Congress for legislation curb that labor force growth. While pushing for tougher enforcement against illegal immigration, he has backed a Senate proposal that would cut current levels of legal immigration — about 1 million people per year. That would mean roughly 500,000 fewer legal immigrants per year. Since immigrants are disproportionately of working age, the effects would dwarf the 170,000 per-year increase the report projects from policies to boost labor force participation.

Jason Furman, who held Hasset's job under President Barack Obama, said cutting legal immigration in half would shrink economic growth by more than the recent tax cuts will increase it. If not for immigrants offsetting the decline in the labor force, he added, "the U.S. would be turning into Japan." "I'm sure Jason's as wrong about that as he's been wrong about everything else the last few months," Hasset shot back at his predecessor, a vocal opponent of the tax cut. Trump's support for increasing the proportion of higher-skilled immigrants, he explained, could offset negative economic efforts from shrinking the number of additional immigrants overall.

Of course, that's what Hasset says now that he works for an "America First" president who promises to build a wall along the Mexican border. A few years ago, he touted a different economic prescription. "With lackluster GDP growth threatening to become our new normal, allowing more immigrants to enter for the sake of employment is one of the few policies that might restore our old normal," Hasset wrote in *Nation Review*. That 2013 article carried the headline "America Needs Workers." It concluded with Hasset's assessment of how to increase U.S. economic growth by a half-percentage point per year: giving more priority to new workers while admitting twice as many immigrants.

Markets are getting it wrong on rising inflation, economist warns

CNBC, 22.02.2018



Market participants have distorted expectations on how much consumer prices will change in the future, an economist told CNBC Thursday.

Inflation has been a major factor in how markets have performed. Stronger-than-expected labor data in the U.S. as well as consumer prices have been interpreted as a sign that inflation is about to pick up at a fast pace after years of moribund growth. Such data releases earlier this month have pushed up sovereign debt yields and even fueled an equity market sell-off.

"A market that reacts negatively to a 2.9 percent wage increase and record-low unemployment is a troubled one," Daniel Lacalle, chief economist at Tressis Gestion said in a note, referring to official data in February that showed an increase in hourly wages in the previous month. "That is not bad for anyone," he said about higher wages. Speaking to CNBC Thursday morning he added that "inflation expectations in consensus are overblown, are too high even considering the wage numbers in January." Minutes released Wednesday from the last Federal Reserve meeting showed that policymakers expect inflation to "move up to the... 2 percent objective over the medium term as economic growth remained above trend and the labor market stayed strong."



Markets have once again interpreted this as a sign that a sudden increase in inflation could be around the corner. U.S. sovereign yields hit session highs on the minutes, with the 10-year Treasury yield seeing a return to its recent four-year highs. But Lacalle warned Thursday that “disinflationary pressures (which are a short-term slowdown in prices) are much stronger trends than those small commodity driven inflationary pressures that we have seen in the short term.”

Headline inflation in the U.S. hit 2.1 percent in January, above expectations suggesting a 1.9 percent increase. Lacalle told CNBC that such a headline figure was mostly due to higher energy and food price increases. “No consumer ever has benefitted from rising food and gas or power prices. And, again, it shows a worrying fixation of economists with higher inflation at any cost, even if it is negative for consumers,” he said in a note.



Announcements & Reports

Renminbi Internationalization: A Conflict of Statecrafts

Source : Chatham House

Weblink : <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2017-03-20-renminbi-internationalization-statecraft-cohen.pdf>

Russian Policy Across the Middle East: Motivations and Methods

Source : Chatham House

Weblink : <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2018-02-21-russian-policy-middle-east-kozhanov.pdf>

Post-Crisis Growth Trajectories in the UK and Eurozone

Source : Chatham House

Weblink : <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2016-11-07-increasingly-apart-post-crisis-growth-uk-eurozone-subacchi-noord.pdf>

Economic Impact of Cybercrime

Source : CSIS

Weblink : https://www.mcafee.com/us/resources/reports/restricted/economic-impact-cybercrime.pdf?utm_source=Press&utm_campaign=bb9303ae70-EMAIL_CAMPAIGN_2018_02_21&utm_medium=email&utm_term=0_7623d157be-bb9303ae70-

Upcoming Events

The Economic Impact of Cybercrime

Date : 23 February 2018

Place : CSIS - Headquarters

Website : <https://www.csis.org/events/economic-impact-cybercrime>

Aid Wars: U.S.-Soviet Competition in India during the Cold War

Date : 23 February 2018

Place : New Delhi, India

Website : <https://www.brookings.edu/events/discussion-aid-wars-u-s-soviet-competition-in-india-during-the-cold-war/>



Iran in 2018 and beyond: Amidst external and internal challenges

Date : 26 February 2018
Place : Westbay, Qatar
Website : <https://www.brookings.edu/events/iran-in-2018-and-beyond-amidst-external-and-internal-challenges/>

A Fed duet: Janet Yellen in conversation with Ben Bernanke

Date : 27 February 2018
Place : Washington DC
Website : <https://www.brookings.edu/events/a-fed-duet-janet-yellen-in-conversation-with-ben-bernanke/>

Energy Statistics Course March 2018

Date : 19 - 23 March 2018
Place : Paris
Website : <http://www.iea.org/workshops/energy-statistics-course-march-2018.html>

11th Energy Storage World Forum

Date : 14 May 2018
Place : Berlin
Website : <https://www.entsoe.eu/news-events/events/Pages/Events/11th-Energy-Storage-World-Forum.aspx?EventWorkshopId=334>