

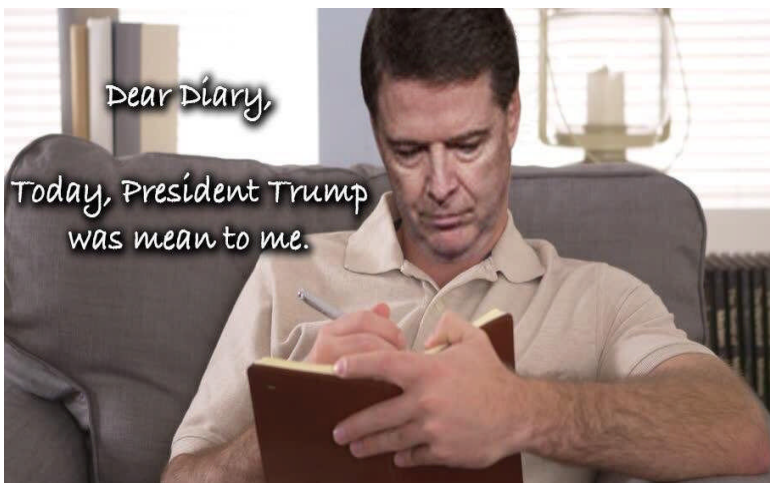
THE National Investor

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COMMENTARY

THE COMEY "NOTHING-BURGER" POST-MORTEM



I guess one takeaway from the breathlessly-awaited Senate hearing this week starring former F.B.I. Director James Comey is that very few minds were made up.

If you are a died-in-the-wool Trump supporter, you see the result much as did former O.M.B. Director David Stockman. He termed the hearing a big "nothing-burger," *at least as far as any possible criminal obstruction on the part of President Trump is concerned.*

For the president's detractors, of course, we need to keep in mind that "The Donald" could single-handedly save a minority family from a burning building and STILL be found a "racist," etc. For these sorts, they won't be happy until someone *really is* holding President Trump's severed, bloody head. The narrative with them all remains one of a dangerous buffoon--part-Archie Bunker and part-Caligula--who is leading America to ruin and was NOT vindicated as he claims by the Comey nothing-burger. "Fake News" outlet *CNN* is dutifully blaring the headline this weekend of "White House in Crisis!"

As long-time readers and especially Members know of me, I always look at things through basically two lenses when it comes to our political--and even economic/investment--discourse in our increasingly superficial, circus-like environment these days:

1. What are the objectives of the so-called "Deep State?"
2. On investment/economic matters more specifically, what **MUST** the Federal Reserve engineer; and (in the present case) does President Trump help or harm these goals of keeping the economy and markets liquid and aloft?

THE BATTLE BETWEEN TRUMP AND THE "DEEP STATE" SWAMP

Today I want to opine on the first of those.

To be sure, there were indeed some interesting political revelations on Thursday. By far, the most delicious of them (especially if, like Yours truly, you weren't exactly Hillary Clinton's biggest admirer) was Comey's disclosure that **perhaps the biggest, unexpected "obstructor" discussed was *not* the current president, but former Attorney General Loretta Lynch.** It was her now-infamous impromptu discussion with Bill Clinton in Phoenix last June that was the basis for Comey's public comments about the Hillary e-mail *investigation* which purportedly helped swing sentiment against the would-be first woman president.

No doubt the china was flying anew inside a certain house in Chappaqua, New York Thursday night. But that was not the most important revelation to come out of the Comey hearing.

Instead, it was the greatly amped-up attempt to further demonize Russia; and Donald Trump with that country, if he doesn't fully commit to the Deep State agenda.

To me, one of the great strengths of *candidate* Donald Trump was that he was quick to call out BOTH Democrats and Republicans for the usually counter-productive and always costly foreign policy America has carried out for some time. We have made the Middle East more of a rat's nest than ever, getting the more energetic and dangerous new crop of terrorists as part of our reward.

And candidate Trump also was eloquent in his denunciation of an expansionist, bloated N.A.T.O. to boot. More than the financial aspect of America still footing the lion's share of the bill to "defend Europe" and all that clap trap, he honed in on the more strategic fact that the old Cold War is OVER; and that--horrors!--we should actually be working shoulder-to-shoulder with Russian President Vladimir Putin to save Europe and the world from, chiefly, radical Islam.

But that's not part of the Deep State program for maintaining conflict, or potential conflict in the world generally, and enmity between the West and Russia specifically.

Playing his role in this instance as a faithful errand boy of the Washington "swamp," Comey saved his few most animated discourses to expound on **the clear and present danger of Russia.**

Democrats gleefully lapped it up, looking forward to the kind of damning "collusion" between Trump and those bad Russkies that they didn't exactly get on Thursday. Even some Republicans continue to salivate over the idea that they might still "get" Trump over Russia, whose leader--as we're told by the Senate's equivalent of Dr. Strangelove, John McCain--is *a greater threat to America and the West than even ISIS.*

Trump has tried to resist the Deep State's "pull" on this issue; but he may soon crack more (as he already has over China, which I discussed several days back.) Already, he's backed off from suggestions



The biggest threat to America?



that ongoing sanctions against Russia will be relaxed or dropped. His gripes over N.A.T.O. are now relegated almost exclusively to financial ones. Indeed--while praising Romania's President Klaus Iohannis (who Trump met with Friday, at left) for ponying up more dough for the N.A.T.O. arm of the military-industrial complex--he *finally* reneged on his questioning of N.A.T.O.'s ongoing geopolitical mission by pledging the U.S. to Article 5, the mutual defense provision.

After the Comey hearing on Thursday, I discussed in the market wrap this ongoing "fascination" with Russia as bogey man; you can listen at <http://www.kereport.com/2017/06/08/recapping-busy-day-news/>. **It is my view that President Trump will survive in his office, in part, as he continues to move away from the more populist rhetoric that helped him get elected, to the more neoconservative/Deep State party line, including on Russia.**

The ferocity of the coming "Russiagate" witch hunt could still turn into a negative for the economy and markets if it continues to derail work on the president's legislative agenda. Time will tell.

STILL AHEAD: In this coming week's new issue of *The National Investor*, I'll talk of some of the more direct markets-related consequences of what's going on politically, and more--including the impending F.O.M.C. meeting, as the Fed wrestles with that flattening yield curve we've been talking about!

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