



R&R Weekly Column
By Brunello Rosa



The Battle Between Climate-Change Activists and Negationists Intensifies

In the last few weeks, a number of extreme climate-related episodes have occurred around the globe. In June, [New York was engulfed by the smoke from wildfires in Canada](#). In the Mediterranean Sea, [the Greek islands of Corfu, Rhodes and Evia](#) and [the Italian island of Sicily, as well as Cascais in Portugal and Dubrovnik in Croatia](#) were also battered by wildfires, caused by the extreme temperatures reached in July and August (up to 48 degrees Celsius). In some parts [of Latin America, temperatures reached 40 degrees Celsius](#), in spite of it being winter there. And the temperature of the oceans, at almost [21 degrees, has been the highest on record](#), as the [El Niño phenomenon re-appeared this year](#). Northern Europe has also been characterised by severe weather conditions, [with floods in Northern Italy, Austria and Slovenia](#). In some parts of the [Dolomites, it snowed in early August](#). As it did [earlier this year in Sierra Nevada in California](#), which had previously been characterised by severe droughts during the last few years.

What's going on? Well, according one view, all these are phenomena related to climate change, due to so-called global warming. According to NASA, [the 15 warmest years on record have been registered since 2005, and the last 8 years have been the hottest 8 years on record](#). A 2021 report by [Cornell University found that 99.9% of more than 88,000 climate change studies agree that humans have accelerated the phenomenon](#), largely due to carbon emissions. This is the so-called “anthropogenic theory” of climate change, according to which global warming has been created by the carbon emitted by humans in the last couple of centuries, since industrialisation begun.

The number of disasters related to a weather, climate or water hazard [has increased by a factor of five over a 50-year period](#), driven by climate change, more extreme weather and improved reporting. According to the [WMO Atlas of Mortality and Economic Losses from Weather, Climate and Water Extremes \(1970 – 2019\)](#), there were more than [11 000 reported disasters attributed to these hazards globally](#), with just over 2 million deaths and US\$ 3.64 trillion in losses. Recently, the movement [Fridays for Future](#) launched by Greta Tunberg were among the most vocal activists. But there are also many other groups, such as [“Last Generation”](#), Greenpeace, WWF, etc. They are well represented by the [Intergovernmental Panel on Climate Change](#), which was awarded, together with Al Gore, the Nobel Peace Prize in 2007.

While one may think this is an undisputed theory, in reality there is an entire army of negationists that are organising themselves, in order to push the opposite view. Recently, a document supposedly signed by scientists and academics, under the title [“World Climate Declaration”](#) says that “There is no climate emergency,” as planet earth has gone through cycles of warming and cooling. The most organised group is called [Clintel \(Climate Intelligence\) Foundation](#), a Netherlands-based climate science denial group founded in 2019 by retired professor of geophysics Guus Berkhout and journalist Marcel Crok. According to independent review, a large percentage of the supporters of Clintel are linked to the fossil fuel industry.

Recent events show, in our opinion unequivocally, that these extreme weather events are related to climate change caused by global warming. But it's notable that an opposite camp of climate negationists is emerging and becoming organised. This is not a new phenomenon. During the recent Covid pandemic for example a [movement of anti-vaxxers got organised](#) and became vocal. Not to mention that the prevailing evolutionist theory about the origin of the species (deriving from Darwin's seminal works) got challenged by the “creationists.” Interestingly, in the US state of Texas, this second approach [is taught in public schools as a plausible alternative to the prevailing scientific theory](#).

While we believe that the arguments are overwhelmingly in favour of the climate change theory, we also believe that an organised negationist movement, which finds its political references mostly in right-wing parties around the globe, and is supported by the fossil fuel industry, will manage to stop or delay the adoption of the climate-mitigation measures that are needed to prevent global warming from becoming irreversible.

Our Recent Publications

✿ [Review: BOE Hikes Again As It Sees First Signs of “Persistent” Inflation Crystallising](#), by Brunello Rosa and Nato Balavadze, 3 August 2023

✿ [Elections in 2024: The Year That Can Change The World's Fate, Part 2 – EMs](#), by London Politica, 2 August 2023

✿ [Snap Elections in Spain: Commentary, Analysis, and Implications](#), by Ruy Scalamandr , 1 August 2023

✿ [Flash Preview: BoE To Continue Its Tightening Policy In July](#), by Brunello Rosa and Nato Balavadze, 28 July 2023



Looking Ahead

The Week Ahead: US Headline Inflation To Rise, While Core Is Set To Fall; EZ Economies' Inflation To Fall; UK QoQ GDP To Stall

In the US, in July, the headline inflation rate is expected to rise to 3.3% y-o-y (*p*: 3.0%), while core inflation is likely to fall to 4.7% y-o-y (*p*: 4.8%). August's consumer sentiment is seen falling marginally to 71 (*p*: 71.6).

Among the largest EZ economies, in July, according to final estimates, the headline inflation rate is expected to: *i*) decrease to 6.2% y-o-y (*p*: 6.4%) in Germany; *ii*) fall to 6.0% y-o-y (*p*: 6.4%) in Italy; and *iii*) ease off to 4.3% y-o-y (*p*: 4.5%) in France.

In the UK, according to preliminary estimates, in Q2, the GDP growth is seen stagnating on a quarterly basis (*p*: 0.1%) and advancing 0.2% y-o-y (*p*: 0.2%). June's IP is expected to rise to -1.1% y-o-y (*p*: -2.3%).

The Quarter Ahead: Black Sea Drone Attacks; Blinken Accuses Russia Of Using Grain Deal As 'Blackmail'; Trump Pleads Not Guilty War in Ukraine.

According to a source from Ukrainian intelligence, a drone strike has reportedly damaged a Russian naval vessel at a key Black Sea port used for Moscow's exports. Russia's key Black Sea port, Novorossiysk, faced temporary ship movement restrictions after drone attacks, which came following Russia's withdrawal from the Black Sea Grain Initiative, impacting Ukraine's agricultural exports and leading to missile strikes on its Black Sea ports.

Antony Blinken claims that Russia is launching an 'assault' on the global food system. During the UN Security Council meeting, Blinken urged Russia to stop the Black Sea and Ukraine's grain as "blackmail". In July Russia halted its participation in the Ukraine grain deal. Moscow refused to extend the deal, leading to a spike in grain prices.

Trump pleads not guilty at arraignment for 2020 elections indictment. Trump is now accused of seeking to overturn the results of the 2020 election that he lost to his Democratic rival, Joe Biden, marking the third indictment since March. Trump also contends with state and federal charges tied to a hush-money payment and mishandling classified documents at his Florida estate. A fourth indictment may come from Georgia, for his attempt to change the result of the presidential election in that State in 2020.

Last Week's Review

Real Economy: EZ QoQ GDP Rose; US Unemployment Rate Fell; EZ Headline Inflation Fell, Core Was Unchanged; BoE Raised Rates

In the US, in July, the unemployment rate fell to 3.5% (*c*: 3.6%; *p*: 3.6%). NFPs rose by 187K (*c*: 200K; *p*: 185K).

In the EZ, in Q2, according to flash estimates, GDP growth rate advanced by 0.3% q-o-q (*c*: 0.2%; *p*: 0.0%) and decelerated to 0.6% y-o-y (*c*: 0.5%; *p*: 1.1%). In July, the headline inflation eased off by 5.3% y-o-y (*p*: 5.5%) as expected, while core inflation remained unchanged at 5.5% y-o-y (*c*: 5.4%). July's monthly inflation fell by -0.1% (*p*: 0.3%). In June, the unemployment rate remained unchanged at 6.4% (*c*: 6.5%). June's retail sales shrank by 1.4% y-o-y (*c*: -1.7%; *p*: -2.4%) and 0.3% m-o-m (*c*: 0.2%; *p*: 0.6%) respectively.

In the UK, the BoE increased its Bank Rate by 25 bps to 5.25%.

Financial Markets: Stock Prices Declined; 10Y Yields Edged Up, While 2Y Yields Fell; Dollar Index And Oil Prices Increased

Market Drivers: In the US, stock prices went down due to increasing Treasury yields and an unforeseen reduction in the US government's credit rating. The 10y Treasury yield went up as investors pondered the economy's future following a downgrade in the U.S. government credit rating. On the other hand, the US dollar climbed, as the private payrolls data supported the currency by indicating ongoing strength in the job market. European government bond yields increased due to strong economic data hinting at the possibility of avoiding a global recession.

Global Equities: declined w-o-w (MSCI ACWI, -2.3%, to 689.00). The US S&P 500 index edged down (-2.3% w-o-w, to 4,478.03). In the EZ, share prices were down (Eurostoxx 50, -2.9% w-o-w, to 4,335.25). In EMs, equity prices moved down (MSCI EMs, -2.4%, to 1018.02). Volatility rose to 17.35 (VIX S&P 500, 52w avg.: 21.5; 10y avg.: 18.5).

Fixed Income: w-o-w, the 10-year US Treasury yields rose (8 bps to 4.04%). The 2-year US Treasury yields fell (-12 bps to 4.77%). The German 10-year bund yield edged up (+6 bps to 2.51%).

FX: w-o-w, the US Dollar Index increased (DXY, +0.4%, to 102.01; EUR/USD -0.0%, to 1.1). In EMs, currencies decreased (MSCI EM Currency Index, -1.0% w-o-w, to 1,685.65).

Commodities: w-o-w, oil prices increased (Brent, +1.4% to 86.15 USD/b). Gold prices declined w-o-w (-1.0% to 1,978.20 USD/Oz).



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Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	MSS	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DJEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year



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