Weekly Updates Issue # 641

1. Weekly Markets Changes

[November 24, 2017]

S&P TSX	S&P 500	Dow Jones	NASDAQ	CAD/USD	Gold	WTI Crude
16,108.09 +109.52 +0.68%	2,602.42 +23.57 +0.91%	23,557.99 +199.8 +0.86%	6,889.16 +106.4 +1.54%	$0.7869 +0.46c +0.59%	$1,292.41 -4.04 -0.31%	$58.97 +2.26 +3.99%

2. Halfway through fiscal year, here’s where federal deficit stands

[November 24, 2017] The federal government ran a deficit of $5.9 billion over the first half of its fiscal year, a more modest dive into the red over the same period last year, the monthly fiscal monitor report says. Between April and September of the 2016-17 fiscal year, the Liberals ran a deficit of $7.8 billion.

But for September alone, the government ran a budgetary deficit of $3.2 billion, which was higher than the $2.4 billion recorded during the same month last year.

The report says government revenue between April and September of this year was up $6.9 billion to $146.3 billion, a 4.9% increase over the same period last year.

Personal and corporate tax revenues climbed by 6.2% and 6.8%, respectively, compared to last year. Excise taxes and duties were up $2.3 billion, or 8.9%, and GST revenues rose by $2 billion, or 11.5%.

Energy taxes increased by about $100 million, or 2.9%.

Program spending increased $5.7 billion, or 4.2%, to $140.4 billion.

Public debt charges fell $600 million to $11.9 billion due in large part to lower average effective interest rates.

The government’s fall economic update projected a spending shortfall this fiscal year of $18.4 billion, down from the $25.5 billion outlined in the March budget.
For the next fiscal year starting in April 2018, the Liberals now predict a $15.6-billion deficit, compared with the $24.4-billion projection from the spring.

3. Black Friday enthusiasm may be declining

[November 24, 2017] Chaotic images of people clamouring to be first through the doors and get their hands on hot deals have become synonymous with Black Friday in recent years.
However, the one-day shopping frenzy at malls and stores following American Thanksgiving may be on the decline. Some consumers and retailers have started to shun the tradition by either opting out entirely or turning to internet shopping instead.
“In the ’70s and ’80s, if you wanted to distinguish yourself as a company, you would participate in this event,” said Markus Giesler of York University’s Schulich School of Business in Toronto. “Today it’s the exact other way around.”
Online fashion retailer ModCloth, for example, announced this year that its website would shut down on Black Friday and the company would donate US$5 million worth of merchandise to a non-profit organization.
“It’s been fun, Black Friday. You had the deals and the steals, but this year we’re looking for the feels,” the company wrote in a blog post.
Outdoor retailer REI, on the other hand, has closed its stores on Black Friday for the past two years, given their employees a paid day off, and encouraged people to partake in a new tradition and head outside instead.
These brands are mimicking a consumer shift away from mass consumption, said Giesler.
Once fringe activist movements like Buy Nothing Day—an anti-consumerism protest held on the same day as Black Friday—have seeped into the mainstream as more people embrace minimalism and choose conscious consumption.
“My neighbours left and right would unsurprisingly now say, ‘You know, we no longer do the mall thing. We no longer do the Black Friday thing,’” said Giesler.
Last year, Thanksgiving weekend sales in stores in the U.S. were down 4.2%, while foot traffic fell 4.4%, according to data from RetailNext, a retail analytics firm.

Two factors seemed to have altered how people view Black Friday, said JoAndrea Hoegg, an associate professor at the University of British Columbia's Sauder School of Business.

Sales now last about a week, rather than being a single-day event, she said, and the internet has given consumers the ability to find great deals year round.

"[There] seems to be less of an urgency about the purchases," she said. "It's sort of less of a hype that this is the one day of the year—this and Boxing Day—that you can really, you know, get that fantastic deal."

Still, she believes the shopping spree remains popular, especially online.

American consumers spent US$30.39 billion online between Nov. 1 and 22, according to Adobe Analytics data, which covers 80% of transactions made with the country's 100 largest e-retailers. That's up nearly 18% from the same timeframe last year.

As of 5 p.m. ET on Thanksgiving day, the company said Americans already spent nearly 17% more than they did last year, shelling out $1.52 billion online.

For shoppers not interested in the social aspect of Black Friday shopping, online purchases make much more sense, Hoegg said.

"You don't have to deal with the crowds and the deals are, by and large, just as good."

Certain industries in particular are experiencing a Black Friday renaissance online, said Giesler, highlighting that technology firms are known to offer "legendary" sales.

Shoppers looking to buy an Amazon Alexa, a Phillips Hue system, a Nest thermostat or other trendy technology, he said, scour the internet for Black Friday deals.

"I may not go for the big-box television flat screen at Best Buy," Giesler said. "But I may go to Amazon, I may go to Nest or to Ecobee to buy myself a little bit of technology."

Amazon workers join the resistance

Workers at a half dozen Amazon distribution centres in Germany, and one in Italy, walked off the job Friday, in a protest timed to coincide with "Black Friday" to demand better wages from the American online giant.

In Germany, Ver.di union spokesman Thomas Voss said some 2,500 workers were on strike at Amazon facilities in Bad Hersfeld, Leipzig, Rheinberg, Werne, Graben and Koblenz. In a warehouse near Piacenza, in northern Italy, some workers walked off the job to demand "dignified salaries."

The German union has been leading a push since 2013 for higher pay for some 12,000 workers in Germany, arguing Amazon employees receive lower wages than others in retail and mail-order jobs. Amazon says its distribution warehouses in Germany are logistics centres and employees earn relatively high wages for that industry.

The strikes in Germany are expected to end Saturday.

Amazon Germany defended its position, saying it was a “fair and responsible employer” that offers “attractive jobs.”

“The strikes will not affect us keeping our word to our customers, as the overwhelming majority of our workers are continuing their normal work,” the company told The Associated Press.

The Italian action, a one-day strike, was hailed by one of the nation’s umbrella union leaders, the UIL’s Carmelo Barbagallo, as having “enormous symbolic value because it’s clear that progress, innovation and modernity can’t come at the expense and the interests of workers.”

The chief of the CISL umbrella labour syndicate, Annamaria Furlan, called on Amazon to work with unions for “proper industrial relations, employment stability and dignified salaries.”

The Italian strike at the facility near Piacenza was called for permanent workers. The unions advised workers who are on short-term, work-on-demand contracts to stay on the job, so they wouldn’t risk losing future gigs.

Amazon says it has created 2,000 full-time jobs in Italy, where unemployment remains stubbornly high.

Amazon’s head of personnel at the Piacenza-area centre, Salvatore Iorio, told Italy’s Sky TG24 TV on Friday that despite the strike, the facility was keeping “our commitment to serve our clients.”

Asked about union complaints that workers there did repetitive physical tasks to the point of experiencing health problems, Iorio said the company “balances” positions at work areas to avoid any such problems.

4. Japan's latest scandal: Mitsubishi admits faking data

[November 23, 2017] Mitsubishi Materials said Thursday that it had falsified data on multiple products -- including components used in cars and airplanes -- for more than a year, adding to Japan's growing list of corporate scandals.

At least two of the company's subsidiaries faked data to meet specifications set by clients, it said in a statement.

Mitsubishi Cable Industries had been misrepresenting data on rubber sealants used in automobiles and aircraft, the company added. Data was

falsified for around 270 million units sold between April 2015 and September 2017 to a total of 229 customers.
Another subsidiary, Mitsubishi Shindoh, had been fudging details of some of its metal products for at least the past year, including brass and copper parts used in the automotive and electronics industries. At least 29 companies are believed to have bought the parts in question.
"We have not at this time identified any instances of illegal conduct or concerns relating to safety at either [subsidiary]," Mitsubishi Materials said.
The company is part of the sprawling Mitsubishi group.
It said it was impossible to estimate the financial fallout at this stage.
Japanese markets were closed Thursday for a holiday.
Japan Inc., once the envy of the world for its manufacturing prowess, has been struggling with a series of embarrassing controversies.
A month ago, Kobe Steel admitted to falsifying data on products sold to big clients such as Boeing and Toyota, sending its stock tumbling more than 40%.
Mitsubishi is one of many companies affected by the Kobe Steel scandal, having used metal parts made with false data in its airplanes. The two companies also have a joint venture to produce copper tubes.
Shortly after the Kobe Steel scandal erupted, top carmakers Nissan and Subaru both admitted they had allowed uncertified workers to inspect vehicles. They recalled thousands of cars as a result.
Millions more cars around the world were recalled because of another Japanese firm, Takata, whose exploding airbags led to multiple deaths and forced the company to file for bankruptcy in June.
Toshiba, meanwhile, has struggled with an accounting scandal and troubles over its nuclear power business.
This isn't the first corporate scandal Mitsubishi has faced, either. The company's automotive subsidiary, Mitsubishi Motors, admitted to cheating on fuel efficiency tests last year.

5. Oil prices hit 2½-year high on Keystone pipeline shutdown

[November 23, 2017] The shutdown of the Keystone pipeline following an oil spill has lifted crude oil prices to levels not seen in two and a half years. Crude has been on the rise for much of the fall, but last week's leak and shutdown of the pipeline have raised concerns about this vital source of supply.

Oil prices jumped 2% on Wednesday, touching $58.09 a barrel, the highest since July 2015.

About 5,000 barrels of oil, or roughly 210,000 gallons, spilled in South Dakota after the leak last Thursday. The pipeline is a key artery that carries crude into the United States from the oil sands of Alberta.

"There are few other ways to move barrels from Canada into the U.S.," said Michael Tran, director of global energy strategy at RBC Capital Markets.

Keystone, which is run by TransCanada, can carry 590,000 barrels of oil each day. The pipeline provides about one-fifth of Canadian pipeline imports into the United States, according to the energy research firm Genscape.

"It's critical," said Dylan White, an oil markets analyst at Genscape.

Crude is only up 8% so far this year, but it's accelerated recently, advancing six of the past seven weeks.

The Keystone spill occurred just days before Nebraska approved the path for the controversial Keystone XL pipeline, a sister project that environmentalists fiercely oppose.

The key question for the oil market is how long the pipeline will be offline.

TransCanada has told some customers it will cut deliveries by 85% or more through the end of November, according to Reuters.

TransCanada declined to comment on the report, but said in a statement that it's working with regulators to determine a date to restart the pipeline.

It's not the first leak for the Keystone oil pipeline in South Dakota. In April 2016, part of the pipeline was shut for three days after the release of about 400 barrels. The cleanup took about two months.

Despite this week's rally, crude oil prices remain modest compared with the $100 prices of three years ago. For American drivers heading into this holiday travel weekend, this means gas prices remain affordable -- though they are higher than last Thanksgiving.

The average gallon of gas fetched $2.53 on Wednesday, compared with about $2.13 a year ago, according to AAA.

Crude crashed to as low as $26 a barrel early last year because of a glut in supply, caused mostly by U.S. fracking during the shale revolution.

OPEC, the Saudi-led oil cartel, has been forced to slash production in an attempt to rebalance supply and demand. OPEC is expected to announce an extension of these production cuts next week.

Wiping out the oil glut has taken longer than many expected, especially in the United States, where higher prices have only encouraged shale companies to start drilling away.

Tran, the RBC analyst, said the shutdown of the Keystone pipeline may accelerate the drawdown of excess oil stockpiles in the United States.

"We're in the very late stages of this global rebalancing act. The U.S. is the last place to rebalance," said Tran.

6. September retail sales disappoint

[November 23, 2017] September retail sales in Canada were below expectations, leading analysts to adjust Q4 predictions and timelines on an interest rate hike.

Statistics Canada says retail sales edged up 0.1% to $49.1 billion in September, boosted by sales at gasoline stations due to higher prices. Excluding sales in this subsector, retail sales fell 0.2%.

Sales at gasoline stations were up 2.6% as prices rose, largely due to supply disruptions caused by Hurricane Harvey. In volume terms, sales at gasoline stations declined 2.5%.

After removing the effects of price changes, retail sales in volume terms fell 0.6%. The consensus expectation for the month had been a gain of 1%.

Derek Holt, vice-president of Capital Markets Economics at Scotiabank, called the report "broadly disappointing," in a research note. He predicts "continued softness" in the retail sector for the fourth quarter.

"That, in turn, plays to the argument that the retail sales surge over the prior three quarters, up to Q2, was brought forward at the expense of future sales due to the huge cash infusion offered by the large increase in child benefit payments starting in July of last year that were then spent," he said. "The consumer was overstimulated for a time and the economy is now paying the price for it, albeit modestly so on balance."

The September numbers are another reason to expect an extended Bank of Canada hold on interest rates, he said.

Nick Exarhos, senior economist at CIBC Economics, said in a note that retail volumes had been tracking "unsustainably strong gains."

"As a result, we aren't panicked by the recent slowdown, even if it has come at a more aggressive pace than we had expected," he wrote. "Indeed, real retail sales are now tracking growth of 4.5% YOY, something that's more in line with what we would have expected given the pace of income and credit growth."

He also expects the "stalling" in recent figures to keep the Bank of Canada on hold until spring.

7. U.S. banks increase interest on deposits

[November 22, 2017] Slowly but surely being a saver is paying off again.

For years after the recession, banks paid next to nothing on deposits—much to the detriment of savers everywhere. Now, banks have increased lending and need more deposits, so they're willing to pay higher interest rates.

The big publicly traded banks are paying roughly 0.40% on their deposits right now, which is up from 0.24% two years ago, according to an October report from Autonomous Research after the major banks reported their quarterly results.

A one-year certificate of deposit (CD) is now paying an average of 0.63%, which is up from 0.45% two years ago. That's according to depositaccounts.com, a website that tracks interest rates on savings accounts and CDs.

An interest rate of 0.40% or 0.63% may not sound like much, but analysts expect that banks will continue to increase payouts on deposits as competition ramps up.

"We have been waiting for this to happen for a while now," said Mark Hamrick, senior economy analyst at BankRate.com.

Effects of monetary policy, financial crisis

During the financial crisis, the Federal Reserve lowered its benchmark interest rate to near zero, and kept it that way until December 2015. While the Fed's move made the cost of borrowing substantially cheaper nationwide, it had a secondary effect of cutting the interest rate banks were paying on deposits. In particular, seniors got hit hard since they tend to keep their money in low-risk products like money markets, CDs and cash.

The Fed's main interest rate is now 1.25%, and is expected to be raised to 1.5% at the Fed's December meeting. As the Fed raised rates, banks initially were happy to charge borrowers higher rates while keeping the amount of interest they were paying on savings accounts and CDs low.

Banks take on deposits in order to turn around and lend that money out. The goal for a bank is to make more money on the interest on its loans than the interest rate they are paying to fund those loans. The more demand there is for loans, which typically happens in a steadily growing economy, the more deposits a bank needs.

For years after the financial crisis, loan growth was tepid as banks throttled back on lending, the U.S. consumer deleveraged and businesses pulled back on borrowing as well. Bank executives said they had little need for deposits. In an interview with The Associated Press in early 2016, then U.S. Bank CEO Richard Davis said there was no reason to incentivize people to deposit money at the bank since there was nothing the bank could do with the money in the first place.

But nearly a decade after the crisis, loans of all types—with the exception of residential mortgages—are now at record-high levels. And the growing demand for loans requires banks to gather up deposits to fuel their lending business.

What the banks pay

The online-only banks, which typically pay the most for deposits, are paying even more these days. Goldman Sachs' online savings account GS Bank pays an interest rate of 1.29% on its savings account, with no minimum deposit. For those able to lock up their savings for a longer period of time, GS Bank is paying 2.37% for a five-year CD, with a minimum $500 deposit. Goldman is partially using its new deposits to fund a new consumer lending product known as Marcus, which is causing Goldman to be more aggressive with its interest rates in order to fund those loans.

Ally Bank is paying 1.25% for deposits to its online savings account. So is American Express, through its personal savings account.

The largest of the banks are still being stingy, however, because their size means they don't need to compete as aggressively for deposits. JPMorgan Chase is paying only 0.04% on a standard savings account, Bank of America is paying 0.03% and Wells Fargo, apparently with zero need for deposits, is paying 0.01% on a basic savings account.

All three banks have CDs with slightly higher rates, but savers looking to maximize the interest they'll earn on parking their money should shop around.

8. Too-big-to-fail banks keep getting bigger

[November 21, 2017] Many too-big-to-fail banks have grown even larger during the decade since the financial crisis.

The 2008 meltdown showed how big banks that get into trouble can hold the entire global economy hostage.

Hoping to avoid another round of unpopular bailouts, financial watchdogs have forced too-big-to-fail banks to make themselves less dangerous by adding lots of capital that safeguards against losses.

But regulators continue to monitor these financial institutions, creating a list of 30 "systemically important" banks that deserve extra scrutiny.

JPMorgan Chase sits atop that list of banks that could threaten global stability, according to new rankings published on Tuesday by international regulators.

While JPMorgan has been required to take significant steps to make itself less risky, America's leading bank has nonetheless gotten much bigger over the past decade.

JPMorgan has amassed an incredible $2.56 trillion in assets. That's nearly twice as much as at the end of 2006 when the subprime mortgage bubble was beginning to burst. A chunk of JPMorgan's growth is due to its government-backed rescues of failing Bear Stearns and Washington Mutual.

Bank of America and Deutsche Bank are ranked one level below JPMorgan on the "systemically important" list published by the Financial Stability Board. BofA's asset footprint has soared by 56% since the end of 2006 to $2.28 trillion. Deutsche Bank's asset size has increased by 21% over that span, according to FactSet.

Wells Fargo, which acquired failing Wachovia during the financial crisis, is sitting on $1.93 trillion. That's up nearly 300% since the end of 2006.

Big banks in China are also growing at a rapid pace. China's four systemically important banks have more than tripled their asset sizes over the last 10 years, according to S&P Global Market Intelligence. Industrial and Commercial Bank of China is the world's largest bank, with $3.76 trillion in assets. That's up from $1.11 trillion at the end of 2006.

"If and when another crisis hits, the biggest players will be far larger than they were in the last crash," S&P Global Market Intelligence wrote in a report.

Of course, not all banks have gotten bigger over the last decade. Citigroup, one of the most troubled U.S. banks to survive the last crisis, has held steady at roughly $1.9 trillion in assets. Royal Bank of Scotland, which remains majority-owned by the U.K. government, has shrunk by three-quarters from its 2007 peak.

Still, out of the 30 too-big-to-fail banks, about three-quarters of them are significantly bigger than a decade ago, according to S&P.

Despite their growing size, big banks are considered much healthier than a decade ago. They've raised more than $1.5 trillion in capital since the crisis, giving them vast resources to cushion losses in a future crisis. U.S. banks are considered particularly sturdy given the 2010 Dodd-Frank Wall Street reform law that required banks to raise capital, undergo stress tests and come up with a roadmap for how to safely unwind them.

"I am gratified that the financial system is much stronger than a decade ago, better able to withstand future bouts of instability," Federal Reserve chair Janet Yellen wrote in a letter resigning from the U.S. central bank on Monday.

Yellen has argued that the reforms mandated by Dodd-Frank made the U.S. economy and banking system more resilient.
As a candidate, President Trump slammed Wall Street firms like Goldman Sachs for "getting away with murder." He also promised to bring back Glass-Steagall, a Great Depression-era law that would force mega banks to break themselves apart.
But now Trump has embraced deregulation. He's pledged to "do a big number" on Dodd-Frank, slamming the law as a "disaster" that has hurt the economy by limiting access to loans.
In June, the Treasury Department published a series of recommended changes to regulation aimed at speeding up the economy and preventing "taxpayer-funded bailouts."
The Treasury paper blames the existence of mega banks on regulation, saying excessive rules encourage banks to get bigger so they can spread their costs to a large number of customers. It called for "eliminating regulation that fosters the creation...of too-big-to-fail institutions."

9. Can anything stop bitcoin? Price above $8,000

[November 20, 2017] Forget about boring stocks. Bitcoin is where it's at these days for investors.
The virtual currency is now trading at a record high above $8,200 -- just a little more than a month after bitcoin first passed the $5,000 level. If this keeps up, bitcoin could be trading at $10,000 before the end of the year.
The price of one bitcoin has surged more than 735% this year alone and has skyrocketed nearly 40,000% in the past five years.
Of course, bitcoin's meteoric rise has led to some skepticism. JPMorgan Chase CEO Jamie Dimon has bashed it on numerous occasions, calling it a "fraud" that's better off being used by drug dealers and North Korea.
And Saudi Prince Alwaleed, a billionaire whose Kingdom Holding Company owns stakes in Apple and Citigroup, told CNBC before he was arrested in a sweeping anti-corruption probe that he thought bitcoin was an "Enron in the making" that will implode.
But while some see a bubble about to burst, others see opportunity. Lloyd Blankfein, the CEO of JPMorgan Chase rival Goldman Sachs, took issue with bitcoin critics.
Blankfein tweeted last month that "folks also were skeptical when paper money displaced gold." Interestingly, technical analysts at Goldman also correctly predicted earlier this month that bitcoin prices would soon top $8,000.

Blankfein raises an interesting point though. Sure, some investors are likely flocking to bitcoin as a speculative bet because they've watched the price climb higher and higher.

But there's also a legitimate case to be made that bitcoin, ethereum, litecoin and other cryptocurrencies are the future of money and that more and more people will conduct actual transactions using these currencies.

To that end, Square -- the popular mobile payment service run by Twitter CEO Jack Dorsey -- recently announced a trial that will let some users of its Cash app purchase bitcoin.

"We're always listening to our customers and we've found that they are interested in using the Cash app to buy bitcoin," said a spokesperson for Square in an email to CNNMoney.

"We believe cryptocurrency can greatly impact the ability of individuals to participate in the global financial system," the Square spokesperson added.

And CME Group, owner of the Chicago Mercantile Exchange, said earlier this month it plans to soon list bitcoin futures contracts. CME CEO Terry Duffy noted that there has been "increasing client interest in the evolving cryptocurrency markets."

Futures let investors buy and sell an asset at a specified price at a later date, They're popular bets for currencies, metals and agricultural commodities. In other words, CME Group is now treating bitcoin as a legitimate financial asset.

Many others agree. Frank Holmes, CEO and chief investment officer of U.S. Global Investors, wrote in a recent note to clients that bitcoin prices should keep rising simply because more and more people are likely to use it.

"Bitcoin adoption could multiply the more people become aware of how much of their wealth is controlled by governments and the big banks," he said.

Holmes added that more startup companies are also looking to raise money through so-called initial coin offerings - the sale of digital currencies to investors instead of stock. That should lead to a further rise in bitcoin and other cryptocurrencies.

Dragonchain, a crytpocurrency startup originally backed by Disney, has held an ICO. Filecoin, a cloud storage company, raised more than $250 million earlier this year from an ICO -- the biggest ever.

And online retailer Overstock is even planning an ICO for its tZero blockhain unit.

"In an effort to bypass the rules and costs associated with getting listed on an exchange, many startups now are opting to raise funds by issuing their own digital currency based on blockchain technology," Holmes wrote.

To be sure, bitcoin prices have moved wildly in the past couple of months. There have been several big crashes of at least 20%.
Still, the price has always come roaring back -- and analytics firm Meltwater has noted an interesting trend. Bitcoin prices have moved higher simply based on the sheer volume of news coverage... regardless of whether the reports or positive or negative.
In other words, there is no such thing as bad publicity for bitcoin, no matter how much Jamie Dimon and others bash it.

10. China is winning electric cars 'arms race'

[November 20, 2017] China is outmaneuvering the U.S. and other countries in the global scramble for a vital element for electric cars.
As demand for the vehicles surges, Chinese companies have been doing deals around the world to secure supplies of lithium, a silvery-white metal mined from rocks in Australia and brine pools in South America.
China is the top market for electric and hybrid cars, accounting for roughly half of global sales, and the government is pushing the development of the industry within its borders. That calls for a lot of lithium, a key component of the vehicles' batteries.
"Whoever controls the lithium supply chain will control the future of the electric vehicle space," said Simon Moores, managing director at research and data provider Benchmark Mineral Intelligence. "There's a global battery arms race."
China has limited lithium resources of its own, so it's looking abroad.
In September, Chinese automaker Great Wall Motor bought a stake in Pilbara Minerals, an Australian lithium miner. Earlier this year, China's Ganfeng Lithium snapped up 20% of an Argentine project. Last year, China's Tianqi Lithium took a 2% stake in Chile's SQM, one of the world's top miners of the metal.
The Chinese government has been quietly instructing state-owned enterprises to hunt down lithium resources outside China, according to Francois Perrin, a portfolio manager at investment firm East Capital. He predicts that over the next few years, China will wield increasing influence over the supply of lithium and other metals used in electric batteries.
Chinese Foreign Ministry spokesman Geng Shuang said he didn't have any specific information on the trend of Chinese investment in lithium supplies. "We always strive to deepen economic cooperation with all countries in all fields, including in energy and auto sectors," he said in response to a

question from CNN. "I wouldn't find it surprising if there is Chinese cooperation with other countries in mining certain minerals."

The Chinese firms involved in the recent deals didn't respond to requests for comment. Neither did the National Development and Reform Commission, which helps guide the country's economic policies.

Beijing has a track record of directing Chinese companies to do its bidding, such as squeezing South Korea's tourism industry earlier this year over a dispute with Seoul over a U.S. missile defense system.

It also has history of using crucial natural resources under its control as diplomatic weapons: it was widely accused of restricting exports in 2010 of a group of minerals that are vital for many high-tech devices.

The pursuit of lithium for electric cars fits with Chinese President Xi Jinping's plans, according to analysts.

"China's aggressive moves in the lithium sector speak to the country taking leadership around important issues such as public health and fighting climate change," said Chris Berry, founder of research firm House Mountain Partners. China wants to be a global leader in lithium, from mining the metal to processing it, he said.

Western companies haven't so far shown much interest in the kinds of investments for electric cars made by their Chinese counterparts, according to experts.

"They're late to the party," Moores said.

Like China, the U.S. and Europe have few lithium resources of their own and rely on supplies shipped from elsewhere. Tesla and other electric car makers could end up scrambling for a limited supply of crucial resources where China is the biggest player.

The growing global appetite for lithium is already driving up its price. It's gained 40% since the start of the year to trade around $14,000 per ton, according to Benchmark Mineral Intelligence.

"This is an incredible bull market like lithium's never seen," Moores said.

A lot of the demand comes from China's large and growing battery manufacturing industry.

Tesla's huge Gigafactory in the Nevada desert gets a lot of headlines, but China produces about two-thirds of the global supply of batteries for electric vehicles, according to Benchmark Mineral Intelligence. And the firm estimates that China is building about half of the 20 or more battery mega-factories currently in the works.

With the biggest market for electric vehicles and the biggest battery supply, China is making itself an inescapable destination for global automakers.

They have been lining up recently to announce plans to make their electric cars in the country.
"The message to Tesla and other aspiring electric vehicle makers: 'You are free to produce anywhere in the world, but better to produce electric vehicles inside China,'" said Michael Dunne, head of Hong Kong-based consultant Dunne Automotive.
Tesla has said its working on plans for building its cars in China.
Volkswagen, the world's biggest automaker, has just announced a $12 billion plan to make electric cars in the country. Experts say others will soon follow.
And it's not just lithium that China's locking down.
Cobalt, another metal used to make electric vehicle batteries, is even scarcer. Almost two-thirds of supply is mined in the Democratic Republic of Congo, a war-torn country in central Africa.
Last year, China bought a majority stake in Congo's biggest cobalt mine for more than $2.5 billion, helping secure long-term supply of the metal. Since that deal, the price of cobalt has more than doubled.
"The cobalt supply situation is a serious concern," Perrin said.

Have a nice and fruitful week!