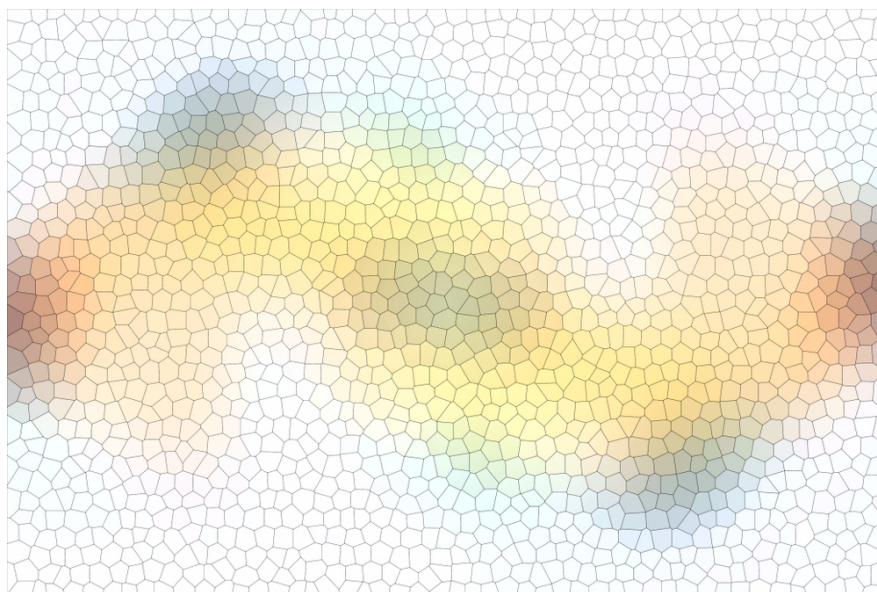


## A pattern emerges

Markets rally on softer trade tone from Mnuchin and Navarro, but a pattern is beginning to emerge here, and US negotiating tactics may now be vulnerable



### First the good news...

As I wrote yesterday, there is some better news on the trade front - my momentary unease at reporting something positive has passed. Stocks roared back to life in the US yesterday, though the EUR's rebound seems to have dented equities in the Eurozone. Bond yields are also higher on the better news as is crude oil. Asian FX all looks firmer against the USD. This is all good news and I applaud a more open-minded approach to trade from the US.

But there is a problem. For some time now, the US has opted for an inverted version of President Roosevelt's suggested approach to setting policy. Namely: "Speak softly, and carry a big stick". Trump, in contrast, seems to shout loudly, but his stick may be more of a twig, as he seems to accept far more moderate responses to his initial demands. The aluminium/steel tariff announcement seems to add a new country to the exemption list each day (India is now looking to gain exemptions), and the Korus trade deal does not seem to have done much either (though we still await the details - so far it just seems to contain some provisions on steel imports). Now, the intellectual property abuse tariffs on China look as if they could be watered down. All good developments on their own...

However, every silver lining has a cloud, as they say, and before long, someone is going to think that it may be possible to "game" the US President's announcements and call his bluff. This could be on trade issues. It could equally be on foreign policy - North Korea for example. Kim Jong-Un is in Beijing today according to newswires. I don't know why. This worries me.

## Day ahead - snore.....

It is a bit of a snore-fest on the data-front today, in the G-7, confidence reports dominate the calendar. US consumer confidence from the Conference Board is trending steadily higher - it could fall today, but it would have to fall a lot to matter and undo the trend upturn - we don't expect that. Anything else is largely trend-plus-noise, and can be safely ignored.

The Eurozone also releases a bunch of confidence indicators - Economic sentiment/confidence, business climate, industrial/services and consumer confidence. It takes longer to work out what the difference between all these indicators are than it does to work out what the data is saying. But the key message seems to be one of continued growth and confidence, albeit slightly slower / dampened.

Asia is also rather quiet today. This is a good day to catch up on some reading.

## Author

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.