

The inconsistency continues

Look at what just happened...Oh yes, nothing...that must explain the four-month high in equities then?



Source: Bloomberg

Markets remain true to form

While certain segments of the bond market, and increasingly, commodity markets are signaling looming recession, equities continue their Pollyanna-like behaviour. The mere absence of an additional set of tariffs from the Trump administration overnight, or of a formal declaration of retaliation from China (they can't match the US tariffs as they don't import that much US stuff!) has led the S&P500 to a four-month high.

But let's be clear, the end of the trade war has not been announced, no tariffs have been reversed, the trade war is progressively more negative, and so an absence of news does not justify a celebration. We wrote yesterday to the effect that although this exuberance could not be maintained indefinitely, on current form, markets would be recovering from the \$200bn tariff announcement quite rapidly. But we are surprised at the speed and extent to which they have not only eaten up the gap but have surpassed it. This doesn't feel right. And sometimes, that is a better metric than any P/E or PEG ratio or earnings yield gap.

So are there any bright spots which could illuminate a positive story? Well, not really, but for full disclosure, there has been increasing and bipartisan noise coming from Congress about the trade

war's impacts on American jobs. This is a long way from rescinding the President's rights to set trade policy. There is also some very loose chat about restoring talks between the US and China on trade. But it seems to be driven from the US, and on the basis of China making substantial further concessions first. I don't see China coming to the negotiating table with a tariff-based gun held against its head. This has no future. Markets should realize this.

Martin Wolf speaks sense on Trade and Trump

It seems a long time ago that I castigated the FT's Martin Wolf for some comment or other in a piece called, "Return of the Wolfman" - I wish I could remember what that was all about... But freedom of the press is as much their right to write stuff as it is mine to criticize it, and on this occasion, I wanted to note the very sensible piece Wolf wrote on Trump and Trade in the FT on 11 July.

[Donald Trump creates chaos with his tariffs trade war](#)

Hopefully, you can access the article, though you may need an FT subscription - if so, a colleague with a subscription might have to gift it to you.

It gets a bit bogged down in the description of the impact of trade on global GDP, and I admit I will have to read that bit again to see if I can make it make sense. But the rest is a poetic excoriation of the Trump trade agenda. There's a very nice chart too which I will be borrowing on the growth of tariffs.

Please give it a go.

Trump comes to the UK

After England's semi-final defeat in the World Cup and the disastrous mess being made over the Brexit negotiations, could it get any worse for England and the UK? Well, at least they have a visit by Donald Trump to look forward to...!

I'm sure Britain's PM, Theresa May is drooling at the thought of being told she didn't follow his advice on the Brexit negotiations. And on the possibility of a quick trade deal with the US, apparently, that is off the table now too, as Trump views that the UK will still be too firmly "in" the EU, even once it is 'out' of it, thanks to May's plan. He likes Boris Johnson, the ex-Foreign Minister. Maybe something to do with the hair?

At least the UK meets its share of NATO spending - just, but only by fudging the data and including the cost of MI5 and MI6 - the 'M' stands for military, don't you know!

Singapore's 2Q18 GDP - soft

Singapore's GDP has slowed slightly to 3.8 in 2Q18, down from 4.4% in 1Q18, a bit lower than the market expected and with a small downward revision to 1Q18 GDP too.

This data largely predates the trade war, and so we can't read too much into it in terms of what it means for the Monetary Authority of Singapore (MAS), and their policy stance, but for now, it merits a re-look at our full-year GDP forecast of 3.2% growth, with a possible view to a reduction.

This is not to single out Singapore by any means. In fact, we will be looking at all of our Asian GDP

numbers with an eye to reducing them in the coming weeks, purely to reflect the worsening trade outlook. Small open economies like Singapore are likely to be buffeted by a deeper trade conflict. But the big trading economies - Korea, Taiwan, will be hit too. There are few safe havens, but in a trade war, 'large' and 'closed' sound good places to shelter. Oddly, China springs to mind.

US Confidence - undented?

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China
lynn.song@asia.ing.com

Michiel Tukker
Senior European Rates Strategist
michiel.tukker@ing.com

Michal Rubaszek
Senior Economist, Poland
michal.rubaszek@ing.pl

This is a test author

Stefan Posea
Economist, Romania
tiberiu-stefan.posea@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Jesse Norcross
Senior Sector Strategist, Real Estate
jesse.norcross@ing.com

Teise Stellema
Research Assistant, Energy Transition
teise.stellema@ing.com

Diederik Stadig
Sector Economist, TMT & Healthcare
diederik.stadig@ing.com

Diogo Gouveia
Sector Economist
diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com