

# MULTI-ASSET SPOTLIGHT

## BNPP AM – Multi Asset, Quantitative and Solutions (MAQS)

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### BEYOND TRUMP: UNDERSTANDING DE-GLOBALISATION

- Over the past 30-40 years, globalisation has been accelerated by the use of information technology (IT). This process is going in reverse as those who did not benefit from it are pushing for change along various dimensions including trade, immigration and wealth distribution.
- De-globalisation is already in full swing, but it will likely face periods of stress and relief as the demands for change hit the speedbumps of institutional barriers such as international organisations, political pressure, and even financial markets.
- The power struggle between the US and China is one of various consequences of de-globalisation and currently, it has taken the form of a trade conflict. The US-China row goes beyond President Trump, as there is wider recognition within the US that China could pose a threat to US hegemony.
- Our economists estimate that the US-China tariff row will lead to moderately weaker growth and higher inflation. The trade conflict is not clearly visible in the global trade data so far. But it eventually will. We estimate that the damage to the asset prices of open economies could well surpass the losses we have seen year-to-date.
- So far, markets appear to be penalising the risky assets of open economies based on the view that a prolonged trade row will hit trade and economic growth, notably in China. Indeed, we find little evidence that markets are discriminating based on the potential 'winners and losers' of the US China trade war.
- Our thesis that US-China tensions are here to stay means that we are strategically bearish on the assets that are exposed to them. We favour, for example, being short CNY vs. JPY and USD. This should work well in the case of a more aggressive escalation of trade tensions as China would let its currency weaken and JPY and USD would rally as risk aversion rises.
- We are also cautious on assets that could suffer if China's manufacturing engine slows further. Emerging market (EM) equities have generally been hit hard already, but some developed equity markets that have a large share of foreign revenues (e.g. UK, Switzerland and even the US) are vulnerable. The currencies of small exporters such as EM Asia have been resilient so far, but they are vulnerable to further tensions.
- Markets should eventually favour the assets of the potential 'winners' of de-globalisation such as the exporters that could fill the China export gap (Mexico, Germany, etc.) and those sectors exposed to domestic demand such as real estate, construction, utilities and leisure.
- More broadly, the era of expanding globalisation and ultra-easy monetary policy is coming to an end. This new environment should bring about higher volatility and greater dispersion in asset returns, which in turn will offer new investment opportunities.

<sup>1</sup> The authors would like to thank Maxime David and Matteo Digrandi for their excellent research assistance



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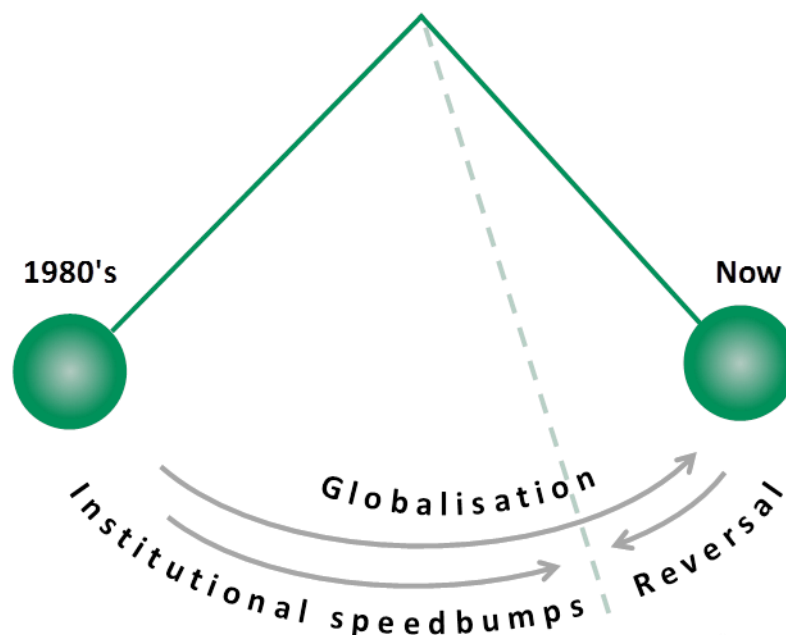
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We wrote a note in late March aimed at helping investors to navigate the risk of trade wars. We did this by explaining how trade tensions could escalate; what could be the key triggers; and what could be the macroeconomic and financial markets implications. Six months on, we take a broader approach. We seek to understand the potential disruption to a 'new' globalisation that has relied on the emergence of information technology (IT) and that has reshaped the global economy over the past three to four decades. Seen through this lens, trade protectionism, populism and anti-globalisation attitudes are consequences of the same de-globalisation process. In this note, we discuss how the de-globalisation process may evolve, placing special attention on the crucial role that China and the US are playing in re-shaping global trade. In particular, we focus on the potential consequences of US-Sino trade tensions for the global economy, global trade and asset markets.

## FROM GLOBALISATION TO POPULISM: THE PENDULUM IS SWINGING BACK

Our basic premise is that over the last three to four decades, global growth has benefited from the combination of trade and financial globalisation and the emergence of information and communication technology (IT). While this 'new globalisation' has led to significant increases in global output over the last 30-40 years and reduced global inequality, it increased inequality within the developed world economies. Various electoral groups lost out to the economic changes wrought by globalisation and these groups became more disillusioned about globalisation in the wake of the great financial crisis.

**Figure 1:** Globalisation pendulum: reversal has started, but a full reversal is still far away



Source: BNPP AM

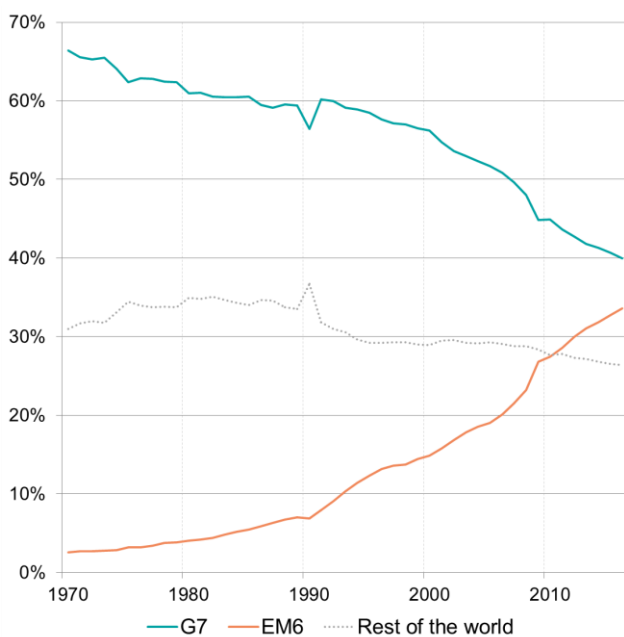
The reality of globalisation, and indeed most economic changes, is that they lead to both winners and losers in terms of the economic consequences of such changes. The winners of globalisation have been the emerging economies that have benefited from exporting high value-added intermediate and final goods, taking advantage of cheaper labour costs, while using cutting edge technology from the developed corporate world.<sup>2</sup> The losers have been a large part of the population in

<sup>2</sup> Footnote: see Richard Baldwin, The Great Convergence - Information Technology and the New Globalization, 2016

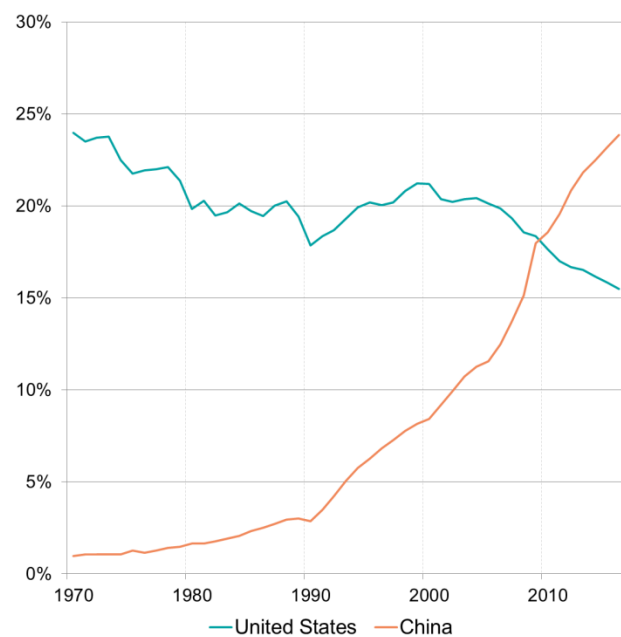
the developed world that did not benefit from this business model as, for example, jobs were lost in manufacturing and people did not participate from the profits of the corporate world.

This re-distribution of global wealth is evident in the shift in manufacturing production from G7 economies to a few developing ones. As Baldwin (2016) points out, the share of manufacturing output by the G7 has fallen rapidly since the 1980s, while it has risen rapidly in economies such as China, South Korea, India, Poland, Indonesia and Thailand ('EM6' in Figure 2.a). But nowhere is it more evident than in the US and China. Figure 2.b shows that, in the US alone, manufacturing output has fallen from about a quarter to 15% of the world total, while for China, it has risen from about 3% to almost 25%.

**Figure 2.a:** The share of world manufacturing is shifting from G7 countries to 6 developing countries (EM6)



**Figure 2.b:** This is especially obvious with US losing share and China gaining



Source: UNStats, BNPP AM, as of 20/09/2018

This shift in the balance of manufacturing power has had tremendous social, political and economic consequences:

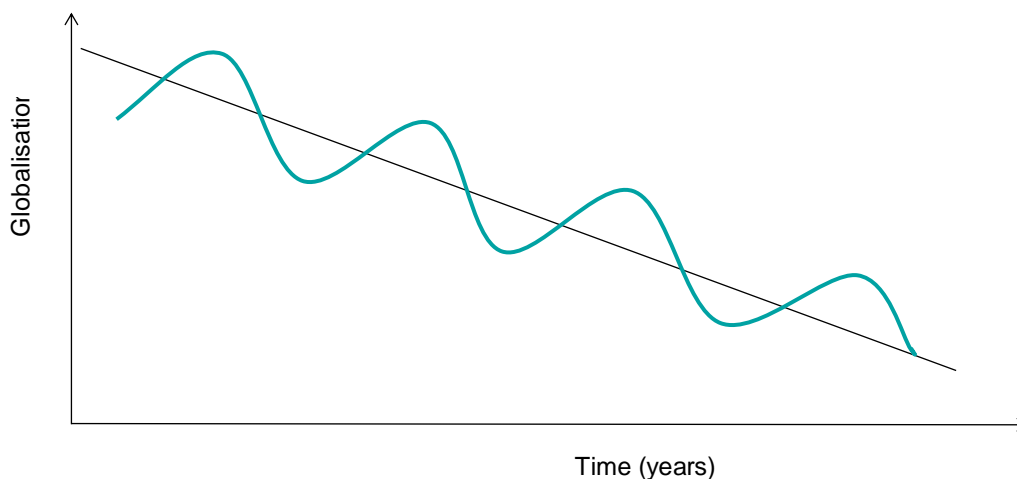
- Social discontent has risen in the developed world as parts of the population did not benefit from the 'new' globalisation.
- Political movements with a populist rhetoric both from the left and right have emerged in response to this discontent.
- Election results have confirmed the appetite for change to the status quo (e.g., Trump election, Brexit vote, Five Star-League coalition in Italy).
- Policy actions are seeking to achieve quick fixes to soothe social discontent (e.g., Trump protectionist policies, Italian coalition push for fiscal expansion, UK government is making no U-turn on Brexit).
- Trade protectionism is the main way in which de-globalisation manifests itself, but it is not the only way in which it could play out in the future.

Understanding this process is important because it allows us to distinguish between the process of de-globalisation and trade protectionism. De-globalisation is the reversal of an economic transformation (the 'new' globalisation) that may be reaching the limits of social cohesion in the developed world. Trade protectionism is a consequence of this reversal and one of many ways in which the economic divergence between G7 and EM economies is being addressed.

## HOW IS THE DE-GLOBALISATION TREND LIKELY TO EVOLVE?

As the globalisation pendulum swings back, the important question for investors is what will be the 'new globalisation equilibrium' and how quickly and disruptively are we likely to get there. In other words, what is the most likely path for de-globalisation? Will it be a manageable transition where the institutional speedbumps can soothe the potential economic damage? Or will it be a disorderly adjustment that can go really wrong?

**Figure 3:** De-globalisation dynamics should oscillate back and forth along a downward trend



Source: BNPP AM

Our sense is that de-globalisation will be a multi-year process that will result from the tension between the new political objectives of the major 'losing' economies and the push-back from the 'winners' and the pro-globalisation institutional arrangements. This process will likely involve re-assessing migration, re-distribution policies, and the role of currency unions and trade agreements. This is unlikely to be a smooth path. Figure 3 schematically portrays that the tension could increase at times and ease on other occasions depending on the swings in the relative forces at play.

## US-CHINA RELATIONS ARE AT THE CORE OF THE DEBATE

While many commentators view the US-China trade conflict in terms of President Trump's populist agenda, this line of argument ignores the reality that there is considerable bi-partisan support for confronting China on the issue of trade and intellectual property rights across the US political spectrum and outside of the US. Indeed, US policymakers see the rise of China as a major strategic challenge to US hegemony. The challenge goes beyond trade: it is a struggle for economic, military and technological dominance. US concern about China's rise and perceived unwillingness to reform its trade practices had been growing under the Bush and Obama administrations and President Trump's actions have accelerated this clash. As such, the power struggle is likely to remain politically relevant even beyond President Trump's tenure. For China, the challenge is to ensure it reaches high income on a per capita basis before negative demographics kick in to achieve its objectives of growth and social cohesion and the establishment of China as a superpower.

So far, the power struggle between China and the US has been reflected in tit-for-tat escalation of trade tariffs. We summarise the measures taken so far by the US against China and other countries in the Appendix 1 and 2.

In our view, the most likely scenario is one of gradual escalation of the trade tensions. Both China and the US have a lot to lose if tensions escalate into a full-blown trade war. At the same time, there are institutional checks and balances that should limit a disruptive escalation: e.g., international institutions (WTO); global corporates; US politics; and financial markets. However, the serious risk remains that either party miscalculates its response, and that this leads to a rapid escalation of trade tensions that will destabilise global economic activity.

## MACROECONOMIC IMPACTS

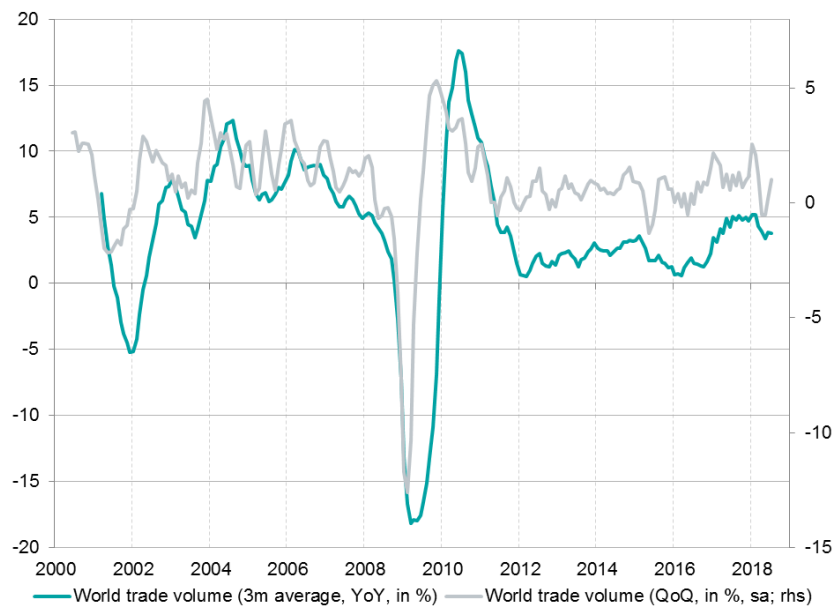
It is fairly clear to us that the 'new' globalisation has led to increased trade and output worldwide. Similarly, it has led to lower inflation as goods produced in low-cost centres were exported to the rest of the world. However, it would be too simplistic to say that de-globalisation will involve a reversal of these trends. The economic consequences of de-globalisation, including who will be the winners and losers, are likely to be much harder to predict.

The process of de-globalisation will be affected by, for example, people's demands on their governments, by government policies, and by the way the corporate world adjusts to the new realities of a less globalised world. Governments could decide to deal differently with trade protectionism, immigration policies, strategic alliances, and addressing income inequality. Similarly, companies will have to adjust to changes such as Brexit or protectionist US policies. This is to say that gauging the economic impact of de-globalisation as well as determining its winners and losers is a complex endeavour.

One way to simplify the macroeconomic impacts of de-globalisation is to focus on the prominent clash between the US and China. This has been the most visible development this year and so far it has taken the form of a trade conflict. These are the two largest economies in the world so the global economy is bound to feel its impact directly or indirectly. The economic impacts of this conflict should entail a negative effect on growth and a positive one on inflation. The basic argument is that a less globalised world will involve less trade and therefore lower output overall. The emergence of China as a manufacturing superpower had huge positive knock-on effects, not just on the economies linked to it via value chains, but also on those that provide goods and raw materials (e.g., commodities) for its industrial processes and its enormous middle class. On the inflation front, higher tariffs on Chinese and US goods should put upward pressure of traded goods prices and therefore on inflation.

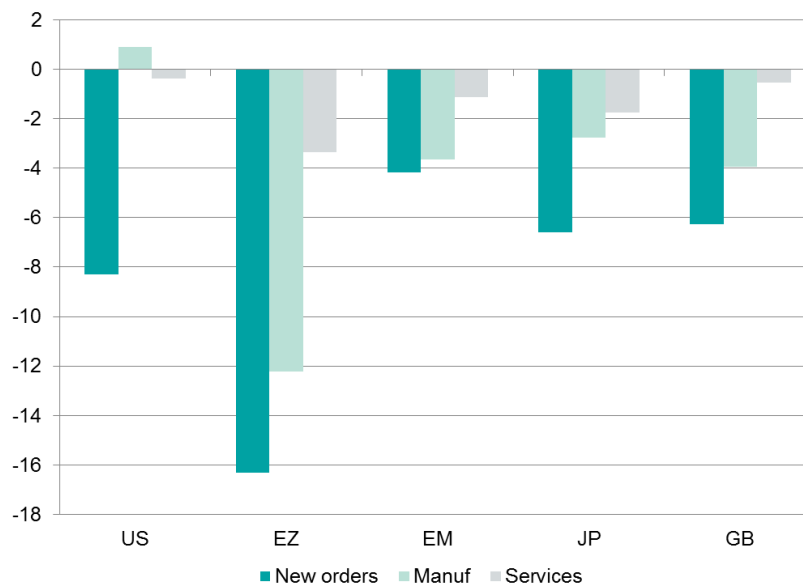
Estimates by sell-side analysts of the drop in GDP growth caused by US-China trade tensions range from 0.1 to 0.5 percentage points (pp) over the next year or so. Our economists note that estimates vary depending mainly on assumptions regarding the consumer and producer surpluses. For the former, what matters is the level of pass-through to inflation and the effect on spending power. For the latter, the key assumptions are on how quickly US companies can switch to non-China suppliers of intermediate goods and whether they can provide substitutes for the tariffed imports of finished consumer goods. In addition, the impact on employment and capital expenditure, directly due to higher input costs or via the confidence/uncertainty channels, is also important. Assuming a -0.25pp shock to the level of GDP, payroll employment could fall by about 300 000 (or 25 000 per month) over a year.

Trade protectionism involving two economies of the scale of China and the US should lead to lower trade volumes, but admittedly, this is not yet evident in the data. Global trade, for example, can be noticeably volatile over short-term horizons, but looking at year-on-year changes, it is difficult to conclude that a significant contraction in trade has already taken place. Indeed, when proxied by imports, there is even evidence of a mini-boom in 2017 (Figure 4). The data has softened in 2018, but it is hard to conclude that a change in trend is starting.

**Figure 4: Level of world trade still looks robust (% change, year-to-date)**

Source: Haver, BNPP AM, as of 20/09/2018

However, there are other channels through which trade tensions might translate into weaker growth. First, sentiment about economic activity could sour, leading companies to reconsider their investment plans or consumers to delay purchases of durable goods. This is also difficult to see in the data. Surveys based on measures of economic activity such as purchasing managers indices (PMIs) or sub-components such as new export orders should be capturing that mood swing already. Overall, composite PMIs which aggregate both services and manufacturing sector sentiment have shown some weakness outside of the US. If one focuses on manufacturing PMIs and their new orders sub-components, which are more closely linked to the tradable sector as opposed to services, the evidence is more supportive of the de-globalisation trend (Figure 5).

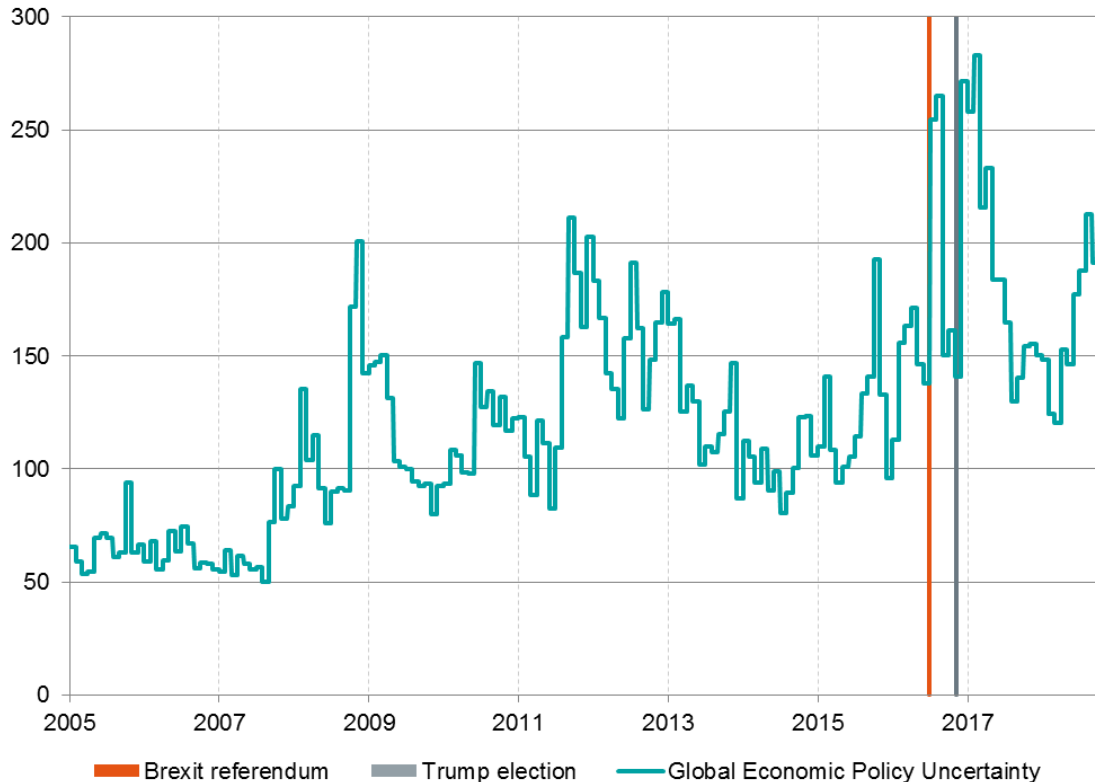
**Figure 5: Manufacturing and new orders suffer relative to services (PMI data, in %, year-to-date)**

Source: Bloomberg, BNPP AM, as of 20/09/2018



There are other measures such as the global economic policy uncertainty index from Baker, Bloom and Davis, which captures more clearly the recent increase in trade tensions and geopolitical stress. This metric spiked with the Brexit vote and the election of President Trump, and it has been rising for most of 2018. In other words, it appears to be capturing the anxiety associated with de-globalisation and protectionism fears (Figure 6).

**Figure 6:** Policy uncertainty has risen since early 2018 (Baker, Bloom and Davis index, year-to-date)



Source: Bloomberg, BNPP AM, as of 20/09/2018

## MONETARY POLICY RESPONSE TO TRADE PROTECTIONISM: TO EASE, OR NOT TO EASE...

In the event of a further escalation of the trade tensions, we believe major central banks such as the US Federal Reserve will face the dilemma of how to respond to weaker growth and higher inflation: should it tighten or ease policy? As we discussed in our previous [Multi-Asset Spotlight: A road map for navigating protectionism](#),<sup>3</sup> we suspect that the Fed will look through the first-round effects on prices and potentially ease policy if it sees the rise in inflation as temporary and as a material threat to growth.

What is perhaps more problematic is that, in our view, the bar for such policy easing is quite high. After all, the Fed is in tightening mode now and other major central banks are likely to follow. Furthermore, the ECB and the BoJ have little room to ease. As for the emerging markets (including China), the bar is lower, but the backdrop is much more difficult. Growth in China is slowing and easing measures have been surgical so far. It would not be surprising if we see another leg of economic and market stress before we see a more aggressive policy response from China.

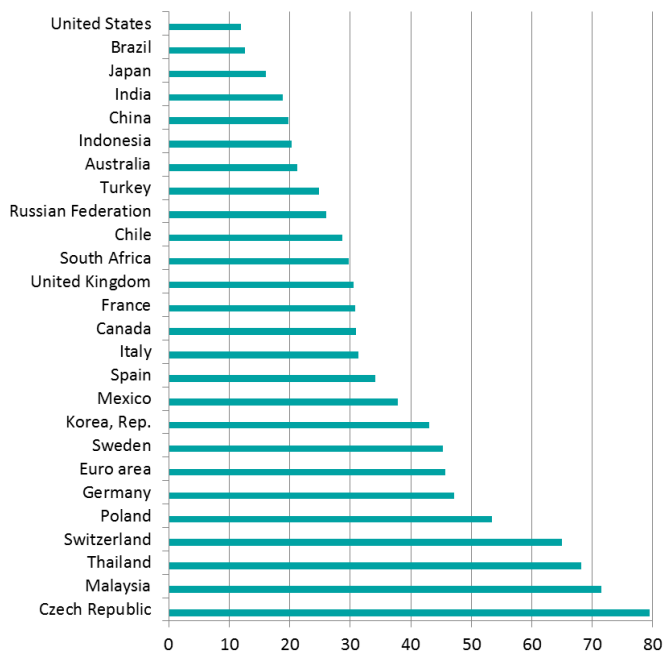
<sup>3</sup> For a shortened version, see [here](#). For a webcast on this topic, see [here](#).

## DE-GLOBALISATION WINNERS AND LOSERS

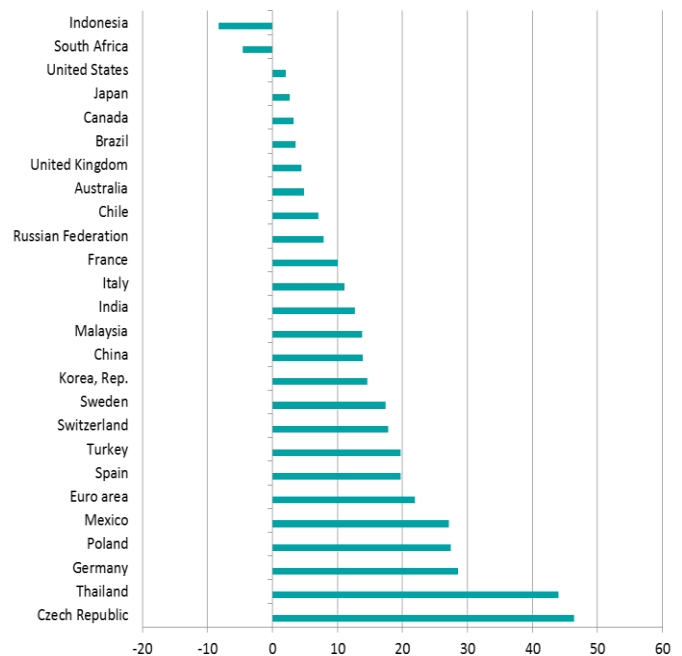
As we explained above, it is difficult to observe the economic effects of de-globalisation and trade frictions in the current macroeconomic data. An alternative way to gauge the potential winners and losers (countries, regions or sectors) as the world becomes less globalised is to examine who were the winners and losers in the ramp-up of globalisation over the past 30-40 years. If globalisation forces are working in reverse and trade tensions are a manifestation of this, then the winners of the past are likely to be the losers of tomorrow.

Figure 7.a shows the ratio of exports over GDP for several countries. The larger the ratio, the more important exports are for the prosperity of these economies. Interestingly, most of the economies with a large exports-to-GDP ratio are economies that produce high value-added goods, notably in the emerging world. Figure 7.b shows that those economies with a high exports-to-GDP ratio have typically experienced a large increase in this ratio since the 1980s. In other words, these countries have reaped the benefits of globalisation. If de-globalisation puts global trade at risk, these economies and their asset prices should be vulnerable. Note also that the US is a fairly closed economy with a low exports-to-GDP ratio. This should also explain why it has been insulated so far from the effects of the escalation in protectionism.

**Figure 7.a:** Exports over GDP (ratio, 2017)



**Figure 7.b:** Change in exports over GDP (ratio, 1980 to 2017)



Source: World Bank, BNPP AM, as of 20/09/2018

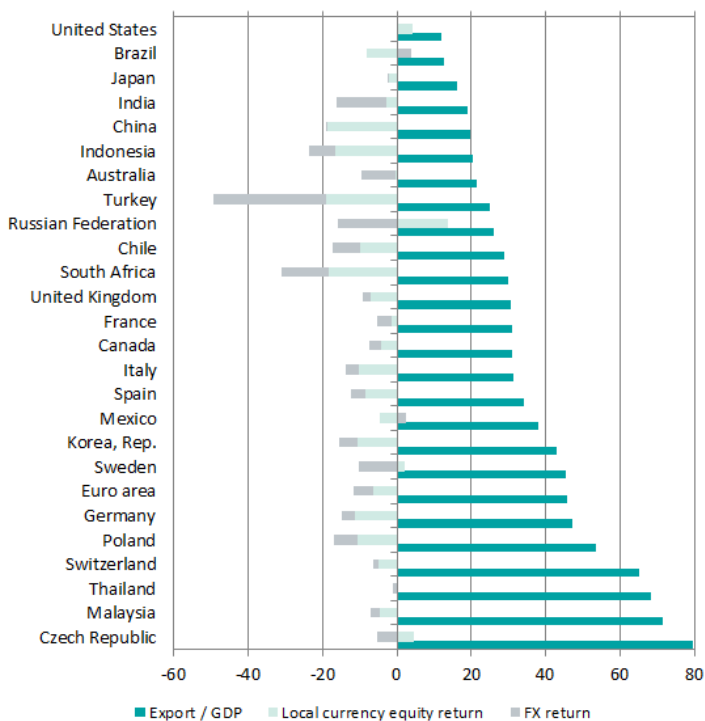


## ASSET CLASS VIEWS: WINNERS, LOSERS AND WHAT IS PRICED IN?

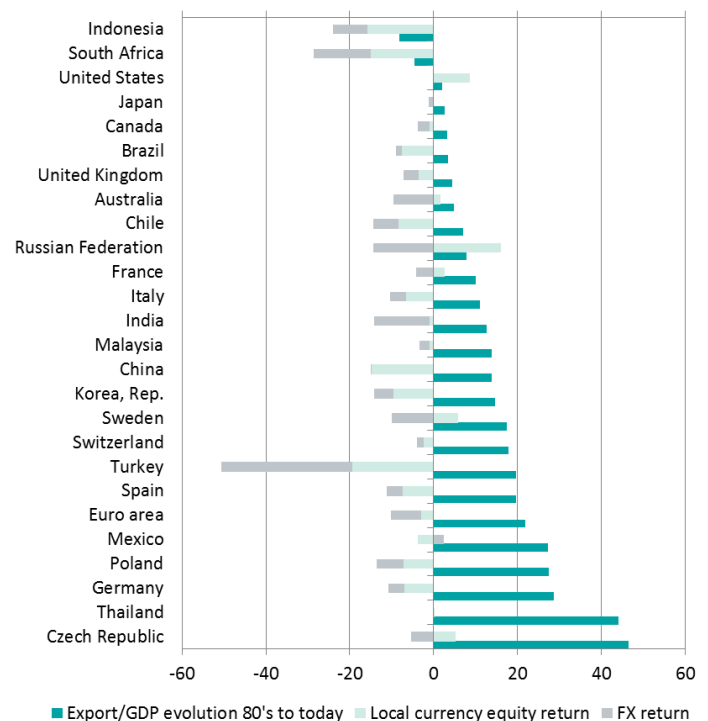
If the trade tensions continue to escalate, the assets that have benefited directly from globalisation are likely to be most vulnerable. There are assets that have profited directly from supply chain integration, such as the equity markets or currencies of those EM economies that export intermediate or final goods to global markets, but also the assets of countries that have indirectly benefited from the positive knock-on effect of increased demand from China and other large EM countries.

The ranking of exports-to-GDP ratios above gives us a decent roadmap to identify which economies are more or less vulnerable. Equity market moves (in USD terms) so far this year do not seem to have penalised the winners from the 'new' globalisation. This suggests that if the trade tensions persist, the asset prices of these countries could start to price in further bad news (Figure 8).

**Figure 8.a:** Exports over GDP ratio compared to equity and currency moves in 2018 (YTD)



**Figure 8.b:** Change in exports over GDP ratio compared to equity and currency moves in 2018 (YTD)

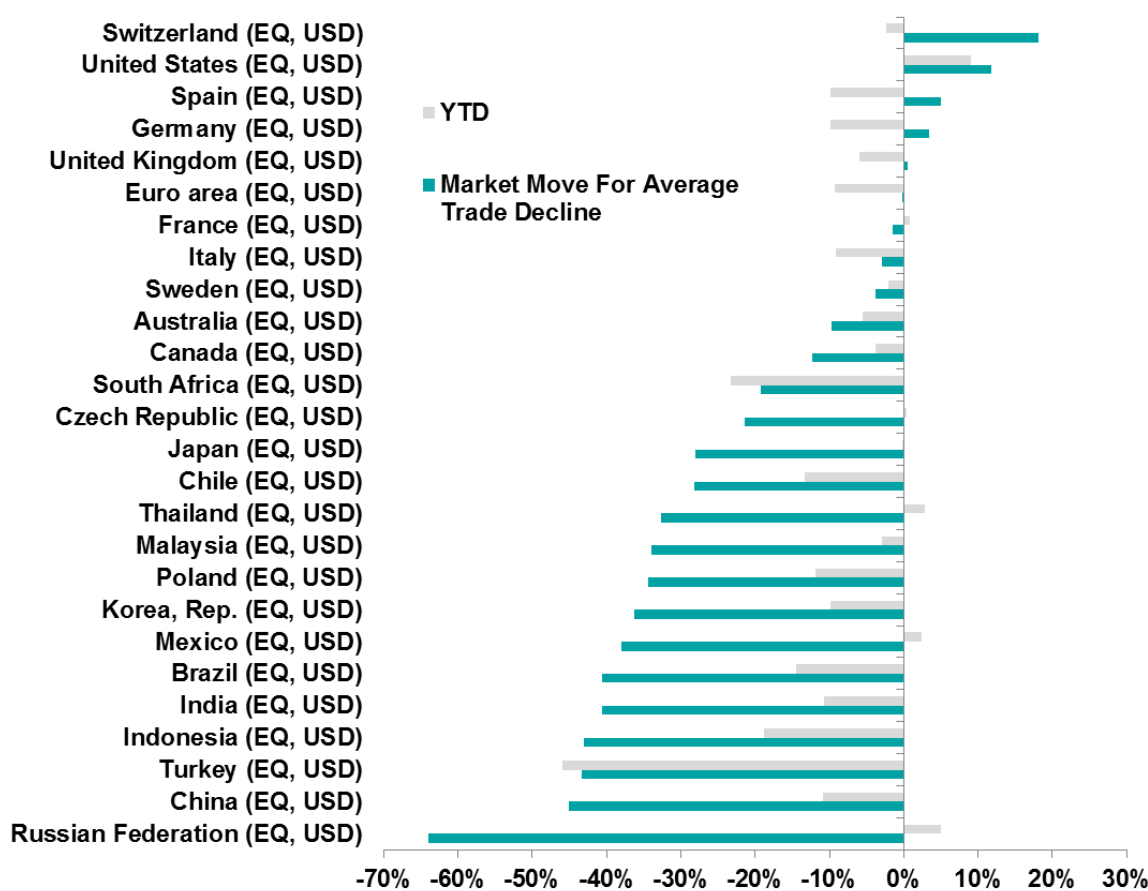


Source: World Bank, Bloomberg, BNPP AM, as of 20/09/2018

An important point is that this list is not just limited to EM. European economies such as Switzerland and Germany have been big beneficiaries of globalisation, leaving them vulnerable to the fallout from further trade tensions. As for various EM exporters (notably in Asia), these economies typically produce high value-added exports using imports from China and other low-cost producers. As a result, they also look vulnerable to higher tariffs on Chinese goods.

### Global trade threat: is enough bad news priced in?

The China-US trade tensions could hurt global trade as trade volumes between the two largest economies in the world and the economies that trade with them fall. But they could also affect global trade by souring sentiment on consumption and investment prospects. Financial markets are trying to anticipate those effects. As a result, the asset prices of some open economies are already weakening. But how much bad news is in the price now?

**Figure 9:** Equity moves vs. average correction during large trade slowdowns (in USD, year-to-date)

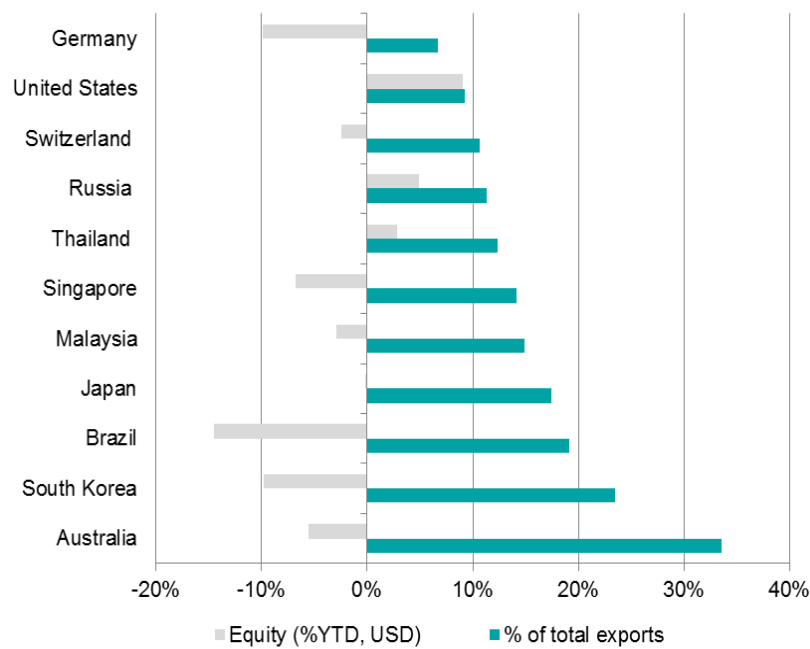
Source: Bloomberg, BNPP AM, as of 30/09/2018

We gauge how much 'bad news' is priced in by comparing year-to-date equity market moves (in USD) and the average correction in these markets during large trade slowdowns. Figure 9 shows that equity markets typically suffer pronounced falls in trade volume slowdowns. This differs from the correction these markets have experienced so far this year when the US-China row escalated materially. This result suggests that when the tensions eventually hurt trade volumes, the equity markets of small open economies could sell off by more. We therefore remain cautious on EM and other open economies that may be exposed to weaker trade.

### Potential losers in the China-US row: large exporters to China

The countries that export intermediate goods or raw materials to China could be negatively affected if higher US tariffs lead to weaker Chinese demand. This could lead to weaker asset prices in these countries.

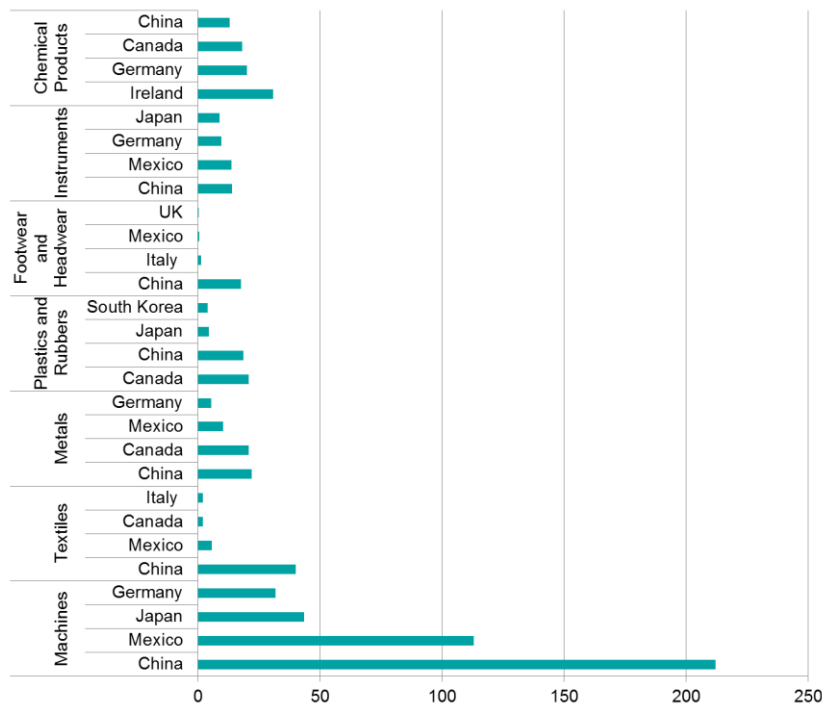
One way to gauge whether markets are differentiating between potential losers is to compare the year-to-date equity moves of large exporters to China. The analysis does not differentiate between the type of exports (high value-added or raw materials). Basically, we assume that both will be affected. Figure 10 shows that there is no clear pattern suggesting that countries that depend more on Chinese trade have been hurt disproportionately so far this year.

**Figure 10:** Equity moves vs. largest exporters to China (in USD, year-to-date)

Source: Bloomberg, UN Comtrade, BNPP AM, as of 30/09/2018

### Winners in China-US row: large exporters to the US

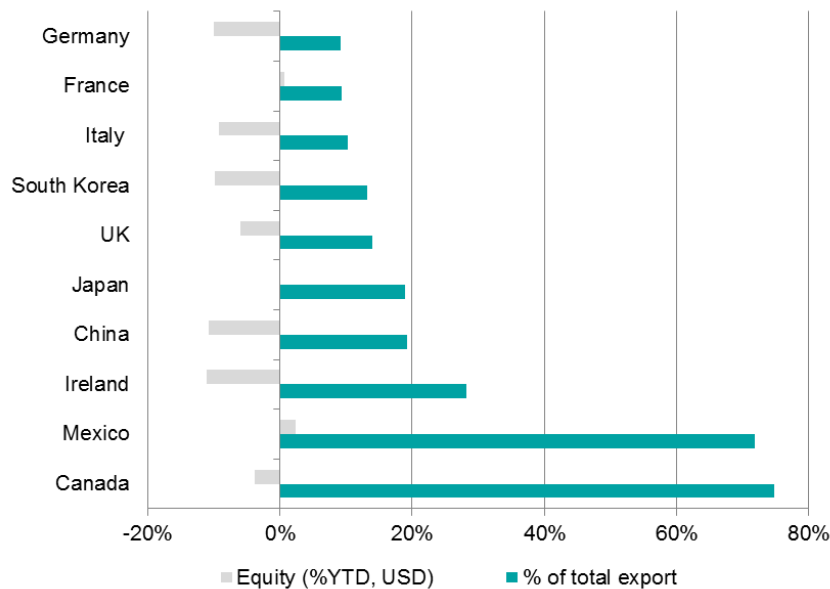
The China-US trade row can benefit those exporters who offer close substitutes to China's exports to the US. Figure 11 shows, for example, the three countries that are better placed to benefit from reduced US demand for China's exports according to various types of goods. This ranking illustrates that Mexico, Japan, Germany, Canada, South Korea, Ireland and Italy are in a good position to benefit.

**Figure 11:** Potential beneficiaries from higher US tariffs on Chinese goods (value of goods exported to the US, USD bn)

Source: Bloomberg, UN Comtrade, BNPP AM, as of 30/09/2018

One way to gauge whether markets are already differentiating between potential winners is to compare the year-to-date equity market moves of countries that have large exports to the US. Figure 12 shows that there is no clear pattern to suggest that the countries that could fill the “China gap” have benefited the most. Perhaps it is too early to see these effects. Mexico and Canada, for example, have agreed new trade deals only recently, so markets may still have to catch up with this news.

**Figure 12:** Equity moves vs. large exporters to US (in USD, year-to-date)

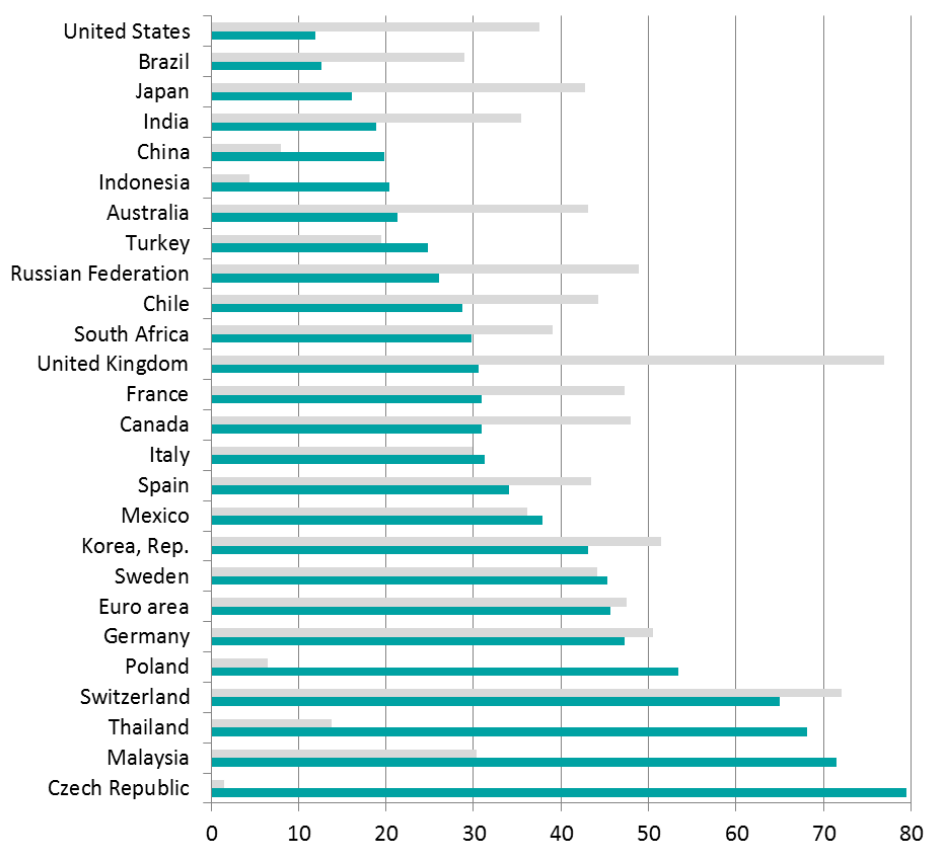


Source: Bloomberg, UN Comtrade, BNPP AM, as of 30/09/2018

### Domestic demand exposed assets should be less vulnerable

Another way of gauging who could be the winners and losers from trade protectionism is to consider the exposure of countries and their assets to domestic demand vis-a-vis foreign demand. Those economies and assets that are more exposed to foreign demand should be more at risk of weaker trade resulting from a trade war.

Interestingly, the fact that a country is a large exporter does not necessarily mean that its equity market is highly exposed to swings in foreign demand. Indeed, in some cases, mostly for small open EM economies, the share of publicly listed corporate revenues generated abroad is quite small (Figure 13). The open economies in the developed world and mature emerging economies typically have higher foreign revenues, notable the UK, South Korea, Germany and Switzerland.

**Figure 13:** Equity markets foreign revenue share does not necessarily reflect export-to-GDP

Source: FactSet, World Bank, BNPP AM, as of 20/09/2018

Conversely, there are economies that are fairly closed when it comes to trade, but have equity markets with a fairly high exposure to foreign demand such as the US. The case of China is also interesting because its equity market has a low share of foreign revenues despite the fact that its economy is one of the world's largest exporters of manufactured goods.

This analysis suggests that stock markets with a high foreign revenue share are more exposed to lower global trade and therefore should be more vulnerable to an escalation in the trade tensions. This channel could potentially be amplified if the economies in question are important exporters to China, such as South Korea, Japan, Switzerland and Germany. There are also equity sectors that will be naturally more exposed to weaker trade such as industrials, materials and energy.

Finally, the potential 'winners' also include the equity markets of relatively closed economies that are less exposed to foreign demand. This is the case with China, Brazil, Indonesia and some sectors in the US. For the US, this could include real estate, construction, utilities and leisure. China, Brazil and Indonesia are in a better position than other EM economies, but they are still likely to be penalised in a trade war escalation as they will be associated with the strains in the broader EM complex.

## STRATEGY: WHAT TO DO?

As we discussed in this piece, we view de-globalisation as a long-lasting force that has many dimensions including new social demands, new political movements and new government policy alternatives. Trade protectionism is only one of these dimensions. As such, the asset market implications of all these dimensions will be difficult to predict.

More broadly, the era of expanding globalisation and ultra-easy monetary policy is coming to an end. This new environment should bring about higher volatility and greater dispersion in asset returns, which in turn will offer new investment opportunities.

We focus on cross-asset strategy based on the economic aspects of de-globalisation and, in particular, the implications of the trade tensions between the US and China. The ups and downs of protectionism may present tactical investment opportunities. However, they will be generally difficult to time and to predict. We therefore focus on the following medium-term investment themes:

### **Assets exposed to global trade integration are vulnerable**

- Focus on the direct losers from an escalation of the China-US trade tensions

The obvious loser would be China itself. For now, the winner is the US, but it is not clear that that will be the case in the next few months and years. We therefore favour being short CNY versus safe-haven currencies such as JPY or the USD which would benefit from an escalation of tensions. US Treasury bonds should also benefit in such an environment.

- Bearish on assets that are exposed to supply chain disruptions

We are cautious on assets that (i) have been direct beneficiaries of the 'new globalisation', and (ii) are sensitive to weaker growth and trade in China. EM equities are still at risk, but they have generally been hit hard already. The currencies of small exporters such as EM Asia have been resilient so far. Some of these currencies are positively correlated with CNY, have fared much better than most EM currencies and are vulnerable to supply chain disruptions (e.g., TWD, KRW, SGD and THB).

Some developed equity markets that have a large share of foreign revenues (e.g., the UK, Switzerland and even the US) look vulnerable. Within the US, sectors that are more sensitive to export demand such as industrials, materials and IT companies linked to global supply chains are most at risk.

### **Assets exposed to domestic demand are safer**

Market participants should eventually favour the assets of the potential 'winners' of de-globalisation such as the exporters who could fill the gap left by lower Chinese exports (e.g., Mexico and Germany). In the case of the US, we favour sectors exposed to domestic demand such as real estate, construction, utilities and leisure. US small caps should also be more insulated from the trade tensions as they are typically less exposed to external demand.

## APPENDIX 1

### Tariffs on US and Chinese exports

Country implementing tariff	What country is the tariff aimed at	Quantity	Percentage	Comment	Date
United States	China	\$50 bn goods	25%		Jul-18
China	United States	\$50 bn goods	25%		Jul-18
United States	China	\$200 bn goods	10%	On the 24 th Sept the 10% tariff will be implemented which will be raised to 25% on 1st Jan 2019. This is supposed to allow US companies to change their supply chains.	Sep-18
China	United States	\$60 bn goods	5%-25%	This is a retaliation to the \$200 bn goods taxed. China may also: increase current tariffs, introduce stricter regulation on US companies producing in China or ban consumption of US branded products if Trump escalates to 25% in Jan-19.	Sep-18
United States	China	\$267 bn goods	10%	Trump has threaten to put tariffs on all Chinese imports. Negotiations on this have not began.	TBC
China	United States	If Trump goes ahead with the final stage three tariffs China has mentioned that they could: <ol style="list-style-type: none"> <li>1) Increase the tax rate on already tariffed goods.</li> <li>2) Implemented stricter regulation on US cpanies operating in China.</li> <li>3) Impose restrictions, in China, on consuming US branded products.</li> </ol>			TBC



## APPENDIX 2

### US tariffs (excluding China) and reprisals

Country implementing tariff	Country the tariff is aimed at	Quantity	Percentage	Comment	Date
United States	South Korea	South Korea subject to 10% tariff on aluminum, along with a quota of about 2.68 million tonnes of Steel exports. US have increased their quota on exporting their cars to South Korea to 50,000 cars.			Mar-18
United States	Turkey	All Steel & aluminum	50% & 20% respectively		May-18
United States	EU/Canada/Mexico	All Steel & aluminum	25% & 10% respectively		Jun-18
Turkey	United States	\$1.8 bn goods	15%		Jun-18
EU	United States	\$3.2 bn goods	10%-50%	Products such as Harley-Davidson, bourbon, footwear, clothing, washing machines	Jun-18
Canada	United States	\$12.8 bn goods	10%	25% on assorted US metal products	Jul-18
United States	Mexico	75% of parts used in vehicles assembled in the US and Mexico must come from within North America for them to avoid tariffs (was 62.5%). Also, between 40-45% of the content that goes into the vehicle must be made by workers earning \$16 an hour. These agreements were signed by Mexico in order to "lock-in" the current low 2.5% on autos.			Aug-18
United States	Canada	Allows for greater access to the Canadian dairy market. Canada autos are exempt from any tariffs (for now). Also a win for lumber industry in Canada. Canadians have also claimed victory in keeping the Chapter 19 from the previous NAFTA agreement. We will not see tariffs on steel and aluminium lifted (yet). Deal done in hope to gain more votes in the upcoming mid-term elections.			Sep-18
United States	EU	US makes agriculture a top priority however Europeans reject that farming goods be part of a deal. EU ready to hand small victories to trump for a truce. There are plans to lift some barriers, but nothing confirmed yet.			Nov-18
United States	Japan	Trump wants Japan to enter a bilateral trade agreement in a bid to open up its market to more US agricultural products although, Japan is resisting. Trump is threatening to put tariffs on Japanese cars if an beneficial deal for the US is not implemented. The talks are still in process.			TBC

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