

## 1 Trump announced delay in additional Chinese tariffs

### What happened



US President Donald Trump announced:  
**Delay in additional tariffs**  
on Chinese imports that were originally scheduled to start on 2 March 2019

until



Trump meets China President Xi Jinping for **bilateral talks**



### Views & Implications

#### Base case

Trade talks are extended till 2H 2019, and both sides refrain from increasing tariffs.

**65% Probability**



Market signal:  
**Mildly bullish**



Impact to 2019 Global GDP:  
**-0.3pp\***

#### Worst case

Trade talks fail, leading to escalating and sustained trade actions such as blanket tariffs and restrictions on technology transfer.

**25% Probability**



Market signal:  
**Bearish**



Impact to 2019 Global GDP:  
**-1.0pp\***

#### Best case

A comprehensive trade deal is reached, covering aspects on trade, competition and political reform.

**10% Probability**



Market signal:  
**Bullish**



Impact to 2019 Global GDP:  
**+0.5pp\***

\*pp stands for percentage point

Source: Global Economies & Markets Research Estimates (As of 13 Feb 2019).

## 2 China's total social financing rose sharply

### What happened



China's easing monetary policies kick in



Robust loan growth

Total Social Financing (TSF) is the aggregate volume of funds provided by China's domestic financial system to support the economy.

**JAN 2018**  
CNY 3.08 trillion

**↑51%**  
year-on-year

**JAN 2019**  
CNY 4.64 trillion



China's TSF

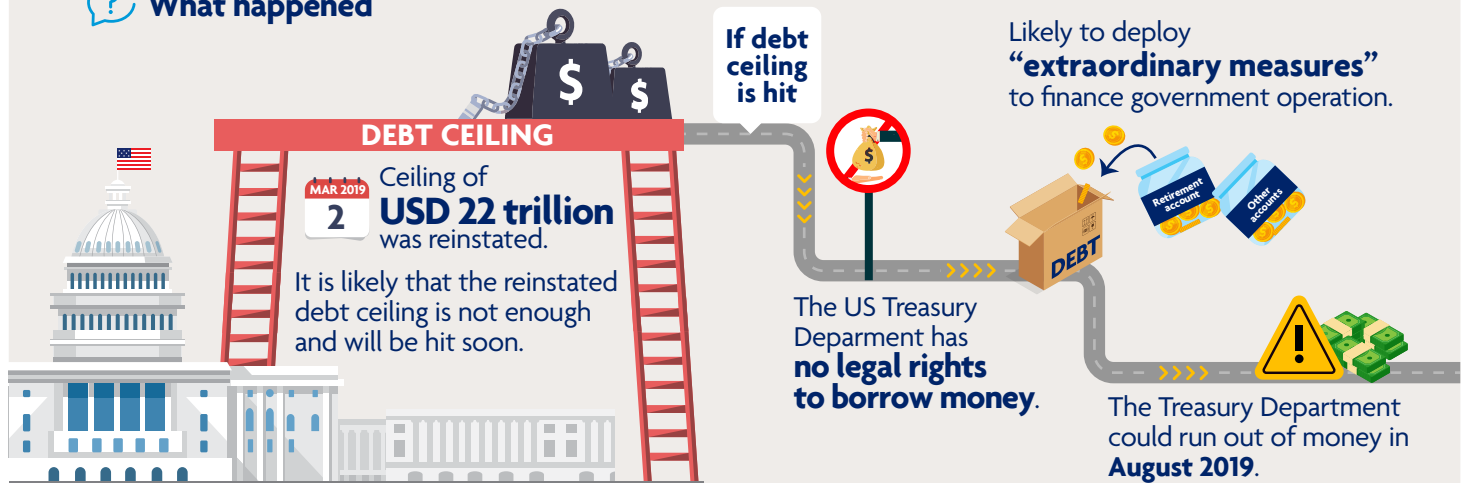


### Views & Implications

- The sharp rise in TSF could indicate that the easing monetary policies have transmitted into better credit growth to support enterprises' funding needs. This could allay some concerns about slower growth in China.
- The significant improvement in TSF data could boost market sentiments and support the uptrend of China A shares.

## 3 US debt ceiling was reinstated

### What happened



### Views & Implications

- The debt ceiling reinstatement could have limited impact on markets for now. The Congress is likely to vote for a raise in the debt ceiling in H2 2019.
- However, the Democrats or Republicans could use the debt ceiling as a political weapon to extract extra concessions from each other. If this results in a standoff, this could lead to a suspension of the ceiling. A selloff in financial markets could follow on concerns that the US government may not be able to pay back its debts.

## Key events in March

- The Fed is expected to keep rates unchanged and announce the timeline of balance sheet reduction.
- Markets do not expect a rate hike; any sign of hawkishness from the Fed could be taken negatively by the market.



### **MAR 2019 21** FOMC Meeting



- On 14 March 2019, the UK Parliament voted to extend Brexit **beyond the scheduled date of 29 March 2019.**
- The UK parliament must vote to **accept a Brexit deal by 20 March 2019** to request for an extension till end-June. If the Brexit deal is rejected, the UK is likely to request for a longer extension.
- A Brexit extension will also require approvals from the remaining 27 EU member countries.



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