

# UOB Investment Insights

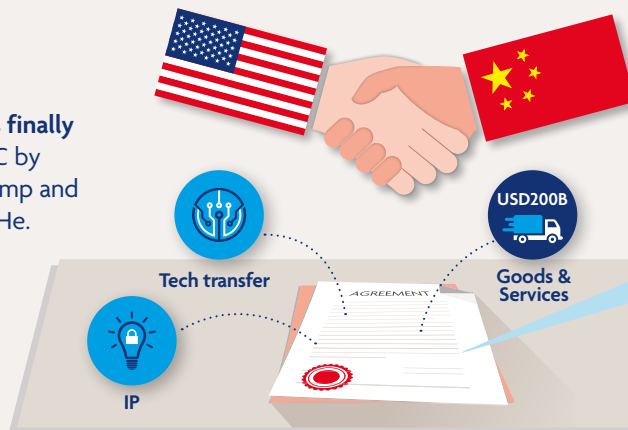
## Market Powerbar

January 2020 Highlights

### Topic 1: Long-awaited US-China Phase One trade deal signed

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The **Phase One deal** was finally **signed** in Washington DC by US President Donald Trump and China's Vice Premier Liu He.



The deal included agreements covering:

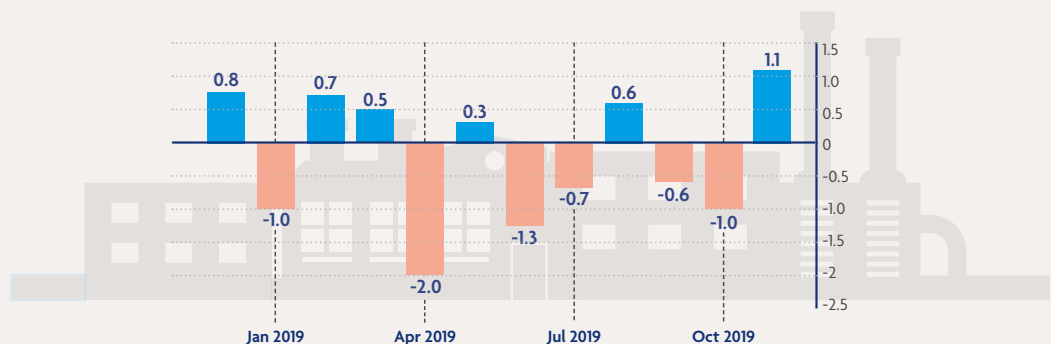
- **Intellectual property (IP)**
- **Technology transfer**
- China's commitment to purchase an additional **USD200 billion of US goods and services** over the next two years.

#### Views & Implications:

- The Phase One deal has lifted market sentiment and reduced global trade uncertainties and prospects of a recession.
- However, **Phase Two negotiations are likely to create new uncertainties** as they address issues that both countries may compromise less on.
- **Investors can look to building portfolio resilience** in the event of potential market volatility in future trade talks. **Global Multi Asset/Balanced Strategies** can help ensure investors are adequately diversified in order to mitigate volatility.

### Topic 2: Rebound in German factory output

Germany's factory output unexpectedly **rose** in November by 1.1%, the biggest in 18 months, after two consecutive months of decline.



Source: Federal Statistical Office

#### Views & Implications:

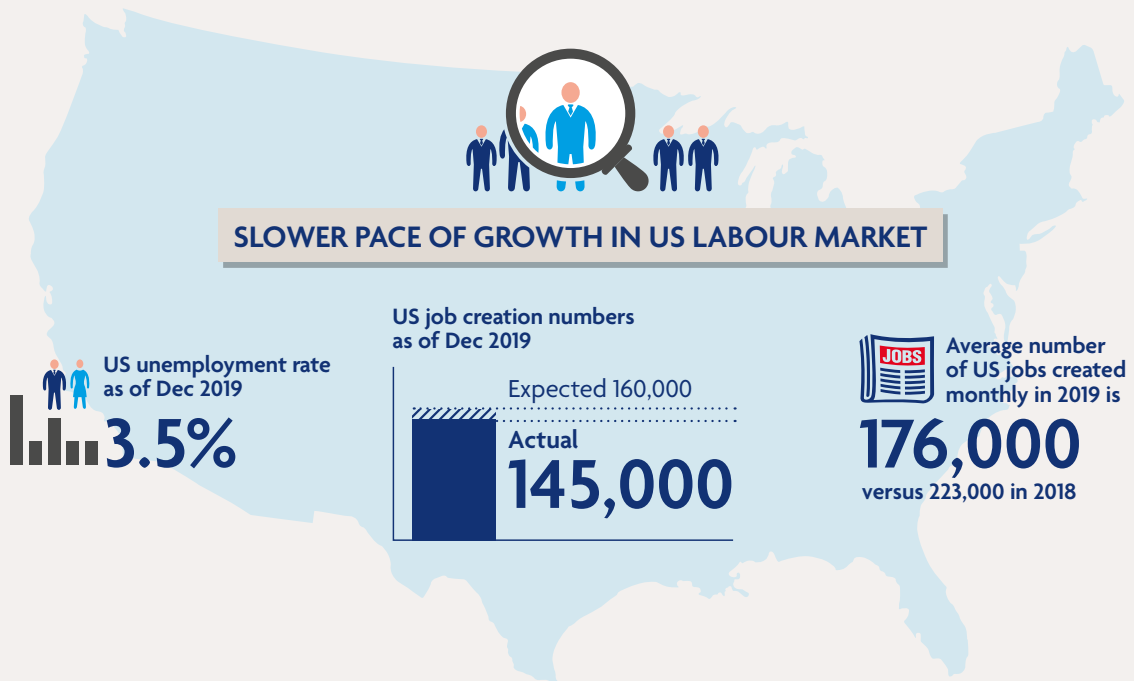
- Germany, being the largest economy in Europe, has seen a pick up in industrial activity in December 2019. Although recent factory data has been more upbeat, it is too early to suggest a meaningful economic recovery in Europe.
- **Therefore, for tactical opportunities, investors can consider focusing on the faster growing emerging markets, particularly those of Asia** where valuations are relatively more attractive as compared to developed markets.

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### Topic 3: Weaker US job numbers in December 2019



#### Views & Implications:

- We expect job growth to remain positive in 2020 albeit at a slower pace as the labour market is very tight. US consumers are thus supporting current economic growth.
- In a slower but positive growth environment, **companies with sustainable earnings growth ability and stronger balance sheets**, as well as defensive segments such as the **US Consumer Staples sector** are likely winners.

### Key Events in February 2020



#### Commencement of Brexit

Both sides will formally start negotiations on their future trade relationship thereafter.



#### Reporting of 4Q19 US corporate earnings

4Q19 overall earnings are expected to be better than 3Q19 numbers – results are unlikely to factor in any potential impact of the novel coronavirus outbreak.



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