

Key Themes

Trade and tariff talk continued during the last week;

- The US decided not to invoke a National emergency law to block Chinese investment in US tech companies.
- China announced that it had reduced the number of industries where foreign investment was restricted.
- Canada reaffirmed its \$12.6b in tariffs on US imports going live on 1 July 2018.
- Auto tariffs will likely be a focus, especially for Europe, as President Trump stated that he was close to finalising his study on tariffs on car and truck imports from Europe.

Central banks voiced some concerns;

- RBNZ kept rates on hold – expansionary level for a considerable period, citing excess capacity and trade tensions
- Fed President Bullard would prefer to see more gradual increases in rates and is concerned about the possibility of yield curve inverting
- BoE Governor Carney - Conditions could crystalize long standing risks of a 'snapback' in interest rates and tightening of global financial conditions – trade tensions, tighter US funding markets
- BoJ – Meeting for July will include further analysis of the weaker price growth in Japan
- ECB – reaffirmed plans to reinvest principal payments from its bond buying program once net asset purchases end in 2019

US growth – mixed results. Signs of slowing from Chicago Fed, Dallas Fed, US Durable Goods and Q1 GDP revised lower. Underlying price growth in PCE price index showing signs of acceleration. More positive results from Richmond Fed, Kansas Fed and Chicago PMI.

Eurozone CPI was higher on the back of accelerating annual growth in energy prices. Similar for German CPI. German employment was stable, but German Retail Sales declined in the provisional results released for May.

The UK was told to get a move on from the EC this week with regard to detail around Brexit. The UK government will meet on 6 July to agree and outline in more detail the future UK-EU partnership. The third release for Q1 GDP improved slightly – the previous large decline in Construction was revised to a smaller decline.

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[Europe](#) - ECB Coeure interview with LeFigaro, Eurozone Flash PMI (June), German Retail Sales & Employment (Provisional May), German CPI (Provisional June).

[Japan](#) – Summary Opinions Report (June meeting), Retail Trade (Prelim – May), Tokyo CPI (prelim June)

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US Data

Chicago Fed National Activity Index (CFNAI) – May

The CFNAI declined in May; -0.15 May versus +0.42 April

A zero value of the index = the National economy expanding at its historical average rate of growth.

Of the four major groups that make up the index, production and income has led the index lower and is the only group that is performing below the historical average;

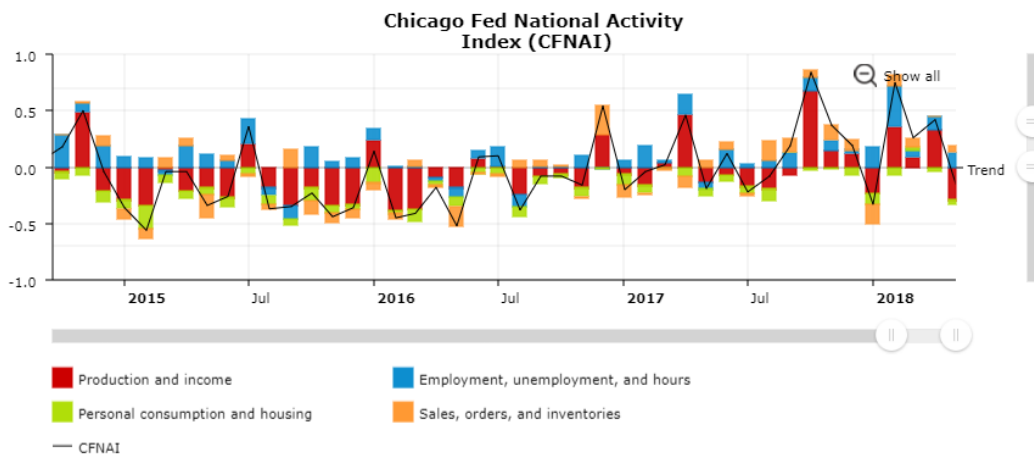
production and income; May -0.29 versus April +0.33

The other three groups remained relatively stable, mostly growing in line with the average;

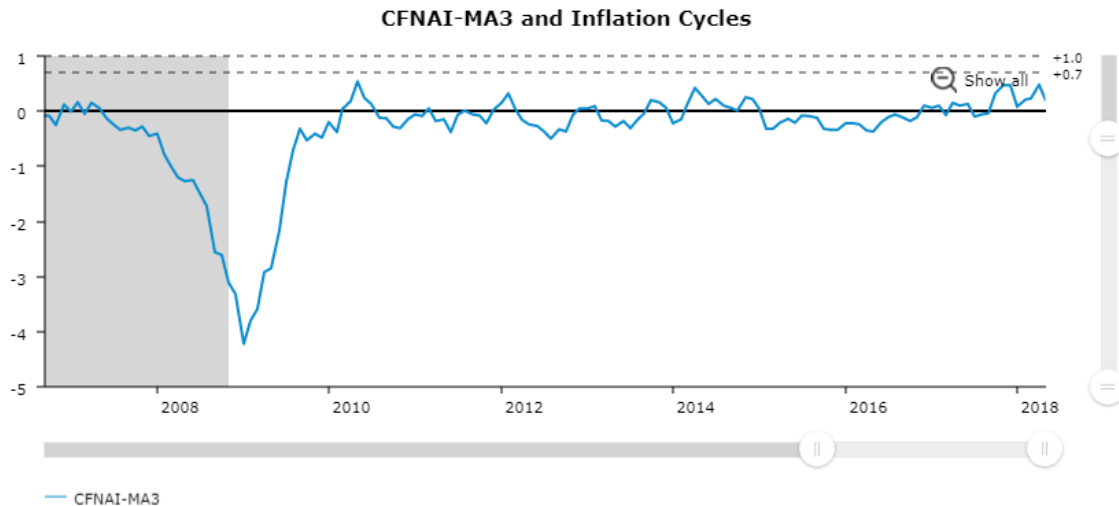
employment, unemployment, and hours; May +0.13 versus April +0.12

personal consumption and housing; May -0.04 versus April -0.03

sales, orders, and inventories; May +0.05 versus April 0



The 3mth moving average (MA3) highlights that the economy has been performing either at or above the historical rate of growth since the start of 2017. While the current 3th moving average decreased to +0.18 May versus +0.48 April, this is still above historical average growth;



As outlined in the prior month; the likelihood of sustained increasing inflation has historically been associated with readings in the CFNAI (MA3) of +0.70 and above more than 2 years into an economic expansion.

<https://www.chicagofed.org/research/data/cfnai/current-data>

<https://www.chicagofed.org/publications/cfnai/index>

Dallas Fed – Texas Manufacturing Outlook Survey (June)

Whilst still expanding, there was a deceleration in the growth of manufacturing output activity in June.

The production index is a key measure and

declined by -12pts

June 23.2 versus May 35.2

Across the indices – production and capacity utilization fell, new orders were flat, the growth rate in new orders declined, shipments declined, and inventories increased.

On the costs side – prices paid for raw materials continued to increase along with wages and salaries. There was also a corresponding increase in prices received for finished goods.

The 6mth outlook also recorded a decline in manufacturing activity – the key production index -10pts.

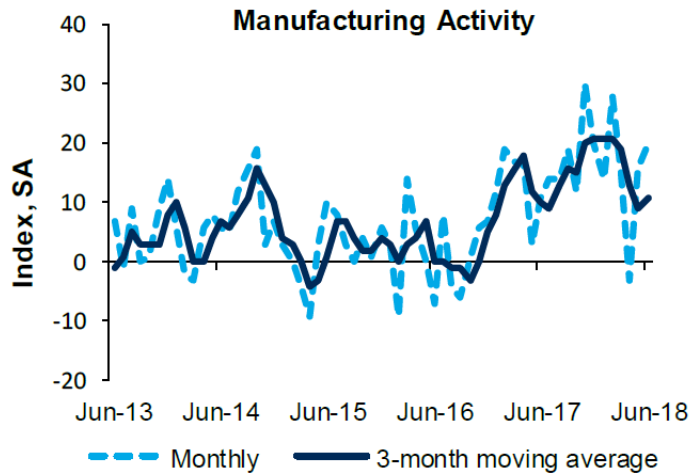
June 47.9 versus May 58

<https://www.dallasfed.org/-/media/Documents/research/surveys/tmos/2018/1806/tmos1806.pdf>

Richmond Fed Manufacturing Index – June

Manufacturing activity continued to expand - composite index; 20 June versus 16 May.

Manufacturing activity has been rebounding since falling to -3 in April and remains below the highs of 2017.



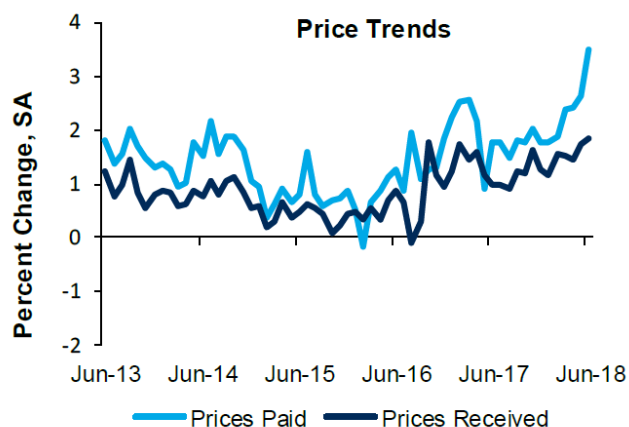
The major components of the composite index increased in the latest month;

New orders continued to expand; 22 June versus 16 May

Shipments were relatively stable; 17 June versus 15 May

Employment also continued to expand; 22 June versus 18 May

Price paid continued to accelerate higher – now at multi-year highs. Prices received also continues to expand, but at a much slower pace (less ability to pass through higher costs at this stage);



https://www.richmondfed.org/-/media/richmondfedorg/research/regional_economy/surveys_of_business_conditions/manufacturing/2018/pdf/mfg_06_26_18.pdf

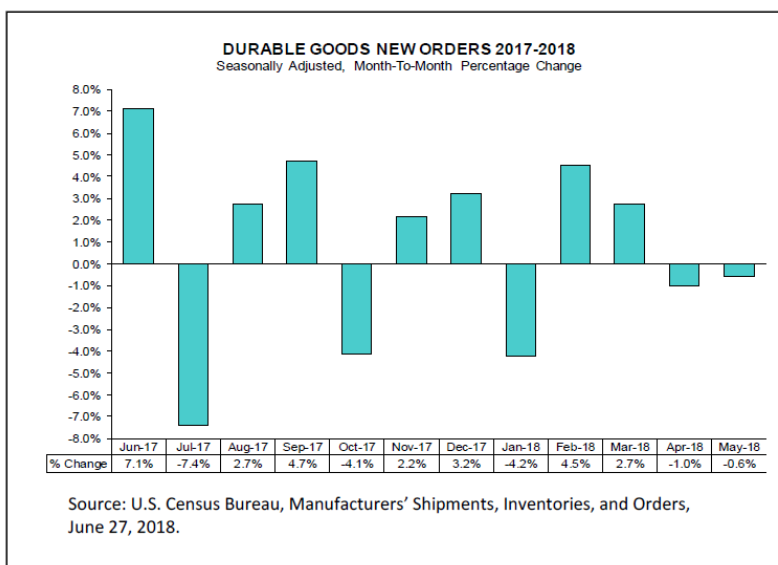
Atlanta Fed President Bostic – audience and media Q&A at the Birmingham Civil Rights Institute in Birmingham, Alabama

Dallas Fed President Kaplan – moderated Q&A session at the "Greater Houston Partnership State of Talent" in Houston, Texas, with audience and media Q&A.

US – Durable Goods Orders (Advance - May)

A gauge of manufacturing shipments, orders and inventories in the US, which declined in the latest month.

New orders; May -0.6% versus April -1% (revised from -1.7%)



Headline numbers can be skewed by monthly deviations in Transport and Defence, but underlying growth ex transport and defence was also lower this month.

New orders ex transports fell slightly; May -0.3% versus April +1.9%

New orders ex defence remained weaker; May -1.5% versus April -1.5%

Shipments were virtually unchanged again; May -0.1% versus April 0%

Growth in shipments ex transports slowed; May +0.2% versus April +1.3%

Non-defence capital goods ex aircraft new orders – a gauge of manufacturing capex also fell in the month; May -0.2% versus April +2.3%. For the year this measure is +6.8%.

<https://www.census.gov/manufacturing/m3/adv/pdf/durgd.pdf>

Boston Fed President Rosengren speech – Ethics and Economics Lecture: Making Cyclical Downturns Less Severe

Touches on the operation of monetary policy, no signalling from a rates/guidance perspective.

From the speech; Costs of economic downturns are an ethical issue – as costs are borne disproportionately by those least able to weather a downturn. Speech proposes that with the economy now in a strong place, it is a good time to make changes that help to mitigate the effects of a downturn. Progress could be made on shoring up state and local govt financing including the establishment of rainy day funds. Good time to build capital buffers at banks – reducing banks incentives to reduce lending when asset values shrink during a downturn.

On monetary policy – look for ways to avoid hitting zero short term interest rates. More flexible inflation target – use a range rather than a specific number, “one might allow the inflation target to rise within the range during periods of low real rates, thus providing more room for the funds rate to fall during an economic downturn.”

<https://www.bostonfed.org/news-and-events/speeches/2018/ethics-and-economics-making-cyclical-downturns-less-severe.aspx>

Vice Chairman Supervision Quarles speech – America’s Vital Interest in Global Efforts to Promote Financial Stability (Utah Bankers Association Annual Convention)

The speech addresses domestic and, focuses also on participation in international efforts to promote financial stability during this post-GFC period. This includes recent changes to regulation and its impact on smaller regional banks, in particular recent changes to the Volker Rule (tailoring).

Much of the speech is dedicated to the efforts of and the US participation in the Financial Stability Board (FSB).

<https://www.federalreserve.gov/newsevents/speech/quarles20180627a.htm>

US Q1 GDP (3rd estimate)

The annualised rate of real GDP growth was revised lower in the third estimate for Q1:

Q1 2018 +2% (previous +2.2%) versus Q4 2017 +2.9%

Personal consumption expenditures; Q1 2018 +0.9% versus Q4 2017 +4% (decline in purchases of durable goods and lower growth in spending on services)

Gross private Domestic Investment; Q1 2018 +7.5% versus Q4 2017 +4.7% (Higher growth in non-residential expenditure off set a decline in residential expenditure)

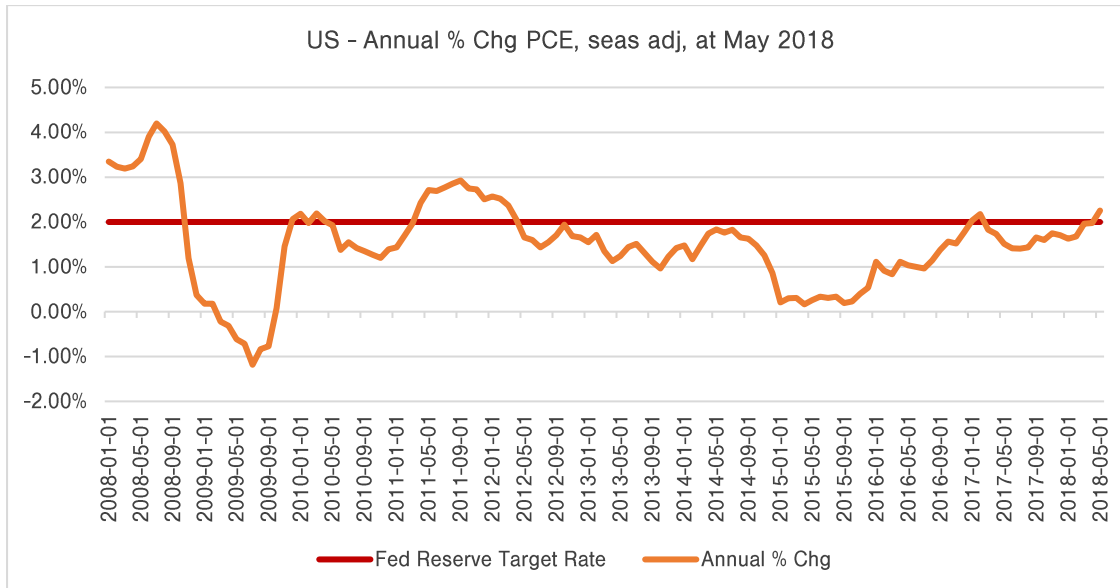
https://www.bea.gov/newsreleases/national/gdp/2018/pdf/gdp1q18_3rd.pdf

PCE Prices Indexes – May with April Revisions

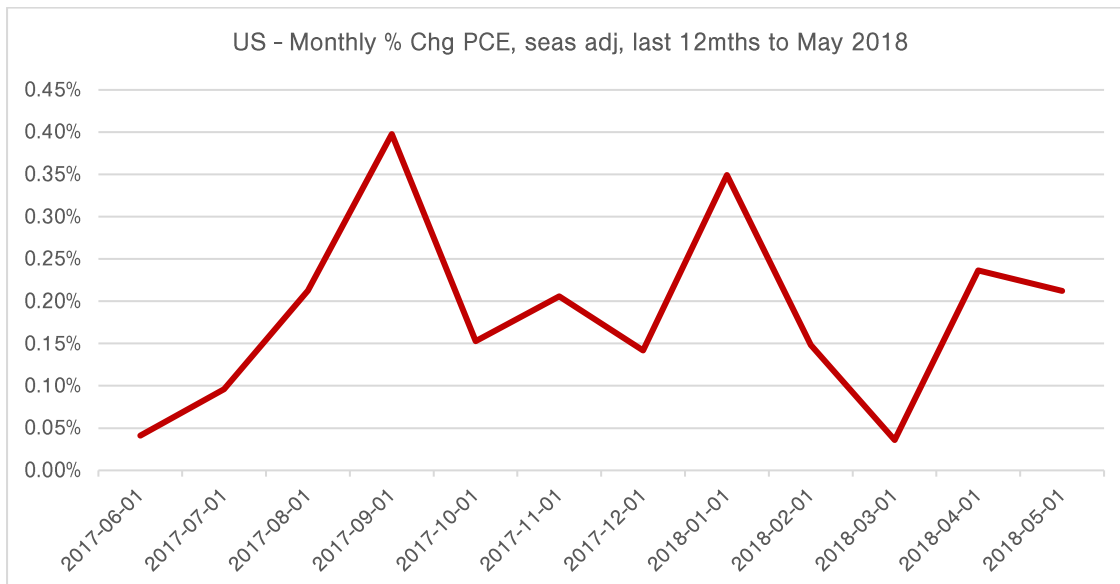
The headline PCE Price Index continued to grow in the latest month; May +0.21% versus April +0.24%.

On an annual basis, the rate of growth jumped up above 2%; May +2.25% versus April 1.98%.

The rate of growth is now above the FOMC 2% target. Based on previous guidance, the Fed is looking for sustained price growth around 2% (equal time above and below).



Of note - the increase in the annual rate of growth was partly the result of 'cycling over' the lower growth result for the month of May 2017 (-0.06%). The latest monthly trend isn't suggesting that inflation has been accelerating of late;

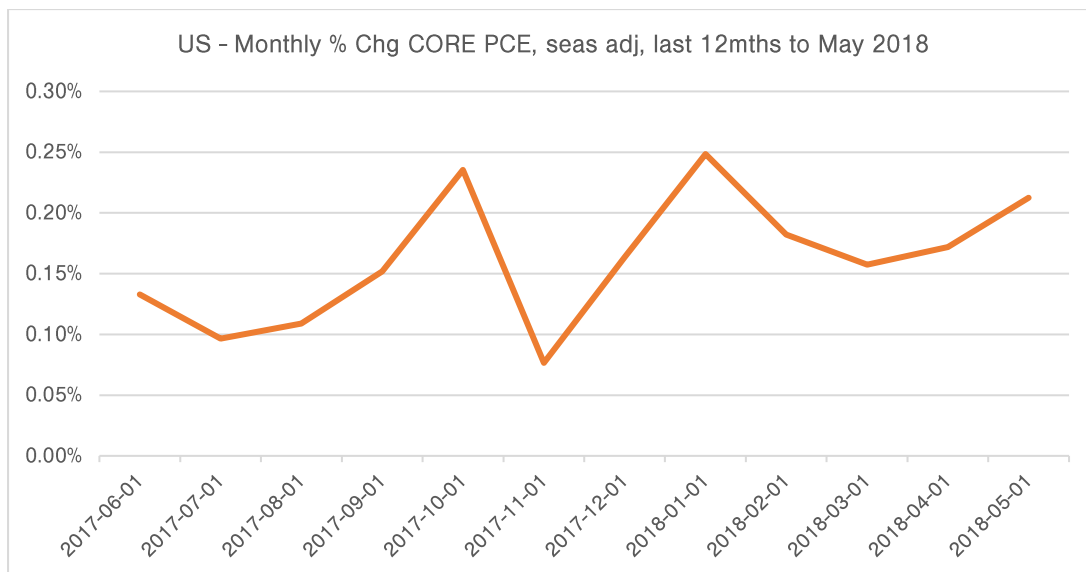


But its slightly different when you look at growth in core PCE has been growing at an increasing rate over the last few months;

Latest month; May +0.21 versus April +0.17%

Annual; May +1.96 versus April +1.81%

Core inflation is now growing at a similar rate as headline – suggesting that underlying price growth is increasing.



<https://www.bea.gov/newsreleases/national/pi/2018/pdf/pi0518.pdf>

<https://fred.stlouisfed.org/series/PCEPILFE#0>

St. Louis Fed President Bullard speech – Ascension Investment Mgt Ann Conference (moderated conversation)

Key points; - Factors keeping real interest rates low, with the biggest one being increased demand for safe assets globally over the last 30 years; Market-based inflation expectations, which remain below 2 percent on a PCE (or personal consumption expenditures price index) basis; The **possibility of yield curve inversion, which he called a key near-term risk for the Fed**; Fed communications, including having a press conference after every FOMC meeting beginning next year.

Rising short-term rates are primarily driven by the Fed while falling long-term rates are primarily driven by markets. When they move in opposite directions, it is a sign of a risky mismatch between policy makers and investors. Resolve the mismatch by slowing the pace of rate increases. Prefer to see officials raise rates in response to incoming economic data rather than on a path.

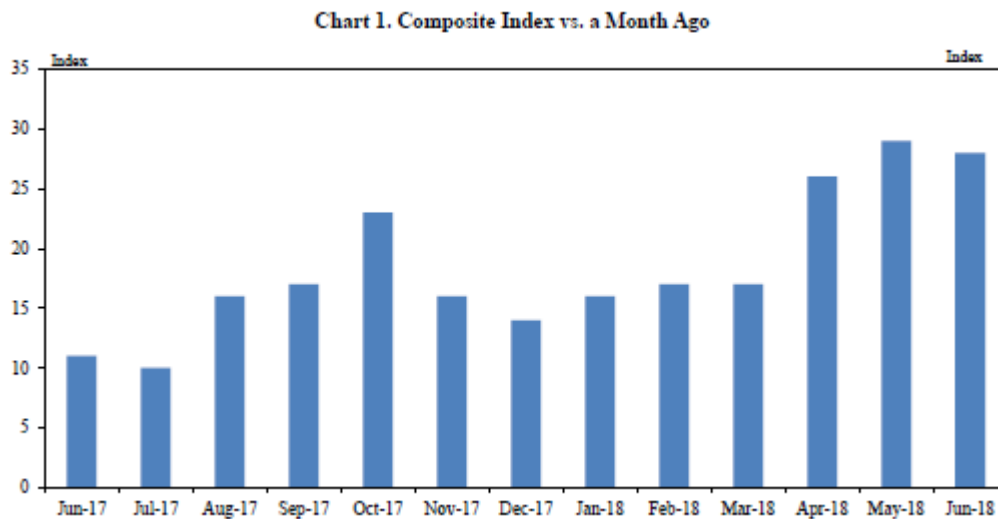
“The Fed does not have to be so aggressive”

<https://www.stlouisfed.org/from-the-president/speeches-and-presentations/2018/ascension-investment-managements-annual-conference>

Kansas Fed Manufacturing Activity – June

This was the third month of stronger readings on manufacturing in the region – the composite index and the sub-indexes did not accelerate higher in the latest month. The composite index was virtually unchanged (at the highs) in the latest month;

June 28 versus May 29



Production and volume of shipments remained strong and the backlog of orders fell.

As a forward indicator; volume of new orders notably dropped back in the latest month; June 27 versus May 38 (the latest month is still relatively strong given the last 12mths). A lower proportion of respondents recorded an increase in volume of new orders and a higher proportion recorded a decrease (versus the results in the May report). The 6mths ahead expectations showed that the majority of respondents expect that the volume of new orders will pick up.

Expansion in the number of employees and avg employee workweek remained unchanged, close to recent highs.

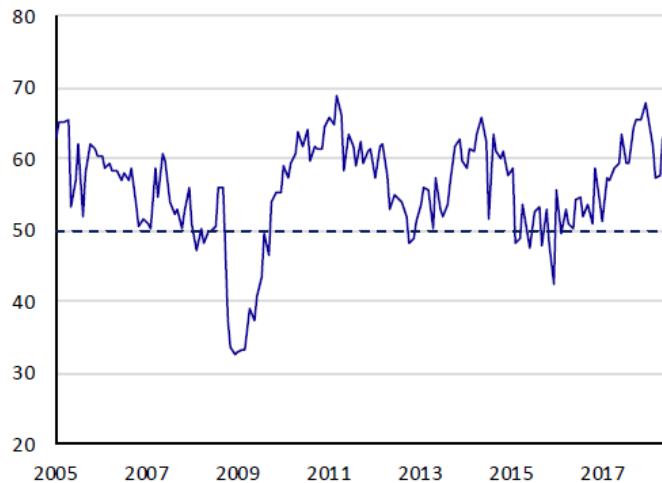
Prices received for goods remained unchanged, just below recent highs and prices paid for raw materials fell in the latest month; June 47 versus May 53 (June remains elevated compared to recent history).

<https://www.kansascityfed.org/~media/files/publicat/research/indicatorsdata/mfg/2018/2018jun28mfg.pdf?la=en>

Chicago PMI June

The Chicago PMI continued to rebound in the latest month; June 64.1 versus May 62.7. Despite the drop since Dec 2017, the index of activity remains elevated compared to recent history.

Chicago Business Barometer™



Stronger new orders were partially offset by a fall in output growth. Backlogs of orders continue to increase. Lead times for supplies and prices paid continued to grow. Prices paid index increased to its highest level since 2011.

According to the report; the business barometer was broadly unchanged in Q2 running at a similar pace as 2017.

Firms cited confusion over trade among business and suppliers, which has altered purchasing decisions. Approx 25% of firms claimed trade talks were having a significant impact on business and 39% claimed a minimal/small impact.

On the question of offering higher wages; approx. 64% of firms claimed that they had yet to increase salaries as means on attracting more workers.

<https://s3.amazonaws.com/images.chaptermanager.com/chapters/b742ccc3-ff70-8eca-4cf5-ab93a6c8ab97/files/mni-chicago-press-release-2018-06.pdf>

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Europe

ECB Coeure – interview with LeFigaro

The ECB expects to purchase EU15b month of bonds in 2019, using the principal payments from maturing securities in its portfolio (reinvestment of principal payments).

The ECB has previously advised that it expects to cease net asset purchases by the end of 2018. Currently EU30b/mth until the end of Sept and reduce to EU15b/mth until the end of Dec 2018. From then, the ECB plans to reinvest the principal payments to continue buying bonds.

<https://www.ecb.europa.eu/press/inter/date/2018/html/ecb.in180625.en.html>

Eurozone Flash CPI June

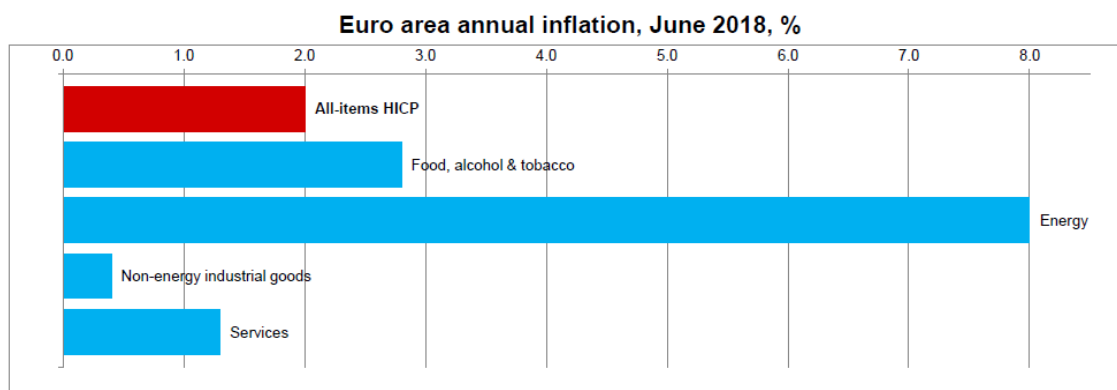
Annual CPI growth continued to grow in the latest month;

June +2% versus May +1.9%

The higher reading is most likely the result of accelerating energy prices (despite energy having a lower weight in the index). CPI ex energy; June +1.4% versus May +1.4% (still the highest readings for the year)

CPI ex Food, energy & alcohol; June +1% versus May +1.1%

Annual growth in Services prices, which makes up the largest weight in the index, fell back in the latest month; June +1.3% versus May +1.6%.



Energy is now growing at an annual rate of 8% versus +6.1% May.

<http://ec.europa.eu/eurostat/documents/2995521/9030477/2-29062018-AP-EN.pdf/4f037ef9-f716-4114-a6ab-b405517fe14c>

German Retail Sales – Provisional May 2018

In real terms, retail sales fell across most time frames (calendar and seasonally adjusted):

Month May versus April; -2.1%

Annual May 18 versus May 17; -1.6%

In nominal terms, retail sales declined in the latest month by -1.7% in May versus April.

On an annual basis, retail sales in nominal terms increased by +0.2% (May 18 versus May 17)

https://www.destatis.de/EN/PressServices/Press/pr/2018/06/PE18_237_45212.html

German Labour Market – Provisional May 2018

Top-line employment growth remained steady in the latest month; May +0.1% versus April (+0.1% versus month prior to Mar).

On an annual basis, employed persons also continued to grow at a steady rate; May +1.4% versus April +1.4%.

The employment rate has also increased from 66.9% in May 2017 to 67.2% in May 2018.

The number of unemployed persons also continued to fall; May -0.7% versus April and -10% versus year ago.

The unemployment rate has fallen from 3.8% in May 2017 to 3.4% in May 2018.

Unemployment rate remains highest for persons < 25yrs at 6.1% and men 3.8%.

https://www.destatis.de/EN/PressServices/Press/pr/2018/06/PE18_239_132.html

German CPI – Provisional June

Annual headline CPI growth (harmonised index) in June +2.1% versus May +2.2%

Latest month CPI growth; June +0.1%

Energy is a key driver of price increases; Jun + 6.4% versus May +5.1% (April +1.3%)

Goods (48% of index weight, incl energy); June +2.8% versus May +2.5%

Services (52% of index weight) continues to lag and fell further on an annual basis in the latest month; June +1.5% versus May +1.9%

https://www.destatis.de/EN/PressServices/Press/pr/2018/06/PE18_236_611.html

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Japan

BoJ – Summary Opinion Report (14-15 June 2018 meeting)

Reinforcing key points around expectations for a bounce back in growth and a commitment to continue easing until the 2% target is reached. Outlook report in July to have further discussion on price and growth forecasts.

Opinion report detail;

Recent developments in US rates resulted in incomplete JGB transactions – leaving the BoJ as a buyer.

“In the recent Japanese government bond (JGB) market, market participants' responsiveness to developments in mainly U.S. interest rates has been decreasing, and there have been days when inter-dealer transactions of newly issued bonds were not concluded. It is important to conduct market operations with a view to maintaining the functioning of financial markets as much as possible.”

Growth – Expecting the economy to continue expanding at a moderate pace on the back of highly accommodative monetary conditions, govt spending, stronger consumer spending and exports since April. Some concerns raised; consumer sentiment relatively weak and uncertainty regarding overseas economies, US trade protectionist policy impact on the global economy.

Prices – A key part of the narrative from the BoJ appears to be that firms, facing labour shortages, have been increasing their production capacity. Increasing production capacity has, among other things, kept inflation low. Unemployment rate at 2.5% and wage/price growth has not been increasing. Firms cautious about wage setting. The monetary policy meeting for July will include the outlook for prices and growth including further analysis of the weaker price growth. Important to continue to reinforce commitment to 2% target to continue bolstering inflation expectations.

Current monetary policy – need to pursue ‘powerful monetary easing’ for a virtuous cycle to take hold and the 2% inflation target is reached. The sluggishness in prices is not likely just a shortage of demand. **Discussion about the downside for bank profitability which undermines monetary easing efforts.**

https://www.boj.or.jp/en/mopo/mpmsche_minu/opinion_2018/opi180615.pdf

Japanese Retail Trade (Prelim – May)

Retail sales growth declined in May -1.7% versus April +1.3% (revised lower from +1.4%)

Annual retail sales growth slowed considerably in the latest month read; May +0.6% versus April +1.5%.



Food & Bev was the only retail sales category that didn't decline in the latest month.

<http://www.meti.go.jp/english/statistics/tyo/syoudou/index.html>

Japan – Tokyo Preliminary CPI June

Annual headline CPI; June +0.6% and +0.2% month on month

Annual CPI less food & energy; June +0.4% and +0.1% month on month

On an annual basis, energy continues to play a role in leading CPI higher, less so in the latest month;

Annual growth energy (CPI); June +3.5%, +0.5% latest month on month

The main driver of higher CPI growth in the latest month was furniture and household utensils; +1.3% in June versus month prior (annual growth -0.3%).

<http://www.stat.go.jp/english/data/cpi/1581-t.html>

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Great Britain

BoE – Carney speech & Financial Stability Report

Assessing global conditions, Brexit related risks and cyber security issues.

Risks from the global environment “material” and increasing in the last few months:

Italy highlights vulnerabilities of high public debt and interlinkages between banks and sovereigns

Tightening in US dollar funding markets – headwinds for growth

Trade tensions intensified

These conditions could crystalize long standing risks of a ‘snapback’ in interest rates and tightening of global financial conditions.

Domestically, apart from Brexit, risks are ‘normal’ – neither elevated nor subdued, some reduction in risk appetite.

Risks for Brexit remain elevated – planning underway with EU, but agreement on specific derivative related issues are not yet resolved.

Use of LIBOR – transition to alternative rates to reduce financial stability risks. Development of alternative (Sterling Overnight Index Avg – SONIA) is underway, but not yet agreed/implemented.

<https://www.bankofengland.co.uk/financial-stability-report/2018/june-2018>

EC Council Meeting starts (Brexit agenda item)

Brief remarks from the EU council President Donald Tusk upon conclusion of the 2-day meeting are in the link below. As it pertains the Brexit:

“On Brexit. The EU27 has taken note of what has been achieved so far. However, there is a great deal of work ahead, and the most difficult tasks are still unresolved. **If we want to reach a deal in October, we need quick progress. This is the last call to lay the cards on the table**”

<http://www.consilium.europa.eu/en/press/press-releases/2018/06/29/remarks-by-president-donald-tusk-on-the-european-council-meeting-of-28-june-2018/>

Official conclusions - Brexit

<http://www.consilium.europa.eu/media/35966/29-euco-art50-conclusions-en.pdf>

This is the last official EC meeting before October (date by which an agreement is to be reached on the withdrawal from the EU). A meeting next Friday 6th July has been labelled a ‘make or break’ meeting – the UK Govt country retreat at Chequers.

“Mrs May has said the UK will then publish a White Paper setting out “in more detail what strong partnership the United Kingdom wants to see with the European Union in the future”

<https://www.bbc.com/news/uk-politics-44655080>

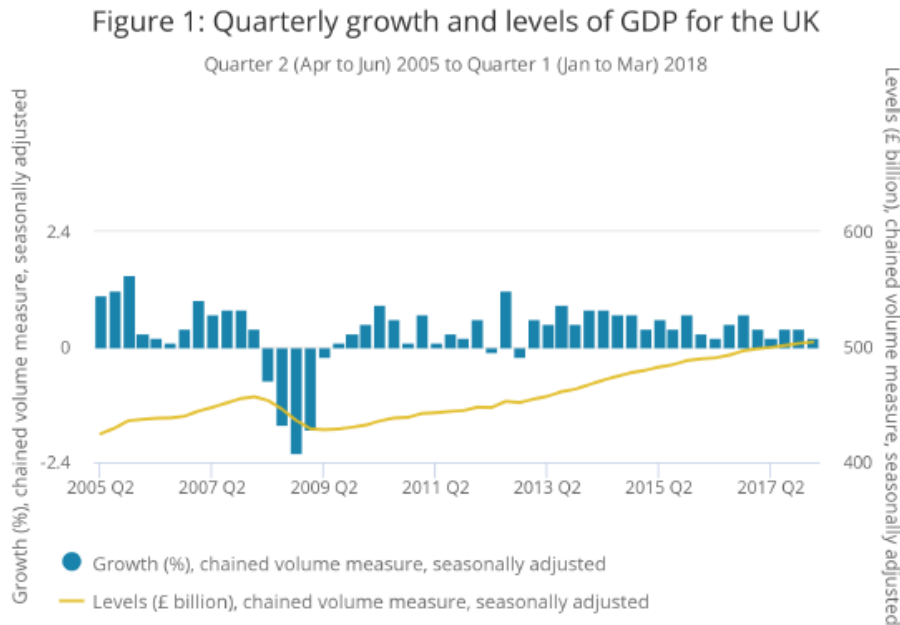
UK – Q1 GDP (3rd release)

UK Q1 GDP was revised up; Q1 GDP growth +0.2% (growth revised up from +0.1%)

The upward revision was the result of improvements to the measurement of construction data. Q1 revised from -2.7% to -0.8%.

Despite the upward revision, GDP growth continues to slow;

Quarter 2 (Apr to Jun) 2005 to Quarter 1 (Jan to Mar) 2018

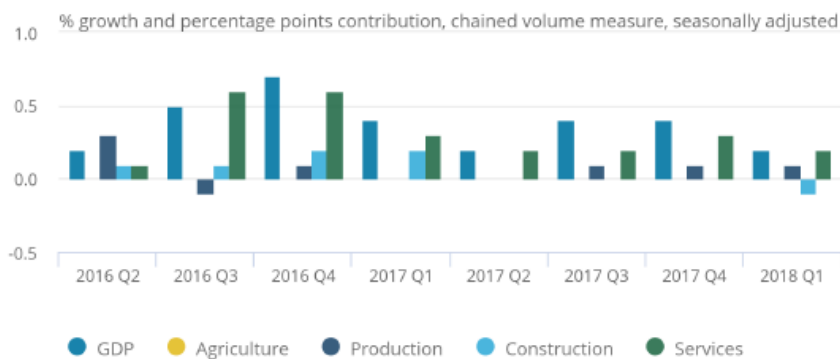


From an output perspective, Services made the largest contribution to output growth in the UK economy in the latest quarter. The contribution of Services has been decreasing since 2016;

Quarter 2 (Apr to Jun) 2016 to Quarter 1 (Jan to Mar) 2018

Figure 3: Output components percentage contribution to GDP growth for the UK, quarter-on-quarter

Quarter 2 (Apr to Jun) 2016 to Quarter 1 (Jan to Mar) 2018



In the latest quarter, services grew by +0.3% (unrevised) – all subsectors in services grew in the latest quarter.

Production grew by +0.4% (revised down from +0.6%)

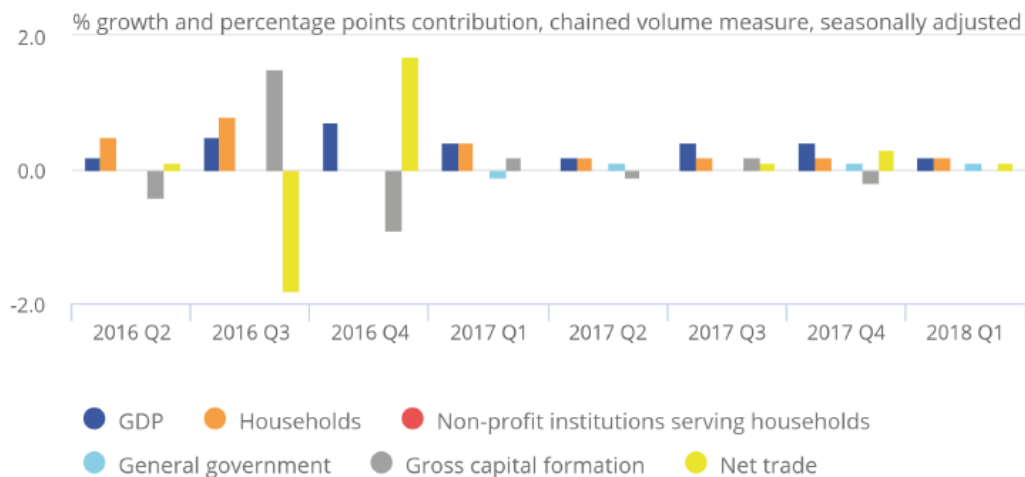
Construction declined less than originally reported -0.8% (originally -2.7%) – it was noted that weakness in construction was seen throughout the entire quarter, not just during the period of 'bad weather'.

From an expenditure perspective; HH spending, govt spending and net trade made positive contributions to overall real GDP growth in the quarter, while gross capital formation made zero contribution to growth;

Quarter 2 (Apr to Jun) 2016 to Quarter 1 (Jan to Mar) 2018

Figure 4: UK expenditure components percentage contribution to GDP growth, quarter-on-quarter

Quarter 2 (Apr to Jun) 2016 to Quarter 1 (Jan to Mar) 2018



HH consumption expenditure continues to slow; +0.2% in the latest Qtr (Q1 2017 +0.6%) – this was still the largest of the contribution to growth.

Also of note, gross fixed capital formation was revised down from +0.9% to -1.3%.

The largest part of gross fixed capital formation is Business Investment – which was also revised down from -0.2% to -0.4% decline in the latest quarter.

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/januarytomarch2018>

BoE Chief Economist Haldane speech - The UK's Productivity Problem: Hub No Spokes

<https://www.bankofengland.co.uk/-/media/boe/files/speech/2018/the-uks-productivity-problem-hub-no-spokes-speech-by-andy-haldane.pdf>

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Canada

BoC Governor Poloz speech – Let Me Be Clear: From Transparency to Trust and Understanding (Greater Victoria Chamber of Commerce – BC)

Speech about transparency of the bank, its guidance and its deliberations. Nothing specific about forward guidance.

Of interest was BoC's approach to drafting its policy decisions – not using predetermined language but starting with a 'blank sheet' every time. Reduce disruptions stemming for any changes to policy language. Recent speech shifted emphasis from “cautious about future policy adjustments” to “take a gradual approach to raising interest rates”. (Was seen as positive at the time but was before tariffs became a bigger issue – placing doubt over whether rates will be increased at the next meeting).

Of current interest to BoC deliberations – tariff impacts and mortgage lending guidelines.

<https://www.bankofcanada.ca/2018/06/let-me-be-clear-transparency-trust-understanding/>

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New Zealand

RBNZ Rates Decision – June 28

Official Cash Rate (OCR) left on hold at 1.75%

Inflation is managed in a range of 1-3% with a 2% midpoint target – current running at below the midpoint. Requires the OCR “at an expansionary level for a considerable period” (forward guidance).

Weaker recent GDP growth suggests more excess demand than anticipated. CPI higher on the back of higher oil prices, underlying inflation only rising gradually on “capacity pressure”.

Global growth supportive, but trade tensions and EM volatility a concern.

<https://www.rbnz.govt.nz/monetary-policy/official-cash-rate-decisions>

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Trade

US-China Trade Negotiations

President Trump decided not to invoke a National emergency law to block Chinese investment in US tech companies. US will rely more on Committee of Foreign Investment – legislation going through Congress to enhance the current review process.

China unveiled on Thursday a negative list for foreign investment, in which the number of areas restricted to foreign investors was reduced to 48 from 63, to ease foreign investment curbs on key sectors incl. banking, automotive, heavy industry and agriculture. The new list will take effect from 28 July 2018.

<https://www.reuters.com/article/us-china-economy-foreign-investment/china-unveils-further-rollbacks-in-foreign-investment-curbs-idUSKBN1JO23M>

Car and Truck Imports

President Trump indicated on 25 June that he was close to completing a study on tariffs on car and truck imports from Europe. He also tweeted;

“We are finishing our study of Tariffs on cars from the E.U. in that they have long taken advantage of the U.S. in the form of Trade Barriers and Tariffs. In the end it will all even out - and it won't take very long!”

In the previous week, President Trump threatened a 20% tariff on all imports of EU assembled cars.

US-Japan Trade Talks

To commence in July

NAFTA

Negotiations remain at an impasse. Not likely to get an agreement with the issue of the sunset clause. Other sticking points; Canadian dairy policy, Mexican auto wages and whether NAFTA should be a single agreement or a series of bilateral agreements.

The chief Canadian negotiator for NAFTA told business leaders in Canada last week that there were no actual negotiations taking place.

Steel/Aluminium tariff retaliation

Canada considering quotas and tariffs on steel imports (protecting local steel producers) originally earmarked for US markets. “US tariffs opens the door to cheaper steel imports (into Canada) from abroad”

EU considering similar antidumping measures.

“Canada Day tariffs” - tariffs on US imports go into effect 1st July – approx. \$12.6b in imports from the US including steel, aluminium, and consumer goods.

Canada is threatening further action if the US goes ahead with threatened duties on Canadian-made autos and auto parts – this will be a large threat for the Canadian (and other) economies, especially Europe.

Robert Lighthizer released a statement criticizing Europe, other WTO members and China for their retaliation to the US steel and aluminium tariffs;

“Indeed, they show that they are willing to distort WTO rules to mean whatever they want, whenever they want.

“Faced with these unjustified tariffs, the United States will take all necessary actions under both U.S. law and international rules to protect its interests.”

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/statement-ambassador-robert-e>

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