

### AMERICAN SNIPER

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*There are three types of people in this world: sheep, wolves, and sheepdogs. Some people prefer to believe that evil doesn't exist in the world, and if it ever darkened their doorstep, they wouldn't know how to protect themselves. Those are the sheep.*

*Then you've got predators who use violence to prey on the weak. They're the wolves.*

*And then there are*

*those blessed with the gift of aggression, an overpowering need to protect the flock. These men are the rare breed who live to confront the wolf. They are the sheepdog.*

*We are not raising any sheep in this family and I will whip your ass if you turn into a wolf [...] But we protect our own. If someone tries to fight you or bully your little brother, you have my permission to finish it.*

*Glory is something some men chase and others find themselves stumbling upon not expecting to find it. Either way it is a noble gesture that one finds bestowed upon him. My question is when does glory fade away and become a wrongful crusade? Or an unjustified means by which consumes one completely? I've seen war and I've seen death."*

*I just want to get the bad guys, but if I can't see them I can't shoot them.*

*From the movie: "American Sniper" by Clint Eastwood.*

Washington invited to the USA a Chinese delegation, led by the Vice Minister of commerce Wang Shouwen, to resume the conversation about trade between the two countries. The meetings will take place on the 21st and 22nd of August, almost at the same time of the American administration's

imposition of new tariffs on \$ 16 billions in Chinese import. We are not talking about the big fish but the market is celebrating: war may be avoided. To tell the truth, the benefits of the meetings may be moderate because there is only a small chance that they might solve the crisis in the short-term. The USA have declared that, as requested by the companies, they will be observing the import-export trade for six days instead of three, as previously decided.

It is not easy to understand who is the sheep, the wolf and the herding dog. From the American point of view China is the wolf that has been feeding on American companies, the sheep, and has been acting as an unfair competitor. Now Trump has unleashed the sheepdogs to defend his flock.

Truth is that the stock exchange never liked violence, since every time people resort to it, it is not clear when glory fade away and becomes a wrongful crusade, and also, it is not easy to find a way out in a war climate. Now China is trying to find a solution with a new openness to dialogue and with concrete facts, like the revaluation of the yuan. The Chinese currency had been wisely depreciated, as an anticipation of how China was going to react with respect to new tariffs. Then, as the new round of negotiation was approaching, it had started to gain ground again. China only needs the yuan at 6,85 against the greenback to balance the USA's menace of tariffs up to 200 billions dollars.

Negotiations will happen just a few days before the annual Federal Reserve's Jackson Hole symposium that will be taking place on Friday the 24th and Saturday the 25th of August, in Wyoming. This year's theme is the economic impact of the super companies like Amazon, but it is hard to believe that the number one members of the international monetary policy won't dwell on the tariffs situation nor the recent Turkish crisis. Jerome Powell, chairman of the FED, will speak on Friday morning and the investors will try to shed some light on the interest rate's path and on the budgetary policy as well as on the will to control the turbulences in the developing countries. Markets are expecting the Federal Reserve to rise the rates for the 3rd time this year in September, but

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are not sure about a 4th rise in December. In July Powell said to the American Congress that gradual rate hikes were the best path “for now”, leaving the analysts with a conundrum. At the moment Fed’s decisions shouldn’t be affected by the Turkish situation.

Economists foresee that, if the world’s economical situation won’t significantly worsen, the Fed won’t have to postpone the rise expected in September. The USA’s economic growth in the second quarter has shot up to 4,1%, annualized, and to 2,8% year by year. Inflation kept under the unemployment rate even in July when the unemployment dropped to 3,9%.

The macro news of a two speed world, the mixed results of the largest high tech USA companies, international ne-

gotiations on tariffs and on the Turkish crisis are all saying the same thing: in this scenario, it is best not to shoot into the crowd and, instead, we need to be good snipers. The investors ‘aim is not, and has never been, to destroy, but to build and made investments flourish. It is definitely not going to be easy; for a while now the markets had feared a retracement; the rise of interest rates and the normalization are going in that direction, whilst some situations, like the Italian spread, Turkey and the trade deficits, can be no longer kept under the rug. To prevent the usual outbreak of the market, guided solutions are urgently required.



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