

### CLASH OF THE TITANS



*Zeus: I will not make this offer again.  
Perseus: Good. 'Cause I hate to refuse you twice.*

*From the movie Clash of the Titans by Louis Leterrier*

In the spotlight of the markets is the clash between two titans: the United States and China. When everything seemed ready to find an agreement that would put the word “end” to the trade war, Donald Trump decided to reshuffle the cards. Just like Zeus, he does not want to make his offer to the other party again. The American president has in fact said that Beijing “broke the deal” and “is going to pay”. His words were followed by facts: last week the tariffs on 200 billion dollars of imports made in China increased from 10 to 25. The Asian country does not want to sit back and is ready to implement countermeasures. In fact, China has made it known that it will raise tariffs to as high as 25%, on 60 billion of American goods on June, that it will interrupt major promised purchases of US agricultural products and energy and that it will reduce Boeing orders. The United States and the President thus risk a boomerang effect. The agricultural sector is a fundamental part of the voters of Donald Trump, already in the race for the 2020 elections. While, with regard to Boeing, the repercussion is above all economic: China was ready to buy 100 aircraft from the US group for over 10 billion dollars, in an attempt to meet the USA’s request

of reducing the trade deficit between the two superpowers.

This rekindling of the conflict has strongly agitated the markets, however there is still margin for negotiation. On the one hand the Ministry of Commerce of the People’s Republic of China has confirmed the need for countermeasures, on the other it has sought the spirit of collaboration to find a solution to differences. Also, towards the end of next month, at the G20 meeting in Japan, Donald Trump should have a personal meeting with the Chinese President Xi Jinping. In the meantime the clash between the titans continues, and the EU, where the export plays an important role, could be among the victims. Although in the European Commission’s estimates the continent’s economy in 2019 is seen growing by an average of 1.4%, the escalation of the trade war is a major concern for Brussels. Another weakness is the trend in the automotive sector

Within this scenario, Italy remains the tail-ender for 2019, with its GDP projected to increase by 0.1%, followed by Germany (+ 0.5%). In terms of individual savings accounts (the Italian PIR), the long awaited implementation decree arrived in the peninsula. What changes? PIRs set up as of January 1, to benefit from the favorable tax regime, must invest 3.5% of total funding in companies not listed or present on the AIM, and another 3.5% in Venture capital. But the Bank of Italy expressed some doubts. According to the institute “The new rules increase the risk profile of PIRs, savings instruments aimed at families and may hinder compliance with prudential diversification and liquidity requirements”.

News also comes from the United Kingdom, and shakes Brussels. The country will in fact have to take part in the European elections due to the postponement of Brexit and, according to the latest polls, the new Eurosceptic party (Brexit Party) of Nigel Farage, who had campaigned with the Ukip in favor of Leave, is ready to top the poll (34%). However, the LibDem pro-Europeans are also growing and surpassing the Conservatives, at 12% and 11% respectively.

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The Labour Party is instead ranked second (21%). Moving on to the Middle East, the spotlight shifts on Iran, which is clashing with a titan. We are still talking about the USA which, last week, approved new sanctions on iron, steel, aluminum and copper. And the tension is probably destined to increase, because Tehran is also suspected of being

behind the sabotage of two oil tankers from Saudi Arabia. When the news spread yesterday, the price of black gold immediately increased.



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