

DOCTOR STRANGE



*Doctor Strange: “So, I keep a watchlist of individuals and beings from other realms that may be a threat to this world. Your adopted brother, Loki, is one of those beings”.
Thor: “A worthy inclusion”.*

Dialogue taken from the movie Doctor Strange, directed by Scott Derrickson

It is not easy to find similarities between Donald Trump and Benedict Cumberbatch, but some analogies do exist: the American president, just like Doctor Strange (played by the British actor in Scott Derrickson’s film), has a watchlist where he inserts who is considered a threat. This is the front of one of the many battles between the United States and China. Washington has included Huawei and 70 of its affiliates in the Entity List, a sort of watchlist – precisely – of the stars and stripes’ trade. This decision limits the Asian giant’s purchases of components from the American companies which, in turn, must obtain a specific license to do business with Huawei. Intel, Qualcomm, Western Digital, Micron, Seagate and Broadcom are some of the American suppliers of the Chinese group. The first effects of Trump’s decision already came to light: Google has revoked the license for the Android operating system used on all Huawei’s smartphones. As a result, the Asian group should only have access to the open-source version of Android. This is a heavy limitation that affects all Huawei’s smartphone owners, including those already on the market. Moreover, the next

devices of the Chinese giant may not support many apps and features, such as YouTube, Gmail and the Google Play store. A similar choice was taken by Intel, whose processors support Huawei notebooks. Donald Trump’s decision complicates even more the negotiations between the two superpowers, aiming at putting an end to the war of duties. Positive news come instead from the manufacturing index elaborated by the Fed of Philadelphia, which monitors the morale of the companies: in May it stood at 16.6 points, up compared to April’s 8.5. The data exceeded the economists’ expectations, who foresaw a result of 10. Furthermore, in April in the USA the number of construction sites started for the construction of new homes rose by 5.7% on a monthly basis.

The watchlist and the tensions between the United States and China have also had negative repercussions on the European markets which closed down on Monday. The distribution of dividend coupons of over 70 companies also weighed on Milan’s stock exchange (-2.7%). Intesa Sanpaolo share’s was among those that suffered the most and lost over 8%. Italy also risks paying the continuous sparks between the two parties of the government majority, the 5-Star Movement and the League, and their electoral campaign’s tones (on May 26 Italy is going to the polls for the European elections). According to several operators, Matteo Salvini’s recent statements, in which he declared himself ready to exceed the 3% deficit limit, influenced the increase in the Btp-Bund spread.

In Europe, some positive notes come from the German economy: data show a (seasonally adjusted) growth of 0.4% in the first quarter of the year. The driving force was mainly domestic consumption, as well as construction and equipment investments.

In China, on the other hand, we must deal with signs of a slowing economy. In April, retailing increased of 7.2% on a yearly basis, the slowest pace since May 2003, according

Headquarters

6, Market Street, Floriana
FRN1082 Malta
T. +356 23479800

Italian branch

Via Cavallotti 8
20122 Milano
T. +39 02 36574500

Czech Republic

Pařížská 68/9, 110 00
Praha 1 Staré Město
T. +420 220 950 677

www.aqa-capital.com

info@aq-capital.com

to data from the National Bureau of Statistics. The result is lower than the expectations of the economists, who estimated a + 8.6%. The decline may depend on the fact that Chinese consumers are starting to spend less on everyday goods, from personal care to cosmetics, and continue avoiding buying expensive goods like cars. Industrial production also slowed down more than expected: + 5.4% in April against expectations of over 6%.

Moving on to monetary policy, the spotlight is now on May 22, the day of the publication of the Federal Reserve's minutes of the meeting that took place at the beginning of the month. On May 23, it will be the ECB's turn to release the minutes of the last meeting.



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