

WE ALL LOVED EACH OTHER SO MUCH



“The war ended, the post-war period burst out”.

Nicola Palumbo (Stefano Satta Flores)

“Rich people are more lonely because they are more rare. The poor are many, all friends, always together, these idlers that do not make you live anymore!”.

Romolo Catenacci (Aldo Fabrizi)

“Honest people have that kind of pureness

that if they have the chance they become cadder than the real cads”.

Romolo Catenacci (Aldo Fabrizi)

“Rather than chasing an unlikely happiness it is better to prepare some pleasant memories for the future.”

Nicola Palumbo (Stefano SattaFlores)

From the movie “We all loved each other so much”, by Ettore Scola.

The world is bursting with optimism. The great director Donald Trump told us that, during the weekend, substantial progress had been made in negotiations with China regarding trade, enough to announce a postponement of the increase in tariffs on Chinese imports that had been planned from March 1st on. There is a different climate in the markets. Trump added that if the negotiations will continue to progress, he will invite the Chinese President Xi Jinping to his Mar-a-Lago resort in Florida to sign the agreement.

The second historic meeting between the president of the USA and Kim Jong-un, the North Korean dictator, will be held this week in Vietnam. In Hanoi, where Kim has already arrived after crossing China by train, the official theme of the discussions will be the denuclearization of the Korean

peninsula. But there is no doubt that the subject of economy will be just as important. Master in the use of the carrot and stick approach, the American Secretary of State Mike Pompeo has invited North Korea to follow Vietnam’s example, protagonist in these years of an impetuous economic growth: “It’s yours if you’ll seize the moment. The miracle could be yours. It can be your miracle in North Korea as well”.

Optimism returns in Europe, after the latest polls say that in France the yellow vests’ followers are rapidly decreasing, while they reassert their approval towards President Emmanuel Macron. Also Italy offers the markets reasons to celebrate, with the regional elections in Sardinia confirming the decline of the Five Star Movement and corroborating the feeling that the yellow-green executive is close to its end. All forecasts point to a next center-right government, after early elections.

All these things together can provoke the typical euphoria that people feel when “peace breaks out”. Who saw “We all loved each other so much”, Ettore Scola’s 1974 masterpiece, cannot forget the convulsive hugs and the festive rolling in the snow of the partisans Vittorio Gassman, Nino Manfredi and Stefano Satta Flores after the announcement that the war was over. It’s time to go home and finally start making the many dreams, cherished in the months of vagabond life in the mountains, come true. However, dreams remain dreams. Life is a continuous conflict, even in peacetime, ideals do not stand up to the comparison with reality, successes and disappointments follow one another and tragedy is around the corner.

As the movie suggests, there is a need for stability, but that is a rare commodity. Those who work in the markets know it well. According to Patrick Zweifel, Chief Economist of Pictet Asset Management, the current slowdown of the global economy is largely due to the tensions triggered by the USA-China trade war. Once the contentious is resolved, trade and growth will return to run. Is it, therefore, time to go back to increasing investments in risky assets? Maybe,

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but it is better to be careful, other clouds may arrive. After Trump's violent tweets of the past few months, the Fed has chosen to be "patient" on the path to the rates hike, but it could change its mind in the event of an acceleration of economic indicators: the USA's GDP data is expected on Thursday and those from China's manufacturing PMI and the Eurozone's inflation will arrive later this week.

The Brexit is an uncertainty that becomes bigger and more threatening every day, with Theresa May planning the final vote of the Parliament on the agreement with the EU for March 12th: only 17 days before the fateful March 29th, the day fixed for the United Kingdom's exit of the from the Union.

In the immediate future, markets are not thinking about the Brexit and are reacting to Trump's inputs. On Monday, the Chinese stock exchanges celebrated, with rises close to the

6%. In recent days the dollar lost ground against the euro (that rose to 1.355) and the yen (rose to 126.007). As tensions loosen up, the euro and the yen catch their breath, as investors look away from the safe haven that the dollar has become. Shanghai's Stock Exchange rally strengthens the yuan, which jumps to its highest since July against the USA's dollar.

Another input from Trump arrived on Monday night regarding oil: "Oil prices getting too high", tweeted the American president. "OPEC, please relax and take it easy. World cannot take a price hike - fragile!". The message had an immediate effect on the market. Barrel prices, at their highest for the last three months, supported largely by the optimism for a trade agreement USA-China, sharply reversed the route, sinking by around 3%: from a peak of 67.47 dollars to a minimum of 65.25 dollars in Brent's case. Another proof that the equilibrium of the markets is fragile.



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