

### SINGIN' IN THE RAIN



*Singin' in the rain. | Just singin' in the rain. | What a glorious feelin'. | We're happy again. | We'll walk down the lane | with a happy refrain. | And singin', | just singin' in the rain. (Don, Cosmo e Kathy) [in chorus].*

**Cosmo:** *Don't you get it? Use Kathy's voice. Lina moves her mouth and Kathy sings for her.*

**Kathy:** *Wonderful!*

**Cosmo:** *Yeah*

**Don:** *Well, all right, if it's only for this one picture, but... You think it'll get by?*

**Cosmo:** *It's simple to work the numbers. Just dance around Lina and teach her how to bow.*

**Don:** *We'll spring it on R.F. in the morning.*

The coldest days of the year are about to arrive, the last three days of January. The air is icy. Tradition has it that the last days of January the blackbird found shelter from the cold in a chimney. The soot marked forever the color of its feathers.

The 29-30-31 of this month will be marked by the US quarterly, by the Federal Reserve meeting and by the summits between China and the USA on international trade, while there are no indications on the meaningless shutdown. On the corporate front, after yesterday's disappointing results of Caterpillar and Nvidia, the focus today is on Apple's quarterly (with closed markets), the only title of the Faang which failed the beginning of the year's rebound. January 30th is going to be Facebook's turn (with closed markets). The word will then pass on, before the market's opening, to the giant General Electric under surveillance on the debt front. The group in fact risks cutting its bonds to a step be-

low investment grade. GE may announce divestments with the aim of strengthening its capital solidity. On the 31st it will also be the turn of another Faang, Amazon. We still do not know how the quarterly will go but it is easy to see that 2019's growth's forecast will disappoint the markets. Both Caterpillar (-8% yesterday) and Nvidia (-14%) complain of weakness in China.

A week still full of government issues, including the Italian on Wednesday, up to 8 billion euros: a new CCT and the reopening of the BTPs to 5 and 10 years. In addition, the February 1st BTP for around 23 billion euros.

In the next few days it will be the USA quarterly turn to speak without dubbing, but then the market will hand over to the central banks.

If, as probable, the instructions on 2019 by the major USA companies are going to remember that the rain is coming, it will be up to the central banks to change the set design and invent a musical. A script that we have already seen in the past, when the markets read the negative macro indications as a further reason for the monetary authorities' intervention.

During his hearing at the Commission for Economic Policy of the European Parliament, ECB President Mario Draghi stressed that the latest information on the economic situation in the monetary union is «weaker than expected»; «the persistence of uncertainties in particular relating to geopolitical factors and the threat of protectionism is weighing on economic sentiment» In these terms, referring to the «risks of a downward growth», the central banker stressed that «the Governing Council stands ready to adjust all of its instruments, as appropriate».

After the ECB, the headlights will be focused on Wednesday evening's Federal Reserve meeting, just after the USA Treasury's announcement of the quarterly refunding plan. This year, an emission flow of one billion dollars will be coming from Washington.

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During the press conference, Jerome Powell could hint at the hypothesis of slowing and/or decreasing the reduction of the Fed's balance sheet, in the wake of last Friday's Wall Street Journal's anticipation. In addition to budget maneuvers, the focus is on rates that could divert the operators' appetites to the equity sector.

The Chinese Central Bank has already done its bit, with the launch of the program called Central Bank Bill swap: primary dealers can use perpetual bonds issued by qualified banks to exchange central bank bills from the PBOC. In this way, Chinese banks recapitalize and obtain liquidity (the bills can be used as collateral at the PBOC) for new jobs in one shot, helping to stimulate the economy.

Thus, China presents itself in a position of relative strength

to negotiations with the USA, on the agenda on the 30th and the 31st of January - regarding international trade- with maneuvers launched to support the domestic economy on both the fiscal and the monetary side.

The quarterly's clouds will bring rain; it is going to be up to the central banks to play the right music for the markets by giving less cogent indications on the budget reduction policy and the raise in rates.

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