

TRUMP REIGNITES TRADE WAR TO DEFLECT U.S. COVID WOES

Agenda: Trump reignites Trade war after U.S. Coronavirus woes

- Rhetorical virus war underway
- US election
- World of demand deficit
- Great Depression rerun?
- Market implications
- Investment Outlook



[Facebook.com/nucleuswealth](https://www.facebook.com/nucleuswealth)



[Linkedin.com/company/nucleuswealth](https://www.linkedin.com/company/nucleuswealth)



[Instagram.com/nucleus_wealth](https://www.instagram.com/nucleus_wealth)



[Twitter.com/nucleuswealth](https://www.twitter.com/nucleuswealth)

David Llewellyn-Smith
Tim Fuller
Damien Klassen



Disclaimer

This presentation has been prepared by Nucleus Wealth and is for general information only.

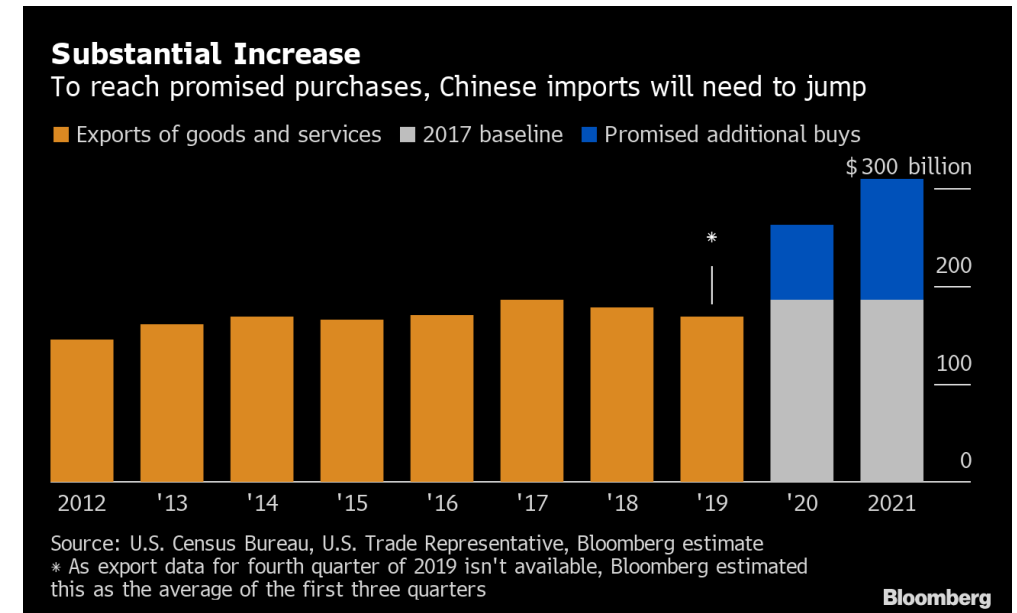
Every effort has been made to ensure that it is accurate, however it is not intended to be a complete description of the matters described. The presentation has been prepared without taking into account any personal objectives, financial situation or needs. It does not contain and is not to be taken as containing any securities advice or securities recommendation. Furthermore, it is not intended that it be relied on by recipients for the purpose of making investment decisions and is not a replacement of the requirement for individual research or professional tax advice.

Nucleus Wealth does not give any warranty as to the accuracy, reliability or completeness of information which is contained in this presentation. Except insofar as liability under any statute cannot be excluded, Nucleus Wealth and its directors, employees and consultants do not accept any liability for any error or omission in this presentation or for any resulting loss or damage suffered by the recipient or any other person. Unless otherwise noted, Nucleus Wealth is the source of all charts; and all performance figures are calculated using exit to exit prices and assume reinvestment of income, take into account all fees and charges but exclude the entry fee.

It is important to note that past performance is not a reliable indicator of future performance. This document was accompanied by an oral presentation, and is not a complete record of the discussion held. No part of this presentation should be used elsewhere without prior consent from the author.

Rhetorical virus war underway:

- “We went through the worst attack we've ever had on our country. This is really the worst attack we've ever had. This is worse than Pearl Harbor. This is worse than the World Trade Center. There's never been an attack like this. And it should have never happened. It could have been stopped at the source. It could have been stopped in China.”
- Export controls for semis, moves to prevent financial flows, pressure on China to deliver on deal.
- China has no hope of delivering on the trade deal.



<https://nucleuswealth.com/subscribe>
Join the podcast mailing list to be notified about future episodes

David Llewellyn-Smith
Tim Fuller
Damien Klassen

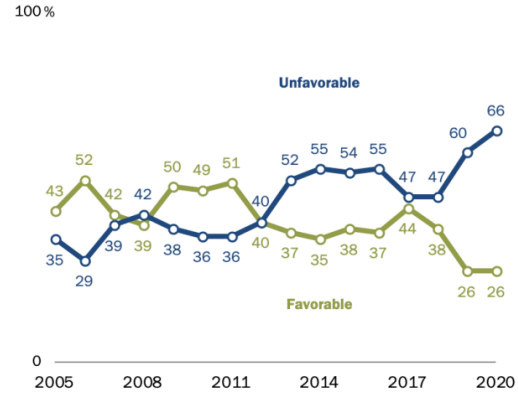


US election

- Trump approval rating is slipping on virus mismanagement.
- Recent polls have 90% of Republicans and 67% of Democrats saying China is blame for virus.
- Trump better placed to exploit anger.

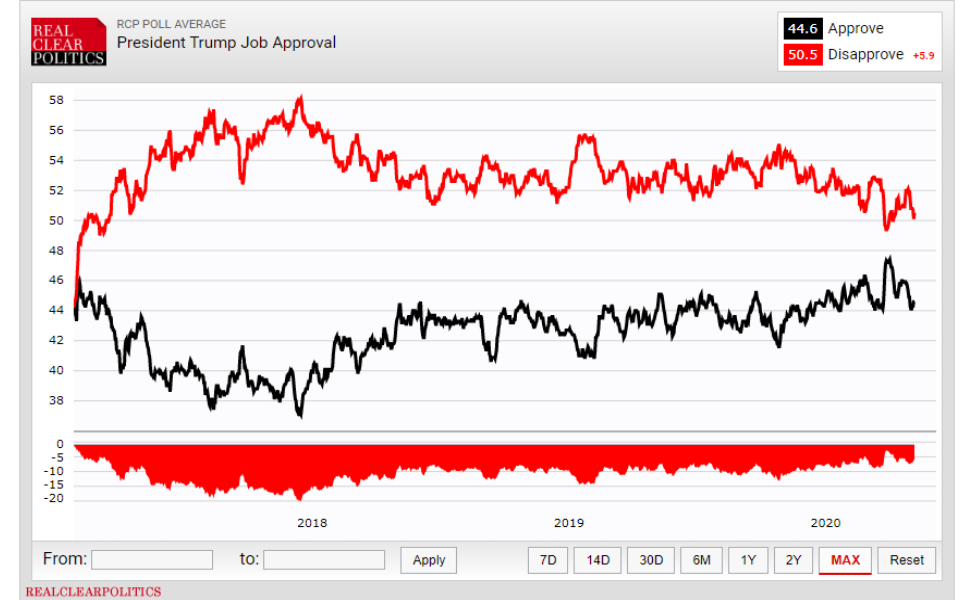
Negative views of China continue to grow in U.S.

% who say they have a ___ opinion of China



Note: Don't know responses not shown.
Source: Survey of U.S. adults conducted March 3-29, 2020, Q5b.
"U.S. Views of China Increasingly Negative Amid Coronavirus Outbreak"

PEW RESEARCH CENTER



[Subscribe](#)



Stay up to date & receive notifications



Like

Leave a like if you enjoyed

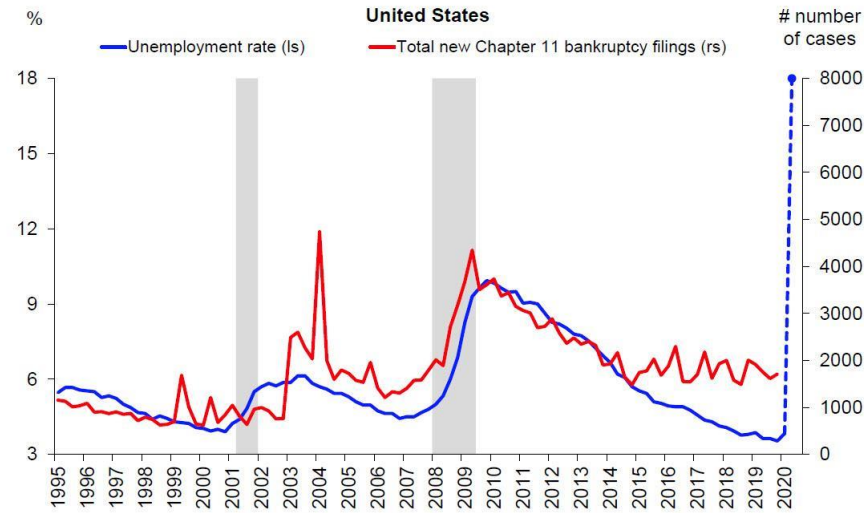
David Llewellyn-Smith
Tim Fuller
Damien Klassen



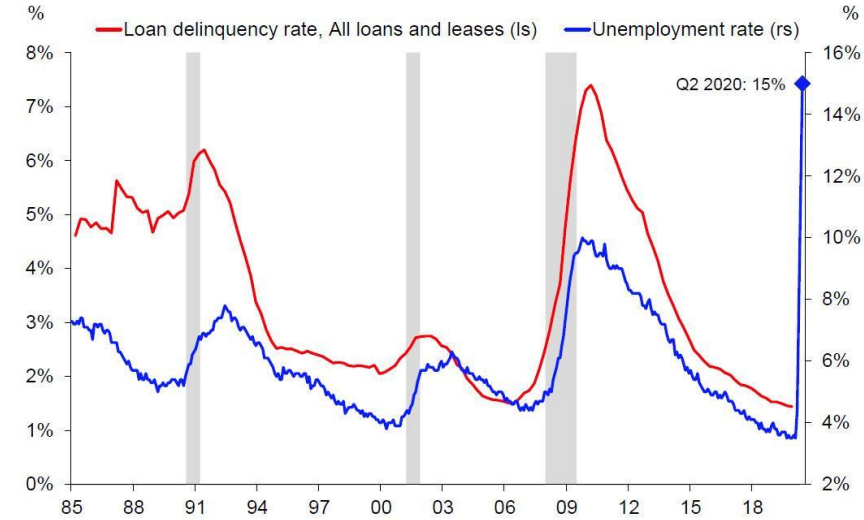
World of demand deficit

- The most enduring outcome of COVID-19 will be demand deficit and, if fiscal is retrenched then secular stagnation.
- This could benefit either party but will present ongoing trade frictions as everybody tries to externalise weak domestic demand via falling currencies.

Conversation is changing from liquidity to solvency



US: Commercial bank loan delinquency rate highly correlated with the unemployment rate



- [Facebook.com/nucleuswealth](https://www.facebook.com/nucleuswealth)
- [Linkedin.com/company/nucleuswealth](https://www.linkedin.com/company/nucleuswealth)
- [Instagram.com/nucleus_wealth](https://www.instagram.com/nucleus_wealth)
- [Twitter.com/nucleuswealth](https://twitter.com/nucleuswealth)

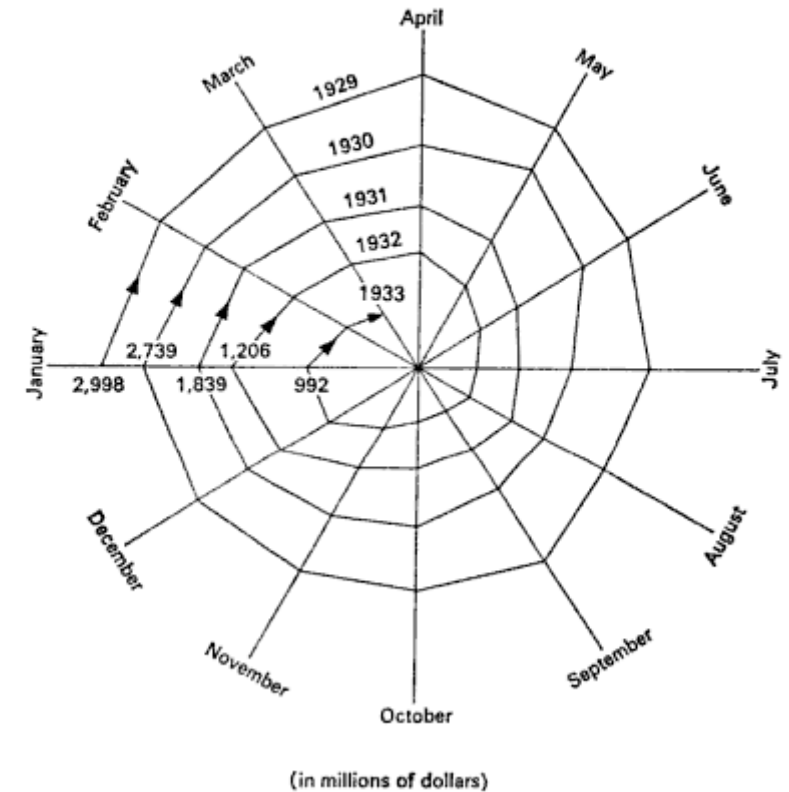
David Llewellyn-Smith
Tim Fuller
Damien Klassen



Great Depression rerun?

- Set-up remarkably similar to Great Depression.
- Fading Great Power that does not want to be economy of last resort owing to debt burden.
- Rising Great Power that does want to be economy of last resort owing to political burden.
- Easy to see trade falling victim.

Figure 10. The contracting spiral of world trade, January 1929–March 1933: Total imports of 75 countries (monthly values in terms of old U.S. gold dollars [millions]).



<https://nucleuswealth.com/subscribe>
Join the podcast mailing list to be notified about future episodes

David Llewellyn-Smith
Tim Fuller
Damien Klassen



Market implications

- Strong USD on tariffs, possible tariffs and rising risk. Rhetorical war is enough.
- Makes life very tough for emerging markets for usual reasons of capital flight and borrowing costs. Made worse by virus in SH.
- So no GFC recovery rerun.
- Difficult for commodities too.
- At minimum, big push against Chinese supply chains, could easily be worse.
- All slows global recovery and weighs on stocks. Trump's good behaviour bond.
- Inflation nowhere.
- Australian dollar no place to be.
- Headwind of problem for gold?



<https://nucleuswealth.com/subscribe>
Join the podcast mailing list to be notified
about future episodes

David Llewellyn-Smith
Tim Fuller
Damien Klassen

