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US-China Lower Tariffs Due to Coronavirus

The Bank for Rural Development in China (ADBC), which deals exclusively with financing rural policy actions, has approved the granting of 10.07 billion of yuan which is about 1.44 billion dollars to confront the expansion of the new epidemic. The ADBC aims to the business financing for the production and purchase of medical materials to prevent and control the spread of the epidemic, as well as for the purchase of cereals, cotton and oil, according to ADBC. At the same time, due to the coronavirus China needs to impose less tariffs on certain products exported as way to reinforce the feeling of confidence affected by the epidemic. China's Ministry of Finance announced that the tariffs that were affected will be reduced from 5% to 2.5% and on February 14 the tariffs that reach 10% will fall to 5%. The reductions apply to customs tariffs entered last September and apply to a total of .717 US products and as a result Washington intends to lower its own tariffs on certain Chinese products on February 14, according to a statement to the Federal Trade Registry of the United States. Market reactions afterwards showed that that China's CSI 300 index rose by 1.3%, while Tokyo's Topix Index climbed 2.5%.

European Financial Budget

Its priorities in the next EU long-term budget, ahead of the EU summit on 20 February, are expected to be discussed by the EU Parliament with representatives of the Council and the Commission during the new session starting today in Strasbourg. The new European Central Bank President, Christine Lagarde, will speak in plenary for the first time on the eurozone's economic governance and the ECB's activities. At its first post-Brexit summit, Parliament will also discuss on Tuesday and is expected to adopt a resolution on Wednesday aiming an ambitious EU-UK partnership. The European Parliament's approval of the EU-Vietnam Free Trade and Investment Agreement is also expected to be discussed on Tuesday, while the proposal will be put to the vote on Wednesday. Another subject that will be voted by the members of Parliament (MEP's) on Wednesday is the exercise of veto of the List of projects of common interest (PCI) due to the inclusion of new fossil fuel-based energy infrastructures. MEPs will also assess the Commission's proposals to improve procedures for third country accession to the EU on Monday, while the EP will seek explanations for the situation of refugees at the EU's external borders. In the meantime, the situation of immigrants and asylum seekers in the EU external borders will be discussed on Wednesday.

Trump calls for budget cuts

Donald Trump wants to cut the US budget for aid abroad by several billion dollars, according to a Reuters report. According to a senior US government official, the US president will propose to cut spending on "external assistance" by 21% in 2021. This means that of the \$ 55.7 billion projected in the current budget, it will be reduced to \$ 44.1 billion from next year. Trump's proposal, however, maintains the same level of financial and military assistance to Ukraine. At the same time, according to the same source, the US

president will demand a "brave" increase in funding for the International Development Finance Corporation (DFC), from \$ 150 million to \$ 700 million. It is noteworthy that the DFC was created primarily to counter China's growing economic influence, constituting a kind of development bank. Finally, President Trump's proposal is also expected to foresee an increase in funds to tackle cyberattacks at \$ 1.1 billion.

Britain's Free Trade

Britain plans to announce the locations of more than ten free trade zones in the post-Brexit era, by the end of 2020, which can be operated by next year, according to a government statement yesterday. As Britain develops its own trade policy for the first time in decades, following its departure from the European Union at the end of last month, the government has launched a ten-week consultation period, presenting its plans for free trade zones. With the completion of the consultations, ports, airports and railway stations will be able to apply for free trade zones. When this policy will apply there will be no more restrictions and trade barriers such as tariffs.

Tesla shares and Safe heaven Assets

After the last 2 days the free fall came, with Tesla's shares dipping up to 20% today, dragging Nasdaq's technology to Wall Street after a company executive said it would delay the delivery of the vehicles it was supposed to take place in early February, due to the coronavirus epidemic. Tesla's shares were rallying up 20% on Monday and 13.7% on Tuesday. Today, however, the electric car company suffered the largest intra-conference losses since 2012. Bitcoin has returned above the \$ 10,000 limit. The rally for most of the cryptocurrencies boosts its momentum, pushing the price to its highest level since October, according to data from the Bitstamp platform. Since the beginning of the year, it has recorded profits of about 40%, surpassing most of its assets in performance. The return of Bitcoin above \$10,000, goes along with S&P rise on Wall Street to new historical highs, although concerns remain for the coronavirus. Rob Slimer of Fundstrat Global Advisors predicts a second quarter increase of between \$ 10,000 and \$ 11,000. The cryptocurrencies and metals mainly gold have attracted investment interest since the beginning of the year as an alternative solutions for investors after the geopolitical and economic uncertainty