

Biiwii Commentary

eResearch Corporation is pleased to provide an article, courtesy of Biiwii.com, and written by Heisenberg, with a link provided to its website.

The article, starting on the next page, is entitled: **“Trump Approves Tariffs On \$50 Billion In Chinese Goods, Escalating Trade War”**

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Along the way, a geek-like interest in technical analysis, a long-time interest in human psychology, and various unique macro market ratio indicators were added to the mix, with the result being a financial market newsletter (and dynamic interim updates), Notes From The Rabbit Hole (NFTRH) that combines these attributes to provide a service that is engaged and successful in all market environments by employing risk management first, and opportunity for speculation second.

But It Is What It Is: You can access Biiwii at its website: www.biiwii.com.

Notes From The Rabbit Hole: You can access NFTRH at its website: www.NFTRH.com

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Bob Weir, CFA
Director of Research

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Trump Approves Tariffs On \$50 Billion In Chinese Goods, Escalating Trade War

By [Heisenberg](#)

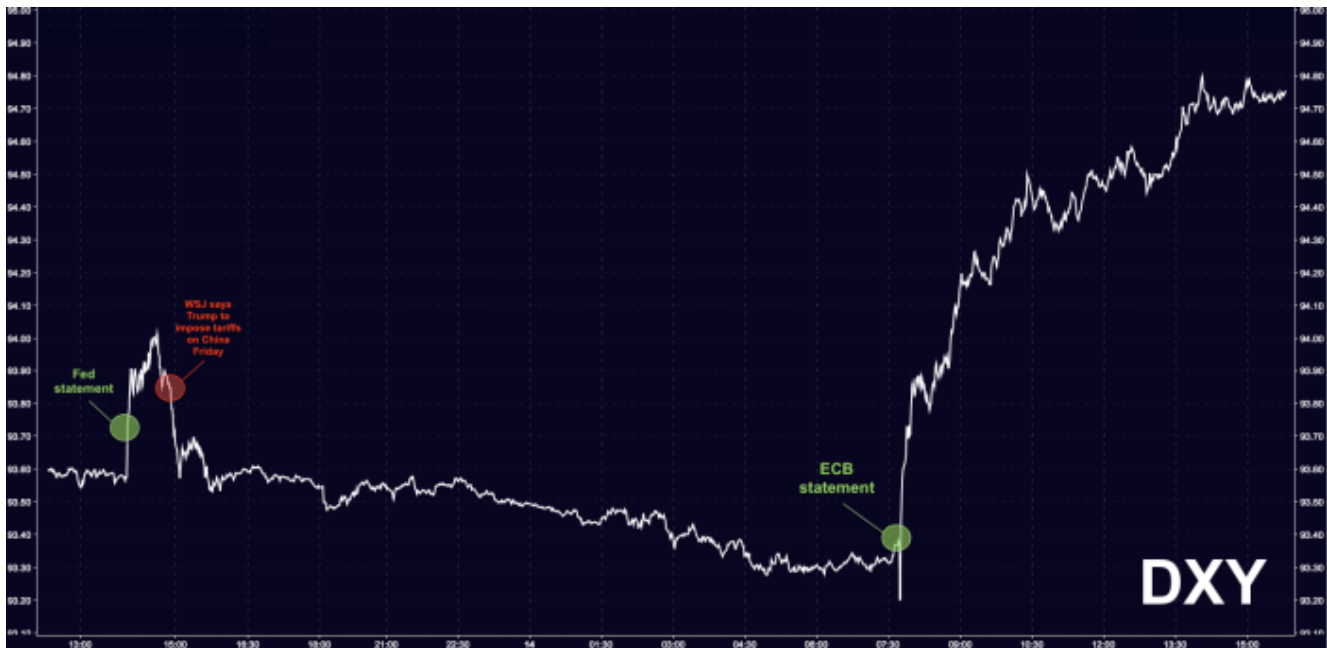
June 15, 2018

Here we go.

On Wednesday afternoon, as the dollar was surging on the back of a hawkish hike from the Fed, WSJ reported that Donald Trump would, in all likelihood, make good on his threat to go ahead with tariffs on billions in Chinese goods, with an announcement likely coming on Friday.

That decision (were it to pan out) would confirm reports from a couple of weeks ago when Trump, seemingly swayed by the isolationist/protectionist contingent's rebuke of a trade truce struck by Steve Mnuchin during a meeting with Chinese Vice Premier Liu He, reversed course on an implicit agreement to hold off on further escalations.

WSJ's post helped catalyze a reversal in the greenback, which renewed its ascent on Thursday following the dovish spin Draghi put on an otherwise hawkish ECB decision.



Fast forward to Thursday afternoon and these headlines hit:

Sanders Says Trump Has Made Decision On China Tariffs

Sanders Declines To Say What Trump's China Tariff Decision Is

An hour after that, WSJ was out again, seemingly confirming what they confirmed Wednesday – call it “confirmation squared”.



To wit:

President Donald Trump approved assessing tariffs on about \$50 billion of Chinese goods, said individuals familiar with the decision, as the U.S.A. ratcheted up its trade fight with Beijing.

The approval followed a White House meeting with senior White House officials and senior representatives of the Treasury and Commerce departments, U.S. Trade Representative's Office, and national security officials.

It was not immediately clear when the tariffs would go into effect.

Apparently, the list of products subject to the levies is similar to the preliminary list.

This comes just hours after Reuters reported that Mexico is now studying whether to slap \$4 billion in U.S. corn and soybean imports with tariffs in response to Trump's aggressive trade posturing.

Here is Reuters:

Earlier this month, Mexico swiftly retaliated when Trump imposed metals tariffs, hitting dozens of American imports including steel, apples, and pork.

But, it held back from the most lucrative class of U.S. farm products: grains, especially feed corn and soybeans, used to fatten Mexico's cows, hogs, and chickens.

Imposing such tariffs would be a last-ditch option hitting at U.S. corn farmers' top export market, and such a move would hurt Mexico's own industry. But it has already been increasing its imports of grains from suppliers like Brazil and Argentina that could enable it to lessen the impact.

Don't get too damn comfortable because a lot of the more benign scenario analyses I have seen revolve around the assumption that Trump is a rational actor or at least some semblance of sane. Even if this is all political posturing ahead of the midterms, it is always possible that he pushes things one step too far or otherwise kicks off a series of tit-for-tat retaliations that are not easily reversible once set in motion.

Biiwii/NFTRH on the Web

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