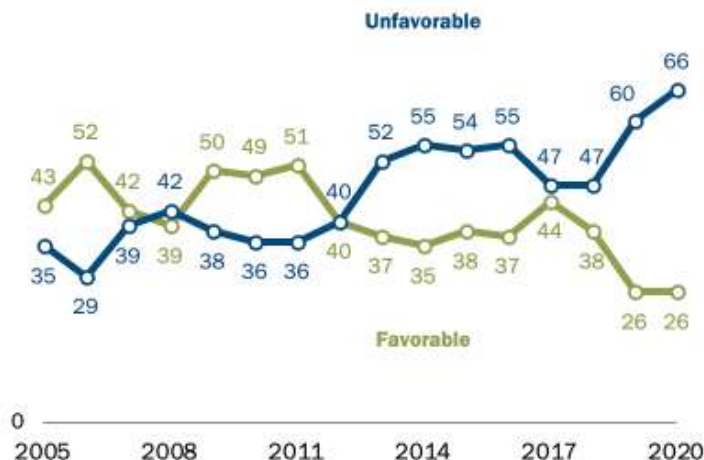




Negative views of China continue to grow in U.S.

% who say they have a ___ opinion of China

100 %



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

Americans see U.S. as a global leader, have major doubts about China

% who say ...

Better for the world if U.S. is world's leading power 91%

U.S. is the world's leading military power 83

U.S. is the world's leading economic power 59

No confidence in President Xi 71

Unfavorable views of China 66

China's power & influence a major threat 62

Source: Survey of U.S. adults conducted March 3-29, 2020. Q5b, Q12a, Q14-16, Q17b.

"U.S. Views of China Increasingly Negative Amid Coronavirus Outbreak"

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US policies towards China reflecting the public sentiment much more intensely before the mid-term elections that are imminent.

The Senate Foreign Relations committee has approved the Taiwan policy act , which is aimed at boosting Taiwan's ability to protect itself .

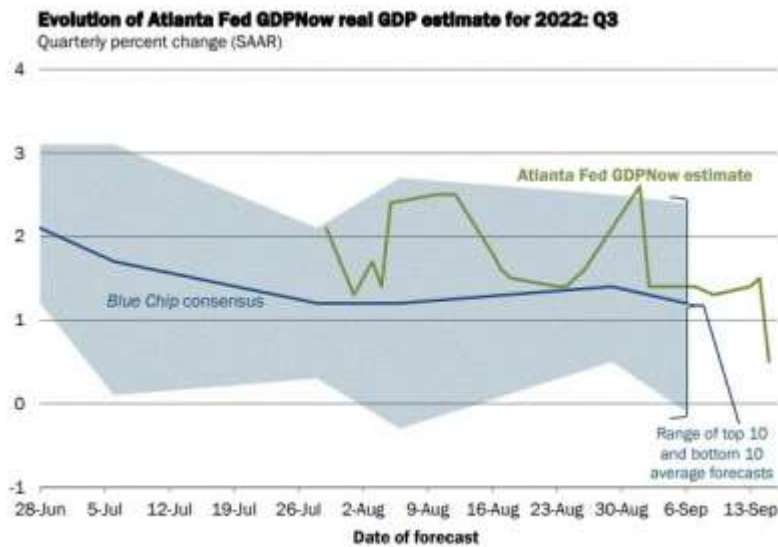
Earlier, this month the Biden administration broadened curbs on U.S. exports to China of semi-conductors used in AI and chipmaking tools.

There are even more controls and regulations planned and with the republicans slated to gain more power, this trend will accelerate further.

China's image with regards to supply chains have also been dented, however major shifts cannot happen in the short term. Which could mean it's the worlds time to suffer a fate similar to that of the Eurozone which was heavily dependent on Russian energy.

Xi Jinping will be seeking a third term for the purposes of reunifying Taiwan. With estimates drawing ever closer with regards to an attack on Taiwan, being accelerated by further arming of Taiwan. China would seek a repeat of the Russian failures and game theoretically that would mean attacking early.





Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

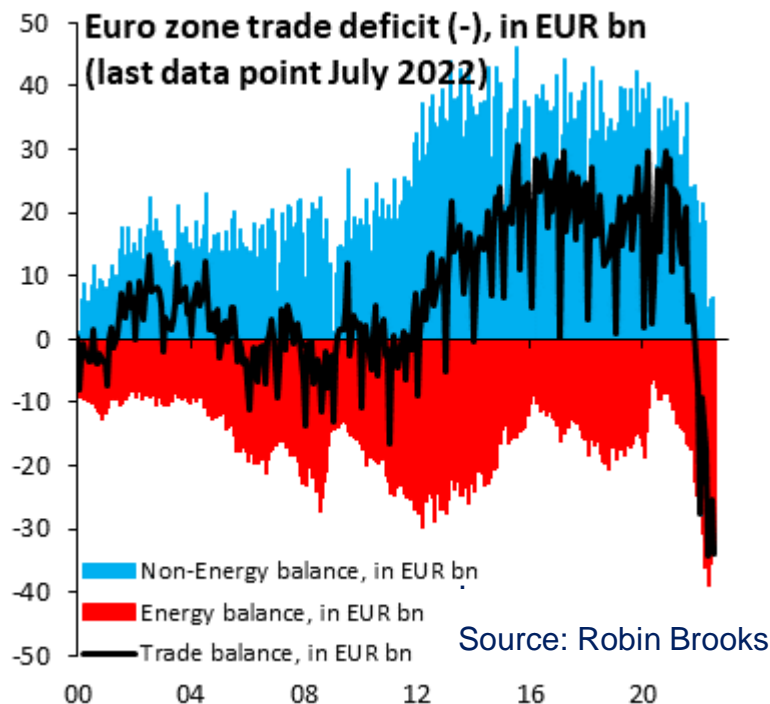
The Atlanta Fed GDP Now Model estimate for next quarter has fallen from the prior read of 1.3% to 0.5%.

Consumer Spending Decrease accounted for most of the fall.



What happens to a “developed” country without QE and a historically high current account deficit ?

The GBP/USD rate is on track to hit a new low, with a 8% Current account deficit and no QE happening it could end up creating a Balance of Payments Crisis. If new PM Liz Truss’s spending plans and tax cuts , happens in the backdrop of simultaneous decline in stocks, bonds and pound , UK will face higher borrowing costs and persistent inflation.



Euro-zone

Competitiveness has received its biggest shock since 1980's with a trade deficit of EUR 177 Billion.

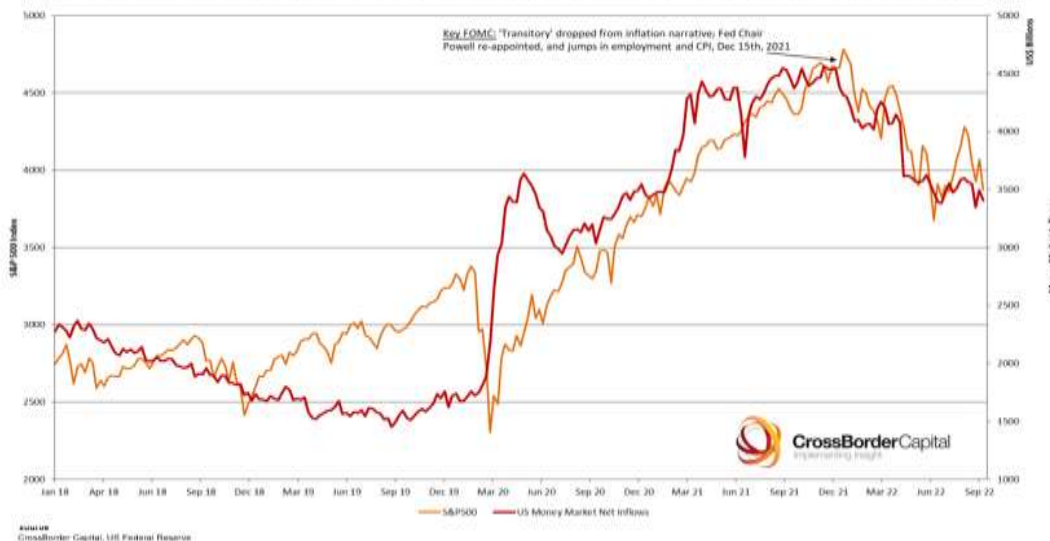
However, it still remains to be seen how the natural gas intensity of German GDP actually responds in the face of possible pipe shutdown.

Source: Robin Brooks



CrossBorderCapital
Implementing Insight

US Federal Reserve Net Liquidity Injections and S&P500 Index



Liquidity drives markets, another demonstration of the same principle. With Fed's Mester saying that there is no QE planned for in 2023 and inflation remaining persistent, the markets should continue downwards. There is also evidence of emerging evidence of a wage growth spiral across the globe through the number of threat of strikes taking place.