

January 20th 2020

January 15th 2020, U.S. and China sign phase one trade deal

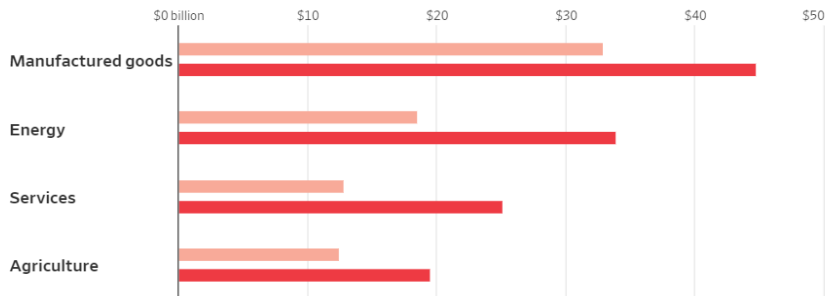
- China will be increasing purchases of American goods by \$200 billion over next two years
- US has agreed to cut tariffs by 7.5% on \$120 billion Chinese goods within 30 days, but Washington will leave tariffs on \$370 billion

Planned Purchases

China agreed to increase its U.S. imports by about \$200 billion over two years.

Proposed increases in imports by category

2020 2021

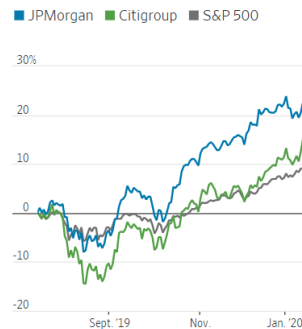


Source: U.S.-China Trade Agreement

Big Banks post big profits in 2019

- Morgan Stanley profit 46% in fourth-quarter
- JPMorgan reported 2019 was its most profitable year on record
- Big Banks in U.S. were able to gain double digit earnings, despite low interest lending (*interest*) rates

Stock and index performance



Source: FactSet

World News

- IMF predicts global economy will improve in 2020
- China, South Korea both working to contain contagious coronavirus in densely populated metropolitan areas
- U.S. officials say they will keep pressure on Tehran but are confident Iran does not want war with U.S.



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Trade Deal

- Beijing agrees to increase purchasing of American farm products, manufactured goods, business services and oil and natural
- In return, Washington has agreed to cut tariffs by roughly 25%, with the promise all tariffs will lift if phase two trade of deal is signed
- Skeptics of the deal say its target numbers are too high, it increases American farmers' dependence on Chinese purchases and does not address the retaliatory tariffs in place currently hurting American farmers

Sources:

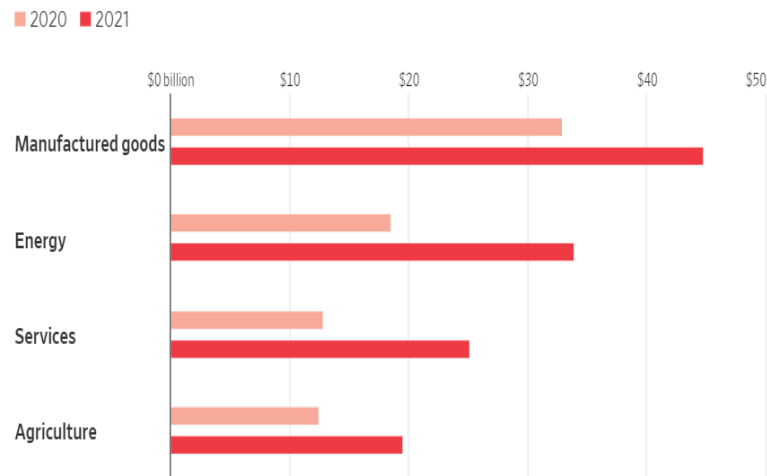
<https://www.wsj.com/articles/trade-deal-sets-aggressive-targets-for-chinese-purchases-11579176229>

<https://www.wsj.com/articles/u-s-china-to-sign-deal-easing-trade-tensions-11579087018>

Planned Purchases

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Proposed increases in imports by category



Source: U.S.-China Trade Agreement

Bank Profits Soar in 2019

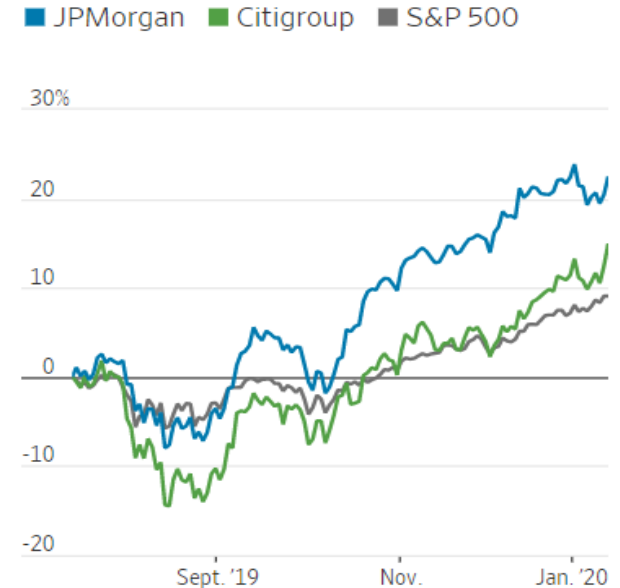
- Morgan Stanley posted \$2.2 Billion in earnings on \$10.9 Billion in revenue in the fourth-quarter of 2019
- JPMorgan and Citigroup boosted revenues from non-lending arms, such as investment banking and wealth management
- A strong holiday shopping season and increased volume of mortgage originations shows U.S. consumer is driver of banks returns

Sources:

<https://www.wsj.com/articles/big-banks-post-big-profits-thanks-to-strong-u-s-economy-11579027938>

<https://www.wsj.com/articles/morgan-stanleys-fourth-quarter-profit-jumps-46-11579177715>

Stock and index performance



Source: FactSet

World News

- International Monetary Fund predicts global GDP will expand by 3.3% in 2020, up from the 2.9% expansion in 2019
- Expansion of economy will be driven by relaxed trade war tensions, and eased monetary policy
- Newly identified virus in China has spread quickly, with reported cases tripling over weekend
- Officials worry about millions of Chinese traveling this week for Lunar New Year
- Officials say even though open conflict with Iran has subsided, the U.S. and its allies will remain in hopes to keep region stable and continue to forward the White House's efforts

Sources:

https://www.wsj.com/articles/imf-predicts-global-economy-will-rebound-in-2020-11579525201?mod=hp_lead_pos6

<https://www.wsj.com/articles/china-coronavirus-kills-third-person-spreads-to-more-cities-11579494221>

<https://www.wsj.com/articles/u-s-looks-to-maintain-pressure-on-iran-as-tensions-cool-11579516201>

