

Focus

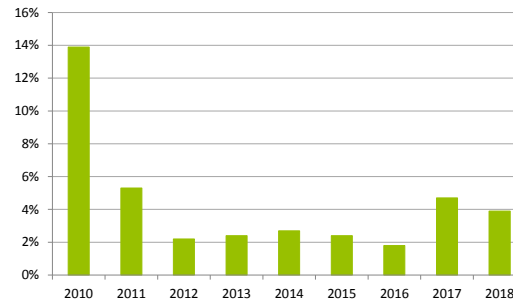
The World Trade Organization (WTO) aims to stimulate trade. It does so by allowing countries to negotiate on lowering tariffs, abolishing rules that limit the amount of trade, and applying equal rules to all countries. However, in deciding trade agreements, a multilateral approach is used where every WTO member in the negotiations has to agree before new regulations are passed. This has led to endless negotiations, and has called into question the effectiveness of the WTO.

Increased protectionism has put the WTO in a difficult position. Well-known examples of increased protectionism are the trade war between the United States of America and China or the renegotiation of trade agreements in North America, Europe and Asia. Since the United States (US) are ruled by president Trump, it has systematically tested the basic principles of international trade. The US even asked the WTO to set up a separate trade war dispute settlement commission.

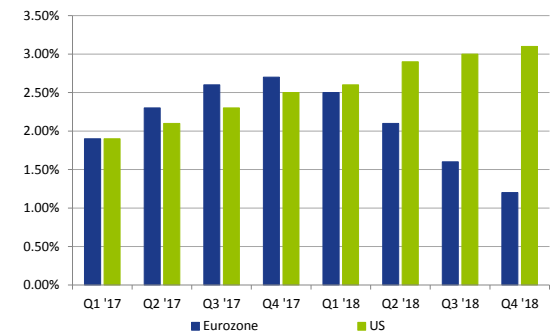
Countries that joined the WTO after 1995, such as the state-run economies of China in 2001 and Russia in 2012, and which do not adhere to the free market principles of the earlier members, are often seen as a leading cause of this change. For example, there are strict rules concerning state support to state run companies, but none exist for support by state run companies to other state run companies, a measure employed for instance by China.

In 2008, world trade growth was recorded at 3.9% in 2018, down from 4.7% in 2017. Growth is expected to slow further to 3.7% in the first quarter of 2019 on an annual basis. The WTO expects trade tensions to increase further this year and demands from lenders to become stricter. However, the WTO also indicated that if geopolitical tensions ease, world trade growth could quickly exceed trend growth again.

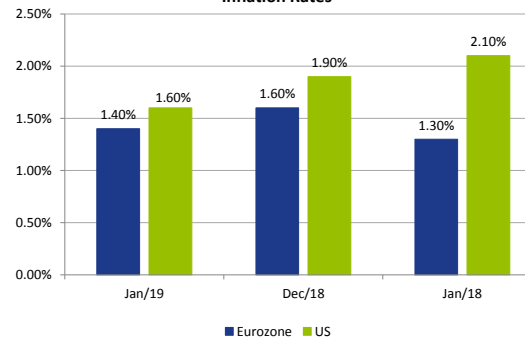
Global trade growth (YoY)



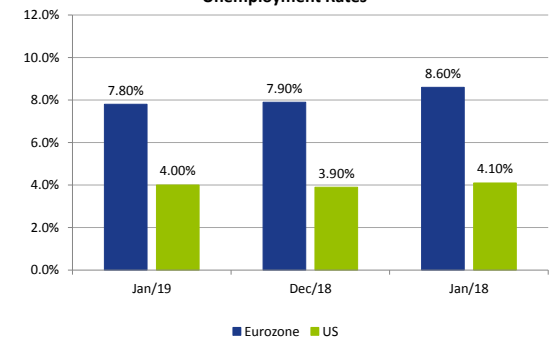
GDP Growth (YoY)



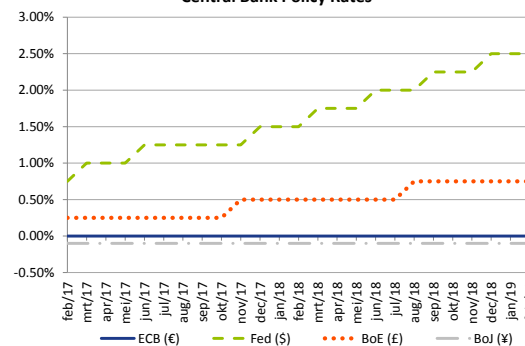
Inflation Rates



Unemployment Rates



Central Bank Policy Rates



Country Ratings	S&P	Moody's	Fitch
Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AA	Aa2	AA
United Kingdom	AA	Aa2	AA
Russia	BBB-	Baa3	BBB-
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

Review

The European Commission stated that consumer confidence in the eurozone has increased in February 2019 compared to January 2019. The index measuring confidence achieved a level of -7.4 in February, compared to -7.9 in the previous month. Economists expected a value of -7.7. On the other hand, the Dutch consumer confidence index decreased to -2 in February 2019 from 1 in the previous month, according to Statistics Netherlands. It marked the first time Dutch consumer sentiment was negative since February 2015.

Preview

On the night of 29 March to 30 March, the United Kingdom (UK) is set to leave the European Union (EU) if all goes according to schedule. The most important question in the near future is if there will be more clarity about the withdrawal agreement before 29 March 2019. Only if the entire withdrawal agreement is approved there will be a so-called transition period after 29 March, lasting until 31 December 2020.

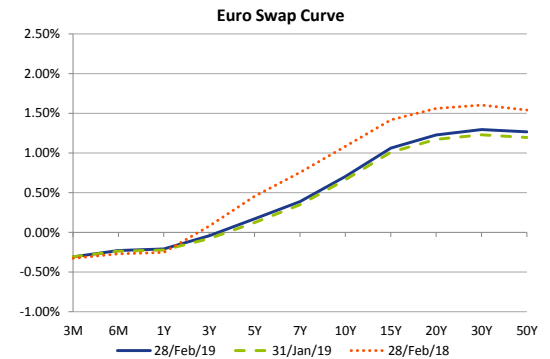
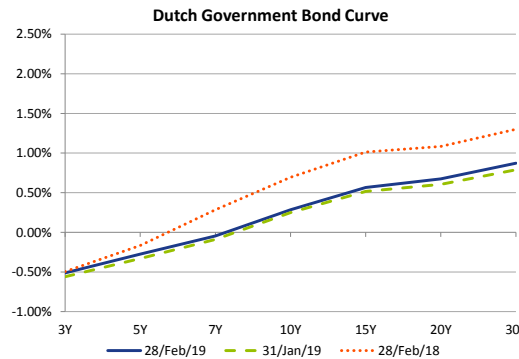
The main issue is a 'backstop' agreement, the guarantee to prevent a hard border between Northern Ireland and Ireland after the British departure. The British Parliament does not support the withdrawal agreement if the backstop does not have an end date. As an alternative to the backstop, Prime Minister May now proposes three options: a time restriction, a unilateral exit mechanism or an amended agreement.

Frans Timmermans, Vice-President of the European Commission, reacted pessimistically to the February negotiations. The Vice-President believes that the risk of the UK leaving without a deal has increased.

May wants to put the amended agreement to the vote by 12 March at the latest. If this proposal is rejected, the House of Commons will vote for a departure without a deal on the 13th of March. If there is no majority for this either, then a vote for postponement will be taken on the 14th of March.

Timeline macroeconomic indicators:

- 7 March 2019: Interest rate decision European Union
- 8 March 2019: Unemployment figures United States
- 8 March 2019: Export and Import figures China
- 14 March 2019: Industrial Production China
- 20 March 2019: Interest rate decision United States
- 29 March 2019: Brexit



Bank Ratings	S&P	Moody's	Fitch
Rabobank	A+	Aa3	AA-
ING Bank	A+	Aa3	AA-
ABN AMRO	A	A1	A+
BNG Bank	AAA	Aaa	AA+
NWB Bank	AAA	Aaa	n.a.
Deutsche Bank	BBB+	A3	BBB+
BNP Paribas	A	Aa3	A+
Barclays Bank	A	A2	A+
Credit Suisse Int.	A	A1	A-

Currencies	28/Feb/19	31/Jan/19	28/Feb/18
EUR/USD	1.137	1.145	1.219
EUR/GBP	0.857	0.873	0.886
EUR/CHF	1.135	1.138	1.152
EUR/JPY	126.665	124.650	130.080
EUR/DKK	7.461	7.466	7.446
EUR/SEK	10.506	10.357	10.110
EUR/CAD	1.498	1.502	1.565
EUR/AUD	1.603	1.574	1.571
EUR/CNY	7.611	7.670	7.720

