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# ARE COMMODITIES GOING TO BE TRUMPED?

## THE U.S. PRESIDENT IS A MIXED PICTURE

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REUTERS

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(Clyde Russell is a Reuters market analyst. The views expressed are his own)



# WHAT WE KNOW

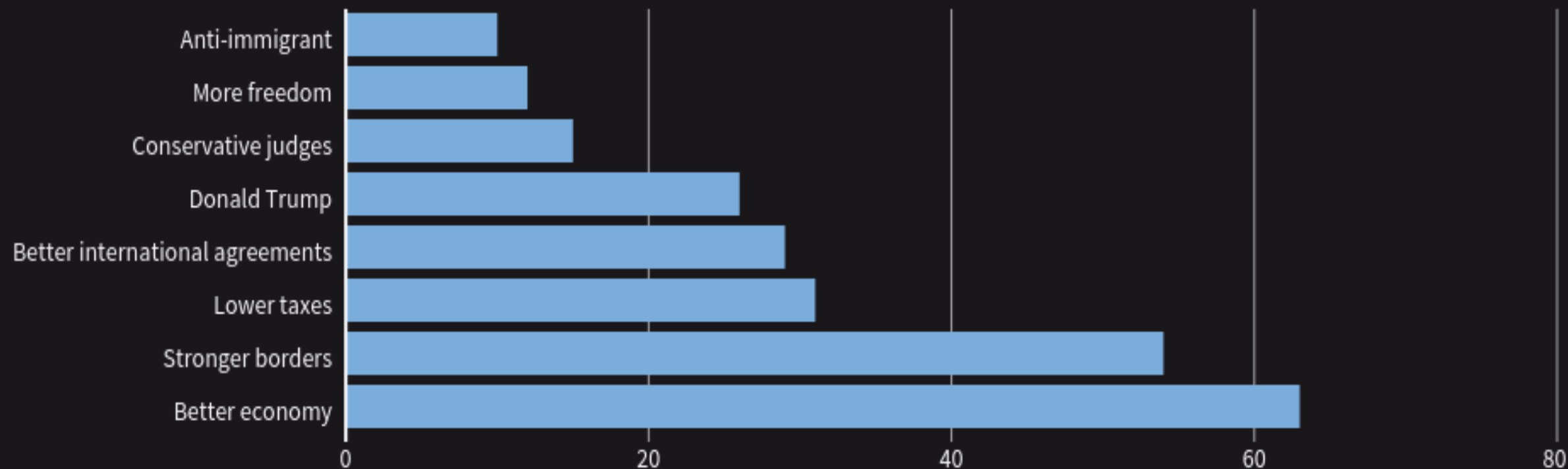
- Trump has imposed tariffs on \$50 billion of imports from China.
- Trump considering \$200 billion of more tariffs
- China has imposed tariffs on \$16 billion of U.S. goods, proposed \$60 billion more
- China's economy has slowed somewhat, steps being taken to boost infrastructure spending
- So far, U.S. economy is resilient, but manufacturing jobs going elsewhere in Asia

# WHAT WE DON'T KNOW

- What's the end game for Trump?
- How much can China stimulate its way to growth?
- How will commodity demand in China be affected, both short and long term?
- Can the rest of the world live with a U.S.-China trade war, how quickly can economies adapt?

# What MAGA means to Trump voters

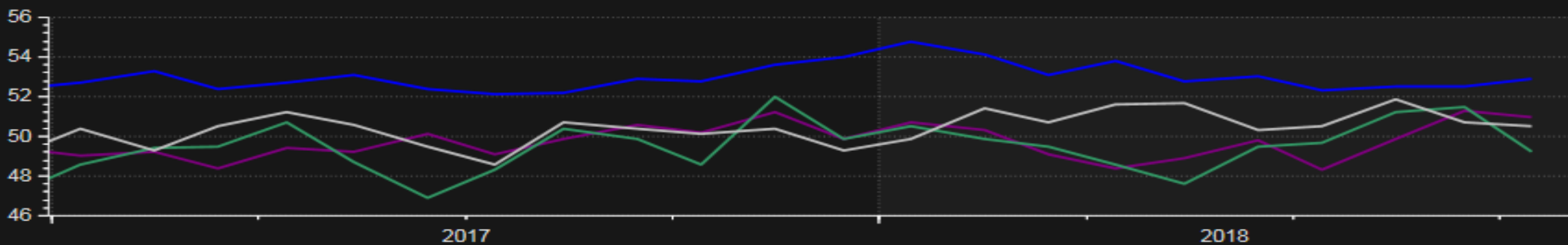
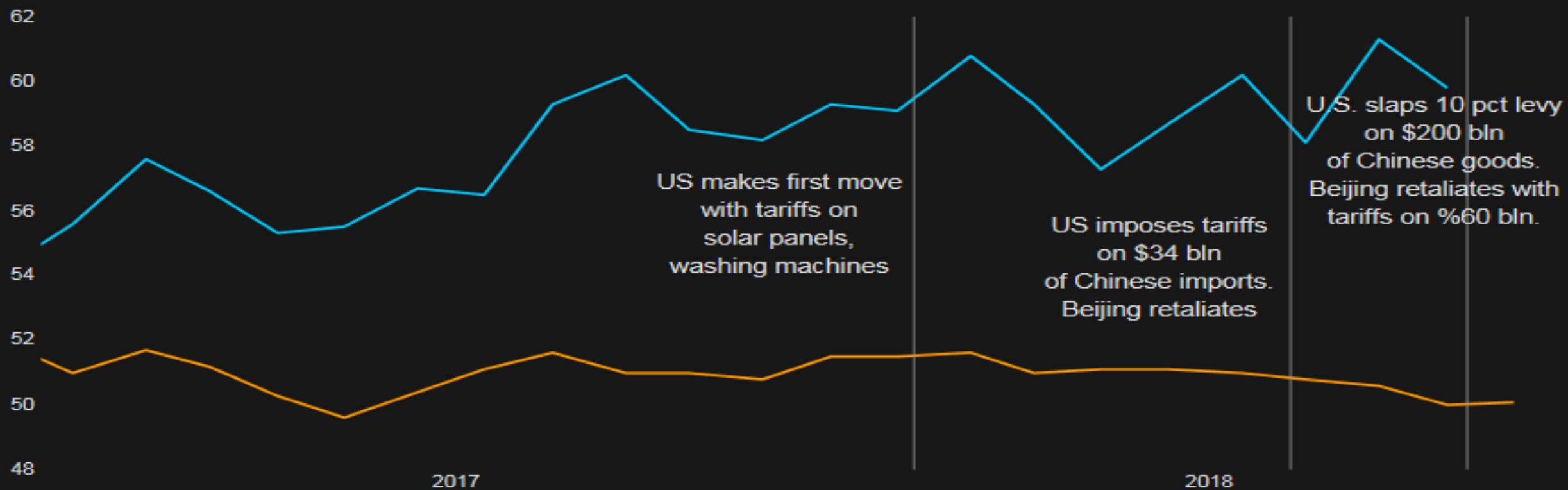
A Reuters/Ipsos poll asked Trump voters what "Make America Great Again" (MAGA) meant to them. While most Trump voters believe "MAGA" means "stronger borders" and a "better economy," they also define it in a variety of other ways, including that it simply means "Donald Trump."



Source: Reuters/Ipsos poll, Oct. 2-9, 2018. Sample size = 1,249 Trump voters; credibility interval = +/- 3 percentage points.

Julia Harte, Ned Parker, Chris Kahn, Pete Eisler | REUTERS GRAPHICS

# Manufacturing activity: China vs U.S.

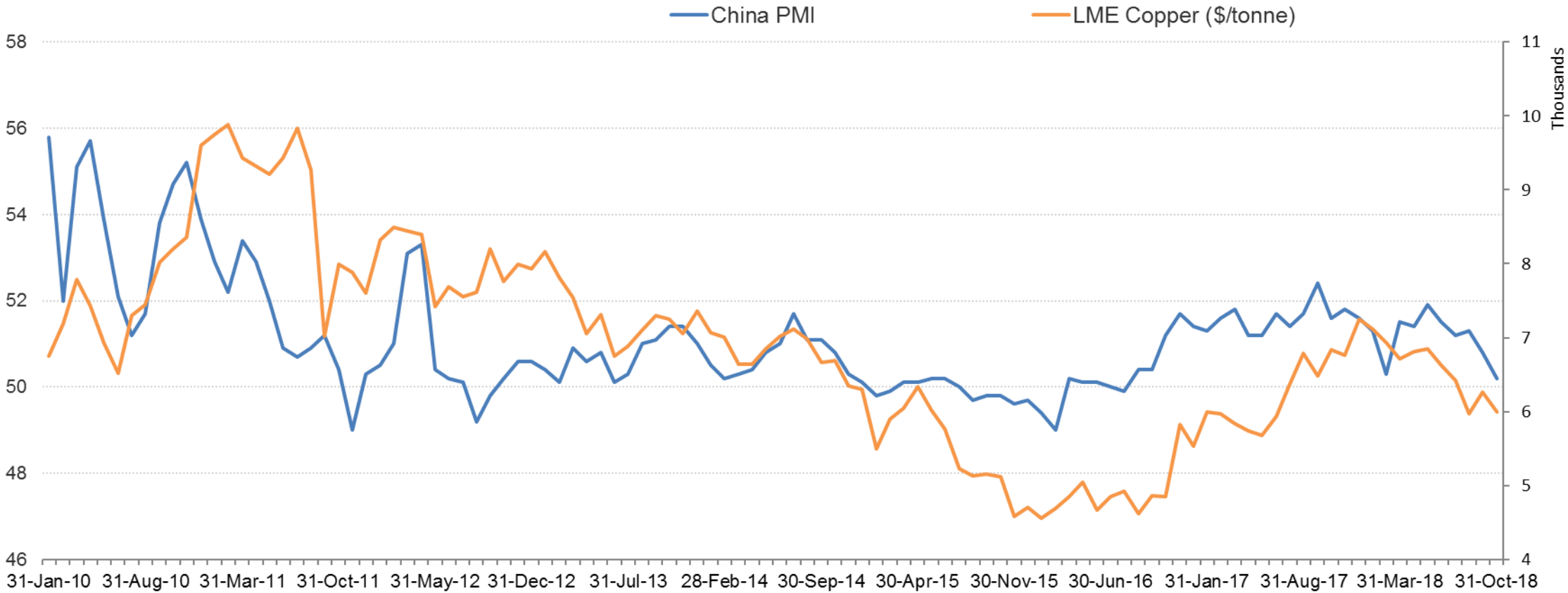


— CAIXIN PMI: MANUFACTURING : China  
— NIKKEI PMI: MANUFACTURING : Japan  
— NIKKEI PMI: MANUFACTURING : Malaysia

— ISM PMI (MFG SURVEY) : United States  
— NIKKEI PMI: MANUFACTURING : South Korea  
— NIKKEI PMI: MANUFACTURING : Indonesia

# COPPER STRUGGLES WITH CHINA PMI

NBS PMI vs LME 3-month copper

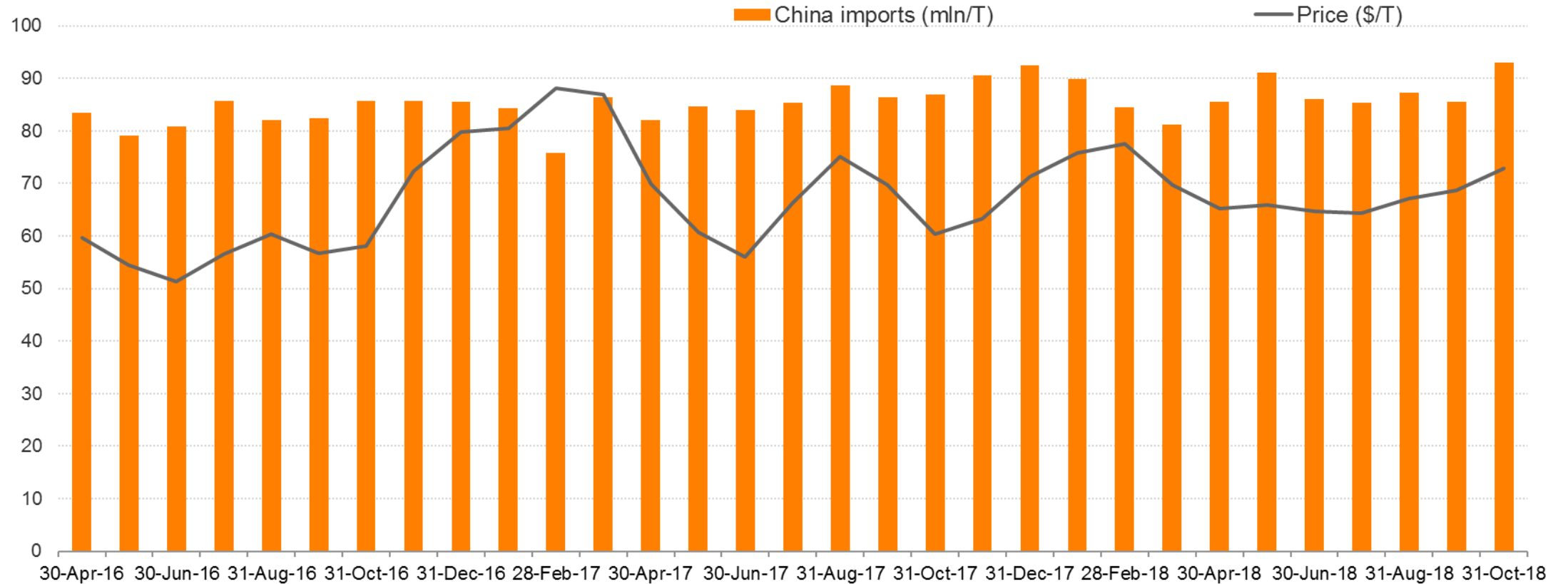


Source: Thomson Reuters Eikon Reuters graphic/Clyde Russell 06/11/18



# CHINA'S ROBUST IRON ORE IMPORTS

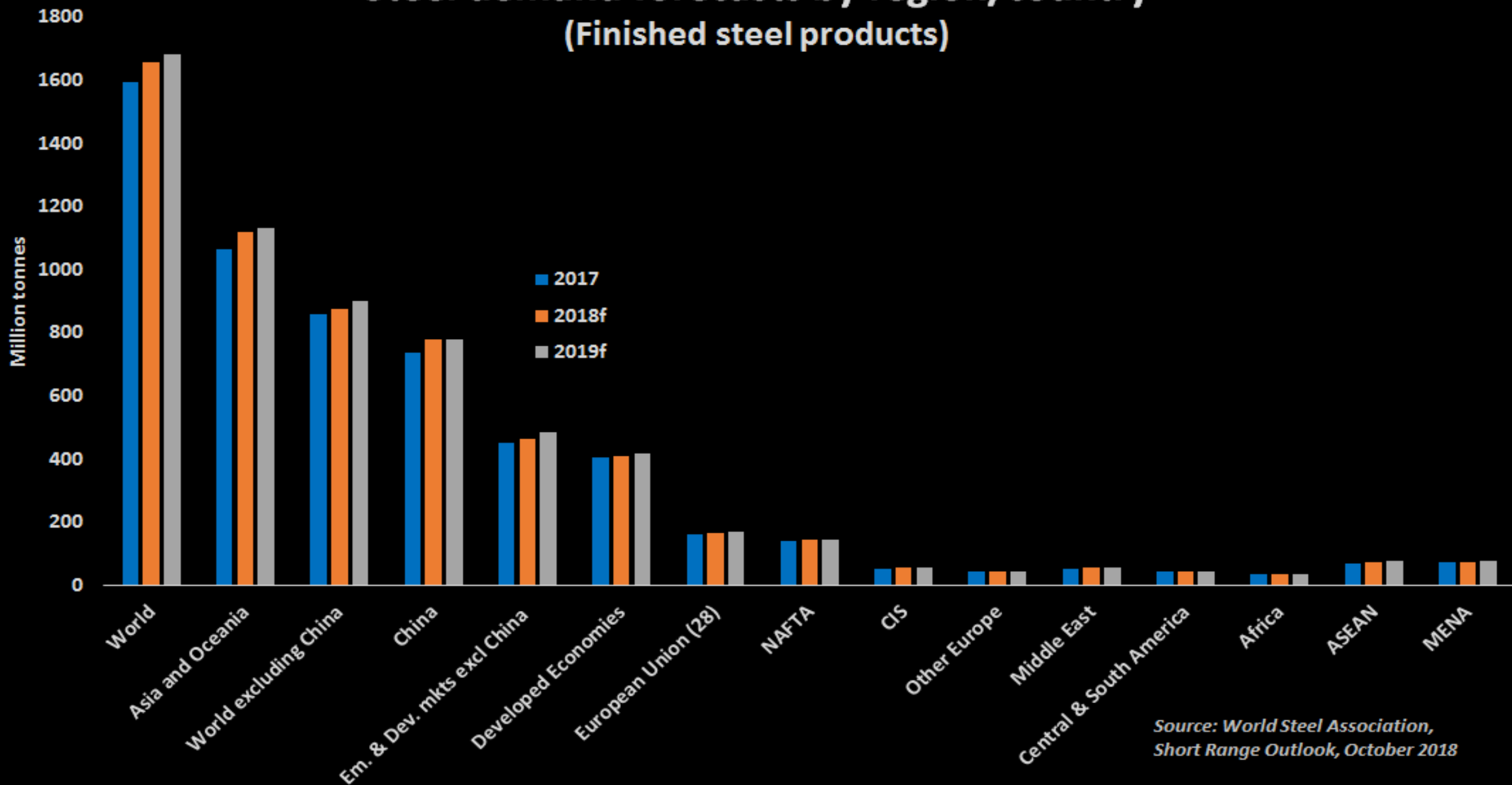
Seaborne vessel-tracking iron ore imports vs. SGX iron ore contract



Note: October imports are estimate

Source: Thomson Reuters Eikon Reuters graphic/Clyde Russell 06/11/18

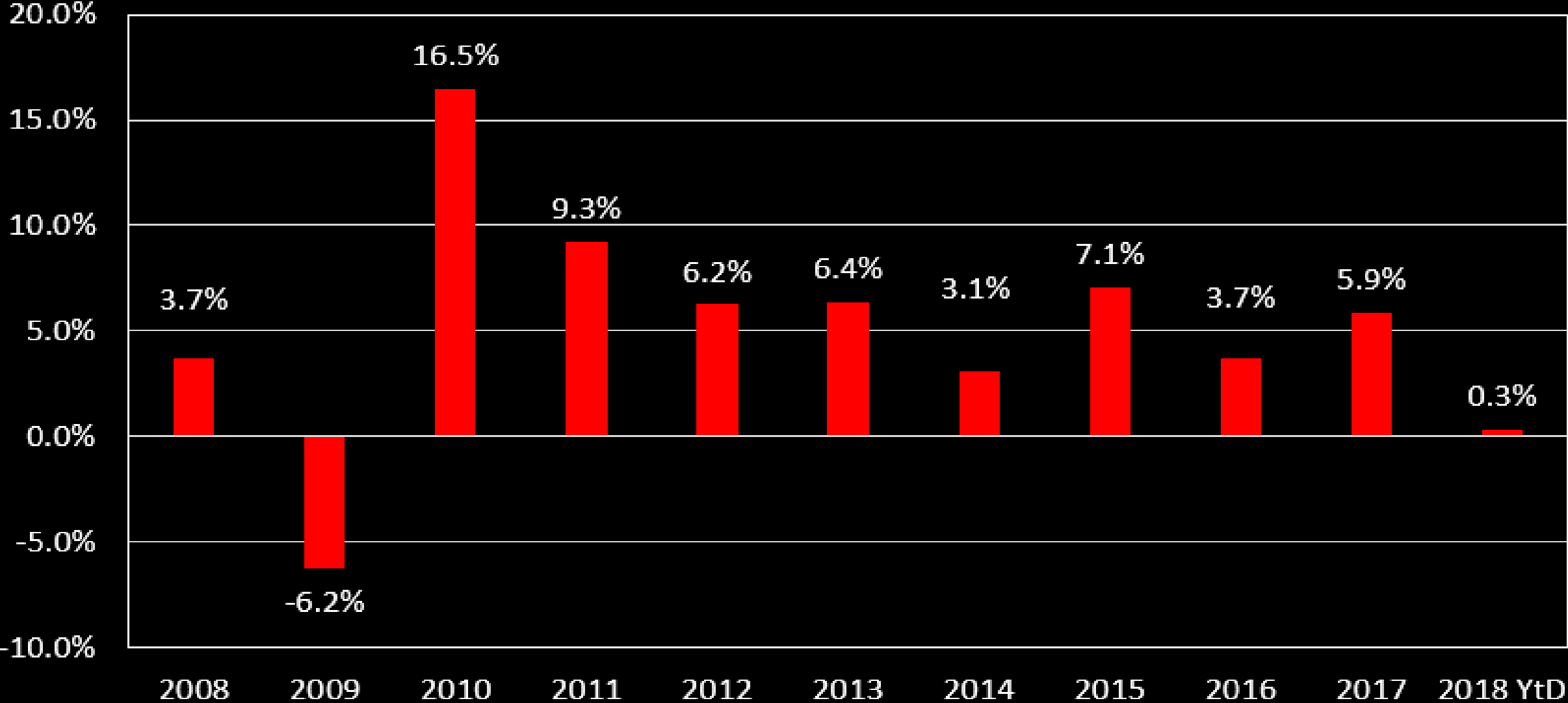
# Steel demand forecasts by region/country (Finished steel products)



Source: World Steel Association,  
Short Range Outlook, October 2018



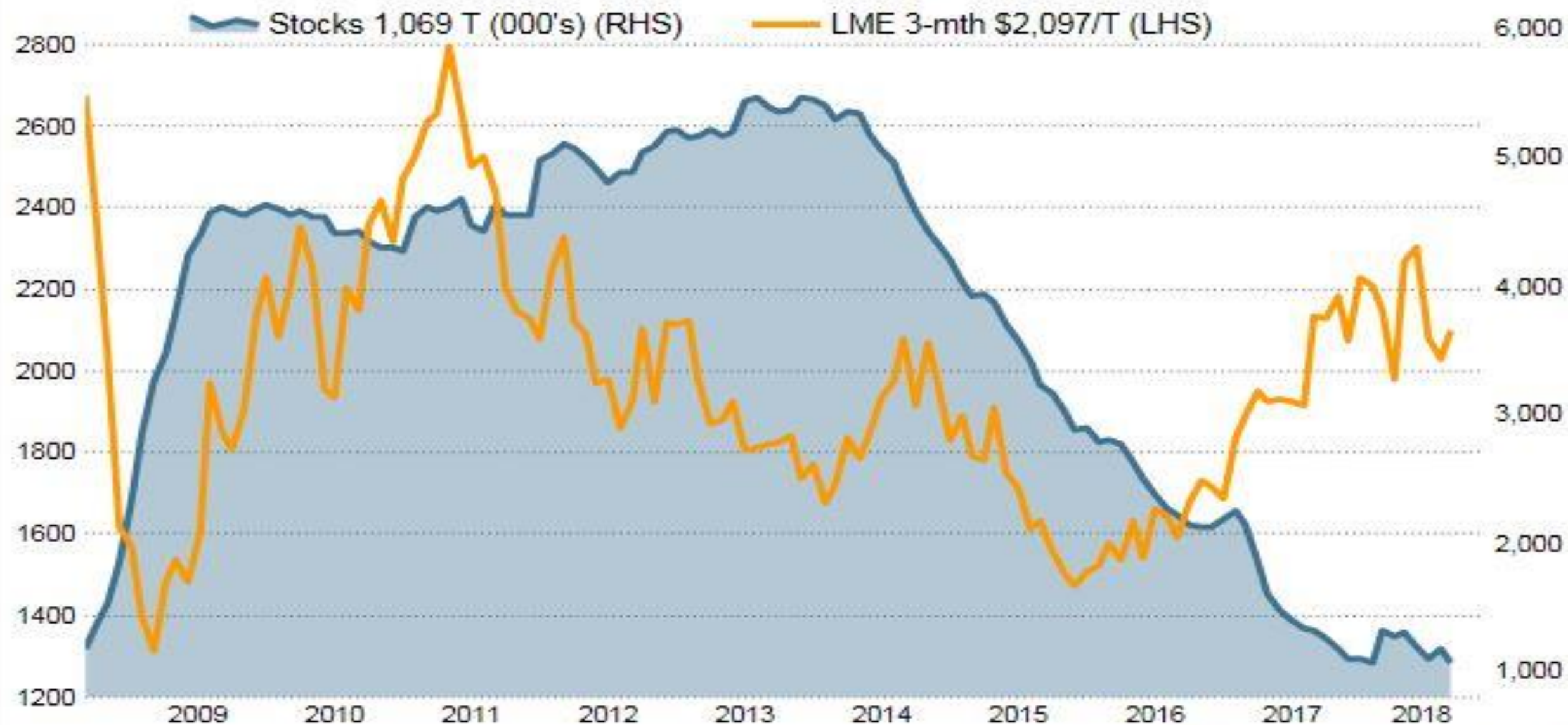
# Global Aluminium Output Yearly Change



Source: International Aluminium Institute

Andy Home: 23/10/2018

# LME aluminium stocks vs prices

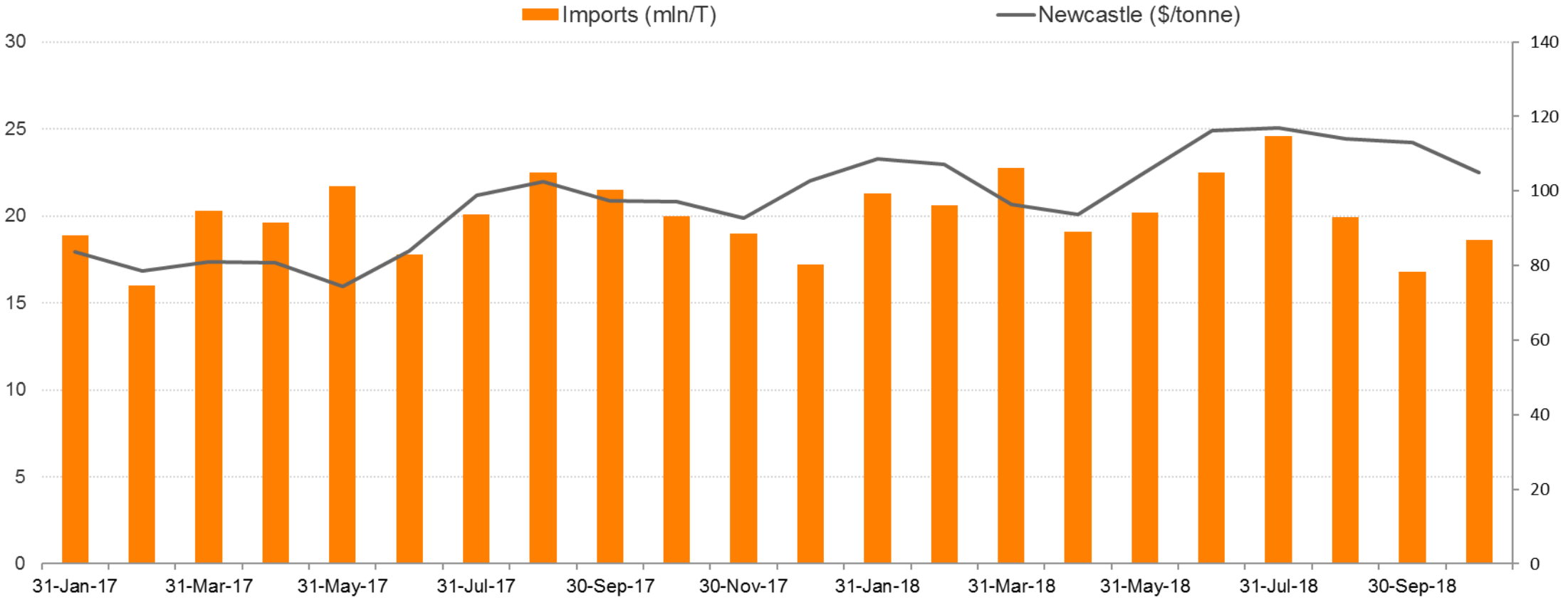


Source: Thomson Reuters Datastream

Reuters graphic/Pratima Desai 04/09/2018

# CHINA COAL IMPORTS MODERATE

Seaborne coal imports vs. Newcastle spot price

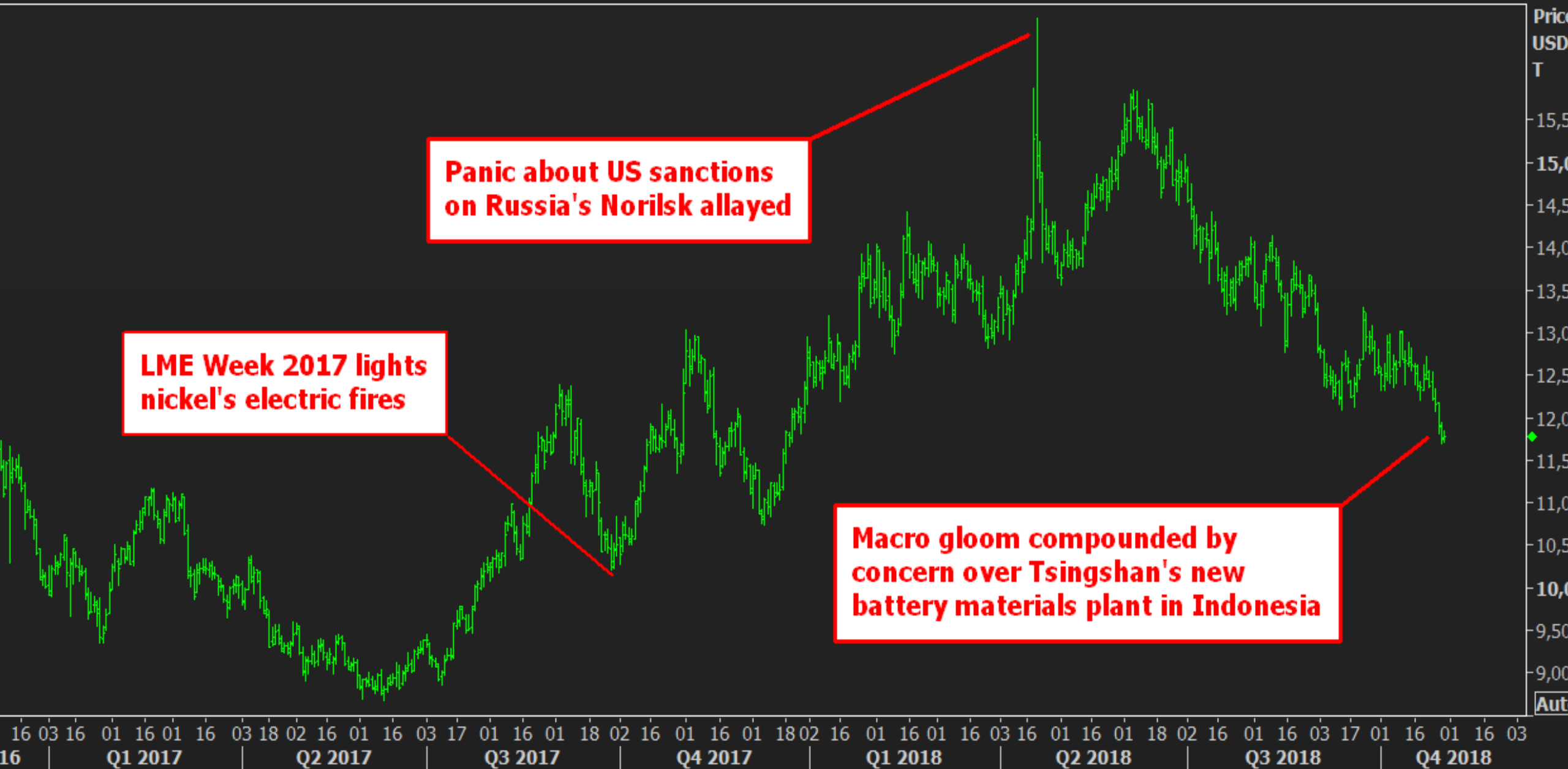


Note: October 2018 imports are estimate

Source: Refinitiv Eikon Reuters graphic/Clyde Russell 06/11/18

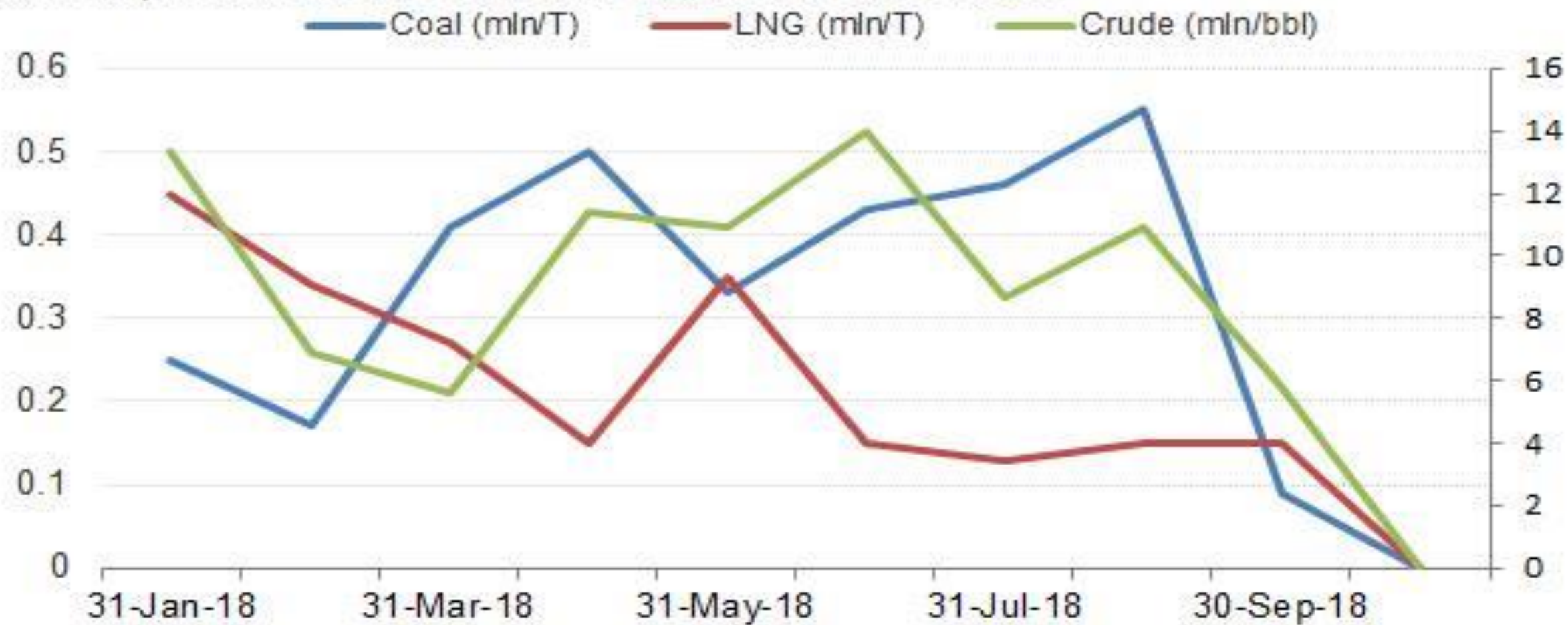


# Is LME nickel losing its electric buzz?



# CHINA'S IMPORTS OF U.S. ENERGY

China's imports of coal, LNG and crude oil from the United States



Note: Coal, LNG on left axis, crude oil on right

Source: Refinitiv Eikon Reuters graphic/Clyde Russell 18/10/18

# CONCLUSIONS

- Much of Trump is just noise, pandering to his base
- BUT, there are real impacts on commodity flows, and dislocations are already happening
- Will the Trump disputes with China and Iran follow the NAFTA path?
- Trump is a longer-term risk for the world economy
- But short term, trade war may actually provide a boost



“Trade wars are good,  
and easy to win.”

— Donald Trump