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Sweet or Unsweet: How Will World Drama End?

Energy Perspectives Blog by Mike Madere

Stratas Advisors' Global Energy Perspectives service tracks trends affecting energy in its monthly Snapshots feature. Analyst Ashley Petersen recently peered into her crystal sphere and extracted information about the global economy.

Overall, the world economy is generally healthy, although growth is showing signs of slowing in some areas, Petersen says. And while "risks remain skewed to the downside, there are a multitude of unanswered trade questions that could have an impact this year," she offers.

Here are Petersen's Three Big Questions. To sweeten the iced tea, I have scraped some recent cartoons off the Internet. The idea is for you to get some enlightenment and amusement in a single serving. After all, if an issue has the power to generate a cartoon it's not a laughing matter. How ironic is that?

When will USMCA be ratified?



The White House has reached an agreement to lift tariffs on steel and aluminum imports from Canada and Mexico. These tariffs were a roadblock to ratifying the USMCA trade deal intended to replace NAFTA. While the chance of the USMCA being quickly ratified have greatly improved, this administration has hammered home the lesson that anything can happen.

Will a Brexit deal emerge?



In Europe, the terms of Britain’s exit from the EU continue to be hammered out, with a final decision delayed until October. While a “no-deal Brexit” is likely to have a primarily local impact, several European economies are on a razor’s edge, and any significant slowdown could send some of the regional economies tumbling, hurting the health of the EU.

What will a US-China trade deal look like?



Shortly after an apparent breakthrough in US-China trade negotiations, the potential deal fell apart with the White House firmly rejecting edicts that Beijing had attempted to incorporate into the draft text. According to reports the edicts primarily targeted removing language around legally codifying and enforcing the details of the trade agreement. Both sides agreed to continue negotiations, but in the meantime each country has raised tariffs on the other and a timeline for resuming talks is unclear.

The US swiftly raised tariffs on \$200 billion worth of Chinese goods from 10% to 25%, while China responded with tariffs on another \$60 billion. China is running out of items to tariff, but it has other options (none of them perfect) that it could turn to in an effort to counter pressure from the US.

With negotiations stalled and both sides making aggressive statements, it appears that a resolution to the trade dispute is

still many months away.

So what will transpire throughout year? Come back for a refill on that iced tea.