Focus

The United States of America and China seem to be at the brink of a trade war, with both economic super powers having announced tariffs on imports in recent weeks. The tariffs are a result of the US trade deficit with China.

The trade deficit of the US with China has continuously increased since 1985 (see graph). In 2017, the trade deficit reached a level of USD 375 billion, an increase of 8.1% compared to the previous year. According to President Donald Trump, the ever-expanding trade deficit is due to the failed trade policies of his predecessors. President Trump believes protectionist policies are needed to stop further increases.

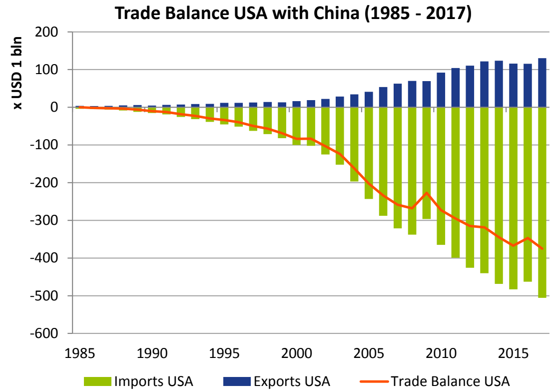
The US announced several trade policies aimed at creating a long-term trade balance, including increased import duties on Chinese steel. China, the largest producer of crude steel, responded to the proposed tariffs by announcing levies on hundreds of American import products. This in turn caused the US to announce additional duties on Chinese products.

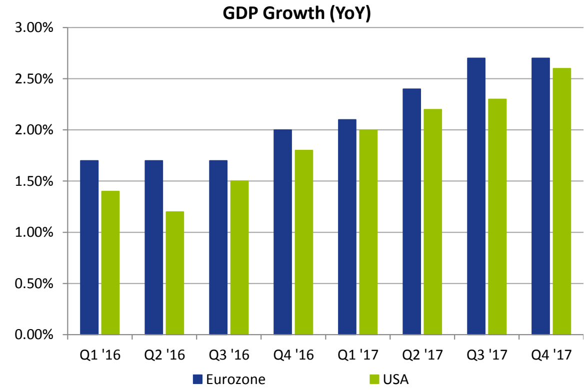
According to the American Secretary of Commerce, Wilbur Ross, the Chinese tariffs on US goods will have a minimal impact on the US economy, as these goods only represent 0.3% of the American GDP. However, analysts fear that a trade war will damage the American and Chinese economies in the long run and slow down economic growth. The question remains if the US and China will continue on their protectionist paths or if others ways can be found to restore the trade balance between both countries.

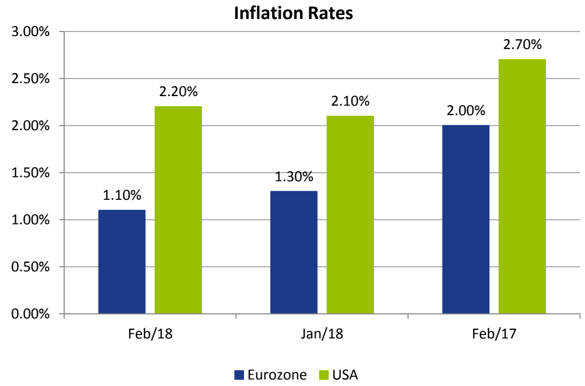
March in Review

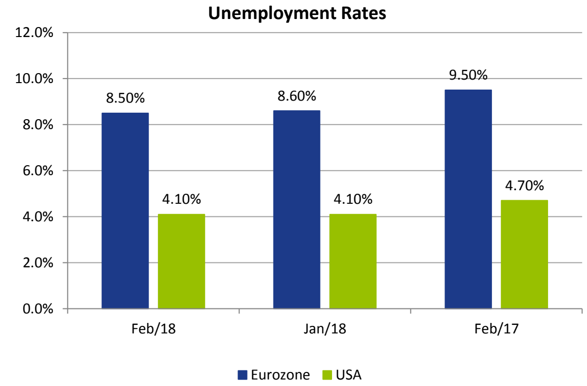
March was characterized by political turmoil on a global level. Early in March, Russian double agent Sergei Skripal and his daughter were poisoned in Salisbury (UK). The British government claimes that Russia is responsible for the attack and many countries have backed the claim. As a repercussion, Russian diplomats were expelled from several countries. The increased global tensions seem to affect economic sentiment. Multiple indices declined in March, including the US consumer confidence index and the Eurozone economic confidence index.

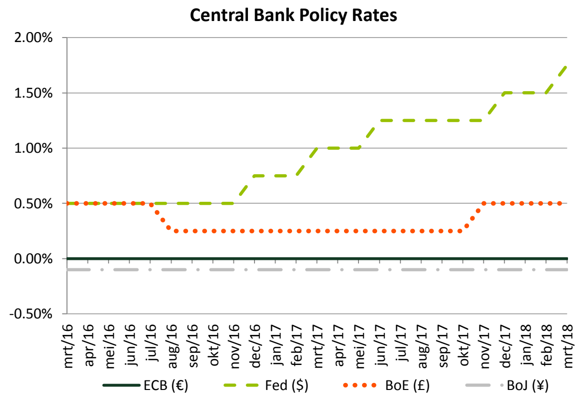
The Federal Reserve (Fed) remains positive about the growth trend of the US economy and decided to increase its benchmark interest rate from 1.50% to 1.75% in March. The Fed claims that the increase is partly backed by the low unemployment rate (4.1% in March) and a strong economic outlook. It is the sixth increase since 2015.











Country Ratings	S&P	Moody's	Fitch
Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AAA	Aa2	AA
United Kingdom	AA	Aa2	AA
Russia	BBB-	Ba1	BBB-
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

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Monthly Preview

The new Federal Reserve Chair, Jerome Powell, announced in his post-meeting address that the Fed will most likely stick to a maximum of three policy rate increases in 2018. Prior to the policy meeting, analysts speculated on the possibility of an increase to four rate hikes this year, fueled by a bullish economy, low unemployment and an inflation rate close the 2% target rate.

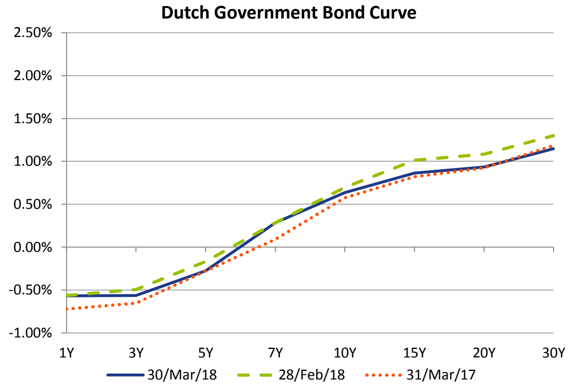
Powell did note that an increase of the number of expected rate hikes in 2019 and 2020 from two to three each year is likely. He indicated, however, that the uncertainty surrounding medium-term forecasts is greater the longer the forecast horizon. Powell also stated that uncertainty concerning a possible trade war with China might pose a threat to the current economic climate in the US.

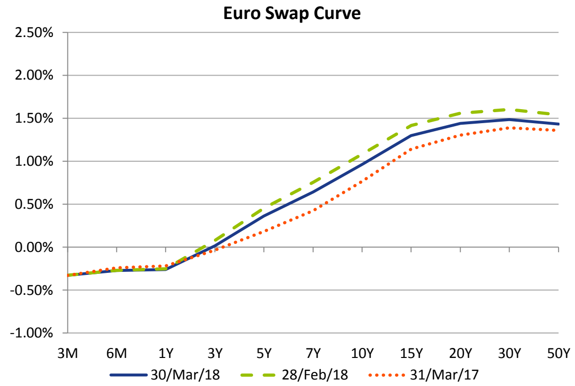
While the United States has been increasing its policy rate rapidly over the past few years, the ECB will likely hold off on a benchmark rate increase until mid-2019, according to analysts familiar with the matter.

Sources inside the ECB noted that the current asset purchase program, which runs through September 2018 and currently amounts to EUR 30 billion, will be decreased during the remainder of 2018 and will expire at the end of the year. The ECB is expected to decide on the future of the monetary stimulus program at its policy meeting in June or July.

Timeline macroeconomic indicators:

10 April 2018:	Inflation rate Netherlands March 2018
11 April 2018:	Inflation rate US March 2018
13 April 2018:	Trade balance Eurozone March 2018
18 April 2018:	Inflation Eurozone March 2018
25 april 2018:	World Trade Outlook
26 April 2018:	Policy meeting ECB
27 April 2018:	Policy meeting BoJ
27 April 2018:	GDP Growth US Q1 2018





Bank Ratings	S&P	Moody's	Fitch
Rabobank	A+	Aa3	AA-
ING Bank	A+	Aa3	A+
ABN AMRO	A	A1	A+
BNG Bank	AAA	Aaa	AA+
NWB Bank	AAA	Aaa	n.a.
Deutsche Bank	A-	Baa2	BBB+
BNP Paribas	A	Aa3	A+
Barclays Bank	A	A1	A
Credit Suisse Int.	A	A1	A-

Currencies	30/Mar/18	28/Feb/18	31/Mar/17
EUR/USD	1.232	1.219	1.065
EUR/GBP	0.879	0.886	0.849
EUR/CHF	1.175	1.152	1.069
EUR/JPY	130.970	130.080	118.665
EUR/DKK	7.454	7.446	7.439
EUR/SEK	10.280	10.110	9.557
EUR/CAD	1.590	1.565	1.419
EUR/AUD	1.604	1.571	1.396
EUR/CNY	7.753	7.720	7.343