

**Focus: Aluminum prices**

The global turmoil caused by US trade tariffs have affected the prices of aluminum and steel (note the chart on the right). Bloomberg even reported that aluminum price volatility has not been this high since 2010.

In March 2018, President Donald Trump announced tariffs for steel and aluminum of 25% and 10%, respectively. The enactment of these tariffs at the beginning of April resulted in a steep increase in the prices of aluminum. Due to fears of shortages, prices skyrocketed midway through April 2018, reaching as high as USD 2,400 per metric ton, the highest level in seven years. However, prices decreased at the end of April after the US announced to consider easing the sanctions against Russian aluminum producers. The announcement triggered a decrease in the price of 3.1% to USD 2,223 per metric ton at the end of April.

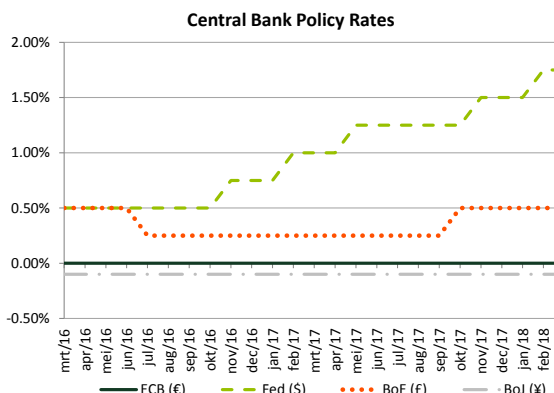
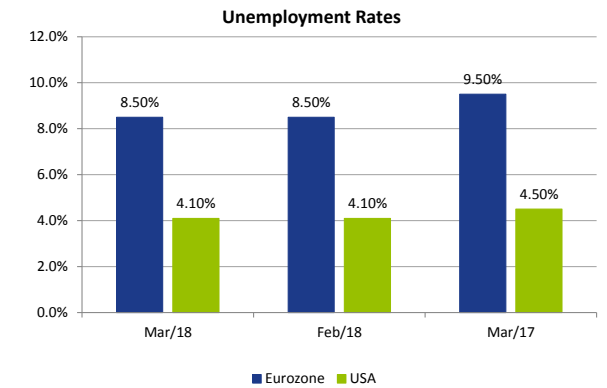
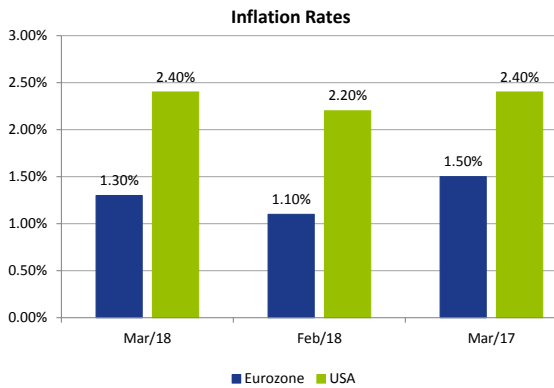
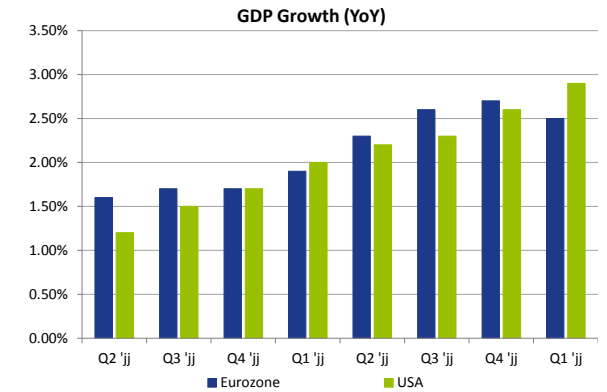
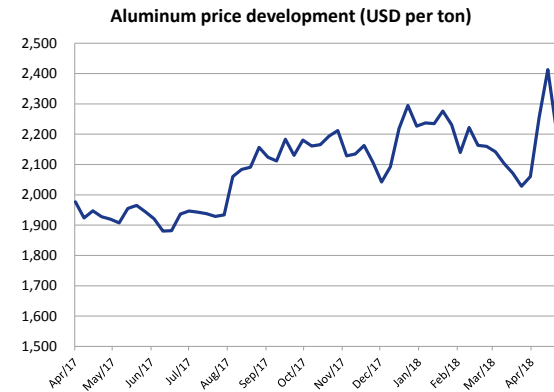
At the end of April the market still showed signs of instability and it is questionable if stabilization will occur in May. Prices increased again in the beginning of May after President Trump demanded the European Union to enact 'voluntary' export quotas in its trade with the US. If the EU does not comply, the US president will no longer exempt the EU from trade tariffs. Because the EU is not likely to introduce any quotas, the temporary exemption might expire on June 1st.

**April in Review**

Eurostat published preliminary figures which show that Eurozone economic growth decreased to 0.4% in the first quarter of 2018 compared to the last quarter of 2017 (0.7%). EU economic growth is also expected to be 0.4% in Q1 of 2018.

Credit rating agency Fitch announced in April that it maintains the credit rating of the Netherlands at the highest level, AAA. According to Fitch, economic growth in the Netherlands will be as high as 3.1% in 2018. Due to expected decelerating job growth and lower demand for goods from abroad, Fitch expects economic growth to decrease to 2.5% in 2019.

President Trump criticized OPEC continuing its oil production restrictions and thus pushing up oil prices. At the end of April, Saudi Arabia reportedly decided to aim for a price increase to USD 80 up to USD 100 per barrel of oil, by extending the OPEC oil production cap agreement. Brent oil prices increased to USD 75.17 per barrel at the end of April, the highest level in three years.



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-	Ba1	BBB-
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

**Monthly Preview**

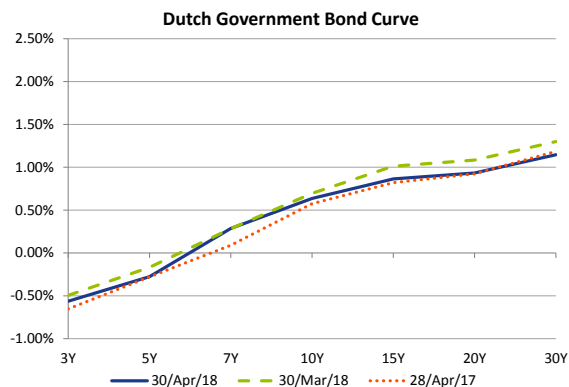
Eurozone inflation decreased to 1.2% in April 2018. Core inflation, which is measured without the volatile prices of energy and food, decreased to 0.7%. The inflation rate is lower than the ECB target inflation of close to 2.0%. The decrease, which was not expected by experts, raises concerns about the direction the ECB will take at its next policy meeting. The question remains whether or not the ECB will extend its asset purchasing program, and, if so, until when and at what level. The lack of inflationary pressure means the ECB will face a difficult decision in July.

In the US, meanwhile, inflation is increasing at a higher rate than the Federal Funds Rate target of 2.0%. The Fed decided unanimously to maintain its current policy rate at 1.5% to 1.75%. Investor expectations remain unchanged and call for two or three more rate hikes in 2018, the first of which will likely take place in June. The yield on 10-year Treasury bonds has been increasing since mid-2017 and is currently around 3.0%, a level that has not been reached since 2014. Analysts expect the yield to remain at or rise above current levels in the foreseeable future.

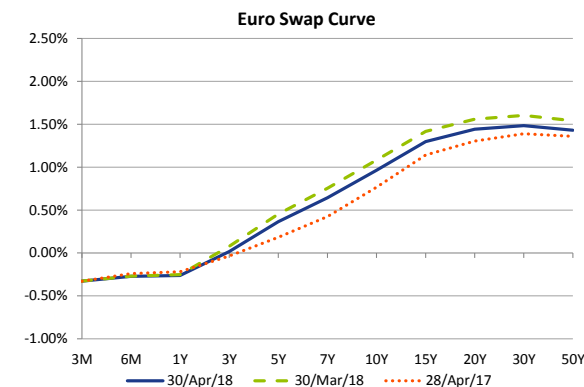
Trade remains a contentious issue at the global level. Besides ongoing trade talks between the US and China, which we discussed extensively in our previous edition, the US also announced tariffs on Russian aluminum producers. While tariffs are currently on hold, the announcement triggered a steep increase in the price of aluminum. More on this in this month's Focus. The US government and the EU agreed at the start of May to delay the proposed tariffs in search of a long-term solution. It is expected that trade will remain a determining factor in the global economy in May.

**Timeline macroeconomic indicators:**

- 08 May 2018: Inflation Netherlands April 2018
- 10 May 2018: Economic bulletin ECB
- 10 May 2018: Inflation in the US April 2018
- 15 May 2018: Economic growth China
- 16 May, 2018: Inflation EU April 2018
- 17 May 2018: Trade balance EU March 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	A2	A
Credit Suisse Int.	A	A1	A-



Currencies	30/Apr/18	30/Mar/18	28/Apr/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

