

Focus

July 2018 was characterized by fluctuations in the oil prices. A barrel of WTI oil price even reached the highest level since November 2014 (see graph).

The high oil prices at the beginning of July were mainly caused by strong growth in the demand for oil, the production reduction agreements of the OPEC and non-OPEC countries, the decision of the United States (US) to exit the nuclear agreement with Iran and market speculations.

In the beginning of July, US President Trump and Saudi King Salman discussed an increase of the oil production in an attempt to reduce oil prices. In addition, other OPEC countries also announced to increase production earlier than scheduled as a measure to decrease prices.

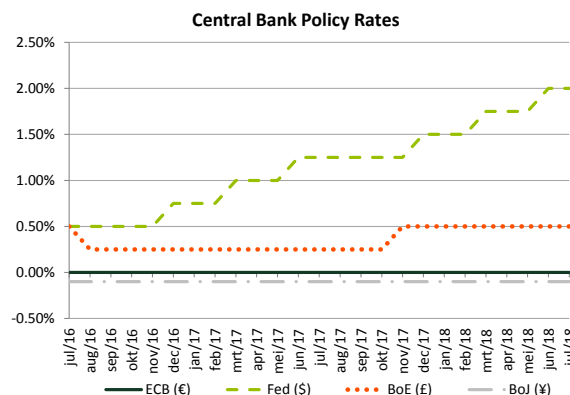
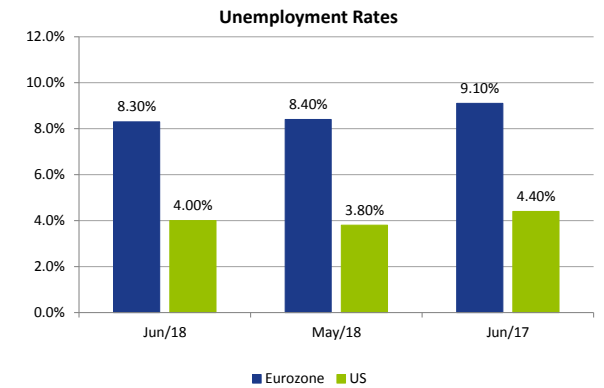
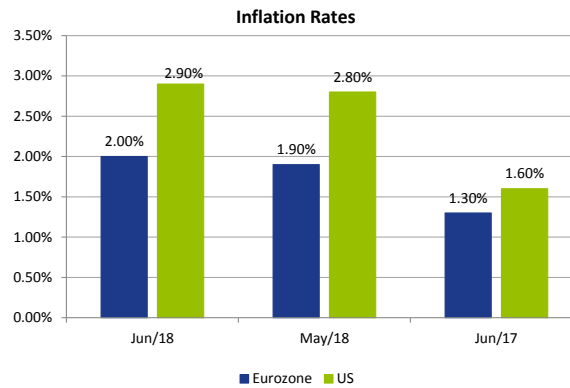
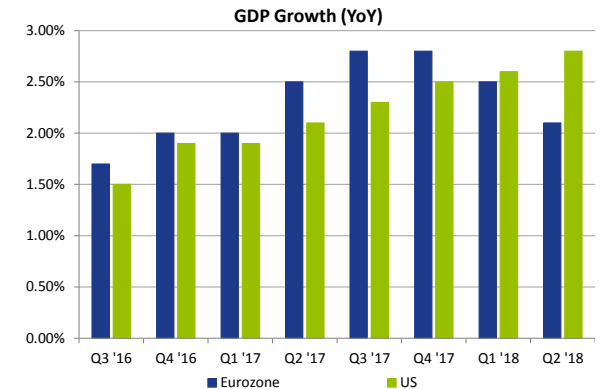
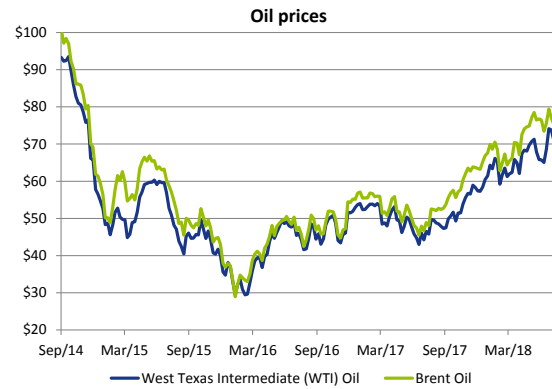
Mid-July oil prices decreased. The price of a barrel of Brent oil decreased even over 4%, due to the continuing concerns about the trade war between the US and China and reports that Saudi Arabia is prepared to export more oil to Asian countries. Furthermore, Trump announced he is considering to use part of the emergency oil stockpiles in an attempt to further decrease the oil price.

However, the oil prices showed a counterintuitive reaction to the measures, as oil prices showed a slight increase after the sharp decline mid-July. The shortage of investments and unexpected production failures contributed to this increase. Whether the measures will influence oil prices in the long run remains to be seen.

Review

The president of the European Commission Jean-Claude Juncker and US president Donald Trump closed a trade agreement on the 25th of July 2018. With this agreement, a looming trade war between the United States and Europe seems to be averted. In the agreement it is stated that the European Union will increase imports of American soy beans and liquid gas. Also, the EU and US agreed to lower import tariffs on industrial products. Besides agreeing on lowering trade barriers and increasing trade, the EU and US will take leading roles in the reform of the world trade organisation WTO.

In the second quarter of 2018, economic growth in the eurozone was 2.1% on an annual basis. Economists expected a growth of 2.2%. Economic annualized growth in the US was 4.1% in Q2 of 2018 (QoQ), the highest level in nearly 4 years. Due to the high growth in Q2, economic growth in the US was 2.8% on an annual basis.



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

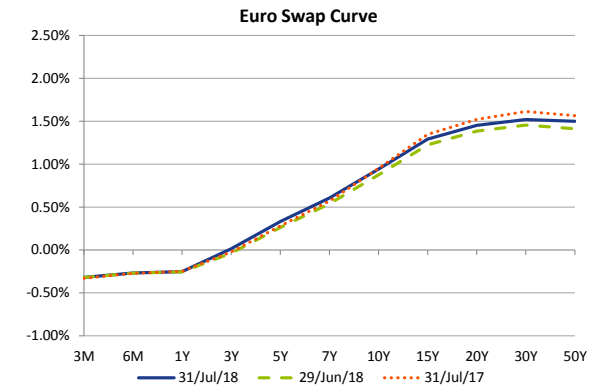
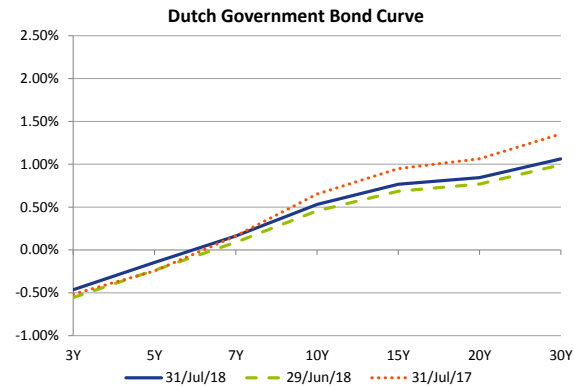
Monthly Preview

In August, the US and China might restart trade negotiations. The past couple of weeks negotiations stranded and tensions between the two countries only seemed to increase with the implementation of several trade import duties. According to several sources, the US and China recently started to have private conversations about new trade talks. If and when official negotiations will be restarted and which topics will be the subject of discussion is still unknown.

In the beginning of August, the Bank of England (BoE) decided to raise its benchmark interest rate by 0.25%, despite worries about the Brexit and the lagging economic growth in the first quarter of 2018. The BoE argues the increase is amongst others needed to rein in inflation. It is only the second increase in nearly 10 years. With the increase from 0.50% to 0.75% the interest rate is back to the level of the beginning of March 2009. The next policy meeting is planned on the 13th of September 2018.

Timeline macroeconomic indicators:

- 03 August 2018: Trade balance US
- 10 August 2018: Trade balance UK
- 10 August 2018: Inflation rate US
- 10 August 2018: Economic growth rate Q2 Japan
- 15 August 2018: Inflation rate UK
- 16 August 2018: Trade balance EU



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	BBB+	Baa2	BBB+
BNP Paribas	A	Aa3	A+
Barclays Bank	A	A2	A
Credit Suisse Int.	A	A1	A-

Currencies	31/Jul/18	29/Jun/18	31/Jul/17
EUR/USD	1.169	1.168	1.184
EUR/GBP	0.891	0.885	0.896
EUR/CHF	1.158	1.157	1.145
EUR/JPY	130.785	129.365	130.565
EUR/DKK	7.452	7.451	7.437
EUR/SEK	10.278	10.449	9.554
EUR/CAD	1.521	1.535	1.478
EUR/AUD	1.575	1.579	1.480
EUR/CNY	7.963	7.738	7.960

