

**The major news last week for Canadian investors was the agreement to lift tariffs on steel and aluminum.** The Trump administration also renewed negotiations with Japan and Europe to “adjust” the proposed levies on auto imports into the USA. Analysts suggests this sudden “deal making” was in response to pressure from the Republican party and business groups, BUT ALSO to allow strict focus on dealing with China as the tariff threats on both sides escalate.

I believe there is consensus that some measure of tariffs will be implanted against China and some retaliatory measures in return. What is unknown is the long term effect. Already Walmart has indicated prices will be going up: the consumers potentially most affected are lower income and retirees on fixed retirement packages.

**Also in the headlines was an escalating threat of war between the US and Iran,** although by week’s end President Trump tried to ease tensions by commenting “I hope not” in reply to questions whether war was imminent. Nevertheless, it was enough to send oil prices higher by almost 2%. Add this to the trade war uncertainty and the worries on global growth continue. All this led to another rush into the **“safe house de jour” - the US greenback.** As noted before, whereas in the old days **Gold** may have been the safe haven – today not so - and the price of spot gold fell some \$27 dollars through the week, now some 5¼ percent below the peak of \$1,344 per oz. reached mid-February of this year.

And what of **equity markets** through all this? **VOLATILE sums it up.** Although by Friday there were not major percentage changes either way, the week was notable for significant up and down moves most days.

The weekly winner, surprisingly, was Europe with gains in the 1 to 2% range, while the TSX eked out a .6% rise. **The losers naturally were the two elephants** (for those who read last week’s missive), with Hong Kong and Shanghai both dropping around 2% and the major US indices fell around a 1%.

**This week’s Global Insight** delves more into the trade wars issue and the need to sustain US growth as the elections loom closer. Also covered is the rumor that China may sell its vast holding of US bonds and why most likely it will not happen, and if it does - not such a big deal. Canada’s slowing economy is also commented on. As for Europe and the UK, as always, political issues are overbearing.