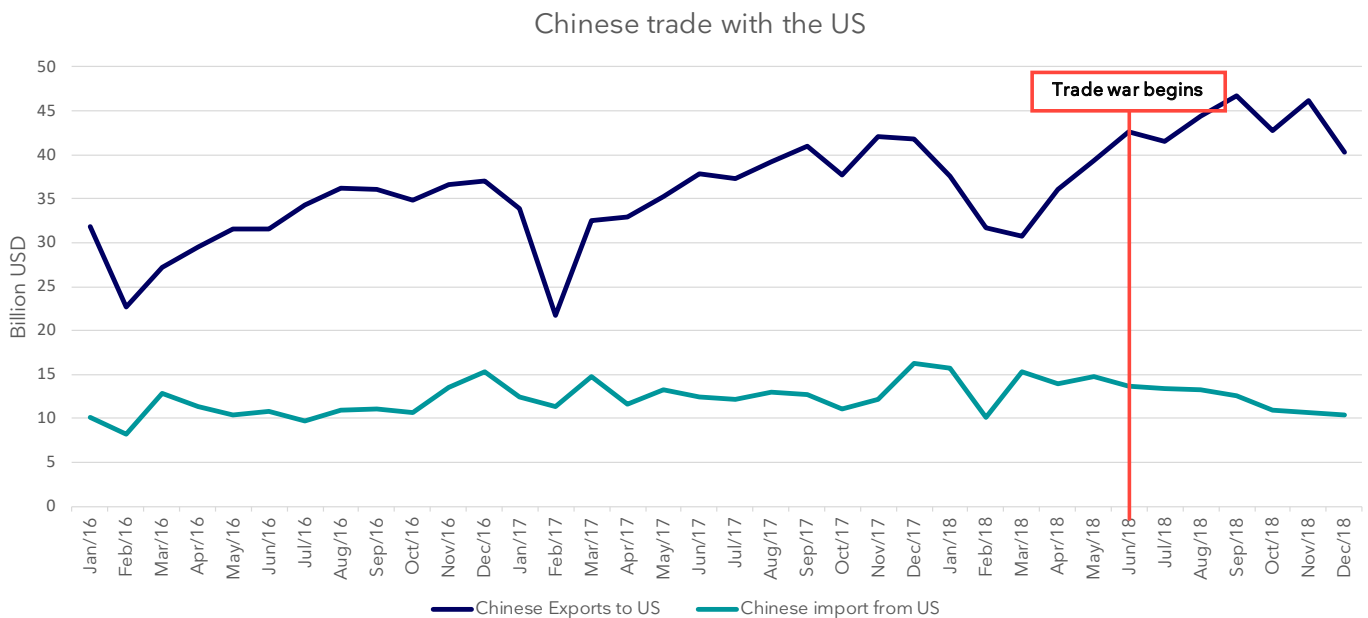


Ultraflash: Latest US-China trade developments

Chinese trade figures for 2018Q4 indicate that China is suffering due to the trade war. But when taking a closer look, China is growing in relative strength compared to the US. So far, it is difficult to determine a loser of the trade war - but there are certainly no winners.

- The trade war between the US and China was initiated by the US with the purpose of reducing the Chinese trade surplus. The trade war started with the implementation of tariffs in the beginning of June 2018 and escalated during the fall of 2018.
- The December 2018 trade figures for Chinese trade show a decrease in import and export of respectively 7.6 pct. and 4.4 pct. compared to December 2017¹. Meanwhile, China's trade surplus in December was at its highest level in more than three years².
- Moreover, Chinese import of American goods has decreased since the beginning of the trade war. At the same time, export of Chinese goods to the US has increased except in July and December. As a matter of fact, the Chinese trade surplus to the US is 16 pct. higher in 2018 than 2017.
- It is difficult to tell if the latest Chinese trade figures is an indication of a slowdown in Chinese export or simply an outlier created by extraordinary high export in November, but if the trade trend continues, China's trade surplus to the US will keep growing.



¹ Thomson Reuters Eikon is the data source for all numbers and figures in this analysis.
² Due to government shutdown in the US, American figures have not been available for this analysis.