

## Flash Note 07/02/2019

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### **US - China. Summary of the latest related news published in the press last night**

- Mnuchin says China trade talks are 'very productive' so far. In an interview on CNBC, Treasury Secretary Mnuchin characterized recent trade talks as 'very productive', stressing an enormous effort being put by both parts into striking a deal before the 1-Mar deadline.
- Reuters noted that in a closed door meeting with US senators on Wednesday, US Trade Representative Lighthizer (a trade hawk that opposes a deal with China) said he was optimistic about the talks.
- Large trade imbalance persists between US and China: Commerce Department data showed China's trade surplus with the US rose 11% YTD in Nov-2018 to \$382.3B. This happened after President Trump, in his State of the Union address, reiterated that any deal must include structural change and reduce the chronic trade deficit. The data also showed that US imports of advanced technology products rose by about \$6B over the period, to \$160.1B.
- Possibly linking the Trump-Kim summit with US-China trade talks: The Nikkei reported last night how North Korean leader Kim Jong Un could prove to be the ace up President Xi's. The main purpose of Vice Premier Liu He's visit to Washington last month was to convey Xi's request for a summit with Trump, that could end up being timed around Trump's own summit with Kim. Linking the two summits so closely would allow China to gain leverage in the trade talks.

In summary. It seems that the negotiations are progressing satisfactorily

Best