

# Weekly Market Summary

March 15th, 2019

**What Do Donald Trump, Theresa May and Boeing 737 Max Have in Common?? Better Ask Mr. Apple!!**  
*Fadi Nasser - Deputy Chief Investment & Treasury Officer*

*Our thoughts and prayers go out to the victims (and their families) of the shootings at two mosques in New Zealand, a terrorist attack earlier today that NZ PM Jacinda Ardern has described as “an extraordinary and unprecedented act of violence!”*

How often have we encountered a situation where we've questioned the trust placed in others? Trusting someone at their word, only to find we've been cheated or lied to?? If there is one key value to maintain in life, Trust it is! After all, relationships, arguments and even wars are fought over the aspect of trust; And if your word is not your bond then you have very little else to bargain with! Additionally, trust and respect become of more fundamental importance when a person is in a position of authority and dealing with people who are vulnerable and disadvantaged. Creating trust within a society is a key foundation of leadership success, as individuals need to trust their leaders and the decisions they make and have faith that their future is being steered along the right path.

Back in October 2018, I released a weekly note entitled “*Are President Trump & Co. Deliberately Targeting the Global Economic Recovery?*” where I pointed out that frenetic and rushed US actions on global trade were continuing unabated, convincing both investors and policymakers that a full-blown trade war was under way with no easy or immediate ways of defusing the conflict. And whilst acknowledging that the US was right that China - with its forced technology transfer - was attempting to capture and exploit too much of this knowledge purely for its own benefit, I noted that the proper answer to that should have been to make the system run more openly and fairly, not to destroy it; In fact, Mr. Trump's tariffs were simply pushing the global economy into a highly dangerous place and the US President's aggressive, impulsive, zero-sum, win-at-all-costs, transactional, unpredictable, often under-informed and ill-prepared, gut-following, ego-driven, want-it-and-want-it-now negotiating “*skills*” were quickly leading to a collapse in US allies' trust in America !

Unfortunately, this week was not much different for UK Prime Minister's credibility!! “ORRR-DUHH -- ORRR-DUHH !!!”

It is almost three years since Britain voted to cancel its membership of the EU and with a little over two weeks to go until exit day, Theresa May had totally failed to get an agreement that can get through Parliament! The Prime Minister's preferred deal, which took two years to negotiate, was about to get resoundingly rejected by the Commons for the second time in as many months.

Late on Monday, Mrs. May struck a deal to revise the terms of the U.K.'s divorce from the European Union (mostly to do with ensuring there would never be any need for customs checks at the land border between Ireland and the UK – also known as the Irish Backstop issue). After a chaotic day of changing plans in London, the UK prime minister made a last-minute decision to fly to Strasbourg, France, for late talks with European Commission President Jean-Claude Juncker. More than two hours later, the exhausted leaders sat down for a joint news conference to announce “*legally binding changes*” they both hoped will put an end to the twisting negotiations that had defined the U.K.'s exit from the 28-country bloc. “*The choice is clear: It is this deal, or Brexit may not happen at all,*” Juncker said. “*Let's bring the U.K.'s withdrawal to an orderly end. We owe it to history.*” Still, it was unclear whether the new wording would be enough to win the UK Parliament's support in a crucial vote planned for the day ahead.

Then on Tuesday, the UK Prime Minister lost her Voice and the Vote: British lawmakers crushed May's amended Brexit deal, voting against it by an overwhelming 391 to 242 (still, the margin of defeat was smaller than the record 230-vote loss her first deal suffered back in January!) and thrusting Britain deeper into crisis. The next parliamentary decision – planned for Wednesday - would now amount to a choice between backing a no-deal Brexit or seeking a last-minute delay to the March 29<sup>th</sup> divorce (throw to the mix a possible a snap election or even another referendum!).

With the country in limbo and politicians deadlocked, Wednesday was not much different; Another chaotic day that possibly clarified what most parliamentarians do not want, though it did nothing to suggest what kind of Brexit a majority might support in the future: That evening, the UK parliament rejected leaving the EU without an agreement in place to keep trade flowing (by 321 votes to 278). This followed an earlier vote on 'Amendment A', which surprised many commentators by passing with a small margin of 312 to 308. This amendment sought to take 'no deal' off the table categorically - not just 'decline to approve' it as in the government's motion and not just on 29<sup>th</sup> March 2019, as the government's motion specified (starting to get really complex?? I know!! ☹). Struggling to keep her voice because of an illness, May showed she wasn't happy with the vote: "*The House needs to face up to the consequences of the decisions it has taken.*"

Legislators' next task was to vote on a postponement to the current March 29th deadline, with the EU suggesting it is open to a delay until late May, although several EU officials had signalled, they will need Britain to give a clear reason for pushing back the deadline. That decision materialized yesterday evening, when British lawmakers voted to postpone the country's departure from the European Union. However, in a rare victory for Prime Minister Theresa May, Parliament narrowly failed to seize control of the Brexit process from her battered government. After days of turmoil, Mrs. May fended off - by just two votes - a remarkable power grab by lawmakers frustrated at months of political deadlock that has left the country in limbo with just 15 days to go before its scheduled departure from the bloc. They later voted by 412 to 202 for a motion that means that Britain will almost certainly not leave the European Union as scheduled on March 29th, As Mrs. May has repeatedly promised it would.

What remains unclear now is how long the delay will be. Mrs. May plans to hold a third vote on her unpopular plan for withdrawal, possibly next Tuesday, despite having suffered two staggering defeats on it already. Her hope might be that hardline Eurosceptic lawmakers in her Conservative Party, the most vocal critics of her withdrawal treaty, could change their minds if it becomes more likely that Britain might stay in the EU after all. Should the UK prime minister succeed in her third attempt, she would then request a short delay - no more than three months - from European Union leaders. That presumably could be agreed at next week's European Union summit in Brussels (21<sup>st</sup>-22<sup>nd</sup> March). But the motion noted that should her plan go down to defeat once again, Mrs. May might have to ask European leaders for a much longer delay, with unknown consequences.

Moving to the latest breaking / shocking news on Boeing! The US bowed to international pressure on Wednesday evening and ordered the grounding of Boeing's 737 Max aircraft after days of insisting that the plane was airworthy despite two crashes in five months. US President Trump announced that the country's Federal Aviation Administration was grounding all of the company's 737 Max 8 and Max 9 aircraft after receiving updated data on the two crashes. Mr Trump confirmed that "*any plane currently in the air will go to its destination and be grounded upon landing until further notice.*" He added: "*Boeing is an incredible company. They are working very, very hard right now. Hopefully they will very, very quickly come up with an answer, but until then the planes are grounded.*" Mr Trump's announcement came four days after an Ethiopian Airlines Max 8 aircraft crashed soon after take-off, killing all 157 people on board. That accident followed another crash last October involving the same model of aircraft, operated by Lion Air, which killed 189 people. In the days that followed the Ethiopian Airlines crash, every other major economy grounded the 737 Max fleet, and by Wednesday afternoon the planes were only operating fully in US air space. The FAA said it had finally made the decision to follow suit after receiving updated satellite data which showed potential similarities between the flight paths of the two aircraft that crashed. Boeing shares have dropped as much as 16% since the news broke out in past week (though still up +13% YoY).

And then there is Tim Apple! I personally have reached an age where I find it much more difficult to remember every colleague and client's name. But, trust me, that is not what happened to Mr. Trump when he recently referred to Apple's CEO Tim Cook as "*Tim Apple*" at a meeting of the American Workforce Policy Advisory Board! On Monday, Trump tweeted the following: "*I quickly referred to Tim + Apple as Tim/Apple as an easy way to save time & words. The Fake News was disparagingly all over this, & it became yet another bad Trump story!*" That incident and tweet have prompted Stephen Colbert - from the Late Show - to note that "*I am not saying Trump's mind is going, but let us just say he skipped a few software updates*" ☺

Some readers might be wondering whether we still have the time and space to cover recent economic releases. I am afraid the answer to that is that financial data/indicators don't matter much these days! ☺

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