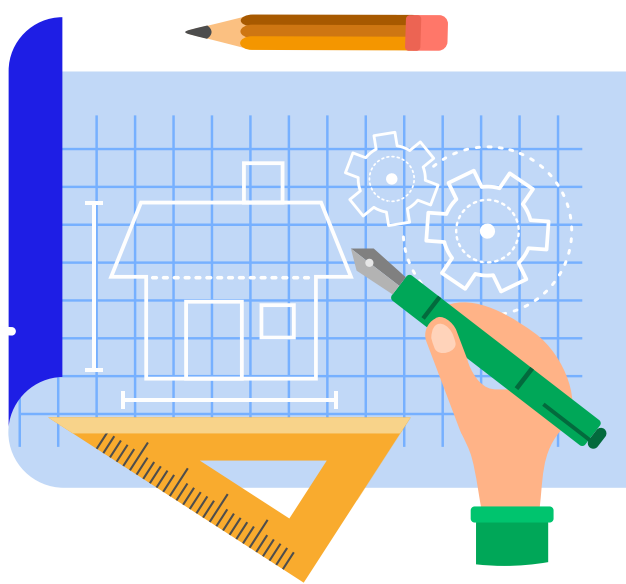


The Fog of Uncertainty Has Thickened



The US-China trade war could *further escalate.*

Recent developments have led to a growing concern that we could see the beginning of a protracted period of heightened trade tensions.

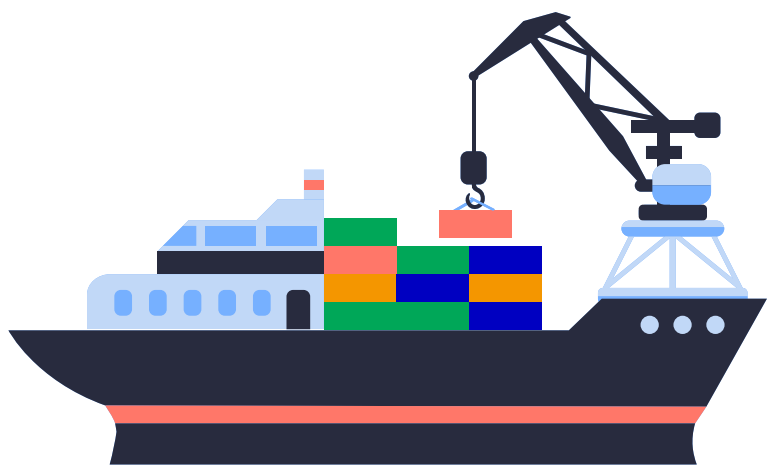


The Federal Reserve *may shift* its monetary policy framework.

A potential evolution resulting from the Fed's review of monetary policy should have significant implications to financial markets.

Chinese stimulus is unlikely to benefit the global economy.

China's domestically-focused and consumption-based measures stabilised its economy, but brought limited support to international trade activity.



"It's likely that the Fed is hoping to compile a dossier pointing to economic weakness so it can credibly cut rates. That said, we believe that an interest-rate cut in July isn't a done deal; however, we do think that the Fed will cut interest rates twice in the second half of 2019, with the first reduction occurring in September. In our view, the three evolving themes i.e. rising global trade tensions, Fed's review on monetary policy framework, and a different Chinese stimulus will shape the second half of 2019."

Frances Donald

Chief Economist and Global Head of Macroeconomics Strategy
Manulife Asset Management



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