Terms Of Trade

**Trump-Xi Love Arrives Too Late to Repair Trade-War Damage**

By Michelle Jamrisko
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Global trade is starting to exhibit war wounds that not even a U.S.-China ceasefire can heal.
Bloomberg’s Trade Tracker is as bleak as it’s been since its start in November, thanks in part to sour purchasing managers’ indexes from the battered industrial engines of Asia to sluggish Europe, and then on to the barely expanding U.S. factories. It was a blue Monday that threatens to carry through this week and beyond. Here are some other warning signs:

Nine of the 10 gauges tracked by Bloomberg to assess the health of global trade – across shipping, sentiment and exports – are below their average midpoint, including three under their long-run normal ranges and the rest threatening to join them. The downturn in the electronics cycle has dealt a special blow to export powerhouses South Korea and Taiwan.

Morgan Stanley analysts kicked off the week reducing their global growth forecasts, though they probably won’t be alone: Economists scoffed at implications that the weekend’s détente between Washington and Beijing could heal the global economy’s damage, and they’re increasingly connecting the sagging sentiment with declines in orders and investment.

The latest wave of numerical doom isn’t finished yet. Singapore’s delayed PMI is due out Wednesday. If the big Asian trading hub shows another contraction as expected, it will be another signal that the region’s resilient one is also now seeing fractures.

And, of course, later this week is that granddaddy of economic reports – U.S. monthly employment figures – that could give more hints that the world’s No. 1 isn’t immune to trade tensions and an aging business cycle. Duke University professor Campbell Harvey is even predicting a U.S. recession in 2020 and doomsayer economist Nouriel Roubini called it “a scary time.”

Charting the Trade War
**An S.O.S. to the World:** The shipping category of Bloomberg’s Trade Tracker shows the effects of a trade war that's weighing on exports.

![Diagram showing shipping categories and trend indicators]

**Today’s Must Reads**

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- **China still competitive** | Chinese Prime Minister Li Keqiang is confident that the trade war won’t mean massive production moves out of the country to avoid tariffs.

**Economic Analysis**
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