

The Impact of Trade Wars

As Mr Trump's Presidency has evolved it has become clear that the threat of trade wars against various countries or trading areas has become an important tool in his armoury in what he sees as his developing diplomacy in achieving his aim of placing America first.

The major trade conflict with China has rumbled on for some time. After various negotiations have stalled, hopes had risen at the end of April that both parties were nearing agreement; however, in May, President Trump announced that he would increase tariffs on over US\$200 billion-worth of imports from China from 10% to 25%.

In addition, the US began to impose the full 25% tariff on a further US\$325 billion of Chinese goods. Nevertheless, President Trump described his relationship with China's President Xi as "very strong" and going on to warn: "China should not retaliate – will only get worse!" Despite this, China increased tariffs on US\$60 billion-worth of US goods from 1 June, and the country's Commerce Ministry commented: "No one emerges as a winner in a trade war". All of this has led to a degree of market volatility.

Following these events, the US and China have subsequently agreed to resume trade talks, easing the ongoing row that has contributed to a global economic slowdown. President Trump and China's President Xi Jinping reached agreement at the G20 summit in Japan.

After the meeting on the side-lines of the main summit in Osaka, President Trump confirmed that the US would not be adding tariffs on \$300bn (£236bn) worth of Chinese imports. He also said he would continue to negotiate with Beijing "for the time being". Mr Trump also said he would allow US companies to continue to sell to the Chinese tech giant Huawei, in a move seen as a significant concession. Stock markets globally have responded very positively to this and indeed have pushed Wall Street markets to all-time highs.

The use of trade wars has also been seen in America's negotiations with Mexico where having reached an agreement some time ago, President Trump then threatened to impose a tariff increasing up to 25% until Mexico settled the thorny issue of illegal immigration. This was very quickly suspended when Mexico agreed to take action.

Whilst it looks like the China agreement is staggering towards a conclusion President Trump is also threatening to introduce new tariffs on EU products worth \$4bn (£3.2bn) in a major trade war escalation. A few days after reaching a truce in the US-China trade war, the US Trade Representative's office (USTR) released a list of products made in the European Union that it is considering for additional import duties.

Products include scotch whisky, hams and pork, olives, pasta and popular cheeses. US imports of these products were worth \$4bn in 2018. The US and the EU have also been involved in a dispute over aircraft subsidies to Airbus (EU) and Boeing (US) for some 15 years and have threatened to impose billions of dollars of retaliatory tariffs on airplanes, food and tractors. Despite the negative impact these issues have on Global Growth markets as indicated earlier Stocks Markets have remained resilient with the FTSE 100 reaching 7618 at the time of writing.



A simple small mirror can cause a big problem

As the sunshine makes an appearance, many of us love to feel it streaming through our windows, warming our homes and providing a welcome change from the rain.

Unfortunately, with this comes a risk of fire in your home when the sun can shine through windows and become focused on a very small area on glass objects such as crystal ornaments, vases, mirrors, and even fish bowls and jam jars. When the sunlight is concentrated on a small area, this can cause material furnishings to catch fire.

Some things to keep in mind to protect your home from such an occurrence:



- Keep glass and anything that could concentrate the sun's rays out of direct sunlight and away from window sills – particularly when the sun is low in the sky. This includes objects such as vases, crystal ornaments, jars, bottles, and mirrors.
- Maybe you have a dressing table close to a bedroom window with a vanity mirror on it? It might seem harmless enough but sadly there have been devastating house fires caused by this.
- You should have a smoke alarm on every floor of your property - possibly even more than one, depending on the size of your home. Check your smoke alarms monthly to ensure the batteries don't run flat.

Ultimately, you should ensure that you have Home Insurance cover in place to protect your home and contents against such an event. Feel free to Telephone our offices to speak to us about your insurance needs.

TOP TAX TIPS

Gains/Losses – Transfers of chargeable assets between married couples are exempt from capital gains tax. Taxpayers sitting on a potential capital gain may wish to consider transferring the asset in question to their spouse to use their respective annual allowances or to utilise any capital losses brought forward.

Staff News - Welcome Dee to the Sabre Team.

We are pleased to welcome Dee Crocker as our new member of the Para-Planning Team for Sabre Financial Planning. Dee was born and brought up in Salcombe before moving away. She recently moved back to the area in 2016. Dee started her career as a Mortgage and Insurance administrator in 2002, before she qualified in 2005 as a Mortgage Adviser. After the global crisis hit the Financial world in 2008, she decided to change direction and started working as a Personal Assistant and Paraplanner for an Independent Financial Adviser, providing administrative support for private and corporate clients.

