



Trump, the Santa Claus

U.S headline Consumer Price Index (CPI) rose 0.3 percent in July, firmer than the average increase of 0.1 percent in the prior 12 months but in line with the consensus estimate.

However, prices of computers and smart-home assistant devices provided a surprise with increase of 2.8% MoM. This jump was the largest since this category was broken out in 2005 and may due to US-China trade uncertainty.

Coincidentally, the *United States Trade Representative* (USTR) announced that more than half (Table 1) of the fourth tranche of Chinese tariffs (10% on remaining USD 300 billion which initially will be effective from 1 September) was delayed until 15 December, which implies the overall impact from tariffs on inflation could be more back-loaded and spread out over a longer period of time.

President Trump says the delay is to stem their potential impact on holiday shopping.

These delays should mitigate the impact of higher tariffs on important consumer goods in the run-up to the holiday shopping season.

We believe tech sector funds should benefit from the delays.

Below is the list of equity funds that have exposure to tech sector:

- Robotech
- RHB Global Artificial Intelligence
- TA Global Technology
- United Global Technology

Table 1: Top 10 Items delayed to 15 December 2019

Item	2018 Import Value (USD' billion)
Cellular Phones	45
Computers	39
Toys	12
Video Games	5
Computer Monitors	5
Highchairs	2
Footwear	2
Tableware	2
LED Lamps	2
Arts for Christmas Festivities	2
Top 10 Total	116

Source: USTR

For full details please refer to

https://ustr.gov/sites/default/files/enforcement/301Investigations/List_4B_%28Effective_December_15%2C_2019%29.pdf

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