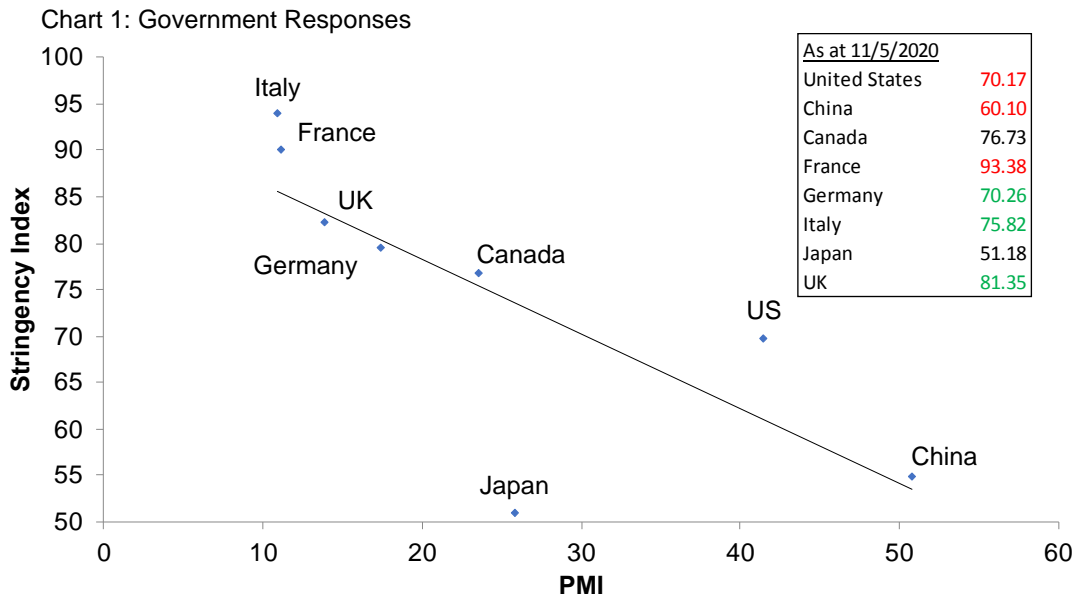




**Time to Watch TV (Trump Volatility)**

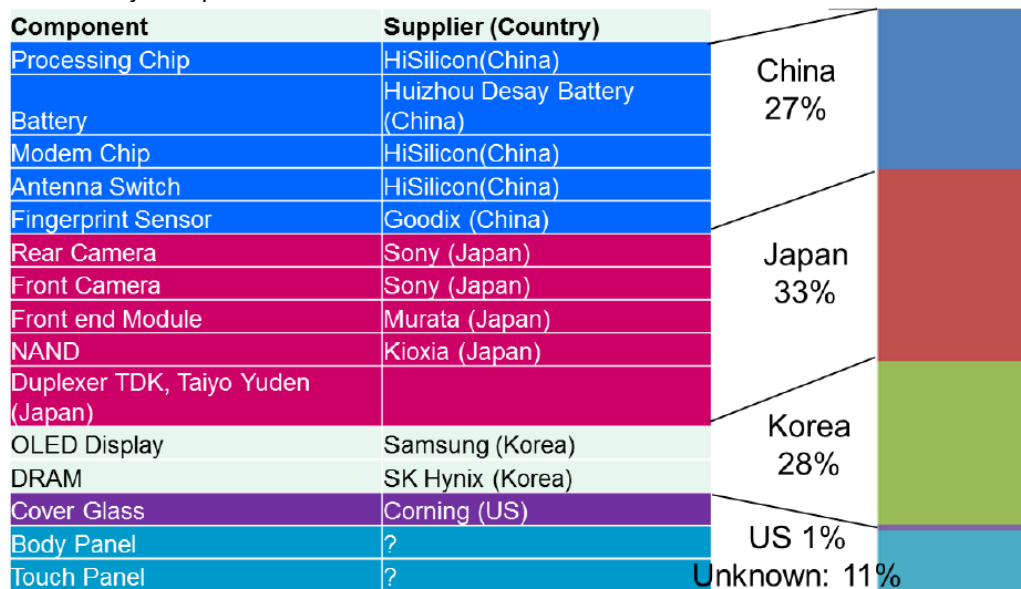
The world is now focusing on the recovery of the economy as more and more countries are gradually lifting the lockdowns. Chart 1 clearly shows that when the lockdown was lifted in China, its PMI, which is an indicator of economic activities also improved. With presidential election in November and less than 6 months for campaign, President Donald Trump has shifted his focus from combating COVID-19 to re-election, re-igniting trade war with China to gain support.



Source: University of Oxford, Bloomberg

President Donald Trump has threatened to impose new trade tariffs against China over its handling of COVID-19 outbreak, and Huawei became his immediate target. However, the banned was insignificant because US components are not widely used in Huawei's phone and merely accounts for 1% of the total costs in Huawei's Mate 30 (Chart 2).

Chart 2: Key Components of Huawei's Phone



It is undoubtedly that post-coronavirus will lead to a more localised economy amid supply chain reshoring, rise in protectionism as well as higher and new forms of taxation. However, this might not happen overnight. Moreover, U.S public health is a matter of national security and U.S. relies heavily on China on some of the medicines, it will be “Kamikaze” for US if China were to ban the export of these medicines. China was accused of unofficially banning of rare earths export to Japan during a diplomatic standoff between the two countries after the 2010 Senkaku boat collision incident. Against this backdrop, we do not expect Trump to have a full-blown conflict with China over the next 3 months (Table 1).

Table 1 : U.S. import from China

<b>Medicine</b>	<b>U.S. import from China</b>
Antibiotics	97%
Ibuprofen	95%
Hydrocortisone	91%
Acetaminophen	70%
Heparin	50%

Source: Vikram Mansharamani, Harvard University

While we are positive on U.S. economic outlook, markets will continue to examine how the pandemic will affect the longer term outlook for the world economy. We believe that the technology sector could be a long-term winner as teleconferencing, teleworking and other technology driven workstyles will become the norm once the pandemic is over.

For those who want to leverage on this opportunity, below is a the list of Top 5 US Funds and Technology Funds based on our scoring that is available through our platform that may be of your interest;

<b>No</b>	<b>US Funds</b>
1	Franklin U.S. Opportunities USD
2	Franklin U.S. Opportunities MYR
3	RHB-GS US Equity
4	Manulife Investment U.S. Equity MYR
5	RHB US Focus Equity

<b>No</b>	<b>Technology Funds</b>
1	United Global Technology MYR
2	TA Global Technology
3	United Global Technology USD
4	Principal Global Technology USD
5	United Global Technology MYR H

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