

Chart of the Month

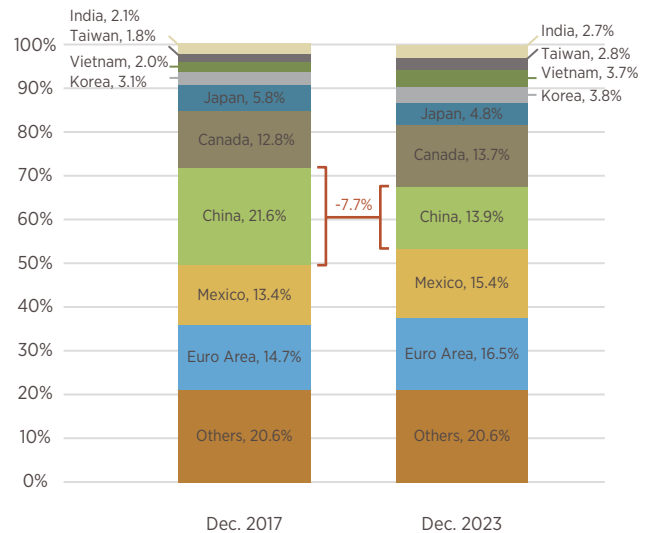
Deglobalization is a buzz word that has been making rounds for the past several years due to: **1.** The US starting a trade war with China during President Donald Trump's stint in the Oval Office. **2.** COVID and the ensuing inflationary pressures heightening focus on supply chain risks. **3.** An increasingly polarized world running on high tensions everywhere (Russia/Ukraine, Red Sea, China/Taiwan, etc.).

Has the flow of trade really been impacted? Is "deglobalization" walking the walk or just talking the talk? This month's chart illustrates what has transpired since the end of 2017 from the perspective of US Imports, showing from which countries the US imports most of its goods. The results from this chart and other data (not shown) offer a mixed bag of outcomes, but for the US, one thing is evident: it has become more diversified amongst the countries it does import. This is clearly highlighted, probably unsurprisingly, in the reduction in reliance on China (-7.7%).

To answer the questions above: Yes, trade flows have been impacted as the US has become less reliant on China. And yes, deglobalization appears to be in the works, but it looks to be more aligned with "friend-shoring" or "near-shoring" as opposed to true onshoring. What doesn't show up in the chart is the US share of global imports has remained relatively flat while its trade deficit has widened, effectively pointing towards the lack of "onshoring." And, even despite the US reducing their Chinese exposure, China remains the world's largest exporter and has seen its share of the global export market grow since President Trump initiated the trade war in early 2018.

The concept of "deglobalization" is likely here to stay for the foreseeable future, but we don't see that as necessarily a bad thing. Much like we advocate for a diversified portfolio of investments, the concept of diversifying suppliers could be viewed as a risk reducer for the country and the companies that make it run.

US Import Share by Country



Source: Morgan Stanley
 "The Viewpoint: Trade Tensions, Supply Chain Diversification, and China" (3/19/2024).



Investment Challenges of the Affluent Investor

How to be mindful of investment issues that arise from substantial wealth

High net worth investors face distinctive challenges related to their financial status, requiring a mindful approach while adhering to fundamental investing principles.

Being too conservative can lead to lower long-term returns and impact the effectiveness of bequests or wealth transfer to the next generation.

Investing in collectibles without up-to-date appraisals can pose risks to estate liquidity and taxes.¹

Concentrated equity (accumulating large stock positions with your employer) presents possible risks that require careful management.

A DIY mentality may not translate well into managing wealth, necessitating a different body of knowledge and experience.

Too many professionals managing assets can compromise crucial aspects like risk management and tax efficiency due to the lack of a comprehensive overview, potentially leading to suboptimal outcomes.

For a more in-depth review, please visit 6meridian.com/category/resources to help your future financial success.

¹The value of collectibles can be significantly affected by a variety of factors, including economic downturns or markets that have little or no liquidity. There is no guarantee that collectibles will maintain their value or purchasing power in the future.

Source: Bloomberg 2023

	March	YTD	2023	Benchmark	
Stocks	United States	3.2%	10.6%	26.3%	S&P 500
	Intl Developed	3.3%	5.8%	18.2%	MSCI EAFE
	Emerging Markets	2.5%	2.4%	9.8%	MSCI Emerging Markets
Bonds	US Investment Grade	0.9%	-0.8%	5.5%	Barclays US Aggregate
	US Municipals	0.3%	0.0%	7.4%	Barclays Municipal Bond 15y
	Intl Investment Grade	0.2%	-3.2%	5.7%	Barclays Global Aggregate xUSD
	Global High Yield	1.5%	2.1%	14.0%	Barclays Global High Yield
	Emerging Markets \$	1.7%	1.5%	9.1%	Barclays Emerging Markets USD Aggregate
Other	Commodities	3.3%	2.2%	-7.9%	Bloomberg Commodity
	Gold	9.1%	8.1%	13.1%	Gold New York Spot (\$/oz)
	Oil	6.3%	16.1%	-10.7%	Crude Oil WTI/Global Spot NYMEX

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