# Who's To Blame For a Slump in World Trade? TrackMacro Says: China.

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**TrackMacro ™ is a software tool providing equity risk signals in 40 countries**

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For seven months in a row, TrackMacro perceived no macroeconomic risk of any sort for equity investors. On March 31st, though, TrackMacro started anticipating a deceleration of world trade for Q2 2017.

**How is this explained?**

TrackMacro is built upon a series of market price indicators correlated to world trade in volume, and providing a statistical envelope for the macro factor it's tracking.

Since world trade is published with a lag, TrackMacro carries on calculating this envelope during the missing months and makes a statistical bet.

**Why is TrackMacro successful in its predictions?**

Primarily because, unlike many investment managers, the system is allowed no opinion of its own. In other words, TrackMacro concludes one way or another, if—and only if—the statistical deviation is significant. For the past three months, TrackMacro has leveraged on this capability, and concluded that world trade had switched from strong to... inconclusive. And because TrackMacro's other rules weren't sufficiently supportive of equity investments in the US and China, the two major world economies' signals turned red.

**Why is world trade potentially slowing down?**

When digging beneath TrackMacro signals—in particular, the 'Four Quadrants' rule, crossing inflation and growth—it's obvious that all Asian countries' growths are projected to be either neutral or strong, with one exception: China. China's growth turned from strong to neutral in January, and from neutral to slightly unfavorable in April. TrackMacro foresees continuous deterioration of Chinese activity in 2017 so far. If this is confirmed by official figures, it shall not be difficult for TrackMacro to designate the culprit for a slack in world trade: China!

**Fig 1.** TrackMacro rules for China