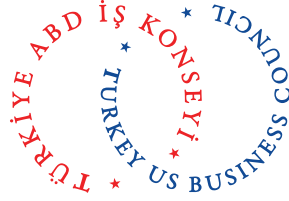


JUNE  
2016

# Monthly Brief

U.S. Politics, Economy and Business





# TAİK

# Monthly Brief

U.S. POLITICS, ECONOMY AND BUSINESS

## ABOUT DEİK

Foreign Economic Relations Board of Turkey (DEİK) is responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors particularly foreign trade, international investment and services, international construction activities and logistics, exploring inward and outward investment opportunities as well as increasing the export volume of Turkish business and coordinating similar business development activities.



## ABOUT TAİK

The Turkey-U.S. Business Council (TAİK), operating under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK) was formed in 1985 as the first council, with the aim to enhance trade and investment relations between the U.S. and Turkey

TAİK operates with a mission to create platform to facilitate development of economic relations between the U.S. and Turkey through its wide spectrum of activities such as conferences, forums, business summits, lobbying visits, networking luncheons and dinners, educational site visits, etc. With its broad range of activities and worldwide network, TAİK represents a role model for other organizations in pursuit of similar goals.



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## ECONOMY & BUSINESS

### WOMEN ENTREPRENEURS ASSOCIATION IN TURKEY: 50.000 WOMEN WILL BECOME ENTREPRENEURS UNTIL 2025

- In an interview with Turk of America, the president of KAGIDER (Women Entrepreneurs Association in Turkey) Sanem Oktar said that women have to be empowered through entrepreneurship and become part of the political environment.
- Turkey is at 27% in women entrepreneurship, according to OECD, falling behind the average of 58%. “If we look at numbers, we are ahead of Saudi-Arabia, both in employment participation and entrepreneurship. North Africa, we are also ahead. But these numbers are very similar to each other. The OECD average being 58%, the numbers are much lower than the average.”
- She said that KADIGER has a goal to include 3 million women in employment and empower 50.000 women to become entrepreneurs until 2025.

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*“Because as you know, the G20 was held in Turkey, and there the women engagement group was formed, TIKAT, and according to the ministries of finance, up until 2025, employment difference between men and women will be lowered by 25%. 3 million in Turkey, so we need to increase our number to the 40s%, because men are at 78%.”*

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- To achieve this goal, more importance has to be paid to the education of girls. “Currently girls finish about 6.7 years of education, and 8 years among boys. There is not that great of a difference between girls and boys in this regard. If education increases, participation in employment will also increase.”
- Oktar suggested the American model of positive discrimination towards women in the form of work quotas. In America, most buying decisions are made by women, about 80%.
- To achieve this goal, more importance has to be paid to the education of girls. “Currently girls finish about 6.7 years of education, and 8 years among boys. There is not that great of a difference between girls and boys in this regard. If education increases, participation in employment will also increase.”

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- Oktar suggested the American model of positive discrimination towards women in the form of work quotas. In America, most buying decisions are made by women, about 80%.
  - She hopes that in 5 years KADIGER will be known globally and help the inclusion of women in entrepreneurship and collect more knowledge on the topic, as well as Turkish government's support for women entrepreneurs.

## **TURKISH FURNITURE MAKER KOLEKSIYON EXPANDS ITS U.S. PRESENCE**

- Koleksiyon, one of Turkey's largest commercial furniture manufacturers, will expand its U.S. presence during NeoCon 2016 by opening a Chicago showroom. It established U.S. headquarters in Dallas last year, and also opened a New York City showroom.
- Koleksiyon's lead designers and company executives hope the new Chicago showroom will increase brand recognition, drive sales and further accelerate Koleksiyon's North American expansion.

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*“Chicago is a leading architecture and design capital here in the U.S.,” said Basar Bilgin, President of Koleksiyon USA. “After debuting our U.S. headquarters in Dallas, we quickly realized that in order to be truly present in the furniture market, we must also have a strong presence in Chicago.”*

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- The new showroom illustrates the different ways Koleksiyon is solving workplace issues with its unique desk systems, shelving units, storage pieces, and other offerings.

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*“We wanted to highlight the brand's focus on collaborative workspaces—replacing “me spaces” with “us spaces,” says Koray Malhan, Brand Director at Koleksiyon. “We wanted to design a space that suggests the idea that work spaces are similar to cities, where more and more spaces are communal.”*

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- Combining design, technology, technical quality and competent craftsmanship has made Koleksiyon one of the leading furniture companies in Turkey.
- The company now boasts a capacity for manufacturing the equivalent of 4.3 million square feet of wooden furniture and 54,000 pieces of upholstered furniture each year.
- Koleksiyon's products are used in corporate offices, all variety of institutions, hospitality environments, recreational facilities, cultural centers and the home, among many others.

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- Koleksiyon began manufacturing kitchen cabinetry in 1997, that reflect the changing aesthetic values in contemporary culture.
  - With a wide product range and growing demand, Koleksiyon centralized all its production facilities in 1988. Anticipating the needs of the 21st century, Koleksiyon makes greater investments to incorporate more technology, with a new 161,500 square foot factory, bringing its total area to 925,700 square feet in Tekirdağ.
  - The investments line up with advancing information technologies, providing employment for 400 people in Tekirdağ and making a significant contribution to Turkey's economy.

## **THREE MEGAPROJECTS IN TURKEY HAVE THEIR OPENING DATES SET FOR THIS YEAR**

- Three major infrastructure projects, the Osman Gazi Bridge, also known as the İzmit Bay Bridge, Istanbul's third Bosphorus bridge Yavuz Sultan Selim, and the Eurasia Tunnel, will be put into service on June 30, Aug. 26 and Dec. 20, respectively.
- Transport, Maritime Affairs and Communications Minister Ahmet Arslan said the mega projects, which were initiated by Prime Minister Binali Yıldırım while he served as transport minister, are on the verge of completion.
- Arslan noted that many of Turkey's transport projects, which are under construction, grab attention worldwide, as they are among the world's largest projects.
- Stressing that they will take Turkey's transport beyond world standards, Arslan said the Eurasia Tunnel, a road tunnel that will connect Asian and European sides of Istanbul under the Bosphorus strait, and the Osman Gazi Bridge will make a major contribution to transport in the country.
- The Yavuz Sultan Selim Bridge will help ease both domestic road transport and transit transport. After the railway connection is completed, it will help railway transport on an international level.
- Arslan stressed that mega projects, which contribute to national economy during the construction period, will make a greater contribution when they are put into service, adding that Turkey has taken major steps in transport and communications thanks to President Recep Tayyip Erdoğan's vision and Yıldırım's pioneering acts.
- Turkey invested TL 253.5 billion (\$85 billion) in the sector to make transport easier for people over the past 14 years.

## **MTS LOGISTICS PARTNERS WITH SPECTRUM WORKS TO RAISE FUNDS AND AWARENESS FOR AUTISM**

- MTS Logistics have partnered with Spectrum Works, an organization that helps to integrate individuals with autism into the workforce, in an effort to raise money and awareness for their cause.
- In an effort to not just raise money but leave a legacy, MTS Logistics created a new type of fundraising tool. A comprehensive resource entitled The Book On Autism. It is a 180 page book that serves as the ultimate guide to Autism research and information.

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- All proceeds from the \$20 book will be donated to aid in the valuable work that Spectrum Works is doing in order to usher members of our society with autism into the workforce.
  - Today over 2 million individuals in the U.S. are affected by autism and nearly 80% of them are unemployed. Spectrum Works, a nonprofit organization that provides career training and employment for individuals with autism, is looking to change that.
  - In past years their fundraiser focused on planting trees and made great efforts on behalf of the environment.

## **TURKISH AIRLINES LEADS TOP 100 TURKISH BRANDS FOR FIRST TIME WITH BRAND VALUE OF \$2.4 BILLION**

- Turkish Airlines has been described as Turkey's most valuable brand for 2016, according to a leading London-based consultancy.
- According to Brand Finance's list of Top 100 Turkish Brands 2016, released Wednesday, the airline led for the first time with a brand value of \$2.4 billion after flying to 289 destinations worldwide, 240 international and 49 domestic, with 323 aircraft.
- Turkish Airlines' value is up 11 percent since last year.
- Turkish Airlines was followed by Türk Telekom, the leading communication and convergence technology company in the country worth \$2.35 billion, down five percent since 2015.
- White-goods manufacturer Arçelik was worth \$1.98 billion, an increase of seven percent since last year.
- Akbank (\$1.58 billion), a Turkish lender and owned by the Sabancı Group, and Garanti Bank (\$1.52 billion), one of the leading lenders in the Turkish market partly owned by Spain's second biggest lender BBVA, took fourth and fifth places.
- The top ten also included the country's largest mobile operator Turkcell (\$1.43 billion) and İşbank (\$1.29 billion), one of the country's biggest lenders.
- Brewer and soft-drinks manufacturer Anadolu Efes (\$1.15 billion) also featured as did Yapı Kredi Bank (\$980 million), the Turkish bank partly owned by UniCredit. State-owned Halkbank (\$958 million) was also on the list.
- The combined value of the top 100 Turkish brands has decreased nearly 15 percent from last year to a total of \$29.3 billion. This still remains lower than technology brand IBM, which ranks as the fifth most valuable brand in the world at \$49.8 billion last year by Forbes.
- The Turkish banking industry was a notable performer in the list with five bank brands ranked in the top 10.
- Turkish banks' combined brand value totaled \$9.4 billion which is 32 percent of total value of top 100 Turkish brands.

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## SYRIANS BRING TL 1.2 BILLION TO TURKISH ECONOMY

- Syrians have deposited TL 1,199,632,000 in Turkish banks according to figures from the first quarter of 2016.
- In parallel with the increasing number of Syrian refugees fleeing the civil war in their country and coming to Turkey, Syrian investments in Turkey has increased as well. Some of the Syrians who wish to secure their money have preferred Turkish banks during this period.
- According to data collected from Banking Regulation and Supervision Agency (BDDK), while the amount of deposits held by Syrians in Turkish banks was TL 311.2 million in 2012, this reached TL 694.3 million in 2013, and TL 733.8 million in 2014, TL 1.2 billion in 2015, marking a 63.8 percent increase.
- The former president of the Syrian National Coalition, Khaled Khoja, said that in addition to transferring their deposits to Turkish banks, Syrians had invested in real estate, and some invested on behalf of Turkish citizens.

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*“One Syrian businessperson alone brought \$300 million to Turkey because of the fragile environment following the Arab Spring. With this amount of money, he made great consortiums and construction investments with Turkish partners in Turkey. I do not know how many people are out there like him,” Khoja said.*

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- He stressed that with the amounts of money brought by small and middle scale Syrian businesspeople, indirect investments were made in Turkish economy as well.
- Anadolu Agency's (AA) finance analyst İslam Memiş said some Syrians entered the food sector, and it is possible to see Arab-operated restaurants, grocery stores and food kiosks all over Turkey. Syrians opened these enterprises with their dollar and gold savings, and operate them together with Turks.
- Memiş said one feature of Syrians is that they are good at trade, and many prefer investments with high profit margins.

## NEW CENTER FOR TURKISH STUDIES CREATED AT COLUMBIA UNIVERSITY

- Columbia University has created the Sakıp Sabancı Chair and Center for Turkish Studies, the first such center in the United States.
- Established with a \$10 million gift and named for its benefactor, a Turkish businessman and philanthropist, the goal of the center and the professorship is to increase knowledge and awareness about Turkey.
- The gift will also support research and academic collaboration at Sabancı University in Istanbul, which was founded by Sakıp Sabancı in 1995. At Columbia it will provide funding for visiting scholars and graduate fellowships.



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- Researchers at both universities will investigate pressing contemporary issues concerning Turkey to produce ideas and knowledge that could have an impact both within and outside academia.

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*“Our University community feels a very deep connection with Turkey, with its history, and with its importance in the modern world,” said Columbia President Lee C. Bollinger. “The Sakıp Sabancı Center for Turkish Studies will be a leading center of teaching, scholarship, research, and service in this field, one that will investigate contemporary issues in a global context. We are honored by the partnership of the Sabancı family in this endeavor, deeply appreciative of their exceptional gift.”*

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- Sakıp Sabancı, who died in 2004, was the president of the board of Sabancı Holding, one of the largest family-owned companies in Turkey. The son of a cotton trader and textile factory owner, he took over the family business in 1967, and with his five brothers built it into a conglomerate with more than 30,000 employees.

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*“As his family, we share his enthusiasm for our country and strive to do good things for Turkish society,” said his daughter, Dr. h.c. Dilek Sabancı.*

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- More than 140 students from Turkey currently attend the Columbia one of the highest populations of Turkish students in the United States and the Columbia community includes many faculty and students engaged in regional studies.

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*In 2011, Istanbul joined the eight-city network of Columbia Global Centers. “For historic and geographic reasons, Turkey plays a pivotal role in many global issues,” said David Madigan, executive vice president for Arts and Sciences and dean of the Faculty of Arts and Sciences. “I am therefore very grateful that we can build on Columbia’s long-standing links with Turkey to propel Columbia to a leading position in Turkish Studies.”*

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## MICROSOFT AGREES TO ACQUIRE LINKEDIN FOR \$26.2B

- Microsoft Corp agreed to buy LinkedIn Corp for \$26.2 billion in cash, the companies said in a statement on June 13.
- The offer of \$196 per share represents a premium of 49.5 percent to LinkedIn’s Friday closing price.



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*“Today is a re-founding moment for LinkedIn,” Reid Hoffman, chairman of LinkedIn’s board, said in a statement.*

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- Jeff Weiner will remain chief executive of LinkedIn, reporting to Microsoft CEO Satya Nadella.
- The deal is expected to close in 2016.

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*o “The LinkedIn team has grown a fantastic business centred on connecting the world’s professionals,” said Satya Nadella, Microsoft’s chief executive.*

*o “Together we can accelerate the growth of LinkedIn, as well as Microsoft Office 365 and Dynamics as we seek to empower every person and organization on the planet.”*

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## TURKISH AUTO PRODUCTION INCREASES 13 PERCENT IN MAY

- Automotive production in Turkey rose 9 percent year-on-year in the first five months, according to the monthly Automotive Manufacturers Association (OSD) report released in June.
- Automakers in the country produced nearly 594,000 vehicles -- including automobiles, light commercial vehicles and tractors -- within the January-May period, while automobile production rose about 359,000, an increase of 13 percent year-on-year, the OSD said.
- The country’s automakers manufactured nearly 125,190 vehicles in May, an increase of 42 percent compared with 88,048 in May 2015, association data showed.
- Turkey is one of the world’s top 20 auto markets, with major operations for Toyota Motor Corp., Renault joint venture Oyak Renault, Fiat Chrysler’s unit Tofas, Ford Otosan, and Hyundai Motors.

## HEPSIBURADA.COM STARTS REVERSE BRAIN DRAIN FROM SILICON VALLEY

- The head of Turkey’s biggest e-commerce platform Hepsiburada.com, Hanzade Doğan Boyner, has called for more than 100 Turkish software professionals based in Silicon Valley to return to their own country in a summit, to which she was invited by U.S. President Barack Obama.
- Doğan Online and Hepsiburada.com chair Doğan Boyner met a number of Turkish entrepreneurs and high technology professionals in a meeting on June 21 on the sidelines of the Global Entrepreneurship Summit in Silicon Valley.
- Emphasizing the high potentials of Turkey’s e-commerce sector, she invited them to return to Turkey, pushing the button on a reverse brain drain movement.

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o “There is a highly valuable Turkish community based in the Silicon Valley... During our meetings, we saw great interest from them about returning to Turkey,” said Doğan Boyner, who was invited by Obama to attend the summit.

o Saying that the retail sector was expected to reach \$350 billion in 2019, Doğan Boyner added: “The share of online penetration in the retail sector is around 1.5 percent now. This figure is expected to increase to 5.7 percent in 2019. As Hepsiburada.com, we will close the year with some 140 percent of growth in our revenue, taking the lead in the market’s growth in Turkey, which has a young population. Almost half of Turkey’s population is under the age of 30. The country’s internet penetration has exceeded 50 percent and mobile penetration over 60 percent. The market is ready for a digital transformation.”

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## US TOPS IMPORTERS OF BAKLAVA FROM TURKEY

- Exports of Turkey’s traditional dessert, baklava, have reached \$20 million in the last five years, according to the Turkish Statistics Institute (TÜİK).
- Baklava was exported to 48 countries on six continents, according to figures released May 25 by TÜİK, with the world’s largest economy, the United States, ranking at the top of the list.
- The top 10 countries to which Turkey exports baklava include Switzerland, France, Saudi Arabia, Australia, Russia, Iraq and Japan.
- Turkey has exported a total of 1,700 tons since 2011, TÜİK data showed.
- The U.S. imported nearly 312 tons of Turkish baklava, followed by Germany at 210 tons.
- According to Mehmet Yıldırım, head of the baklava makers union (Baktad), the most important reason for the increase in the exports was achievements in promotion.
- “Baklava’s coveted [protected] status by the European Commission also positively contributed to the exports,” he said.

## BREXIT

### COMPANIES ARE MOVING JOBS ABROAD

- As 51.9% Britons voted for Britain leaving the European Union on June 23, it became clear that many people could lose their jobs as global companies would be moving elsewhere. Ahead of the vote, finance lobbyists TheCityUK said that London could shed 100,000 jobs.
- Morgan Stanley warned that “the UK’s vote to leave the European Union is a very significant decision which will have a considerable impact”, it noted “there will be time to implement any changes required to adjust” its banking business.

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- Morgan Stanley began moving 2,000 investment banking staff on Friday from London to Dublin or Frankfurt.
  - Global banks sought to reassure investors and clients Friday that they will absorb the impact of Britain's vote to leave the EU, with US giant JPMorgan warning that financial sector jobs may leave Britain.

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*“In the months ahead... we may need to make changes to our European legal entity structure and the location of some roles,” said a JPMorgan staff memo obtained by AFP.*

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- Like JPMorgan, major European players like HSBC and Deutsche Bank said they may need to shift activities abroad because of Brexit, in a warning shot to London's City financial district that employs tens of thousands of people.

## OBAMA WARNS ON GLOBAL GROWTH AFTER UK VOTE

- US President Barack Obama has said the UK vote to leave the EU raises “longer-term concerns about global growth”.
- He said Brexit would “freeze the possibilities of investment in Great Britain or in Europe as a whole”.
- He appealed to the UK prime minister and other EU leaders to ensure an orderly process for the British exit.
- Earlier EU leaders warned that the UK must honour the principle of free movement of people if it wants to retain access to the single market.
- The leaders of the other 27 EU countries were meeting in Brussels without the UK for the first time in more than 40 years.
- Mr Obama was speaking at a summit in Ottawa with the leaders of Canada and Mexico, aimed at strengthening economic ties between North American countries.
- He said the preparations by central banks and finance ministers indicated that “global economy in the short run will hold steady”.
- But he added: “I think there are some genuine longer-term concerns about global growth if in fact Brexit goes through and that freezes the possibilities of investment in Great Britain or in Europe as a whole.
- “At a time when global growth rates were weak already, this doesn't help,” the president said.
- Mr Obama also strongly defended free trade and promised to press on with plans for a Trans-Pacific Partnership.

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- Without mentioning Republican presidential candidate Donald Trump - who opposes the plan - he said: "We've had times throughout our history where anti-immigration sentiment is exploited by demagogues. But guess what? They kept coming."
  - Mr Obama said his main message to Britain and Germany was: "Everybody should catch their breath. I think that will be a difficult, challenging process, but it does not need to be a panicky process,"
  - The president said he had spoken to German Chancellor Angela Merkel and that her interest was making sure Britain's exit worked, not retribution.
  - Mrs Merkel was one of many EU leaders to stress again on Wednesday that freedom of movement for EU citizens was an essential part of the single market - and that there would be no negotiations with the UK until the bloc was formally notified of its intention to leave.
  - After their meeting, the 27 EU leaders said in a statement: "Access to the single market requires acceptance of all four freedoms."
  - The "four freedoms" that underlie the EU's internal market are the freedom of movement of goods, workers, services and capital.
  - Japanese Prime Minister Shinzo Abe will have separate phone talks with British Prime Minister David Cameron and German Chancellor Angela Merkel later on Thursday, Japan's foreign ministry said.
  - Mr Cameron announced he would resign after the campaign he led for his country to remain in the EU was defeated by 52% to 48% in Thursday's referendum.
  - The outgoing leader said that he would attempt to "steady the ship", but that it would be for the new prime minister to invoke Article 50 of the Lisbon Treaty, which would give the UK two years to negotiate its withdrawal.
  - He told parliament in London that the issue of freedom of movement would be difficult to resolve.
  - "Frankly, it's a difficult issue inside the EU, where you've got all the negotiating ability to try and change things, and I think it will be in many ways even more difficult from outside," he said.

## **FREEDOM OF MOVEMENT 'ON THE TABLE' FOR FORTHCOMING TALKS**

- Freedom of movement will be "on the table" when the UK negotiates its withdrawal from the EU, French Finance Minister Michel Sapin says.
- EU leaders have warned Britain that it would have to accept the free movement of EU citizens, if it still wanted to have access to the single market.
- But Mr Sapin told the BBC's Newsnight that everything - including free movement - was up for discussion.
- He added that the UK should now leave the EU "as quickly as possible".
- But he said this was not to punish the UK, as he believed the country would "encounter real difficulties" and there was no need to "amplify" them.

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- Mr Sapin said: “When we negotiate with a country, a third party - Norway, Switzerland, to take countries that are very close - we discuss all subjects.
  - “Under what conditions there is freedom of movement of people, freedom of movement of goods, freedom of movement of capital.
  - “That is something that is very important for the UK with all the questions about financial services, so we discuss everything.”
  - Mr Sapin went on to say that “everything will be on the table” when it came to the UK negotiating its withdrawal from the European Union “because Britain will make proposals and will negotiate all these aspects with a desire to come to an agreement”.
  - He added: “But we’re not there yet, until we have an official decision from the UK. Britain won’t be in the same position as it was beforehand. Things will change. Things have already changed. “We start from zero, as we say in French - a clean slate.”
  - Mr Sapin also said certain financial institutions could be tempted to move their operations out of London and to EU nations as a result of the UK leaving the union in future.”We should prepare for this. Not out of hostility.”
  - He added that he was “surprised” that those who argued for Brexit were “totally unprepared for any of the consequences” and “suddenly discovered difficulties and problems”.
  - “That’s the paradox - those who were the least prepared will now have to take responsibility.”
  - Mr Sapin said the French government and energy company EDF, in which it holds an 80% stake, still planned to build a nuclear power plant at Hinkley Point, despite the Brexit vote. “Brexit has made waves,” he said. “We must calm the waves.”

## **IN BREXIT MONTH, INVESTORS DUMP SHARES, FLEE FOR SAFETY OF CASH**

- Global investors bought real estate, added to cash holdings and cut equity allocations to the lowest in at least five years as this month’s shock Brexit vote added to an already toxic mix of sluggish world growth and volatile markets.
- The monthly Reuters survey of 44 fund managers and chief investment officers in the United States, Europe, Japan and Britain was conducted between June 15-29, straddling the June 23 referendum in which Britons voted to leave the European Union.
- The verdict, which drove sterling to 31-year lows and wiped \$2 trillion off world stocks, heralds intense political and economic uncertainty for the UK, with likely repercussions for the euro zone as well as the rest of the world.
- Close to two-thirds of poll responses were received after the vote, but many of those who responded beforehand said they had positioned defensively, given the uncertainties already roiling world markets.
- This includes the looming U.S. presidential election which could bring victory for Republican Donald Trump - an outcome that two-thirds of those who responded to a special question said would have negative consequences.

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- Allocations to cash stood at 6.8 percent on average, having risen every month since February and the highest since last June, the survey showed.
  - In almost every region, investors dumped shares, with the average global holding at 45 percent, the lowest since before May 2011 at least and down from nearly 50 at the end of last year.
  - European funds' equity allocations hit the lowest in over four years.
  - "We expect a risk-off attitude in financial markets to continue as investors digest the potential impact of Brexit and as geopolitical risks remain high," said Matteo Germano, global head of multi-asset investments at Pioneer Investment.
  - Germano predicted a knock-on hit to commodity prices, while gold and U.S. Treasuries benefited. On equities, European and UK-focused stocks warranted caution, he said, adding: "With increased geopolitical risk in Europe, the U.S. dollar should behave as a safe haven."
  - Year-to-date, euro zone and UK stocks have lost some 10 percent and U.S. equities are just 2 percent in the black - a consequence also of stubbornly weak economic growth, U.S. rate rise expectations and fears of a sharp slowdown in China.
  - However, many investors noted that equity markets worldwide were already starting to claw back Brexit-fuelled losses.
  - "Unquestionably, we have seen an extraordinary amount of money withdrawn from the global equity markets on Brexit worries," Peter Lowman, CIO at Investment Quorum, a UK wealth manager.
  - Portfolios at HFM Columbus Asset Management were positioned cautiously, its investment director Rob Pemberton said, citing "more global concerns - global growth, Fed monetary policy, China."
  - Property as an asset class was also in demand, its weight rising to 2.9 percent, also the highest in at least five years.
  - Bond allocations rose slightly to 38.1 percent.
  - The full impact of Brexit is likely still ahead, as there is little certainty over when proceedings will formally begin to divorce the country from the EU, and how long they could take.
  - But even in the run-up to Brexit, investors were fretting about another potential speed bump - U.S. elections and the possibility of a Trump win.
  - Many say his proposals for reshaping the trade and diplomatic ties of the world's largest economy, his anti-immigration rhetoric and questions about Treasury obligations create as much market uncertainty as the Brexit issue.
  - Asked how a Trump presidency could impact U.S. and global equities, two-thirds of those who replied saw it as negative. Some also cited fears that a Trump win on the heels of Brexit could encourage populist parties across Europe.

- A Trump win would “increase the geopolitical risk at a worldwide level”, said Nadege Dufosse, head of asset allocation at Candriam.
- One consequence of the Brexit jitters is the fresh slump in bond yields, with over \$11 trillion in government bonds now yielding less than zero, and German 10-year yields falling into negative territory earlier in the month.
- German yield falls below the European Central Bank’s deposit rate will exacerbate the acute scarcity of bonds eligible for the ECB’s asset purchase programme. That could pressure it to cut interest rates further to accommodate these bonds.
- But just a quarter of the June survey participants who answered a special question on the subject thought the ECB would run out of bonds to buy.

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*“Markets have indeed been pricing in the possibility that the ECB would come up against practical limits on its purchases of government bonds by 2017,” said Andrew Milligan at Standard Life Investments.*

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- But the ECB has already broadened the range of instruments eligible for its 1.7 trillion euro stimulus plan, he noted, referring to its recent move into high-grade corporate debt.
- Jan Bopp, asset allocation strategist at Bank J. Safra Sarasin disagreed, predicting that unless criteria were changed, the ECB would run out of bonds by December.

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*“This in itself is feeding the bond market rally as the ECB needs to move further along the yield curve to purchase bonds,” he added.*

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## U.S. ELECTIONS

### CLINTON AND TRUMP TIED IN A NEW POLL

- A new Quinnipiac University poll shows Hillary Clinton leading Trump by just two points, 42% to 40%, a much closer race than other recent surveys have shown.
- With third-party candidates included, Clinton leads 39% to 37%, with Libertarian Party nominee Gary Johnson at 8% and Green Party candidate Jill Stein at 4%.



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- This Quinnipiac poll is quite different from other recent surveys on the presidential race, showing a much tighter contest than others. Its field period overlaps with those of the Washington Post/ABC News and NBC News /Wall Street Journal polls released Sunday, both of which found Clinton significantly ahead of Trump.
  - CNN's latest Poll of Polls, spanning surveys conducted June 15-27, has Clinton ahead, 47% to 40%.
  - Quinnipiac found an alarming statistic: 61% of those surveyed say the 2016 election has increased the level of hatred and prejudice in the United States -- compared to just 34% who say it has had no impact.
  - Of that 61%, 67% blame Trump and 16% blame Clinton.
  - The survey also found a majority of voters - 58% for Trump, and 53% for Clinton - said each would not be a good president.

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*“It would be difficult to imagine a less flattering from-the-gut reaction to Donald Trump and Hillary Clinton,” said Tim Malloy, assistant director of the Quinnipiac University poll, in a memo accompanying the poll results. “This is where we are. Voters find themselves in the middle of a mean-spirited, scorched-earth campaign between two candidates they don’t like. And they don’t think either candidate would be a good president.”*

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- The poll found a similar gender divide as previous surveys: Clinton wins among women, 50% to 33%, while Trump has the advantage with men, 47% to 34%. He is also ahead by the same margin with white voters, while Clinton wins African-American voters, 91% to 1%, and Hispanic voters, 50% to 33%.
- The poll surveyed 1,610 registered voters between June 21-27 and has a margin of error of plus or minus 2.4 percentage points.

## CLINTON, PIVOTING TO THE GENERAL, SEES BOOST IN FUNDRAISING

- Clinton-headlined fundraisers have brought in close to \$34 million this month, according to a CNN estimate based on ticket prices and attendance numbers provided by the Clinton campaign.
- Clinton has headlined 18 fundraisers in eight states, including four Tuesday in Colorado and California that raised more than \$4 million dollars.
- This fundraising haul, which does not include money raised online and in fundraisers headlined by other Clinton surrogates, puts the former secretary of state's campaign on track to raise more than what she has raised in other months this year.
- The reason is two-fold: Clinton, dispatching with Vermont Sen. Bernie Sanders earlier this month, is now fundraising for the general election, meaning donors who maxed out their primary contributions with a \$2,700 donation are now able to donate up to another \$2,700.

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- Clinton has started primarily raising money for the joint fundraising agreements - the Hillary Action Fund and the Hillary Victory Fund - that her campaign has signed with the Democratic National Committee and state Democratic parties. These agreements allow Clinton's donors to give more than to \$500,000 to a number of different Democratic accounts through the Clinton campaign.
  - So far, Clinton has buried presumptive Republican nominee Donald Trump in fundraising. Clinton's campaign started the month with \$42 million in the bank, according to their report with the Federal Election Commission. Trump started with \$1.3 million.
  - Trump, who has bluntly said he doesn't enjoy asking people for money, has reportedly begun to kick his fundraising operation into high gear this month. He and his joint fundraising committee reportedly raised at least \$11 million in three days this month after Trump started asking for money.
  - Clinton, meanwhile, has headlined a variety of events in June, including a concert featuring performances by Christina Aguilera, John Legend and Stevie Wonder on June 6 that attracted nearly 6,000 people. That event alone raised close to \$15 million for the Hillary Victory Fund.
  - Clinton has also headlined events hosted by Mike Tomlin, the Pittsburgh Steelers head coach, movie mogul Harvey Weinstein and Sean Parker, the co-founder of Napster and former Facebook president.
  - Despite the sizable June haul, Clinton's top campaign aides still claim that the campaign does not have enough money to do everything it would like to do in battleground states.

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*“I don't want to be hyperbolic, but I do want to be honest with you about where we are,” Robby Mook, Clinton's campaign manager, wrote in a Wednesday fundraising email. “And the truth is, as of today, we're 130,000 donations short of our goal.”*

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- Clinton is expected to raise \$1 billion for her White House effort, a sum that Trump has said he has “no reason” to match.

## MITT ROMNEY SAYS HIS FAMILY STILL WANTS HIM TO RUN FOR PRESIDENT

- Mitt Romney's family is still pleading for him to mount an independent bid for the presidency, the 2012 Republican nominee said Wednesday.
- Romney, speaking to CBS News' John Dickerson at the Aspen Ideas Festival, said a son asked him as recently as Tuesday to do so.

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*“My wife and kids wanted me to run again this time, interestingly enough,” Romney said. “I got an email from one of my sons yesterday, saying ‘You gotta get in, Dad! You gotta get in!’ “*

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- Romney did not specify which of his five sons sent him the note.

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*“For my wife and kids to say, ‘Do it again’ -- and I’m talking about late in the process here -- they were concerned about the direction of the nominating process in our party,” Romney said, before being reminded that he pushed his dad to remain engaged even after his political defeats. “I appreciate the fact that they’re doing that -- but my dad didn’t run when there was no chance of winning.”*

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- Romney briefly considered joining the 2016 race in January 2015, but decided against it after former Florida Gov. Jeb Bush locked down many establishment heavyweights. Romney was approached again after Donald Trump became the presumptive nominee, but turned down the entreaties.
- Romney has emerged as the figurehead of the movement of Republicans opposed to Trump’s candidacy. Yet he reiterated to Dickerson that while he hoped a third-party, independent entrant would join the November ballot, he did not expect a candidate to materialize.
- Romney also said again that Bill Weld, a predecessor as Massachusetts governor who is the Libertarian Party nominee for vice president, would be a “great” president, but that he had no current plans to endorse the ticket, headed by former New Mexico Gov. Gary Johnson.

## SANDERS VOWS TO CONTINUE DEMOCRATIC PLATFORM FIGHT

- Bernie Sanders claimed some “very, very important victories” in the initial draft of the Democratic platform - but vowed to continue fighting for the inclusion of progressive causes.
- Sanders, who has yet to officially suspend his Democratic presidential campaign, said he’ll continue pressing for the policies that animated his failed presidential bid before the party’s 2016 platform is locked in at the Democratic National Convention in Philadelphia next month.

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*“We lost some very important fights,” Sanders told CNN’s Jake Tapper on “State of the Union.” “We’re going to take that fight to Orlando, where the entire committee meets in two weeks. And if we don’t succeed there, then we’ll certainly take it to the floor of the*

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- Sanders’ victories in the platform include a \$15-an-hour minimum wage, efforts to curb “Wall Street greed” and hiking taxes on multi-millionaires. But it does not line up with Sanders’ positions on trade, a carbon tax and a Medicare-for-all single-payer health insurance system.

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*“We have made some good gains,” Sanders said. “We have more to do.”*

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- Sanders has said he'll support presumptive Democratic presidential nominee Hillary Clinton and do everything he can to defeat Republican Donald Trump in November. But, pressed about polls that show nearly half of his voters not currently supporting Clinton, Sanders said she'll need to embrace progressive policy positions to win over those supporters.

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*o “And if she does the right thing, I am absolutely confident that the vast majority of my voters will vote for her,” Sanders said.*

*o “That is the process we are engaged in right now. We’re working on the Democratic platform. We are talking to the Clinton campaign,” he said. “And I hope very much that Secretary Clinton understands that not only is it good public policy, it’s the right thing to do; it is good politics to begin to move in that direction.”*

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- Sanders said he doesn't believe Trump will win in the general election -- in part because of his refusal to accept climate science and his proposed cuts in taxes for the wealthy.
- Sanders also said Trump goes against “centuries of struggle that we have had in this country to combat discrimination.”

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*“That is not the candidate that the American people are going to support in November,” he said.*

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## ELIZABETH WARREN CONSIDERED FOR CLINTON VP

- Hillary Clinton's campaign is considering making Elizabeth Warren her running mate but has ruled out Bernie Sanders, the Wall Street Journal reports.
- Other senators being considered for the role include Tim Kaine of Virginia, Sherrod Brown of Ohio, and Cory Booker of New Jersey. Los Angeles mayor Eric Garcetti, Housing and Urban Development secretary Julian Castro, and Reps. Xavier Becerra and Tim Ryan are also being looked at, according to the Journal.
- Sanders and Warren both hail from the more progressive wing of the Democratic party and are closely aligned on many issues. A Sanders advisor told the paper that the Vermont senator is not particularly interested in the job. Still, many of his supporters had hoped that he would be considered for the job.
- The Sanders and Clinton camps are currently in discussions to help unify the party in advance of next month's Democratic convention. Sanders wants the party's platform to be more progressive and various changes to nominating rules.
- Warren, meanwhile, has impressed the Clinton campaign with her attacks on presumptive Republican nominee Donald Trump.
- Clinton has said that the main criteria for a running mate is for them to be able to become president. Advisors say she is not particularly interested in geographic or demographic factors, and that she feels she's embraced enough progressive positions that she doesn't necessarily need to choose someone from the left wing of her party.



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