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Six Minute Strategy

View from the Oval Office

January 2025

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Market returns since US election

Trump's economic team would like to extend US dominance - supporting US markets



US assets dominate market returns since 5 November 2024

Impact of Trump's election victory on asset class performance

Asset class	Change since 11/5 as of 22/01/2025	Percentage change, %										
		-10	0	10	20	30	40	50	60			
Bitcoin	56.53											★
S&P 500 Growth	9.67			★								
S&P 500	5.89			★								
S&P 600 Small Cap	4.95			★								
Crude Oil	4.81			★								
US Dollar (DXY)	4.01			★								
US High-Yield Bonds	1.70			☆								
US 3M Bonds	0.97			☆								
S&P 500 Value	0.67			☆								
Gold	-0.18			☆								
US 10Y Bonds	-1.21			☆								
Europe Equities	-1.43			☆								
Real Estate	-2.31			☆								
EMs Equities	-4.31			★								
China Equities	-4.63			★								

Source: ICE BofAML, LBMA, Macrobond, MSCI, FTSE Russell, S&P Global, ICE 22.01.25

MACROBOND

Trump's mainstream economic candidates:

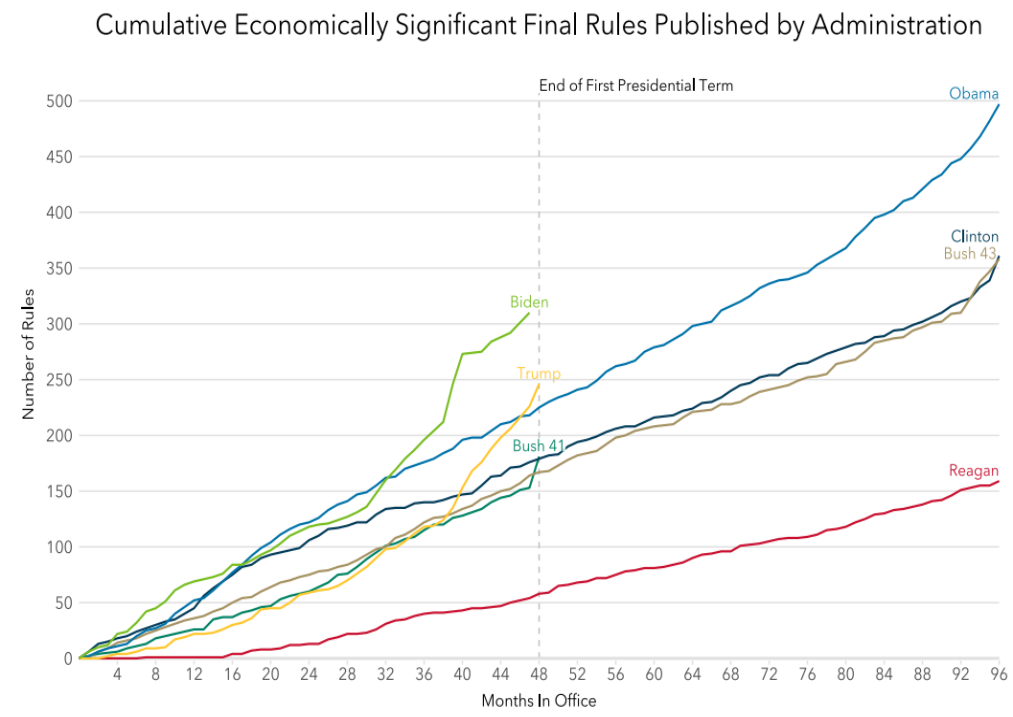
- **Kevin Hassett at NEC***: Traditional supply sider - expect he will play a key role in shaping tax cut agenda.
- **Scott Bessent at Treasury: 3-3-3**** agenda points to lower deficit risks.
- **Howard Lutnick at Commerce:** 'Temporary and targeted' tariffs and open to lobbying as has little trade expertise or dogma.
- **Jamieson Greer as US Trade Rep:** Implementer and not an ideologue like Robert Lighthizer.

* National Economic Council (NEC) advises US President on global economic policy

** 3% GDP growth, 3% budget deficit, growth of 3 mb/d US energy production in mb/d oil equivalent

The US regulatory burden has grown substantially

Democratic Presidents have typically increased regulation

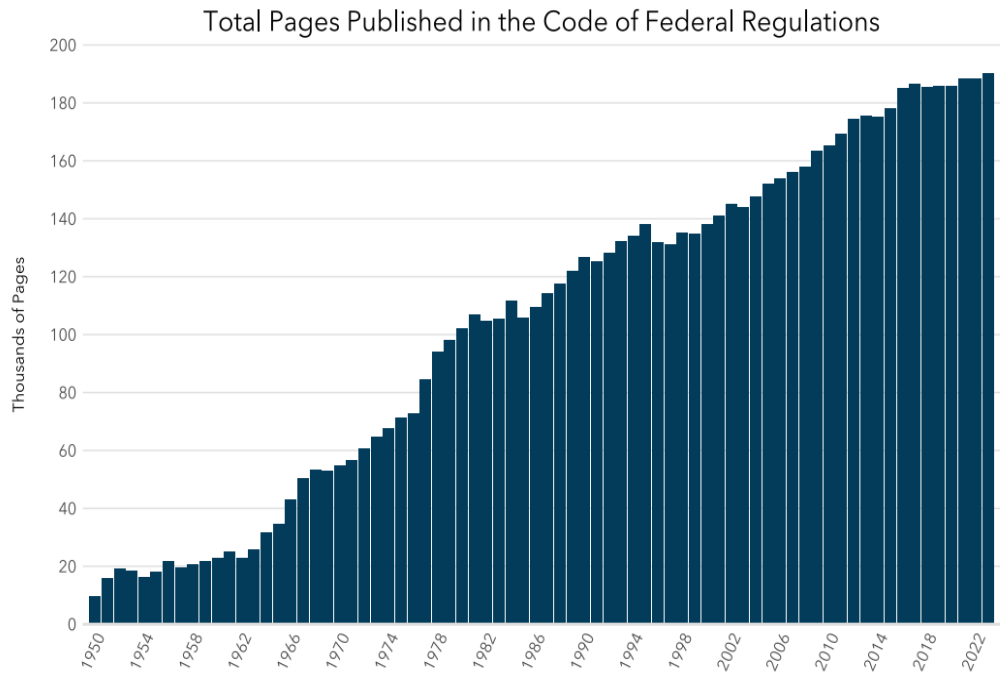


Regulatory Studies Center
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Sources: Office of the Federal Register (federalregister.gov) for Biden administration and all subsequent administrations; Office of Information and Regulatory Affairs (reginfo.gov) for all prior administrations.

Updated: January 08, 2025

Volume of pages point to escalating burden on businesses



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Sources: govinfo.gov for the years 2022 and onwards; Federal Register Statistics for all the prior years

Updated: July 02, 2024

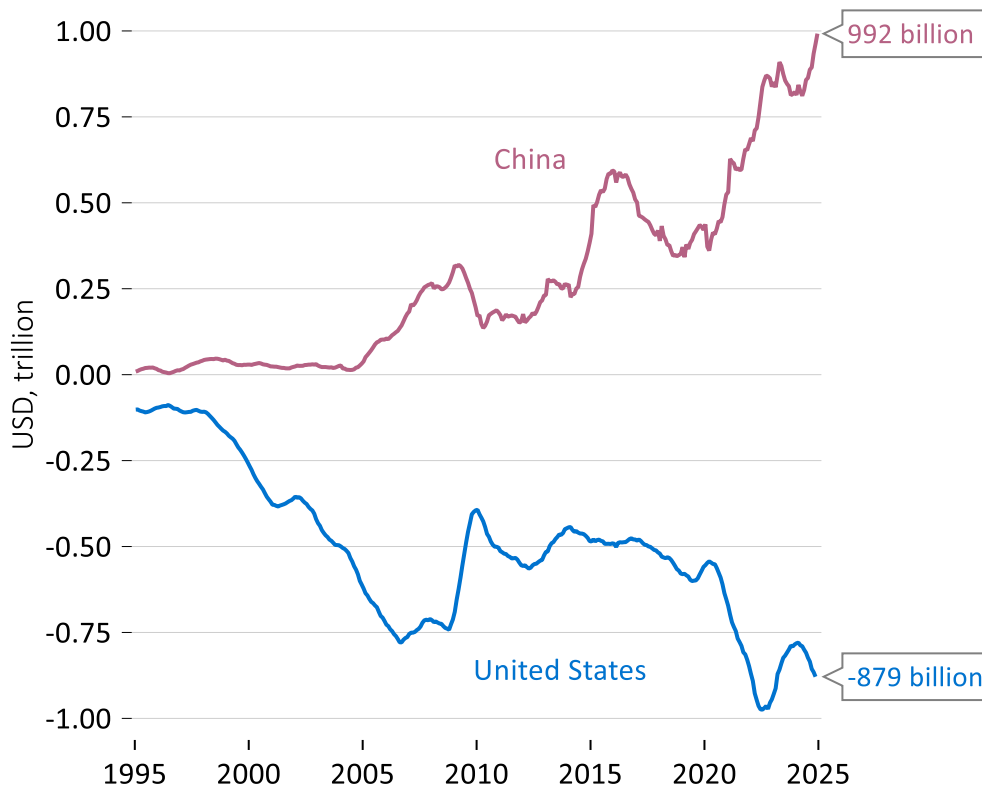
Will Trump's moves to rebalance trade invite a global response?

As the new administration embraces tariffs, the post-war consensus on free trade is unravelling



Trade balances: China vs US, 1995 - 2025

Total Trade Balances



Source: Macrobond, 22.01.25



The asymmetry of US trade power is striking

Whose trade matters? (by \$ imports)

- Mexico (\$498B)
- China (\$433B)
- Canada (\$415B)
- Germany (\$161B)
- Japan (\$148B)
- Vietnam (\$131B)
- Korea (\$130B)
- Taiwan (\$109B)
- Ireland (\$95B)
- India (\$86B)
- Italy (\$76B)
- U.K. (\$67B)
- Thailand (\$61B)
- France (\$59B)
- Switzerland (\$50B)

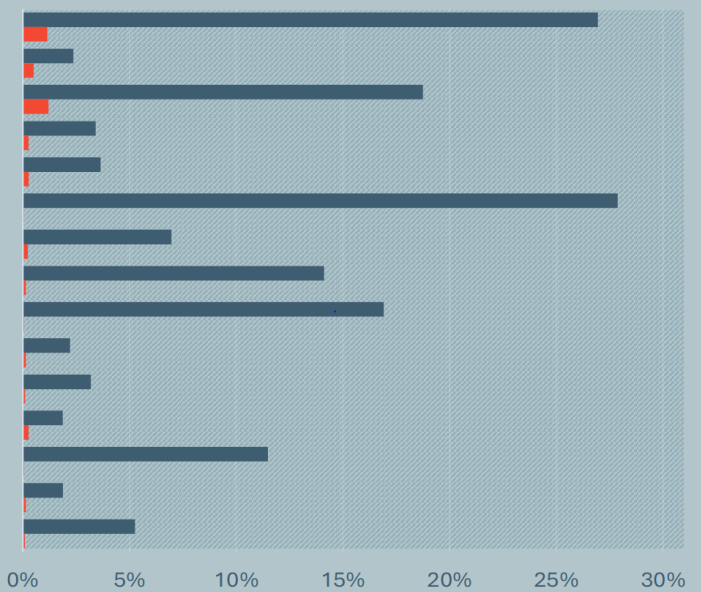
Sum of top 15 = \$2.9 trillion or 89% of all U.S. imports

Note: 1) There are countries with whom the US has \$ trade surpluses, e.g., Hong Kong, Australia, & UAE. 2) Imports are trailing 12-mth totals as of 9/2024.

Source: Census Bureau, IMF, BCG Center for Macroeconomics

Power asymmetry: Who has more to lose?

Imports to the US, share of trade partner GDP
U.S. exports, share of U.S. GDP



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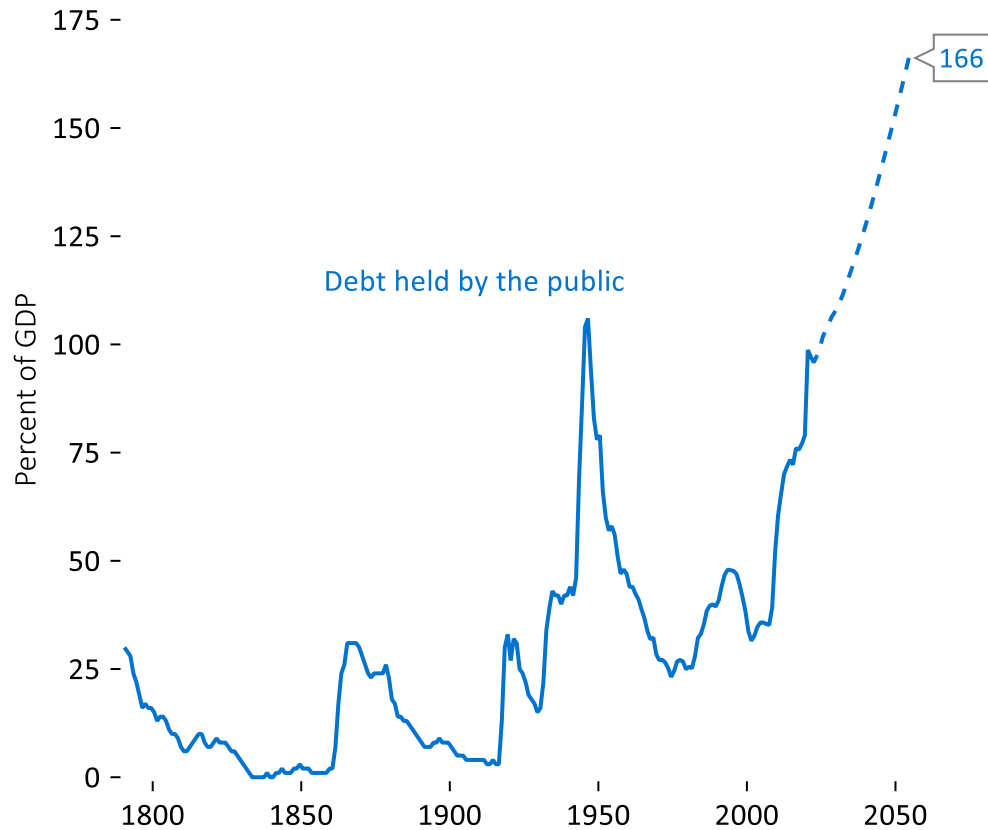
Source: BCG, December 2024

How will the Trump administration pay for the tax cuts?

Bond market 'vigilantes' might challenge US Treasuries as foreign buyers retreat



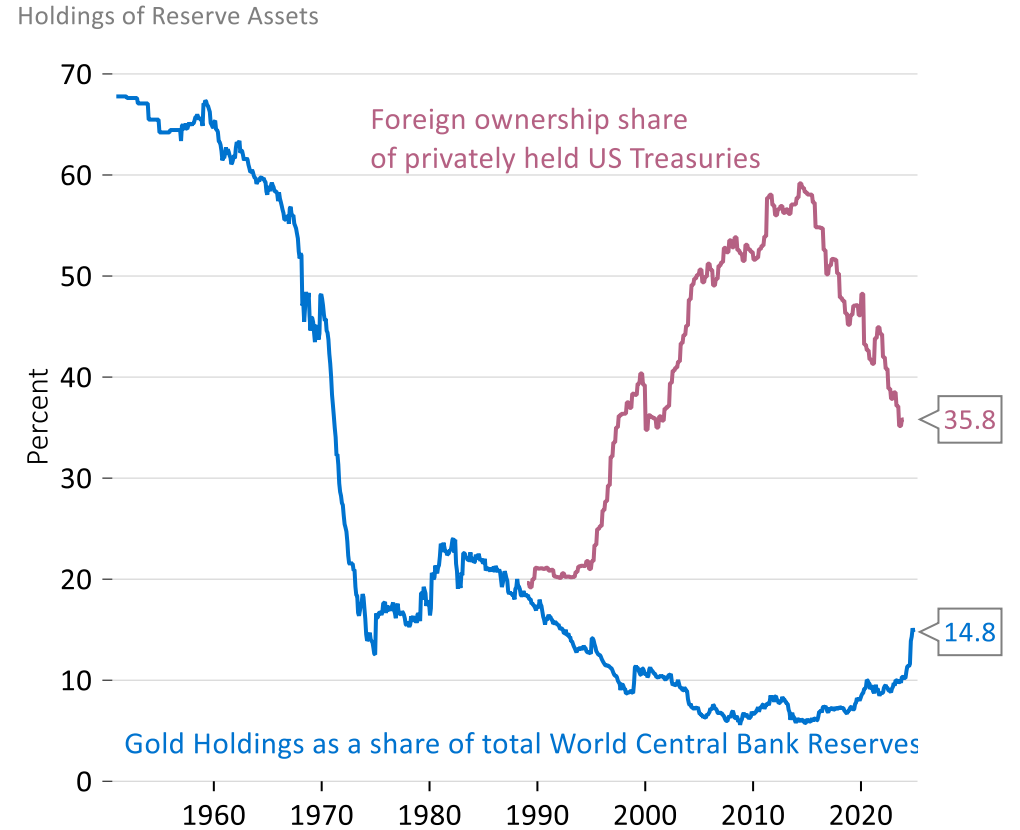
US deficit forecast to climb above WW2 highs by 2030



Source: Macrobond, 21.01.25



Foreign holdings of US treasuries falling – gold rising



Source: Macrobond, 17.01.25

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