



Trump 2.0 ? What does the future hold ?

Welcome address

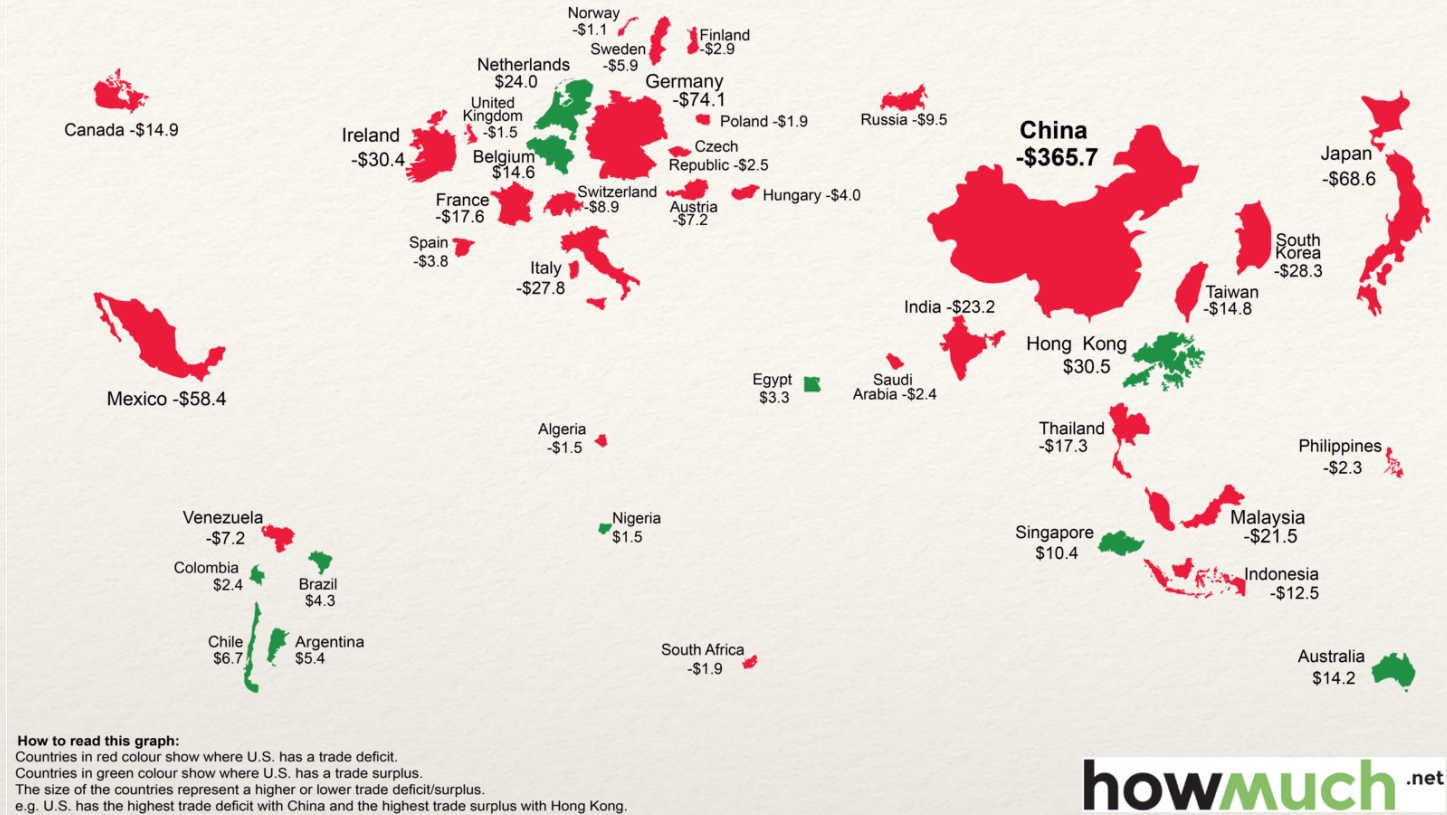
Vincenzo Giunta President of LFMA

TUESDAY 1ST OCTOBER 2019



World Map of U.S. Trade Balance

Trade in Goods (in billions of dollars)



Trump 2.0? What does the future hold?

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It's not all about Trump; but...

“Unfortunately, these are risks that investors are bad at dealing with. Economic fluctuations can be modelled, but markets have always struggled to accurately price in the potential for political shocks. Most of the time, investors opt to ignore them until they become real, at which point it is too late, and the impact can be severe.”

Robin Wigglesworth, *Financial Times*, 10 May 2019



1. POTUS under pressure...

“The 2020 election is already in danger of becoming another referendum on Mr Trump’s character. That is unfortunate. Last time the odds seemed to be against him. This time, who knows? The US economy’s health will provide much of the answer. But that is hard to forecast.”

Edward Luce, *Financial Times*, 27 March 2019



<https://mavenroundtable.io/globallead/politics/donald-trump-four-more-years-SzMpaLctVUunLh0YuZmRUg/>

...plays hardball for his base

“It is not clear whether Mr. Trump has reverted from the eager deal maker to the anti-China hawkishness of the 2016 campaign. The risks of an all-out trade war are considerable. Political analysts said voters were likely to judge the president’s actions by how they affected their economic fortunes, not by whether he looked tougher than the Democrats. To some extent, that is true even of Mr. Trump’s supporters.”

Mark Landler and Ana Swanson, *The New York Times*,
10 May 2019

<https://mavenroundtable.io/globallead/politics/much-ado-about-everything-no-37-playing-hardball-3vn9Hk74v06nYxSI6fJkwg/>



2. China/US: Delay, then deal?...

“The United States lost over 3 million manufacturing jobs, nearly a quarter of all steel jobs, and 60,000 factories after China joined the WTO. And we have racked up \$13 trillion in trade deficits over the last two decades.... But those days are over. We will no longer tolerate such abuse. We will not allow our workers to be victimized, our companies to be cheated, and our wealth to be plundered and transferred.”

President Donald Trump (at the UNGA), 25 September 2019



<https://mavenroundtable.io/globallead/politics/china-us-don-t-underestimate-domestic-politics-ad18WyAJsk6JTr9mzUlpzg/>

...delay but no deal?...

"We reject the ideology of globalism, and we embrace the doctrine of patriotism. Around the world, responsible nations must defend against threats to sovereignty not just from global governance, but also from other, new forms of coercion and domination."

President Donald Trump (at the UNGA),
25 September 2019

<https://mavenroundtable.io/globallead/politics/much-ado-about-everything-no-35-trade-you-can-t-always-get-what-you-want-PYboUM16MkGIboHaKCOdza/>



...and the really 'big deal' issue

"There are many reasons for the US to wage the trade war with China, but they are not the real motives: on face value they launched a trade war, but underlying it is the waging of a technology war to curb China's growth in technological advancement."

Ambassador Liu Xiaoming, May 2019

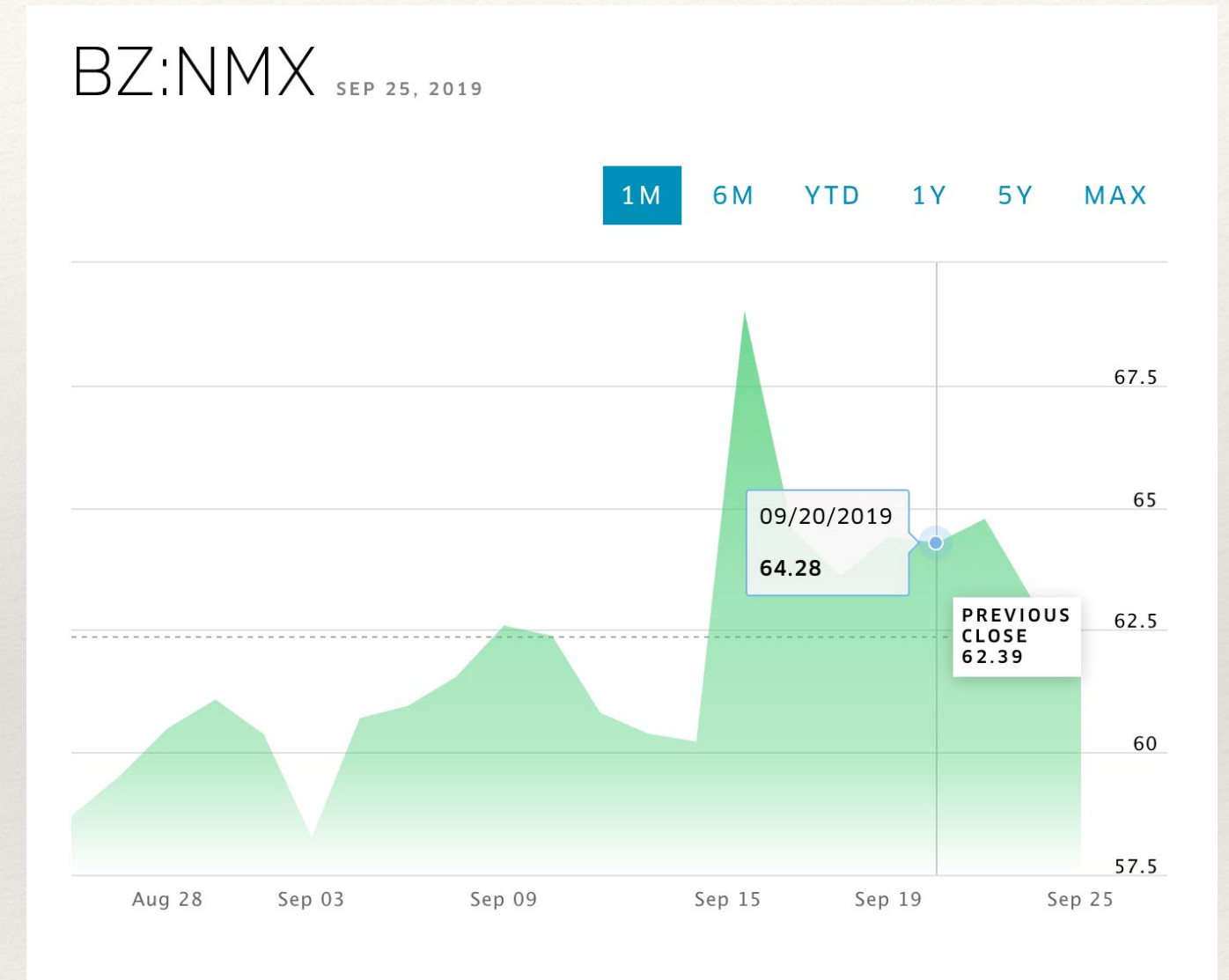


<https://www.scmp.com/news/china/diplomacy/article/3011638/technology-true-target-us-war-china-says-diplomat>

3. Oil: Conflicting forces

"They should have started a bull run, but supply shocks that have rocked the oil industry this year have failed to deliver a sustained rise in crude prices."

Ahmad Ghaddar & Noah Browning, *Reuters*, 26 September 2019



Brent Crude September 2019

4. EMs: The end of an era?...

"Today, high commodity prices are a fading memory. Trade is stuttering and global supply chains are being disrupted. Far from catching up with the developed world, many supposedly emerging markets are growing more slowly. As globalisation risks going into reverse, many investors are asking what, if anything, will drive the asset class in future, raising questions over the role of emerging markets in a diversified portfolio."

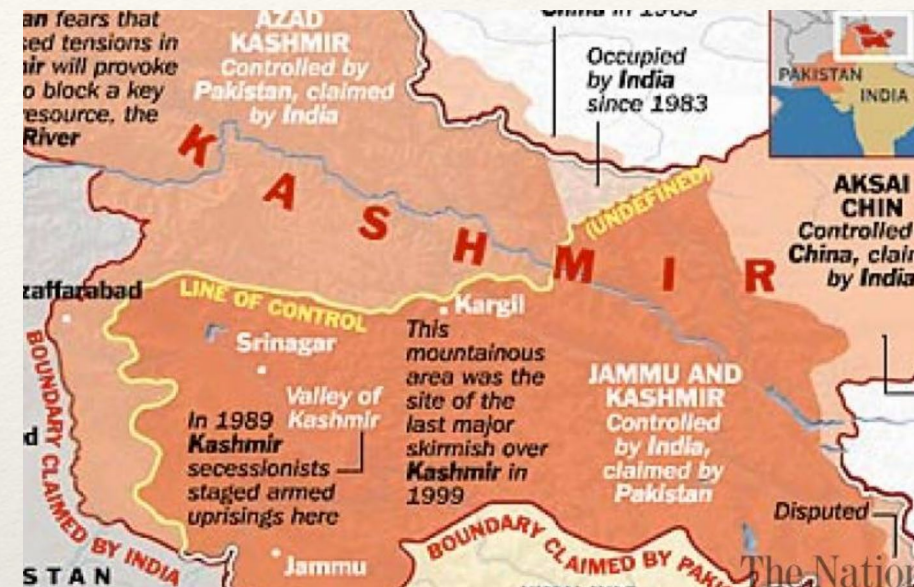
Jonathan Wheatley, *Financial Times*, 16 July 2019



...with risk in many guises



Argentina



India/Pakistan



North Korea



Taiwan



Turkey



Venezuela

5. Islamic State: “Reports of my death...”

“...the global community ISIS forged is very much still in place. Indeed, ISIS has networks across the globe, and draws on those networks and the group’s prodigious output online to make a case to its followers that the fight is far from over—instead, it’s just entered a new phase.”

Joshua A Geltzer, *The Atlantic*, 1 May 2019

<https://www.theatlantic.com/ideas/archive/2019/05/baghdadi-video-announces-rebirth-isis/588421/>



Is the end (finally) nigh?

“During the week of September 16th the repo market — the epicentre of the crisis 12 years ago — ran short of liquidity, forcing the Federal reserve to intervene suddenly to inject funds.... the episode was a reminder that financial dangers lurk. At some point one will give post-crisis reforms a real-world stress test. It is unclear whether they are up to the challenge.”

The Economist, 27 September 2019



Four More Years?...

- US military strike on Iran's nuclear programme?
- US 'technology war' with China?
- Heightened China/US tensions over South China Sea and Taiwan?
- The US withdraws from Afghanistan, then quits Nato?
- US forces pull out of South Korea?
- Heightened Sino/US and EU/US trade tensions?
- The US quits the WTO?



...and maybe more?



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