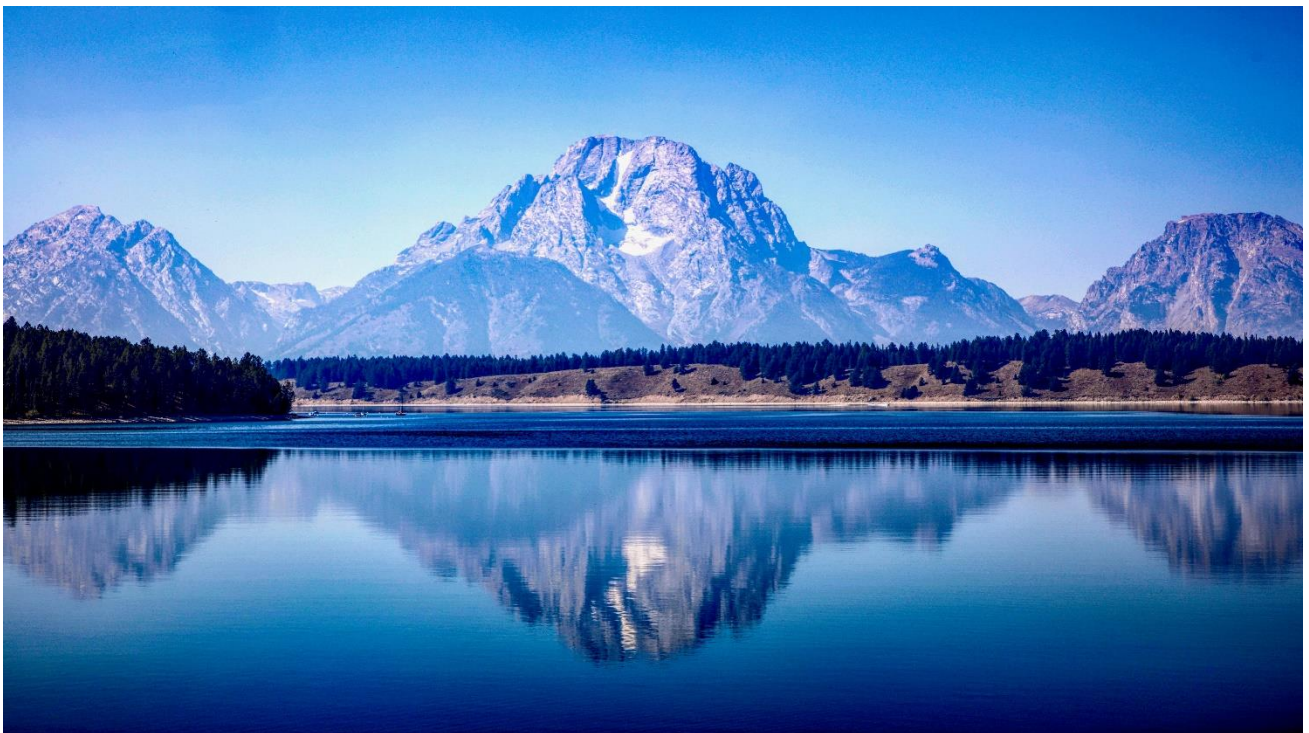


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What happens if Donald Trump wins?



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EXPECTED IMPACT OF A DONALD TRUMP PRESIDENCY

Investors worldwide are closely watching the presidential election. Our analysis examines seven critical areas: economic growth, inflation, deficit spending, trade barriers and tariffs, taxes, foreign policy (Ukraine, Israel, and Taiwan/China), and immigration.

1. Economic growth

Trump's economic program emphasizes tax cuts, deregulation, and a protectionist trade policy aimed at promoting domestic production. He plans to extend the Tax Cuts and Jobs Act (TCJA) of 2017 and further reduce the corporate tax rate to 15%. Trump also advocates high tariffs on imports to bolster U.S. manufacturing.

While these measures may benefit certain industries, economists caution about potential negative effects: Broad tariffs could disrupt global supply chains, lead to higher production costs, and trigger retaliatory actions. Additionally, substantial tax cuts without corresponding spending reductions may increase the federal deficit and threaten long-term economic stability.

2. Inflation

Trump's proposed tariffs and restrictive immigration policy could amplify inflationary pressures. Import tariffs raise consumer prices as businesses pass on the increased costs to consumers. Furthermore, an aggressive deportation policy could reduce the labor force, especially in industries with a high proportion of immigrant workers, driving wages up. These factors, combined with expansionary fiscal policies, could lead to higher inflation rates, complicating monetary policy and reducing purchasing power.

3. Deficit spending

Trump's fiscal policies, including tax cuts and increased defense spending, are expected to further increase the federal deficit. The Committee for a Responsible Federal Budget estimates that his plans could raise the national debt by approximately \$7.75 trillion by 2035, raising concerns over the sustainability of federal finances. This may affect interest rates and future economic growth.

4. Trade barriers and tariffs

A central aspect of Trump's economic policy is the introduction of substantial tariffs to protect domestic industries. He plans to impose a 10% tariff on all imports, with even higher rates for specific goods. While these measures are intended to support U.S. industries, they carry the risk of sparking a trade war, including retaliatory tariffs and disruptions in international trade relations. The resulting uncertainty could weigh on global markets and threaten economic stability.

5. Taxes for individuals and corporations

Trump supports extending the TCJA provisions and lowering the corporate tax rate to 15%. He also proposes eliminating income tax on Social Security benefits and making auto loan payments tax-deductible. While these tax cuts could stimulate the economy in the short term, they may also reduce federal revenues and further increase the deficit, potentially affecting the funding of public services.

6. Foreign policy: Ukraine, Israel, and Taiwan/China

- **Ukraine:** Trump has suggested he could quickly resolve the Russia-Ukraine conflict, claiming he could negotiate a solution within 24 hours. However, his previous interactions with Russian President Vladimir Putin and skepticism toward NATO raise concerns about his commitment to supporting Ukraine against Russian aggression.
- **Israel:** Trump's administration recognized Jerusalem as Israel's capital and brokered the Abraham Accords, normalizing relations between Israel and several Arab states. Strong support for Israel is expected to continue, with a focus on de-escalating conflicts in the Middle East.
- **Taiwan/China:** Trump's stance on China is confrontational, particularly on economic issues such as tariffs and reducing reliance on Chinese imports. His policy toward Taiwan has varied, with some officials advocating closer ties to Taiwan, though Trump himself has shown reluctance to directly challenge China on Taiwan-related matters.

7. Immigration

Trump's immigration policy focuses on strict enforcement and limiting both legal and illegal immigration. His proposals include mass deportations, completing the southern border wall, and tightening asylum and visa requirements. These measures could significantly impact the labor market, especially in sectors that rely on immigrant workers. A potential labor shortage could raise production costs and lead to humanitarian and diplomatic consequences, potentially harming the U.S.'s international reputation.

Conclusion

A second term for Donald Trump could bring far-reaching changes across multiple policy areas. While his plans aim to stimulate economic growth and strengthen national security, analysts express concerns over potential inflationary pressures, increased deficit spending, trade tensions, and the effects of his foreign and immigration policies. The actual impact would depend on the implementation of these measures and the responses of national and international stakeholders.

INDUSTRIES THAT MAY BENEFIT FROM DONALD TRUMP'S ELECTION AND THOSE THAT COULD SUFFER

A second term for Donald Trump could have varied impacts across industries. Proposed policies, including tariffs, tax cuts, deregulation, and strict immigration controls, are likely to benefit certain sectors, while others may face significant challenges.

Industries that could benefit

- **Manufacturing and heavy industry**
 - **Rationale:** Trump's "America First" trade policy aims to strengthen domestic production through import tariffs.
 - **Impact:** Sectors such as steel, aluminum, machinery, and manufacturing may experience growth, as domestic products become more competitive due to higher import costs.
- **Defense and aerospace**
 - **Rationale:** Trump's focus on national security and increased defense spending is expected to secure contracts for defense contractors.
 - **Impact:** Companies in defense, aerospace, and military technology may receive more government contracts.
- **Oil, gas, and coal**
 - **Rationale:** Trump's energy policy favors fossil fuels and reduces environmental regulations.
 - **Impact:** Oil and gas companies and the coal industry could benefit from fewer regulatory restrictions, making operations easier and boosting profits, though often at the expense of environmental sustainability.
- **Construction and real estate**
 - **Rationale:** Infrastructure projects, such as expanding the border wall and potential tax incentives for real estate, could boost the construction industry.
 - **Impact:** Construction and real estate companies may benefit from government contracts and deregulation in land use.
- **Financial services**
 - **Rationale:** Trump's pro-business approach includes deregulating the financial sector, potentially giving banks and investment firms more flexibility.
 - **Impact:** Financial institutions could benefit from relaxed regulations and tax incentives for corporate investments and mergers.

Industries likely to face challenges

- **Technology**
 - **Rationale:** Trump is critical of large technology companies, particularly regarding data privacy and international business practices.
 - **Impact:** Companies with complex global supply chains, such as electronics and semiconductor firms, may face increased costs and regulatory challenges around censorship and data security.

- **Agriculture**
 - **Rationale:** Tariffs and retaliatory trade measures have negatively impacted agriculture, particularly with trading partners like China.
 - **Impact:** Farmers and agricultural exporters may face restricted access to export markets and reduced demand for U.S. products, leading to income losses and instability.
- **Renewable energy**
 - **Rationale:** Trump's focus on traditional energy sources disadvantages the renewable energy sector.
 - **Impact:** Companies in solar and wind energy may struggle with reduced government support and potential cuts in subsidies and tax incentives.
- **Healthcare**
 - **Rationale:** Trump's plans to repeal the Affordable Care Act and deregulate the healthcare sector create uncertainty for insurers and hospitals.
 - **Impact:** Insurers may face regulatory challenges, while healthcare providers could see reduced demand as access to healthcare declines.
- **Hospitality and travel**
 - **Rationale:** Stricter immigration and travel policies may reduce the influx of international tourists and workers.
 - **Impact:** Hotels, airlines, and other travel-related businesses may experience a decline in international visitors, and profitability could be affected by labor shortages.

Conclusion

In a second Trump term, industries such as heavy manufacturing, fossil fuels, construction, defense, and financial services are likely to benefit from policies of protectionism, tax cuts, and deregulation. In contrast, technology, agriculture, renewable energy, healthcare, and hospitality may face challenges due to more restrictive immigration policies and increased trade tensions. The extent of the impact will ultimately depend on each sector's reliance on trade, labor, regulation, and international relations.

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