

FRIDAY, 15 NOVEMBER 2024

The Week Ahead

Trump 2.0 – A challenge for China and Asia

We think Trump's second US presidency can be challenging for China and Asia's macro conditions.

Based on Trump's campaign pledges, we envision the US to impose severe trade protectionist policies on China, which in turn would have negative spill-over effects over the rest of Asia. Even if Trump's threat of imposing 60% tariffs on all Chinese imports and 10% tariffs on all global imports are mere tactics for trade negotiations, the uncertainties caused by these threats would be enough to negatively affect the existing global merchandise trade flows. The heightened tariffs, if materialized, would be severely disruptive on China's US-bound exports and Asia's external trade for the years to come.

Trump's protectionism would also disrupt the restructuring of the global supply-chain within and outside of Asia. The punitive tariffs on Chinese imports would prompt more Chinese

companies to relocate abroad and less foreign companies to invest directly into China, thereby aggravating the net foreign direct investment outflows from China. Trump's plan to expand his protectionist measures beyond "Made in China" products, by imposing hefty tariffs on Chinese-made goods (e.g. electric vehicles) in foreign economies (e.g. Mexico), is expected to disrupt China's direct investment flows into other emerging economies, upsetting the on-going restructuring of the global supply-chain.

Lastly, we think Trump's policy mix of higher tariffs and lower taxes should turn out inflationary for the US. This would hinder the Federal Reserve's (Fed's) monetary policy easing process, which would mean higher US rates and stronger US Dollar. Many Asian economies would be affected as a result, especially those suffering from weakened domestic demand and rising external trade headwinds. Weakened currency stability is expected to hinder the extent Asian central banks can ease to support domestic demand at home.

In sum, China and Asia may face increased headwinds on growth but a less accommodative external environment to ease during Trump's second administration. Growth will be challenged while currency stability would stay pressured in 2025 and beyond. Risky assets in Asia are likely to face greater volatility, though are still expected to benefit to a certain degree from continued Fed policy rate cuts.

Publications

→ Dimensions of disruption: Deglobalisation

The world is being transformed at an unprecedented pace. The first part of this study on the dimensions of disruption sheds light on the process of deglobalisation.

→ US elections

How might investors navigate the election result?

→ Multi Asset: The comeback

The aim behind "multi asset" is to improve the risk/return profile of an investment by allocating capital across a multitude of assets. This approach to investment struggled during the phase of low and negative returns. Meanwhile, it may be poised for a comeback.



Christiaan Tuntono
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Asia Pacific

The Week Ahead

Next week will mainly focus on the consumer price indices (CPI) of **Japan** and the **Eurozone**, and the flash Purchasing Manager Indices (PMIs) of **Japan**, the **US** and the **Eurozone**.

On **Monday, Japan** will release its September machinery order data to shed light on its latest capital investment activities. The **US** will also release the National Association of Home Builders (NAHB) Housing Market Index for November.

On **Tuesday, the Eurozone** will release its CPI and core CPI for October, on which the market will gauge the European Central Bank's monetary policy decision. The **US** will release its October building permits and housing starts.

On **Wednesday, Japan** will release its October merchandise trade growth and trade balance data. **China** will release its decision on the 1-year and 5-year Loan Prime Rates for November.

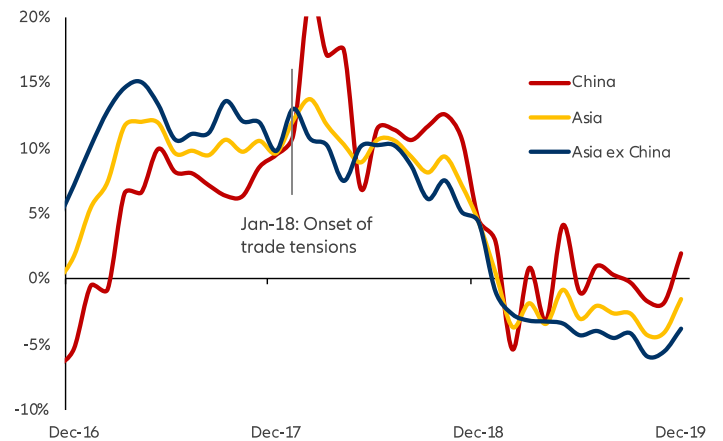
On **Thursday, the US** will release the Philadelphia Fed Business Outlook Survey for November. The **US** will also release the October existing home sales data and the latest initial and continuing jobless claims data.

On **Friday, Japan** will release the October nationwide headline and core consumer price indices, which we think may affect the Bank of Japan's upcoming monetary policy decision. The US will publish its November University of Michigan Sentiment indices. **Japan, Eurozone** and the **US** will all release their November PMIs on the day also.

Wish you good luck and great returns under Trump 2.0.

Christiaan Tuntono

China's and Asia's nominal export growth after Trump's first tariff hikes on China



Source: CEIC, Morgan Stanley, AllianzGI Global Economics & Strategy, as of November 2024.

Past performance, or any prediction, projection or forecast, is not indicative of future performance.

UPCOMING POLITICAL EVENTS 2024

11–22 Nov		COP29 in Azerbaijan
18–19 Nov	G20	G20 Summit in Brazil
	EU	Decision deadline on China EV subsidies
11 Dec	CA	Bank of Canada meeting

→ [Overview political events 2024 \(click here\)](#)

Calendar Week 47

Monday			Consensus	Previous
UK	House Price Rightmove YY	Nov	--	1.0%
JN	Machinery Orders YY	Sep	--	-3.4%
EC	Total Trade Balance SA	Sep	--	11.00B
US	NAHB Housing Market Indx	Nov	--	43
JN	Chain Store Sales YY	Oct	--	1.0%
Tuesday				
EC	HICP Final YY	Oct	2.0%	2.0%
EC	HICP-X F,E,A&T Final YY	Oct	--	2.7%
US	Building Permits: Number	Oct	--	1.425M
US	Housing Starts Number	Oct	--	1.354M
Wednesday				
JN	Exports YY	Oct	--	-1.7%
JN	Imports YY	Oct	--	2.1%
JN	Trade Balance Total Yen	Oct	--	-294.3B
CN	Loan Prime Rate 1Y	Nov	--	3.10%
CN	Loan Prime Rate 5Y	Nov	--	3.60%
GE	Producer Prices YY	Oct	--	-1.4%
UK	Core CPI YY	Oct	--	3.2%
UK	CPI YY	Oct	--	1.7%
UK	RPI YY	Oct	--	2.7%
UK	RPIX YY	Oct	--	2.0%
UK	CPI Services YY	Oct	--	4.9%
UK	PPI Input Prices YY NSA	Oct	--	-2.3%
UK	PPI Output Prices YY NSA	Oct	--	-0.7%
UK	PPI Core Output YY NSA	Oct	--	1.4%
Thursday				
US	Philly Fed Business Indx	Nov	--	10.3
EC	Consumer Confid. Flash	Nov	--	-12.5
US	Existing Home Sales	Oct	--	3.84M
US	Exist. Home Sales % Chg	Oct	--	-1.0%
US	Initial Jobless Clm	11 Nov, w/e	--	--
US	Cont Jobless Clm	4 Nov, w/e	--	--
US	Exist. Home Sales % Chg	Oct	--	-1.0%
UK	CBI Distributive Trades	Nov	--	-6
Friday				
JN	CPI, Core Nationwide YY	Oct	--	2.4%
JN	CPI, Overall Nationwide	Oct	--	2.5%
UK	GfK Consumer Confidence	Nov	--	-21
JN	JibunBK Mfg PMI Flash SA	Nov	--	49.2
JN	JibunBK Comp Op Flash SA	Nov	--	49.6
JN	JibunBK SVC PMI Flash SA	Nov	--	49.7
GE	GDP Detailed YY NSA	Q3	--	0.2%
GE	GDP Detailed YY SA	Q3	--	-0.2%
UK	Retail Sales YY	Oct	--	3.9%
UK	Retail Sales Ex-Fuel YY	Oct	--	4.0%
GE	HCOB Mfg Flash PMI	Nov	--	43.0
GE	HCOB Services Flash PMI	Nov	--	51.6
GE	HCOB Composite Flash PMI	Nov	--	48.6
EC	HCOB Mfg Flash PMI	Nov	--	46.0
EC	HCOB Services Flash PMI	Nov	--	51.6
EC	HCOB Composite Flash PMI	Nov	--	50.0
UK	Flash Composite PMI	Nov	--	51.8
UK	Flash Manufacturing PMI	Nov	--	49.9
UK	Flash Services PMI	Nov	--	52.0
US	S&P Global Mfg PMI Flash	Nov	--	48.5
US	S&P Global Svcs PMI Flash	Nov	--	55.0
US	S&P Global Comp Flash PMI	Nov	--	54.1
US	U Mich Sentiment Final	Nov	--	73.0

The calendar data for the current week comes directly from Bloomberg. They are published in the week in which "The Week Ahead" appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by Bloomberg through a survey of analysts and economists. It is the average of all estimates submitted.

If not mentioned otherwise data and information sources are from LSEG Datastream.

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