

FRIDAY, 22 NOVEMBER 2024

The Week Ahead

“Money Talks”

Donald Trump’s return to the White House carries broad implications for investors around the world. While economic growth has recently been stable regardless of who’s president, Mr. Trump could still impact markets, currencies, inflation, employment, regulation, etc. (See our Chart of the Week.) Although the former president won’t be sworn into office for a couple months—**Mr. Trump’s influence** is already growing.

One area where this is visible is the US dollar. The **value of the greenback** has surged as investors have realized Republicans will control—not just the White House—but both chambers of Congress.

Why? Although Mr. Trump says he prefers a weak currency, his policies are generally aligned with **US capital inflows**. This includes rising US inflation expectations, higher US interest rates, potential outperformance of US equities (versus other countries), and expanded US borrowing (foreign purchasers may be called upon to absorb accelerating Treasury issuance).



Greg Meier
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A separate support for the US dollar is tariffs. During raucous campaign speeches, the former president said he wants to make other countries pay by hiking tariffs. This includes a potential **10-20% universal import tax** and a 60-100% tax on Chinese goods.

However, **historical evidence** strongly suggests that tariffs are frequently blunted by appreciation in the home country’s currency. This makes sense: Demand for foreign currencies should naturally weaken when foreign goods become more expensive.

The challenges with tariffs don’t end there. There is the risk of retaliation, and there’s also the fact that tariffs are a tax paid by importers, not exporters. As a result, Mr. Trump’s tariffs may force US importers into **tough decisions**. They can:

1. Ask their export partners to slash prices;
2. buy domestically, potentially at higher cost;
3. pass price hikes on to US consumers;
4. hope the greenback appreciates sufficiently to offset the tariffs;
5. reduce margins/profits.

While it is not yet clear how Mr. Trump will implement tariffs, he may evolve from threats to action over the course of 2025. What seems to be clear is that tariffs are coming and **markets are reacting**.

Publications

→ **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.

→ **Rethinking a 2.2 trillion US-Dollar market**

We think it’s time to forget the myths about high yield fixed income. High yield is becoming an integral part of fixed income portfolios, providing a useful source of return and diversification.

→ **Populism: would markets vote for it?**

Populists may excite many voters, but markets often aren’t fans of the higher spending, inflation, and lower growth their policies tend to bring.

The Week Ahead

This week's **economic calendar** will likely collide with a stream of US political developments, as Mr. Trump tries to sell his plans and nominees to Congress. (Note that our schedule below is reported in European time).

Things start on a quiet note on Monday, with **Germany's Ifo Business Climate** the only major economic indicators set for publication.

On Tuesday, attention should turn to **the US**, with consumer confidence, home prices and new home sales on the docket. Investors will want to know how households feel about the post-election outlook for spending and jobs.

Germany and the US will remain in focus on Wednesday. In Germany, keep an eye out for **GfK Consumer Sentiment** while, in the US, investors will digest a slew of consumer data, including core inflation, personal incomes, savings and spending.

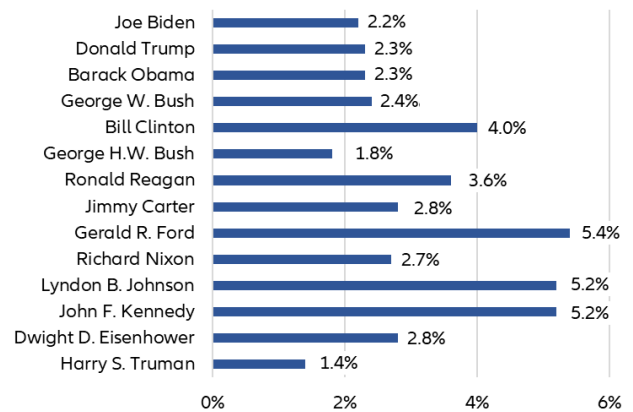
America's Thanksgiving holiday hits on Thursday, which means US markets will be closed so traders can enjoy some post-election downtime with turkeys, football and family. From an economic standpoint, major releases include euro area business sentiment and the preliminary release of Germany's November CPI.

The week closes on Friday with **updates from Japan**, including October unemployment and retail sales, plus Tokyo inflation for November.

Have a successful week,

Greg Meier

Recent US presidents saw GDP growth of 2.2% - 2.4% Average US GDP Growth by President



Source: Allianz Global Investors; Investopedia; as of 18 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 48

Monday			Consensus	Previous
JN	Leading Indicator Revised	Sep	--	2.5
GE	Ifo Business Climate New	Nov	--	86.5
GE	Ifo Curr Conditions New	Nov	--	85.7
GE	Ifo Expectations New	Nov	--	87.3
Tuesday				
JN	Service PPI	Oct	--	2.60%
UK	CBI Distributive Trades	Nov	--	-6
US	CaseShiller 20 YY NSA	Sep	--	5.2%
US	Consumer Confidence	Nov	--	108.7
US	New Home Sales-Units	Oct	--	0.738M
Wednesday				
GE	GfK Consumer Sentiment	Dec	--	-18.3
US	Durable Goods	Oct	--	-0.7%
US	Durables Ex-Transport	Oct	--	0.5%
US	GDP 2nd Estimate	Q3	--	2.8%
US	GDP Deflator Prelim	Q3	--	1.8%
US	Core PCE Prices Prelim	Q3	--	2.2%
US	Core PCE Price Index YY	Oct	--	2.7%
US	PCE Price Index YY	Oct	--	2.1%
US	Initial Jobless Clm	18 Nov, w/e	--	--
US	Cont Jobless Clm	11 Nov, w/e	--	--
UK	Nationwide house price yy	Nov	--	2.4%
Thursday				
EC	Money-M3 Annual Grwth	Oct	--	3.2%
EC	Business Climate	Nov	--	-0.96
EC	Economic Sentiment	Nov	--	95.6
EC	Industrial Sentiment	Nov	--	-13.0
EC	Services Sentiment	Nov	--	7.1
EC	Consumer Confid. Final	Nov	--	--
GE	CPI Prelim YY	Nov	--	2.0%
GE	HICP Prelim YY	Nov	--	2.4%
Friday				
JN	CPI Tokyo Ex fresh food YY	Nov	--	1.8%
JN	CPI, Overall Tokyo	Nov	--	1.8%
JN	Jobs/Applicants Ratio	Oct	--	1.24
JN	Unemployment Rate	Oct	--	2.4%
JN	Retail Sales YY	Oct	--	0.5%
JN	Large Scale Retail Sales YY	Oct	--	2%
JN	Housing Starts YY	Oct	--	-0.6%
GE	Import Prices YY	Oct	--	-1.3%
GE	Retail Sales YY Real	Oct	--	3.8%
GE	Unemployment Chg SA	Nov	--	27k
GE	Unemployment Rate SA	Nov	--	6.1%
UK	BOE Consumer Credit	Oct	--	1.231B
UK	Mortgage Lending	Oct	--	2.541B
EC	HICP Flash YY	Nov	--	--
EC	HICP-X F,E,A&T Flash YY	Nov	--	--
US	Chicago PMI	Nov	--	41.6

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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