



R&R Weekly Column
By Brunello Rosa



Biden vs Trump: Will It Simply Be a Re-Match, or Is This Time Different?

We have written several times about the upcoming US elections in the last few months. First and foremost, it is by far the most important and consequential of the [several elections that will take place in 2024](#), “[the biggest election year in history](#).”

[We have discussed how difficult it is to replace Biden](#) as the leading candidate for the Democratic camp, in spite of the several calls coming from different directions asking him to step down given (a) old age, (b) health-related concerns, and (c) the fact that he is trailing in the polls. For the time being he will remain the candidate of that party, [unless the DNC finds a solid argument](#) to impose an alternative at the [Democratic Convention](#) that will take place in August in Chicago.

On the Republican front, after Super Tuesday, [in which 10 out of 11 states have chosen Trump](#) and Nikki Haley stepped down as a contender, the former president has become the de-facto candidate of the Republican party to run the presidential race, which will be officially sanctioned by the [Republican Convention](#) that will take place in July in Milwaukee.

So, it seems that the presidential race of 2024 will be a re-match of the 2020 electoral campaign. But is that really the case? For sure, unless the two leading candidates are substituted by others, for a variety of reasons, the two names are the same. But both candidates would act quite differently from how they have in the past, if re-elected. And both of them are likely to further radicalise their policy stance.

Biden, if re-elected, would feel less constrained and – for example – would likely act more decisively on Israel, to stop PM Netanyahu and his massacre in the Gaza strip. Trump would further accentuate his isolationist positions, on both economic matters (epitomised by his “America First” approach) and geo-strategic issues (de-funding NATO and asking the Europeans to step up). On the domestic front, Trump would “take no prisoners” and would likely conduct a total [wipe-out of the much-hated “deep state,”](#) in his “[one day](#)” of self-proclaimed “dictatorship.”

So, both candidates would radicalise their differences, which are very evident in economic matters and geopolitics. While both candidates want to preserve the US role as centre of the international system, [Trump wants to promote an autarkic approach based on “buy American, hire American.”](#) Conversely, Biden’s [Inflation Reduction Act](#) promotes subsidies for companies from other countries (in particular, from Europe) that are willing to invest in the US. It is a de-facto subsidisation of energy and manufacturing exports not dissimilar to what the US does with NATO on the defence front.

In geo-strategic terms, Trump pulled out of TPP, JCPOA and the Paris Agreement on Climate Change, while Biden has indirectly engaged NATO in the war in Ukraine as a prominent objective. When people say that “under Trump there were no wars,” they forget the wars that have emerged as a result of Trump’s decisions. For example, pulling out of the JCPOA has meant dis-engagement with Iran, in favour of separate agreements between Israel and selected Arab countries [under the Abraham Accords](#). But this has made the rapprochement between Saudi Arabia and Israel, that the Biden administration was negotiating, subject to the whims of the Iranians. Unsurprisingly, with Iran out of the equation, the Hamas attack on Israel on 7 October 2023, and the Houthis’ attacks in the Red Sea, have taken place.

It is hard therefore to imagine a more consequential election than the US presidential race of 2024, which can hardly be described as a mere re-match between Biden and Trump.

Our Recent Publications

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Looking Ahead

The Week Ahead: Headline Inflation To Stay Unchanged, While Core Falls In US; Unemployment To Remain Unchanged In UK

In the US, in February, headline inflation is expected to stay unchanged at 3.1% y-o-y, while core inflation is likely to fall to 3.7% y-o-y (*p*: 3.9%). Michigan Consumer Sentiment is seen decreasing to 76.6 (*p*: 76.9).

In the EZ, in January, IP is likely to shrink by -2.8% y-o-y (*p*: 1.2%).

Among the largest EZ economies, in February, the headline inflation rate is seen edging down to 2.9% y-o-y (*p*: 3.1%) in France. The headline inflation rate is expected to stay at 0.9% y-o-y in Italy.

In the UK, in January, the unemployment rate is expected to remain unchanged at 3.8%. In January, IP is seen rising to 0.7% y-o-y (*p*: 0.6%).

The Quarter Ahead: Humanitarian Crisis In Gaza Deepens; Funding To Resume To UNRWA; Haley Ended Her US Campaign

Israel-Hamas War. The humanitarian crisis in Gaza intensifies as the US and other nations' plans for increased aid fall short of pressuring Israel to lift its siege. Israeli strikes on residential areas resulted in casualties. Canada and Sweden will resume funding for UNRWA, after initially withdrawing support. However, the chief of the agency asserts that Israel has yet to substantiate these allegations.

US Politics. Nikki Haley ended her presidential campaign on Wednesday following a significant defeat across the country. With Donald Trump now the sole major candidate for the 2024 Republican nomination, Haley, in her speech in South Carolina, refrained from endorsing the former president. Instead, she issued a challenge for him to garner support from the moderate Republicans and independent voters who had backed her.

Last Week's Review

Real Economy: QoQ GDP Stalled In EZ; US Unemployment Rose; Composite PMI Rose In DMs; ECB Held Rates Unchanged

In the US, in February, the unemployment rate increased to 3.9% (*c*: 3.7%; *p*: 3.7%). NFPs rose by 275K (*c*: 200K, *p*: 353K). In February, the S&P Global Services PMI edged down to 52.3 (*p*: 52.5), while the Composite PMI went up to 52.5 (*c*: 51.4; *p*: 52.0).

In the EZ, in Q4, according to the third estimate, the GDP growth rate stalled q-o-q (*p*: -0.1%) and rose by 0.1% y-o-y (*p*: 0.0%) as expected. In February, HCOB Services and Composite PMIs increased to 49.2 (*c*: 48.9; *p*: 47.9) and 50.2 (*c*: 48.9; *p*: 47.9). In January, retail sales contracted 1.0% y-o-y (*c*: -1.3%; *p*: -0.5%) and advanced by 0.1% m-o-m (*c*: 0.1%; *p*: -0.6%).

Among the largest EZ economies, in Q4, according to the final estimate, the GDP growth rate rose by 0.2% q-o-q (*c*: 0.2%; *p*: 0.2%) and 0.6% y-o-y (*c*: 0.5%; *p*: 0.5%) in Italy.

In the UK, in February, S&P Global Services PMI fell to 53.8 (*c*: 54.3; *p*: 54.3), while Composite PMI edged up to 53 (*p*: 52.9).

CBs stayed on hold. In the EZ, the ECB left its key policy rates unchanged.

Financial Markets: Stock Prices Were Up; Long-Term Bond Yields Fell; Dollar Index And Oil Prices Decreased, While Gold Rose

Market Drivers: Increasing optimism that the Fed may initiate interest rate cuts sooner than expected seemed to play a role in propelling the rise in the US stocks. Powell's statement contributed to driving the 10Y UST yield down. In the Eurozone, 10Y government yields also declined as the ECB left its monetary policy unchanged and signalled that interest rates could be cut in June.

Global Equities: Increased w-o-w (MSCI ACWI, +0.8%, to 771.30). The US S&P 500 index edged down (-0.3% w-o-w, to 5,123.69). In the EZ, share prices rose (Eurostoxx 50, +0.6% w-o-w, to 4,962.15). In EMs, equity prices increased (MSCI EMs, +1.2%, to 1,037.09). Volatility rose to 14.74 (VIX S&P 500, 52w avg.: 20.9; 10y avg.: 17.6).

Fixed Income: w-o-w, the 10-year US Treasury yields rose (+11 bps to 4.08%). The 2-year US Treasury yields fell (-1 bps to 4.48%). The German 10-year bund yields decreased (-14 bps to 2.27%).

FX: w-o-w, the US Dollar Index decreased (DXY, -1.0%, to 102.71; EUR/USD +0.9%, to 1.09). In EMs, currencies edged up (MSCI EM Currency Index, +0.5% w-o-w, to 1,736.2).

Commodities: w-o-w, oil prices decreased (Brent, -1.8% to 82.06 USD/b). Gold prices increased w-o-w (+4.3% to 2,186.2 USD/Oz).



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Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	MSS	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DJEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year



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