



*R&R Weekly Column
By Brunello Rosa*



Is Elon Musk a Steve Bannon 2.0?

Last week, Elon Musk announced a [live interview with Alice Weidel](#), the leader of the Alternative für Deutschland (AfD) party, to take place on his very own X (formerly Twitter) platform on 9 January. This will mark the apex of a growing endorsement that Musk, the soon-to-be co-leader of the Department for the Government Efficiency (DOGE), has made to the far-right in the last few months. On more than one occasion, Musk has commented on X that “[only the AfD can save Germany](#).”

There are several angles to be considered for this crucial issue. First, Germany has just called its [first snap election since 1983](#) as a result of [the collapse of the Jamaica coalition between the SPD](#), the Greens, and the Free Liberals, given the growing divergence between Chancellor Olaf Scholz and his Finance Minister Christian Lindner, which led to Lindner’s sacking. The election, taking place on February 24th, [will likely see the victory of the CDU/CSU led by Friedrich Merz](#), but with the likely need to form a coalition to govern. As has happened [in Germany’s recent state elections](#), a good performance by the AfD (and its left-wing counterparty BSW party) could massively complicate the possibility of creating viable governing coalitions post-election. Musk’s interference in yet another election or political process may therefore result in severe consequences for Germany and, as a result, for the entire EU, considering the weight Germany carries within the EU organisation, and given [the difficulty Germany is currently facing in re-defining its business model](#).

Secondly, as we will discuss in our upcoming in-depth analysis of this phenomenon, Musk is not new to this sort of interference in other countries’ politics. In the name of free speech – which for him is just a more elegant name for [mis-information](#) – Musk has heavily interfered with British politics. He first did so when he [de-facto incited for civil war](#) at the time when [riots exploded in the UK last summer](#). Then he interfered in British politics again when [he pledged to donate](#) nearly USD 80 million to [Reform UK](#) (the former Brexit Party led by Nigel Farage) to support its political activities.

Musk has also intervened more than once in Italian politics, by calling out the judges that [were prosecuting Matteo Salvini](#) or had ordered the repatriation of migrants unlawfully sent [to improvised detention centres in Albania](#). Only Italian President Mattarella [had the strength to respond to Musk so far](#), by reminding him that the Italian judiciary is independent from political power (unlike in the US, where judges are elected), and that the Republic is perfectly able to take care of itself without undue interference from abroad.

[After taking over the US presidency, with his buddy Peter Thiel](#), all this activism in support of far-right parties across the globe reminds us of the role played by Steve Bannon during the first Trump presidency. At that time, the ideologue of the Make America Great Again (MAGA) movement, which hijacked the Republican party and transformed it into a populist acolyte far away from the institutional party of its origins, worked hard to put together a “[Populist International](#)” able to unite under the same roof the far-right parties of Germany (AfD), France (Rassemblement National), Italy (Lega and Brothers of Italy), and several Eastern European countries, all of which were suspected, or proven, to be financed by Russia. [Eventually Bannon was sacked by Trump](#), when Bannon’s positions became untenable even for Trump, [and he was convicted to four months in prison](#) for contempt of Congress, for lying to the US legislators during the hearings on the assault on Capitol Hill on January 6th, 2021.

Musk’s activism in foreign policy is clearly reminiscent of Bannon’s work during Trump’s first term in office, as Musk is becoming the new ideologue of Trump, a sort of Bannon 2.0, with the addition of the tech component and virtually unlimited financial firepower. It is yet to be seen whether he will follow in Bannon’s path, and eventually fall out with Trump during his second mandate.

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Looking Ahead

The Week Ahead: US NFP Expected To Increase by 150K; Headline Inflation To Rise In EZ; PMIs To Rise In US And EZ

In the US, in December, unemployment rate is expected to remain unchanged at 4.2%. NFPs are seen increasing by 150K (*p*: 227K). December, S&P Global Services and Composite PMIs are likely to increase to 56.6 (*p*: 54.9) and 58.5 (*p*: 56.1).

In the EZ, in December, headline inflation rate is seen increasing to 6.4% y-o-y (*p*: 6.3%), while core inflation is expected to stay unchanged at 2.7% y-o-y. In December, HCOB Services and Composite PMIs are expected to rise to 51.4 (*p*: 49.5) and 49.5 (*p*: 48.3). In December, economic sentiment is likely to decrease marginally to 95.6 (*p*: 95.8). Still in December, industrial sentiment is expected to contract to -11.4 (*p*: -11.1). In November, retail sales are expected to rise by 0.5% m-o-m (*p*: -0.5%). Among the largest EZ economies, headline inflation is seen: *i*) rising by 1.5% y-o-y (*p*: 1.3%) in France; *ii*) increasing by 1.5% y-o-y (*p*: 1.3%) in Italy.

In the UK, in December, S&P Global Services PMI is expected to rise to 51.4 (*p*: 50.8), whereas Composite PMI is likely to remain at 50.5.

The Quarter Ahead: Biden Administration Announced \$6 Bn In Aid For Ukraine And \$8 Bn Arm Sale To Israel

The US announced nearly \$6 billion in additional military and budget aid for Ukraine, with President Joe Biden ramping up support before President-elect Donald Trump takes office. This includes \$2.5 billion in security aid and \$3.4 billion in budget assistance, as Treasury Secretary Janet Yellen emphasized the need amid intensified Russian attacks.

The Biden administration has notified Congress of an \$8 billion arms sale to Israel, one of the largest since the Gaza war began in 2023. The package includes bombs, precision-guided munitions, artillery shells, missiles for jets and helicopters, and air-to-air missiles, according to US media reports.

Last Week's Review

Real Economy: Manufacturing PMIs Fell In US, EZ, UK And China And Increased In Japan

In the US, in December, S&P Global Manufacturing PMI fell to 49.4 (*c*: 48.3; *p*: 49.7).

In the EZ, in December, HCOB Manufacturing PMI fell to 45.1 (*c*: 45.2; *p*: 45.2).

In the UK, in December, S&P Global Manufacturing PMI decreased to 47.0 (*c*: 47.3; *p*: 48.0).

In China, in December, NBS Global Manufacturing PMI edged down to 50.1 (*c*: 50.3 *p*: 50.3).

In Japan, Jibun Bank Manufacturing PMI increased to 49.6 (*c*: 49.5; *p*: 49.0).

Financial Markets: Stock Prices and Bond Yields Decreased, While German Yields Dollar, Oil And Gold Prices Rose

Market Drivers: Global stocks fell for a third straight session Monday as rising UST yields spurred year-end profit-taking. Gold hit a two-week high Thursday, boosted by safe-haven demand as Treasury yields dipped amid economic uncertainty and rate expectations. Eurozone bond yields edged lower in light trading, following data showing weaker-than-expected manufacturing performance and sluggish lending in December.

Global Equities: Decreased w-o-w (MSCI ACWI, -0.5%, to 847.22). The US S&P 500 index fell (-0.5% w-o-w, to 5,942.50). In the EZ, share prices decreased (Eurostoxx 50, -0.6% w-o-w, to 4,871.45). In EMs, equity edged down (MSCI EMs, -0.9%, to 1,073.21). Volatility fell marginally to 16.69 (VIX S&P 500, 52w avg.: 15.6; 10y avg.: 18.8).

Fixed Income: w-o-w, the 10-year US Treasury yields declined (-3 bps to 4.60%). The 2-year US Treasury yields decreased (-5 bps to 4.28%). The German 10-year bund yields edged up (+3 bp to 2.42%).

FX: w-o-w, the US Dollar Index increased (DXY, +0.9%, to 108.95; EUR/USD -1.1%, to 1.03). In EMs, currencies decreased (MSCI EM Currency Index, -0.2% w-o-w, to 1,726.12).

Commodities: w-o-w, oil prices increased (Brent, +3.2% to 76.51 USD/b). Gold prices increased w-o-w (+1.4% to 2,654.70 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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