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## MAKING SENSE OF *THIS* WORLD

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**R&R Weekly Column**  
**By Brunello Rosa**



### Trump vs Musk: How The Big Beautiful Bill Is Causing Havoc In Washington

A few weeks ago we published a report entitled [“Elon Musk and DOGE at a Crossroads”](#), in which we discussed how Elon Musk was considering leaving DOGE, and the reasons why he might do so, which to most people seemed unthinkable at that stage. In reality, on 31 May, Musk and President Trump held a joint press conference [announcing Musk’s departure from DOGE](#), even as Trump said that “Elon’s not really leaving.” Musk went to the Oval Office with a black eye, which he attributed to a punch from his son X, but which Steve Bannon attributed to a [“physical confrontation”](#) with Treasury Secretary Scott Bessent, most likely [on the provisions of the “Big, Beautiful Bill”](#) (“BBB” for short).

Just a few days later, Musk couldn’t take it anymore, and described the BBB as a “pork-filled...disgusting abomination,” which would massively increase the level of US public debt (the independent [Congressional Budget Office estimates a USD 2.4tn increase in debt by 2034](#)), thus nullifying the results of budget savings deriving from the work of DOGE. Trump attributed Musk’s opinion to the fact that the BBB cut the incentives to EVs, and to the fact that [Jared Isaacman, a billionaire private astronaut and Musk’s protégé to lead NASA](#), was pulled from consideration by the current administration.

From that, the skirmishes between the two egotistical personalities escalated in a full-blown feud, with reciprocal accusations being made. Musk threatened not to support Republican candidates in the mid-term elections, and [to form a new centrist party instead](#). He also wrote that [Trump was in the Epstein files](#) (“Time to drop the really big bomb,” Musk said) – before reportedly [deleting these posts subsequently](#); Trump retaliated by saying that the [government could cancel all public contracts with Musk](#), as the easiest way to save money. [Bannon threatened to deport Musk as an illegal alien](#).

Apart from the personality clash, we believe that this feud is revealing something much deeper about the real content of the BBB. First, the BBB contains highly controversial provisions on fiscal matters, [including Section 899 on the extra tax on dividends or interest charged to foreign investors](#) from “discriminatory foreign countries,” which could lead to a “buyer’s strike” on US assets.

Second, there are provisions that have nothing to do with fiscal matters, such as the ban on any state regulation on AI for 10 years, which seems to be a big gift to the tech giants that are supporting the US Administration. That provision is so egregious that even [Marjorie Taylor Greene, the ultra-Trumpian Republican representative from Georgia, said that she would oppose the bill when it returns to the House after the Senate](#). Other provisions are even more controversial, such as the [limits imposed on courts to hold various parties in contempt, if they didn’t respect their orders](#). The nearly 1000-page BBB clearly contains dozens of similar provisions, which have nothing to do with budget, but seem to be the [legislative translation of Project 2025](#), written by the Heritage Foundation, which constitutes the blueprint for Trump’s consolidation of power in the executive branch.

Some commentators see an additional layer to all this: [Musk responded “yes” to Ian Miles Cheong, a Malaysia-based right-wing writer with, who on X wrote: “Trump should be impeached and JD Vance should replace him.”](#) Imagine this were to actually happen: Peter Thiel, the big sponsor behind JD Vance’s ascension to the vice presidency, would finally install his protégé as president, completing the take-over we [discussed in previous columns](#), after Palantir, his company, has been granted the task of [building a national database of all Americans](#), with the data extracted by Musk’s DOGE. If this sounds like conspiracy, it may be an under-representation of the real dynamics behind the scenes. Meanwhile the National Guard has been asked [by President Trump to be deployed in California](#) against [what JD Vance called “insurrectionists,”](#) which could be the first step for invoking the Insurrection Act of 1807, which would suspend the rule of law in the US.

One thing is certain: this is the beginning of a new phase of Trump’s second presidency, and many more changes are probably in store for the future.

#### Our Recent Publications

- 📄 [Geopolitical Dynamics Surrounding Washington’s Opening to Post- Assad Syria](#), by Gulf State Analytics, 6 June 2025
- 📄 [REVIEW: ECB Cuts Rates In June, As the End of the Easing Cycle Nears](#), by Brunello Rosa and Nato Balavadze, 5 June 2025
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- 📄 [Trump’s Return, De-Dollarization, and the Shifting Global Order](#), by Nato Balavadze, 30 May 2025



### Looking Ahead

#### **The Week Ahead: Inflation To Rise In US, While Easing Off In France and Italy; UK Unemployment To Increase**

**In the US**, in May, headline and core inflation are expected to edge up to 2.5% y-o-y (*p*: 2.3%) and 2.9% y-o-y (*p*: 2.7%). In June, according to preliminary estimates, Michigan Consumer Sentiment is seen rising by 53.5 (*p*: 52.2).

**In the EZ**, in April, IP is expected to advance to 1.4% y-o-y (*p*: 3.6%). In May, among the largest EZ economies, headline inflation rate is likely to: *i*) remain at 2.1% y-o-y (*p*: 2.1%) in Germany; *ii*) cool off to 0.7% y-o-y (*p*: 0.8%) in France; and *iii*) ease off to 1.7% y-o-y (*p*: 1.9%) in Italy.

**In the UK**, in April, unemployment rate is expected to edge up to 4.6% (*p*: 4.5%). In April, IP is seen rising to -0.4% y-o-y (*p*: -0.8%).

#### **The Quarter Ahead: Merz Meets Trump In Washington; Trump Deploys National Guard Troops to L.A. Amid Immigration Protests**

**Trump-Merz Meeting.** German Chancellor Merz's visit to Washington was seen as a success. Merz discussed US-Germany ties, tariffs, NATO, and the Ukraine war. After meeting Trump, he expressed confidence in continued US commitment to NATO.

**Protests in L.A.** President Trump ordered 2,000 National Guard troops to Los Angeles following clashes over federal immigration raids. The move overrides state control and follows ICE operations that led to over 100 arrests.

### Last Week's Review

#### **Real Economy: EZ QoQ GDP Advanced; US Unemployment Rate Stayed Unchanged, PMIs To Rose In US And UK, Fell In EZ**

**In the US**, in May, unemployment rate remained unchanged at 4.2% as expected. NFPs rose by 139K (*c*: 130K; *p*: 177K). In May, S&P Global Manufacturing and Services PMI rose to 52.0 (*c*: 52.3; *p*: 50.3) and 53.7 (*c*: 52.3; *p*: 50.8). Composite PMI edged up to 53.0 (*c*: 52.1; *p*: 50.6).

**In the EZ**, in Q1, according to third estimate, GDP growth rate advanced by 0.6% q-o-q (*c*: 0.4%; *p*: 0.3%) and 1.5% y-o-y (*c*: 1.2%; *p*: 1.2%). In May, headline and core inflation eased off to 1.9% y-o-y (*c*: 2.0%; *p*: 2.2%) and 2.3% y-o-y (*c*: 2.5%; *p*: 2.7%). In April, unemployment rate fell to 6.2% (*c*: 6.2%; *p*: 6.3%). In May, HCOB manufacturing PMI increased to 49.4 (*c*: 49.4; *p*: 49.0), whereas Services PMI decreased to 49.7 (*c*: 48.9; *p*: 50.1). Composite PMI declined to 49.7 (*c*: 49.5; *p*: 50.4).

**In the UK**, in May, S&P Global Manufacturing and Services PMIs increased to 46.4 (*c*: 45.1; *p*: 45.4) and 50.9 (*c*: 50.2; *p*: 49.0). Composite PMI edged up to 50.3 (*c*: 49.5; *p*: 48.5).

**ECB Cut Rates.** In the EZ, the ECB cut its main policy rates by 25 bps, ie its *i*) interest rate on the 'main refinancing operations' to 2.15%; *ii*) interest rate on the 'marginal lending facility' to 2.40%; and especially the key *iii*) 'deposit facility' to 2.00%.

#### **Financial Markets: Stock Prices Increased; Yields Rose; Dollar Fell, While Gold And Oil Prices Were Up**

**Market Drivers:** US Stocks rose as strong US jobs data and easing trade tensions lifted market sentiment. The S&P 500 hit its highest level since February, while Europe's stocks also gained amid slowing inflation and ECB rate cuts. Recession fears eased.

**Global Equities:** Increased w-o-w (MSCI ACWI, +1.1%, to 891.96). The US S&P 500 index edged up (+1.5% w-o-w, to 6,000.36). In the EZ, share prices increased (Eurostoxx 50, +1.2% w-o-w, to 5,430.17). In EMs, equity edged up (MSCI EMs, +2.2%, to 1,182.93). Volatility fell to 20.15 (VIX S&P 500, 52w avg.: 15.6; 10y avg.: 18.8).

**Fixed Income:** w-o-w, the 10-year US Treasury yields were up (+11 bps to 4.51%). The 2-year US Treasury yields edged up (+14 bps to 4.04%). The German 10-year bund yields rose (+5 bp to 2.56%).

**FX:** w-o-w, the US Dollar Index decreased (DXY, -0.1%, to 99.2; EUR/USD +0.4%, to 1.14). In EMs, currencies increased (MSCI EM Currency Index, +0.5% w-o-w, to 1,831.71).

**Commodities:** w-o-w, oil prices rose (Brent, +5.9% to 66.47 USD/b). Gold prices increased w-o-w (+0.9% to 3,346.60 USD/Oz).



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## Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	M5S	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
DIEM	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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