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MAKING SENSE OF *THIS* WORLD

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R&R Weekly Column
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Trump Prepares The Ground For Possibly Invalidating The Mid-Term Elections

Last week, Donald Trump made an official address to the nation, instead of carrying out the usual press conference or making impromptu declarations. This quite solemn occasion was used to discuss the vulnerabilities of the US voting system. He is not new to this subject. Already at the time of his first campaign in 2016 he said the system was "rigged", which would have been his excuse to justify his defeat, had Hillary Clinton won. Since he won that election, someone should have reminded him that, by his logic, he must have won "because" the system was rigged, rather than in spite of the fact that it was rigged.

When Trump lost the 2020 presidential race against Joe Biden, he reiterated his usual refrain, that the election was stolen, without providing any credible evidence. He tried all possible means of preventing that election from being certified. The assault on Capitol Hill on January 6th, 2021 occurred exactly on the day the Senate, led by Vice President Mike Pence, was summoned to certify that vote.

This is how Trump approaches the issue: loyal to the mantra taught by his early mentor Roy Cohn, Trump never admits defeat. A recent episode is extremely telling. First, he did "rig" the system of the World Cup, which the US is hosting together with Canada and Mexico, by calling FIFA President Infantino to obtain a reinstatement of Team USA's best player, who had received a red card in the preceding match, so that he could play the subsequent match against Belgium. Shockingly, Infantino accepted. Then, when asked how he would react to the possible results of the match, Trump said: "if the USA team wins, I'll say it's the strongest team ever; if it loses, I will say that the match was rigged". Classic Trump.

This story is helpful to interpreting the recent address by Trump on the vulnerability of the voting system in the US. He said that he has declassified lots of documents showing that the 2020 election was compromised by Chinese interference. He said that China stole millions of electoral data of US citizens, which are in reality public and are regularly acquired by companies for commercial purposes. He cited many other documents from the intelligence community, which actually reach the opposite conclusion. One of the documents posted on the White House website was very specific on this issue: "We assess that vote tabulation systems would be difficult to manipulate on a wide enough scale to compromise election results."

Trump said he wants to fix this broken system, but in reality he has spent the last two years dismantling the election protections built up over time. As the New York Times reports, "*the F.B.I.'s task force on foreign influence was shut down, the Office of the Director of National Intelligence sharply cut back a task force that warned against foreign meddling and the Cybersecurity and Infrastructure Security Agency has been gutted. And Mr. Trump has appointed an heir to a housing fortune with no relevant experience as the interim director of national intelligence*."

The immediate action, in his view, is for Congress to approve the SAVE Act, which would introduce a number of provisions that would discourage voting by mail (traditionally preferred by the Democratic electorate) and introduce restrictions that would penalise Democrat-leaning women; for example, the need to show a birth certificate with the name given at birth, rather than that after marriage.

So Trump is clearly attempting all possible routes to prevent a defeat in November, which all polls show to be the most likely scenario. The strategy is threefold.

First, before the election, Trump is attempting all tactics not to lose too many votes This includes extensive jerrymandering and redistricting, restrictions to vote for social groups more likely to vote Democrat, etc.

Second, on the day of the vote: the aim is to create as many cases as possible of conflict at the polling station, to turn down voters from constituencies that tend to be more hostile to him (women, ethnic minorities, etc.), and having an excuse to say that the vote was irregular.

Third, after the vote: if all exit polls show a defeat by the Republicans at the House and possibly even the Senate, Trump will try as much as he can to prevent the vote from being certified, potentially with the help of Vice President JD Vance. The extremely high fences put outside the White House, that prevent the access to Lafayette Square and the perimeter of the White House, are just one example of the physical obstacles that Trump may utilise to prevent angry voters from getting to him.

What could be the consequences of all this? Robert Kagan, neo-con Republican, has always been adamant about the dangers posed by President Trump. Even before the 2024 presidential election, he wrote an article titled "*A Trump dictatorship is increasingly inevitable. We should stop pretending.*" After last week's address to the nation, he is even more convinced about his views. He believes that around the mid-term election a coup d'etat is likely to happen, and he has started to consider the "GOP as the Party of Dictatorship."

He says he can imagine a situation in which the speaker of the House Mike Johnson may refuse to certify the result and install a newly elected Congress, citing purported irregularities in the voting system and foreign interference. At that point the Administration could utilise the federal police to sequester the ballots, to prevent Americans from knowing who won the elections. One can easily imagine how a new civil war may erupt and a dictatorship installed. As we wrote extensively before the 2024 presidential race, a victory by Donald Trump would represent the greatest challenge to the existence of US liberal-democracy, and these events seems to confirm this view.

Our Recent Publications

- *How the Iran Conflict Is Reshaping Turkey's Economy and Geopolitics, by Nato Balavadze, 16 July 2026*
- *Switzerland's "No to Ten Million" Referendum: Key Issues and Implications, by Nato Balavadze, 15 July 2026*
- *ECB's Stablecoin Dilemma: Can Europe Defend Monetary Sovereignty Without Losing the Digital Payments Race, by Brunello Rosa and Ridipt Singh, 14 July 2026*
- *Kevin Warsh and His Fed Priorities, by Nato Balavadze, 9 July 2026*

Looking Ahead

The Week Ahead: ECB To Remain on Hold, UK Inflation expected to increase, and Mixed Flash PMIs

ECB Expected to leave Rates Unchanged: On Thursday 23 July the Governing Council is expected to hold all three key rates — deposit facility at 2.25%, main refinancing operations at 2.40%, marginal lending at 2.65% (p: +25bps across the board in June, the first tightening since 2023).

In the UK, in June, headline inflation is likely to firm from May's 2.8% y-o-y (p: +0.2% m-o-m; core 2.6% y-o-y; services a still-sticky 3.7%), with the Bank's own April projection penciling Q2 at 3.1%, Q3 at 3.3% and a further rise into Q4 as the July energy-cap uplift and fuel passthrough bite.

Flash PMIs Globally. On Friday 24 July, the S&P Global preliminary July composites will gauge whether the second-quarter stabilisation held: in the EZ (p: 50.0 composite, 51.4 manufacturing, 49.4 services — the bloc clinging to the expansion threshold on goods while services contract); in Germany (p: 49.5 composite, still sub-50); in the UK (p: 49.3 composite); and in the US (p: 51.9 composite, 53.9 manufacturing), where the dollar's macro premium rests on continued outperformance.

The Quarter Ahead: Temporary US Tariffs Expire and Iran Negotiations

The temporary Section 122 tariffs that President Trump imposed across nearly all imports in February — a 10% rate, which he moved to raise to 15%, hastily erected after the Supreme Court struck down his sweeping IEEPA duties in a 6–3 ruling on 20 February — reach their statutory 150-day expiry on 24 July, forcing the administration toward narrower sector-by-sector authorities such as Sections 232 and 301, or an uncomfortable appeal to a Congress that would be voting just months before the November midterms.

The 60-day clock on the 14-point US–Iran memorandum signed on 17 June — intended to convert April's fragile ceasefire into a formal end to hostilities within 60 days — runs out in mid-August, even as Trump declared the truce "over" in mid-July amid unclaimed strikes and satellite evidence of possible reconstruction at Iranian nuclear sites.

Last Week's Review

Real Economy: US CPI Fell; China's GDP Slowed

In the US, in June, according to the BLS release of 14 July, headline CPI fell to 3.5% y-o-y (c: 3.8%; p: 4.2%) on a monthly print of -0.4% m-o-m (c: -0.2%; p: +0.5%) — the sharpest monthly decline since April 2020 — as a roughly 10% drop in gasoline prices unwound the earlier Middle East energy spike; core CPI, however, held at 2.6% y-o-y (c: 2.9%; p: 2.6%), flat on the month, keeping the sticky-services narrative that the Fed actually tracks intact.

In China, in Q2, according to the NBS release of 15 July, GDP growth cooled to 4.3% y-o-y (c: 4.5%; p: 5.0%) and 0.9% q-o-q (c: 0.9%; p: 1.3%), the weakest annual pace in over a year and barely inside Beijing's 4.5-5.0% target, with first-half growth at 4.7%.

Financial Markets: Stocks Fell; Yields and the Dollar Were Little Changed; Oil Rose on Renewed Iran Risk, While Gold Slipped

Market Drivers: US equities ended sharply lower, led by a second-session unwind in semiconductors after China's Moonshot unveiled its Kimi K3 model reigniting doubts over the payoff on the AI capital-expenditure cycle.

Global Equities: fell w-o-w, dragged by the US tech complex. The US S&P 500 index declined (−1.6% w-o-w, to 7,457.69), while the Nasdaq Composite dropped more steeply (−2.9% w-o-w, to 25,520.24) and the Dow eased (~−1.0% w-o-w, to 52,146.42); participation stayed firm beneath the surface, with the equal-weight S&P down only around half a percent. In the EZ, share prices ended softer as the chip selloff reached Europe late in the week (Euro Stoxx 50, to 6,230.87; DAX, to 24,830.98). Volatility rose but remained contained (VIX, to 18.77; 52w avg. ~19.4).

Fixed Income: w-o-w, the 10-year US Treasury yield was roughly little changed, steadying near 4.53–4.56% as softer inflation data offset the oil-driven, Iran-linked pressure that had briefly pushed it toward two-month highs earlier in the week; the 2-year yield sat near 4.12%.

FX: w-o-w, the US Dollar Index was broadly flat, hovering near 100.80, with EUR/USD holding the 1.14 handle it has defended for roughly six weeks (~1.1445). The muted currency tape stood in contrast to the sharp moves in equities and commodities.

Commodities: w-o-w, oil prices rose as renewed US–Iran hostilities and blockade risk around the Strait of Hormuz revived the energy-inflation channel (Brent near $86/b; WTI near $80/b). Gold, by contrast, retreated, slipping below the psychologically important $4,000 mark to trade near $3,984/oz as firm yields and resilient US activity data capped the safe-haven bid.

Nato Balavadze *contributed to this Viewsletter.*

The picture in the first page was taken from this website.

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*
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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