



R&R Weekly Column  
By Brunello Rosa



## US Presidential Race Will Be Affected By Attempted Assassination of Trump and Project 2025

Last Saturday, [an attempted assassination of Republican candidate Donald Trump](#) took place at one of his electoral rallies in Butler, Pennsylvania. Donald Trump was injured in an ear, but survived. The shooter, [Thomas Matthew Crooks, a Republican-registered voter](#), was shot dead. This event is likely to impact the future of this already very tense electoral campaign, for the following reasons.

In the Democratic camp, there are already numerous party grandees, including [former House Speaker Nancy Pelosi](#), as [well as key donors](#), who are reportedly asking US President Joe Biden to step aside. Former [President Barack Obama](#), who's been silent in recent days, is reportedly considering to ask Biden to leave the race. Biden's mishaps in public speeches are not helping. At a recent NATO summit, he called [Volodymyr Zelensky "President Putin"](#) and [Kamala Harris "Vice-President Trump."](#)

No-one in his camp doubts the extraordinary merits of his presidency, epitomised by the creation of 15 million jobs and the return of inflation to near target levels (helped by the Fed's restrictive stance). But it is precisely to preserve that legacy that they would prefer Biden not to run against Trump. Potential replacements are Vice-President Kamala Harris and Gretchen Whitmer, the governor of Michigan, a key swing state. (Despite [Whitmer having ruled out running even if Biden stepped aside](#)). Though [polls don't show that these candidates would do any better than Biden](#) against Trump, and they would of course lose the advantage of being an incumbent.

The attempted assassination could do to Trump what a similar attempted murder did to [Jair Bolsonaro in Brazil](#): propel him to the final victory. Trump will certainly use the episode to continue depicting himself as a victim of the system that he wants to so radically change. And his adversaries will have a harder time addressing Trump with equally aggressive terms, because doing so now would likely antagonise an already divided electorate.

The failures of the secret service, and the local police, in preventing the shooting – witnesses said they had alerted the police about the suspicious presence of a potentially harmful person at the campaign event – will raise the question of the reliability of the "deep state", and the purported hatred it would have against the candidate (Trump) that has repeatedly said he will do a "clean-up" – by [being a "dictator" for one day](#) – of the system.

The blueprint for this overhaul of the deep state is contained in the so-called [Project 2025](#). This report has been published by the [Heritage Foundation](#) and other smaller organisations, providing a step-by-step guide for how to transform the US into a nationalistic Christian state.

This guide is not just a catalogue of [ultra-conservative policies](#) (including a complete ban of abortion and the increase of carbon-emitting energy sources) but provides also a database of tens of thousands individuals that would be ready to replace current staff in the administration. Moreover, thanks to the [re-instatement of "Schedule F"](#) envisaged by Project 2025, these newly-appointed bureaucrats would swear allegiance not to the Constitution, but to the President, becoming the operation arm for implementing his policies. Thanks to the recent decision by the Supreme Court, this president would also be [immune for all acts conducted in the exercise of presidential functions](#).

For these reasons, many believe that Project 2025 is the blueprint for how to transform the US into an authoritarian state, potentially a dictatorship. We have discussed [several times how we believe the re-election of Trump would represent the end of US liberal democracy](#). The recent events in Butler may catapult Trump into the position of changing the nature of the US system forever.

### Our Recent Publications

✿ [China's Wargames in the Indo-Pacific: Digital Silk Road and Hybrid Warfare](#), by Joshua Bowes, 3 July 2024

✿ [The UAE's Pragmatic Engagement with the Taliban](#), by Gulf State Analytics, 2 July 2024

✿ [Mileionomics: Far Right or Right On? An Economic And Political Analysis of Javier Milei's "Shock Therapy"](#), by Ruy Scalamantré, 27 June 2024

✿ [North America's First Female Leader: An Analysis of Claudia Sheinbaum's Victory in Mexico](#), by Maria Ascencio, 26 June 2024

Looking Ahead

The Week Ahead: Headline Inflation To Cool Off, While Core Remains Unchanged In EZ; ECB To Remain On Hold

**In the EZ**, in June, headline inflation rate is expected to ease off to 2.5% y-o-y (*p*: 2.9%), while core inflation is likely to stay unchanged at 2.9% y-o-y. In May, IP is expected to shrink by -0.1% m-o-m (*p*: -0.1%). Among the largest EZ economies, headline inflation rate is likely to rise by 0.8% y-o-y (*p*: 0.8%) in Italy.

**In the UK**, in May, unemployment rate is seen remaining unchanged at 4.4%. In June, retail sales are expected to shrink by -0.4% m-o-m (*p*: 2.9%).

**CBs to stay on hold.** In the EZ, the ECB is expected to keep its key policy rates unchanged.

The Quarter Ahead: 2024 NATO Summit In Washington; Biden's Campaign Struggles; Orban's Peace Plan; War in Gaza

**2024 NATO Summit.** On 9-11 July, NATO Leaders met in Washington. At the summit, Biden reaffirmed his presidential race commitment despite some verbal errors. Outgoing NATO SG Stoltenberg emphasized Ukraine's path to membership and support against Russia. Zelenskyy urged lifting restrictions on Ukrainian soldiers, including using US weapons in Russia. NATO members and Asia-Pacific partners discussed China's support for Russia's war against Ukraine.

**Biden's campaign struggles.** Following a shaky debate on June 27, 19 U.S. members of Congress say Biden should drop out. Biden now aims to shift focus from concerns about his mental sharpness and Democratic defections to the potential impact of another Trump presidency. However, at a high-stakes NATO summit press conference, Biden affirmed that Vice President Kamala Harris is qualified to take over if necessary.

**Orban visits Russia, Ukraine, China and the US in mission to end Russia-Ukraine war.** Orban met Trump at Mar-a-Lago, continuing his recent 'peace mission'. Orban also visited Kyiv, Moscow, and Beijing, following Hungary's assumption of the EU Council presidency on July 1. Orban backed Xi's peace plan. EU and U.S. officials have emphasized that Orban is not representing the bloc.

**War in Gaza.** An Israeli airstrike targeted Hamas' military chief Mohammed Deif in Gaza on Saturday, killing at least 71 Palestinians, according to a security official and Israel Army Radio.

Last Week's Review

Real Economy: Inflation Cool Off In US; Inflation Eased Off In Germany And France

**In the US**, in June, headline and core inflation eased off to 3.0% y-o-y (*c*: 3.1%; *p*: 3.3%) and 3.3% y-o-y (*c*: 3.4%; *p*: 3.4%). On a monthly basis, inflation shrank by -0.1% (*c*: 0.1%; *p*: 0.0%).

**In the EZ**, in. Among the largest EZ economies, the headline inflation fell to 2.2% y-o-y (*c*: 2.2%; *p*: 2.4%) in Germany and to 2.2% y-o-y (*c*: 2.1%; *p*: 2.3%) in France.

**In the UK**, in May, IP advanced by 0.4% m-o-m (*c*: 0.6%; *p*: -0.7%)

Financial Markets: Stock Prices and Yields Increased; Dollar and Oil Prices Fell, While Gold Prices Edged Up

**Market Drivers:** In the US, investors reacted positively to Thursday's CPI report showed a 0.1% drop in headline prices for June, the first decline since May 2020. In Europe, share prices rose on lower-than-expected U.S. inflation data. Following the CPI report, the yield on the 10-year Treasury note dropped sharply, briefly hitting its lowest level of 4.16% since March 12<sup>th</sup>.

**Global Equities:** Increased *w-o-w* (MSCI ACWI, +1.3%, to 828.55). The US S&P 500 index edged up (+0.9% *w-o-w*, to 5,615.35). In the EZ, share prices rose (Eurostoxx 50, +1.3% *w-o-w*, to 5,044.65). In EMs, equity prices increased (MSCI EMs, +0.7%, to 1,123.56). Volatility fell to 12.85 (VIX S&P 500, 52w avg.: 14.6; 10y avg.: 18.1).

**Fixed Income:** *w-o-w*, the 10-year US Treasury yields fell (-9 bps to 4.19%). The 2-year US Treasury yields decreased (-14 bps to 4.46%). The German 10-year bund yields decreased (-4 bps to 2.49%).

**FX:** *w-o-w*, the US Dollar Index decreased (DXY, -0.7%, to 104.08; EUR/USD +0.7%, to 1.09). In EMs, currencies rose (MSCI EM Currency Index, +0.3% *w-o-w*, to 1,729.89).

**Commodities:** *w-o-w*, oil prices decreased (Brent, -1.5% to 86.86 USD/b). Gold prices increased *w-o-w* (+0.8% to 2,416.00 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