



R&R Weekly Column
By Brunello Rosa



Trump's First Appointments and Likely Policies: Buckle Up

The newly re-elected US President Donald Trump [started to make the first appointments of his new administration last week](#). The policies that the new appointees have announced, if and when they are confirmed by the US Senate (which the Republican party now controls), are not particularly reassuring.

Let's start with the newly appointed Health Minister, Robert Kennedy Jr. The son of the former AG and Democratic presidential candidate Robert F. Kennedy, who was assassinated like his brother, [is a notorious No-Vaxer and conspiracy theorist regarding the role of big-pharma](#). So, not surprisingly, in his first public speech after the nomination he said that he will instruct all the mission chiefs of his department to [interrupt, for eight years, research on infectious disease](#), to focus instead on long-term health conditions.

Anybody acquainted with scientific matters knows that, in research, eight years is like eternity. The results that can be achieved over such a time span are enormous, and the accumulated delay versus the competitors (or against the diseases themselves, if constantly evolving like viruses) cannot be easily recouped. Not surprisingly, last Friday [the equity prices of some of the major pharmaceutical companies in the US collapsed](#).

A second curious appointment has been that of Tulsi Gabbard, a former Democratic congresswoman who joined the Republican Party to back Donald Trump. [As Director of national intelligence](#), she will oversee US intelligence agencies like the CIA, FBI and the National Security Agency (NSA). Many eyebrows were raised upon her nomination, as [she is considered to be quite close to Russian](#) viewpoints.

It did not take long for this position to emerge. On the same day in [which Russia made the hardest missile attack on Ukraine's power grid](#) near Kiev since the beginning of the war, [Gabbard suggested that presidents Zelensky, Putin and Trump sit down around a table](#) to reach a compromise in line with the Aloha spirit, so that the countries can "live in love" from now on. What a ridiculous assertion!

Russia and Ukraine have been in conflict (or overt war) for the best part of the last couple of decades, and several "compromise solutions" have been attempted and encapsulated in the various "Minsk" agreements, which have always been ignored by both sides. Tulsi proposes as the basis of a peaceful co-existence. that Ukraine remain "a neutral territory", with no accession to NATO or the EU. But history tells us that unless Ukraine enters NATO and the EU, Russia will have an incentive to re-start its invasion at the first possible opportunity.

In reality, the only possible and lasting compromise would be for Ukraine to give up the 18% of its territory gained by the Russians thus far in the war, which will Ukraine is unlikely to be re-gain any time soon, in exchange for Ukraine's accession to NATO and the EU so that Russia will not have any incentive to re-start its invasion a few months down the road. Russia would have gained part of the Ukrainian territory (as well as Crimea), but would find itself with an expanded NATO at its border. Given this reality, even Putin warned that the idea that peace can be achieved in 1 day, as Trump claimed, is unrealistic. It will be interesting to see how Marco Rubio, the inexperienced Senator recently appointed as head of the State Department, will enter these negotiations.

In economic matters, in the race for the Treasury Department are [Scott Bessent, founder of Key Square Group, and Howard Lutnick, chair and CEO of Cantor Fitzgerald](#). The market is betting on the former being appointed. Bessent understands markets, having been a [sophisticated investor in Soros Fund Management](#), and he is considered to be a safer pair of hands. Lutnick is more famous for being a crypto fan. For this reason, [Elon Musk openly suggests that he should be chosen rather than Bessent](#).

Elon Musk himself has been at the centre of controversy for [posting a job ad for his Doge department in which he promised 80 hours of work per week](#) for literally no pay.

Other controversial appointments have been Matt Gaetz as Attorney General and Elise Stefanik as US Ambassador to the UN. [Gaetz once faced a sex trafficking investigation by the Justice Department](#) he could now lead. Stefanik has no prior experience in foreign policy.

These are just examples of Trump's recently made appointments, and of the policies that have been proposed by these appointees. If this is the beginning then one can only imagine what the future administration will bring. So buckle up folks!

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Looking Ahead

The Week Ahead: Headline Inflation To Increase In EZ And UK; PMIs To Rise In US, While Being Mixed In EZ And UK

In the US, In November, S&P Global Manufacturing and Services PMI are expected increase to 48.8 (*p*: 48.5) and 55.2 (*p*: 55.0).

In the EZ, in October, headline inflation rate is seen increasing to 2.0% y-o-y (*p*: 1.7%), whereas core inflation rate is expected to remain at 2.7% y-o-y. In November, according to the flash estimates, consumer confidence is likely to rise to -12.0 (*p*: -12.5). In November, HCOB Manufacturing PMI is expected to stay at 46.0, Services PMI is likely to increase to 51.8 (*p*: 51.6).

Among the largest EZ economies, GDP growth rate is expected to advance by 0.2% q-o-q (*p*: -0.1%) and contract by -0.2% y-o-y (*p*: 0.0%) in Germany.

In the UK, in October, headline inflation rate is likely to rise to 2.2% y-o-y (*p*: 1.7%), whereas core inflation rate is expected to remain at 3.2% y-o-y. In October, retail price index is seen increasing to 3.5% y-o-y (*p*: 2.7%). In November GfK consumer confidence is likely to shrink by -22 (*p*: -21.0). In November, S&P Global Manufacturing PMI is expected to stay at 49.9, Services PMI is likely to increase to 52.1 (*p*: 52.0).

The Quarter Biden And Xi Met At APEC In Peru; Russia Launches Massive Missile Strike On Ukraine's Power Grid

Biden and Xi meeting. Xi met Biden at APEC, stressing stable China-U.S. ties and readiness to engage with Trump's administration. They discussed China's ties to Russia, human rights, tech, and Taiwan, amid uncertainty over U.S.-China relations under Trump's tariff threats. Meanwhile a China-backed mega-port in Peru could create new trade routes, bypassing North America.

Russia-Ukraine war. Russia launched its largest missile attack since August, targeting Ukraine's power grid as winter approaches. Explosions rocked Kyiv and other cities, with air defenses active.

Last Week's Review

Real Economy: QoQ GDP Growth Rates Advanced In EZ And Decelerated In UK; Headline Inflation Rose In US And EZ

In the US, in October, headline inflation rate increased to 2.6% y-o-y (*c*: 2.6%; *p*: 2.4%), whereas core inflation rate remained at 3.3%. In October, IP rose by -0.3% y-o-y (*c*: -0.3%; *p*: -0.7%).

In the EZ, in Q3 2024, GDP advanced by 0.4% q-o-q (*c*: 0.4%; *p*: 0.2%) and 0.9% y-o-y (*c*: 0.9%; *p*: 0.6%). In November, ZEW Economic Sentiment Index fell to 12.5 (*c*: 20.5; *p*: 20.1). In September, IP contracted by 2.0% y-o-y (*c*: -2.0%; *p*: -0.1%).

Among the largest EZ economies, in October the headline inflation rate: *i*) rose to 2.0% y-o-y (*c*: 2.0%; *p*: 1.6%) in Germany; *ii*) increased by 1.2% y-o-y (*c*: 1.2%; *p*: 1.1%) in France; and *iii*) rose by 0.9% y-o-y (*c*: 0.9%; *p*: 0.7%) in Italy.

In the UK, in Q3, according to the preliminary estimates, GDP growth rate decelerated to 0.1% q-o-q (*c*: 0.2%; *p*: 0.5%), while advanced by 1.0% y-o-y (*c*: 1.0%; *p*: 0.7%). In September, unemployment rate rose to 4.3% (*c*: 4.1%; *p*: 4.0%). In September, IP fell by (-)1.8% y-o-y (*c*: -1.2%; *p*: -1.7%).

Financial Markets: Stock Prices Decreased; Yields Increased; Dollar Edged Up, Whereas Oil And Gold Prices Declined

Market Drivers: In the US, stocks fell as the post-election rally lost momentum and investors grew anxious about the direction of interest rates. European shares dipped, pressured by weak earnings, concerns over Trump's policies, and rising Treasury yields.

Global Equities: Decreased w-o-w (MSCI ACWI, -2.4%, to 842.61). The US S&P 500 index decreased (-2.1% w-o-w, to 5,870.62). In the EZ, share prices decreased (Eurostoxx 50, -0.2% w-o-w, to 4,795.35). In EMs, equity decreased (MSCI EMs, -4.5%, to 1,085.00). Volatility rose to 16.39 (VIX S&P 500, 52w avg.: 15.6; 10y avg.: 18.8).

Fixed Income: w-o-w, the 10-year US Treasury yields rose (+14bps to 4.44%). The 2-year US Treasury yields increased (+6 bps to 4.31%). The German 10-year bund yields edged down (-1 bp to 2.35%).

FX: w-o-w, the US Dollar Index increased (DXY, +1.6%, to 106.7; EUR/USD -1.7%, to 1.05). In EMs, currencies decreased (MSCI EM Currency Index, -0.7% w-o-w, to 1,746.57).

Commodities: w-o-w, oil prices decreased (Brent, -3.8% to 71.04 USD/b). Gold prices decreased w-o-w (-4.6% to 2,570.10 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