



R&R Weekly Column  
By Brunello Rosa



## Tech Revolutions Are Set To Separate Money From State Control

Last week [we discussed what we consider to be a “tech takeover” of the US Presidency](#), epitomised by Elon Musk’s financially substantial, steadfast support for president-elect Donald Trump, and by Peter Thiel’s support for JD Vance. In a further re-affirmation of this tech takeover, JD Vance said that [if Europe regulates Elon Musk’s platforms, the US will drop their support to NATO](#). This is only the tip of the iceberg of the tech sector’s capture of the political, economic and social institutions in several countries around the world, among which the US is clearly the jewel in the crown.

A key component of this takeover process will be the upcoming push by the US administration for the widespread adoption of Bitcoins in the US, [with the possibility of purchasing them as strategic assets of the US Federal Reserve](#). As mentioned last week, the current President of the SEC, Gary Gensler, who has tried to regulate the initial crypto wild west, will for this reason resign on 20 January 2025, the day of Trump’s second inauguration.

This process will not be mitigated even by the adoption, anytime soon, of a central bank digital currency by the US administration. As we discussed in detail in the recent book [“Smart Money”](#), on 18 January 2024 Donald Trump explicitly said, “As your president, I will never allow the creation of a central bank digital currency.”

If anything, the US will continue pushing for the adoption of the particular type of crypto-asset called “stablecoin,” in which they have a competitive advantage given that most of the current stablecoins are denominated in USD. Even the, establishment-linked old guard of the Republican party, like the former speaker of the House of Representatives Paul Ryan, wrote in a recent article that [“Stablecoins Can Defend the Dollar’s Global Status.”](#)

In the emerging pyramid of digital assets, it seems like the Europeans and the Chinese want to pursue a state-driven approach of promoting the issuance of digital currencies by central banks as agents of the government and the state, while the US wants to pursue its traditional market-oriented approach of favouring the diffusion of private-sector currencies such as crypto-assets and stablecoins.

This will become particularly evident when a new type of stablecoins, namely those issued by corporations (Amazon, Google, etc.), emerges in coming years and replaces those currently in existence. By that point it will have become evident that large multinational corporations can issue currencies that are more stable and reliable than those issued by some weak sovereign states. But even in the most powerful of countries, the US, “corporate coins” will pose a challenge to the official currency, the USD.

When coupled with the upcoming massive de-regulation, the promised axe on public services promoted by the Musk-led DOGE, this process will contribute to undermining the state as the entity regulating people. Thus “tech” could eventually finish the job of undermining states, a process that was initiated by the financial industry during the 1990s and culminated with the devastating Global Financial Crisis of 2008-2009. Incidentally, both Big Tech and Big Finance were US-dominated industries.

### Our Recent Publications

- ✦ [Trump’s Tariffs: A Looming Economic Challenge for Europe](#), by Nato Balavadze, 28 November 2024
- ✦ [Resilience Amidst Sanctions: The Russian Economy’s Wartime Adaptation](#), by Nato Balavadze, 27 November 2024

- ✦ [Lessons Learned: The Democrats’ Challenge After the 2024 Elections](#), by Kateryna Anisova, 26 November 2024
- ✦ [Russia-Ukraine Conflict Escalates Further: Where From Now?](#), by Marco Lucchin, 21 November 2024



### Looking Ahead

#### The Week Ahead: EZ QoQ GDP To Advance; Unemployment Rate To Stay Unchanged In US And EZ; PMIs To Fall In UK And EZ

**In the US**, in November, the unemployment rate is likely to stay at 4.1%. NFPs are expected to rise by 183K ( $p$ : 12K). In November, S&P Global Manufacturing and Services PMIs are expected to increase marginally to 48.8 ( $p$ : 48.5) and 57.0 ( $p$ : 55.0). Composite PMI is likely to edge up to 55.3 ( $p$ : 54.1). In December, Michigan Consumer Sentiment is expected to increase to 72.9 ( $p$ : 71.8). **In the EZ**, in Q3, according to third estimate, GDP growth rate is expected to advance by 0.4% q-o-q ( $p$ : 0.2%) and 0.9% y-o-y ( $p$ : 0.6%). Among the largest EZ economies, in Q3, GDP growth rate is likely to stall q-o-q ( $p$ : 0.2%) and decelerate to 0.4% y-o-y ( $p$ : 0.9%) in Italy. In October, the unemployment rate is seen remaining unchanged at 6.3%. In November, HCOB Manufacturing and Services PMIs are expected to decline to 45.2 ( $p$ : 46.0) and 49.2 ( $p$ : 51.6). In October, retail sales are seen shrinking by 0.3% m-o-m ( $p$ : 0.5%).

**In the UK**, in November, S&P Global Manufacturing and Services PMI are expected to decrease to 48.6 ( $p$ : 49.9) and 50.0 ( $p$ : 52.0) respectively. Composite PMI is also seen edging down to 49.9 ( $p$ : 51.8).

#### The Quarter Ahead: Lebanon Ceasefire Deal Is Reached; Trump Plans Tariffs On Mexico, Canada And China

**Lebanon ceasefire**. Israel, Lebanon, and mediators, including the U.S., agreed to a two-month ceasefire requiring Hezbollah's withdrawal from southern Lebanon and Israeli troop pullbacks, though implementation remains unclear. Israeli strikes have killed over 3,700 in Lebanon, while 130 Israelis have died. The deal excludes Gaza, where Hamas holds hostages. President Biden pledged renewed efforts for a Gaza ceasefire.

**President-elect Trump pledged 25% tariffs** on Canada, Mexico, and China, targeting drug flows, migration, and trade. The move risks violating free trade deals, with vehicle exports heavily impacted. Trudeau heads to Florida to address the threat.

### Last Week's Review

#### Real Economy: QoQ GDP Advanced In US And France; EZ Headline Inflation Rate Rose, Whereas Core Inflation Was Unchanged

**In the US**, in Q2, according to the second estimate, GDP growth rate advanced by 2.8% y-o-y ( $p$ : 3.0%) as expected. In Q3, PCE and core PCE prices eased off to 1.5% q-o-q ( $c$ : 1.5%;  $p$ : 2.5%) and 2.1% q-o-q ( $c$ : 2.2%;  $p$ : 2.8%).

**In the EZ**, in November, headline inflation rate increased to 2.3% y-o-y ( $c$ : 2.4%;  $p$ : 2.0%), whereas core inflation stood at 2.7% ( $p$ : 2.8%). In November, Consumer Confidence shrank to -13.7 ( $p$ : -12.5) as expected. Among the largest EZ economies, in Q3, according to the final estimate, GDP growth rate rose by 0.4% q-o-q ( $c$ : 0.4%;  $p$ : 0.2%) and 1.2% y-o-y ( $c$ : 1.3%;  $p$ : 0.9%) in France.

#### Financial Markets: Stock Prices Mixed; Yields Declined; Dollar Edged Down; Oil And Gold Prices Decreased

**Market Drivers**: In the US, domestic and geopolitical factors drove sentiment this week. Investors welcomed President-elect Trump's Treasury nominee, Scott Bessent, seen as a Wall Street insider focused on stability and inflation control. In Europe, stocks rose, despite uncertainty over U.S. tariffs and interest rates.

**Global Equities**: Increased w-o-w (MSCI ACWI, +1.0%, to 862.49). The US S&P 500 index increased (+1.1% w-o-w, to 6,032.40). In the EZ, share prices increased (Eurostoxx 50, +0.3% w-o-w, to 4,804.15). In EMs, equity edged down (MSCI EMs, -0.8%, to 1,078.57). Volatility declined to 14.85 (VIX S&P 500, 52w avg.: 15.6; 10y avg.: 18.8).

**Fixed Income**: w-o-w, the 10-year US Treasury yields fell (-23 bps to 4.18%). The 2-year US Treasury yields decreased (-16 bps to 4.16%). The German 10-year bund yields edged down (-16 bp to 2.09%).

**FX**: w-o-w, the US Dollar Index decreased (DXY, -1.7%, to 105.7; EUR/USD +1.5%, to 1.06). In EMs, currencies increased (MSCI EM Currency Index, +0.2% w-o-w, to 1,748.63).

**Commodities**: w-o-w, oil prices decreased (Brent, -2.3% to 72.94 USD/b). Gold prices declined w-o-w (-1.6% to 2,681.20 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