

# MASHREQ GLOBAL DIGEST

## U.S.

November 3 – November 09



This issue of Market Digest provides an analysis of key macroeconomic indicators and economic developments in the U.S., with a special focus on elections and their repercussions on the broader economic and financial landscape.

### Macroeconomic Indicators

#### U.S. GDP Grows at 2.8% in Q3

The U.S. economy grew at an annualized rate of 2.8% in the third quarter, slightly below economists' expectations of 3%, showcasing ongoing economic resilience. This growth was driven by strong consumer spending, which rose by 3.7% despite persistent inflation pressures. The U.S. job market remains strong, with steady job growth, and an influx of workers due to higher immigration, all contributing to economic resilience and helping to ease wage pressures amid ongoing inflation. The Federal Reserve's recent rate cut marks a shift aimed at achieving a 'soft landing'—curbing inflation without triggering a recession. If consumer spending and job market stability hold, the U.S. may continue its robust performance amid global uncertainties.

Reference: [Financial Times](#)



#### U.S. Inflation Nears Fed's Target, Core Inflation Persists

In September, U.S. inflation, as measured by the PCE price index, rose by 2.1% year-on-year, nearing the Federal Reserve's 2% target. However, core inflation, excluding food and energy, was higher at 2.7%, indicating persistent price pressures, particularly in services. This divergence suggests that while overall inflation is moving in the right direction, core inflation remains elevated, signaling that the economy continues to face challenges in meeting the Fed's target, which could influence future policy decisions.

Reference: [Reuters](#)

#### Federal Reserve Cuts Interest Rates by 0.25%

The Federal Reserve has lowered its interest rate by 0.25%, bringing the range to 4.50%-4.75%. This marks its second consecutive rate cut, following a 0.50% reduction in September. The goal is to strike a balance between controlling inflation and supporting employment. While inflation is improving, the Fed is cautious. Future rate cuts will depend on economic conditions and political developments. Ultimately, the Fed aims for a "soft landing" by reducing inflation without triggering a recession.

Reference: [CNBC](#)



#### US Adds Just 12,000 Jobs in October 2024

In October 2024, the U.S. economy added just 12,000 jobs, the lowest since December 2020. This was largely due to disruptions from severe hurricanes and a major strike involving 33,000 Boeing workers. Economists had anticipated weaker job growth, but the actual number was far below their estimate of 120,000. The unemployment rate remained steady at 4.1%, signaling a cooling labor market after years of robust growth.

Reference: [The Guardian](#)

#### U.S. Consumer Sentiment at Seven-Month High

U.S. consumer sentiment reached a seven-month high in early November, with expectations for the future rising to the highest in over three years. The University of Michigan's Consumer Sentiment Index increased to 73.0 from 70.5 in October. Personal finance expectations rose 6%, and short-term business conditions surged 9%. Long-term business conditions reached their most favorable in nearly four years. Sentiment varied by party: Republicans saw a 17% increase in expectations, while Democrats saw a modest 2% rise. Independents grew more pessimistic, with their sentiment dropping 9%. Overall, the data reflects an optimistic shift among consumers, signaling a more confident outlook as inflation concerns ease.

Reference: [Reuters](#)



### U.S. Elections

#### How Donald Trump Won the 2024 U.S. Elections

Donald Trump won the 2024 U.S. presidential election, marking an extraordinary comeback after his loss in 2020. With victories in key swing states like Wisconsin, Michigan, and Pennsylvania, Trump secured the 270 electoral votes needed to reclaim the presidency. His opponent, Vice President Kamala Harris, conceded the race. Trump's support came mainly from working-class voters and those focused on economic policies, whereas the Democrats emphasized issues like abortion, which didn't resonate as strongly with these voters. Additionally, third-party candidate Jill Stein siphoned some votes from the Democrats, contributing to Trump's lead in these states. The war in Gaza also played a significant role, particularly in Michigan, where the state's large Arab American population expressed discontent with both candidates for their unequivocal support of Israel. This led some voters to shift their support to Stein, who campaigned for a ceasefire and greater accountability for Israel, further impacting the election results in critical swing states. Trump's election represents a shift in U.S. politics, especially with a Republican-controlled Senate. Trump's administration is expected to be surrounded by loyalists focused on enacting his agenda without resistance.

Reference: [AP News](#), [AlJazeera](#)

*Rise every day*



### What Trump's Economic Plan Means for the U.S. Economy?

Donald Trump's economic plan for his second term includes several bold proposals: tax cuts, tariffs, increased drilling, deregulation, and migration policies. Here's a summary of each:

- **Taxes:** Trump plans to cut corporate taxes from 21% to 15% and make the 2017 tax cuts permanent. Critics argue these cuts, which could total up to \$7.5 trillion over 10 years, are unaffordable and may increase the national debt.
- **Tariffs:** Trump aims to impose tariffs on foreign goods, including up to 100% on Chinese products, to fund tax cuts. These tariffs could raise prices for consumers, reducing purchasing power and potentially leading to higher inflation. Estimates indicate that the average U.S. household could face losses ranging from \$2,500 to \$3,900.
- **Drilling and the Environment:** Trump plans to roll back green energy policies, allowing more oil and gas drilling while restricting offshore wind projects.
- **Interest Rates, the Dollar, and the Federal Reserve:** Trump's tax cuts and tariffs are expected to increase inflation, which could prompt the Federal Reserve to keep interest rates high. A stronger dollar could offset some tariff impacts by making imports cheaper, but higher rates could slow economic growth.
- **Migration and Deregulation:** Trump wants to deport the estimated 11 million undocumented immigrants and complete the border wall between the US and Mexico. This could reduce the supply of low-cost labor and push up business costs.
- **What Does It All Add Up To?:** Trump's economic plans—including tax cuts, tariffs, and deregulation—may lead to short-term growth but carry risks, potentially raising inflation, widening deficits, and weakening fiscal stability. Moody's, which lowered the U.S. credit outlook to "negative" in November last year, cautions that without measures to curb deficits, the country's credit profile may deteriorate further.

Reference: [Reuters](#), [The Guardian](#), [Reuters](#)

### What Trump's Victory Means for the Global Economy?

Trump's return to the White House could reshape the global economy through aggressive tariffs, tax cuts, and deregulation, with China likely his main target. Broad tariffs on imports might increase consumer prices and slow global trade. In Europe, analysts warn the EU could face economic losses from new trade tensions and a U.S.-favored capital relocation. Asia, particularly China, may see economic headwinds but could respond with domestic stimulus measures. Overall, Trump's policies could drive volatility in global markets, disrupt trade relationships, and create economic uncertainties worldwide.

Reference: [CNBC](#)



### What Trump's Presidency Means for Investors?

Under a Trump presidency, investors can expect stronger stock market performance, particularly in sectors like financials, energy, and tech, driven by pro-business policies. Bond markets may experience higher yields and volatility as inflation and growth expectations rise, potentially delaying interest rate cuts by the Fed. The U.S. dollar is likely to strengthen, which could affect global markets, while oil prices may fall due to the dollar's strength, although domestic oil production could offer some support. Gold may face short-term pressure from the dollar but could benefit in times of political or economic uncertainty. Crypto, especially Bitcoin, is expected to see positive momentum due to a favorable regulatory environment for digital assets.

Reference: [Zawya](#)

### Trump's Tariff Plan Could Cost U.S. Shoppers \$78 Billion Annually

A study by the National Retail Federation (NRF) found that Donald Trump's proposed tariffs on imports could cost U.S. shoppers up to \$78 billion in annual spending power. The tariffs would raise prices on products like clothes, toys, furniture, and appliances, particularly those from China. The additional costs would burden low-income families, as tariffs lead to higher prices on imported goods. NRF also noted that U.S. consumers have been cutting back on non-essential spending, which has already hurt retail sales.

Reference: [Reuters](#)

## Markets

### Market Dashboard

- The S&P 500 topped 6,000 and saw its strongest weekly gain in a year as Trump's re-election and a Fed rate cut fueled optimism for pro-business policies. Expectations for tax cuts and deregulation lifted major indexes. Evercore ISI forecast the S&P 500 will rise to 6,600 by mid-2025, citing a "decisive and uncontested" Trump victory and a potential Republican sweep as key factors, with deregulation seen as a positive for stocks.
- Bitcoin surged over 10% to a record above \$76,000 after Donald Trump's victory, with investors anticipating a more supportive U.S. regulatory environment for crypto under his administration. Trump's promises to bolster the industry include forming a crypto advisory council, fostering domestic bitcoin mining, and replacing SEC Chair Gary Gensler.
- Gold posted its biggest weekly loss in over five months, dropping 1.8% to \$2,683.77 per ounce due to a stronger dollar and Trump's election win. Investors moved away from safe-haven assets like gold, favoring riskier assets instead.
- Oil prices fell over 2% on Friday as fears of prolonged supply disruptions from Hurricane Rafael eased, and China's latest stimulus measures underwhelmed traders. Despite these drops, oil saw a weekly gain of 1% due to Trump's expected sanctions on Iran and Venezuela and the Fed's recent rate cut. In this context, Citi predicts that Trump's second term could pressure oil prices through 2025, forecasting Brent crude at \$60 per barrel due to potential trade tariffs, and increased oil supply.
- The U.S. dollar gained strength following Donald Trump's 2024 presidential victory, as market expectations rise that his policies will boost the dollar further.

Indicators	1-Nov-24	8-Nov-24	% Change
S&P 500	5,728.80	5,995.54	4.66%
Bitcoin	69,482.47	76,545.48	10.17%
Gold	2,735.16	2,683.77	-1.88%
Crude Oil	73.10	73.97	1.19%
EUR/USD	1.0886	1.0795	-0.84%