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| Trump Win - 10 Thoughts The Day After

'I know how to deal with complex issues and how to bring together all the various elements necessary for success. I've done it for years and have built a great company and a massive net worth' (Donald J. Trump, 'Crippled America - How To Make America Great Again')

Let me share with you my ten thoughts on Donald J. Trump's win the day after:

Capital markets hate uncertainty, and Trump is in many ways the mother of all uncertainties. It will therefore be key to see whom he appoints to his Cabinet, what policy cornerstones are announced, and - most importantly - whether he builds bridges to Clinton voters and seeks bi-partisan solutions.

Trump's economic plans are not all bad. If he succeeds in achieving large infrastructure investment and far-reaching tax reform, while at the same time remaining pragmatic on immigration and free trade, he would actually improve growth and living standards.

If Brexit offers any guidance with regard to bi-partisan solutions, the outlook is bleak since Prime Minister May has shown incompetence, weakness, and a total lack of strategy and common sense. Almost five months after the vote, Brexiters are still burning bridges. By stark contrast with the UK, however, the US has a very big and largely self-sustaining domestic economy and would therefore get away with any destructive policies for a longer time.

Trump secured this victory despite massively and consistently insulting women, minorities, immigrants, people with disabilities, war veterans, and key allies. His support was essentially drawn from four groups: core Republicans, Clinton haters, Trump celebrity status fans, and 'establishment' haters. Moreover, with the Republicans now also holding the majority in Congress, Trump will have to deliver on all the promises that have been made.

With the Anglo-Saxon world - i.e. the US and the UK - going 'domestic' with a nationalist and populist majority vote, geopolitical multi-polarization will increase further and quickly. Meanwhile Russia and China are particularly eager and able to fill any vacuum, be it political, military, or economic.

From the structural perspective, curbing world trade and free migration means less growth, less wealth creation and lower living standards. Of course, this is an economic observation and not a political view. Trump would do well to remember the contributions immigrants have made to the US, not least his own family.

I advise reading Donald Trump's book 'Crippled America - How To Make America Great Again'. Subtitles such as 'Immigration: Good Walls Make Good Neighbors', 'Values', 'Teaching the Media Dollars and Sense' make particularly insightful reading. I have to assume as a base case that Trump will do what he has written since he has been elected on those promises. And as history has shown us repeatedly, people ignore books written by elected political leaders at their own risk and cost.

The Western world will find it increasingly difficult to provide credible democratic and 'value' leadership. The 'non-coastal' US – just look at the Republican and Democratic election result geographic map – has never truly 'arrived' in the global world, just like 'non-London' UK has never truly 'arrived' in Europe. However, I absolutely do not expect that the nationalist and populist majority votes in the US and UK will be repeated in the upcoming elections in France and Germany.

Trump said that he would turn back the clock on the Dodd-Frank Wall Street Reform and Consumer Protection Act passed in the aftermath of the 2008 financial crisis. He has also attacked the FED for keeping monetary policy too loose for too long. It will be absolutely key to watch developments on both these fronts, for the US economy and global capital markets alike.

Cash is king for the time being. High cash levels will offer protection against losses, and crucially will allow investors to be financially, intellectually, and emotionally ready to seize upcoming opportunities.

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If you would like more information or would like to discuss this in more detail, please don't hesitate to contact us.