

# Six Minute Strategy

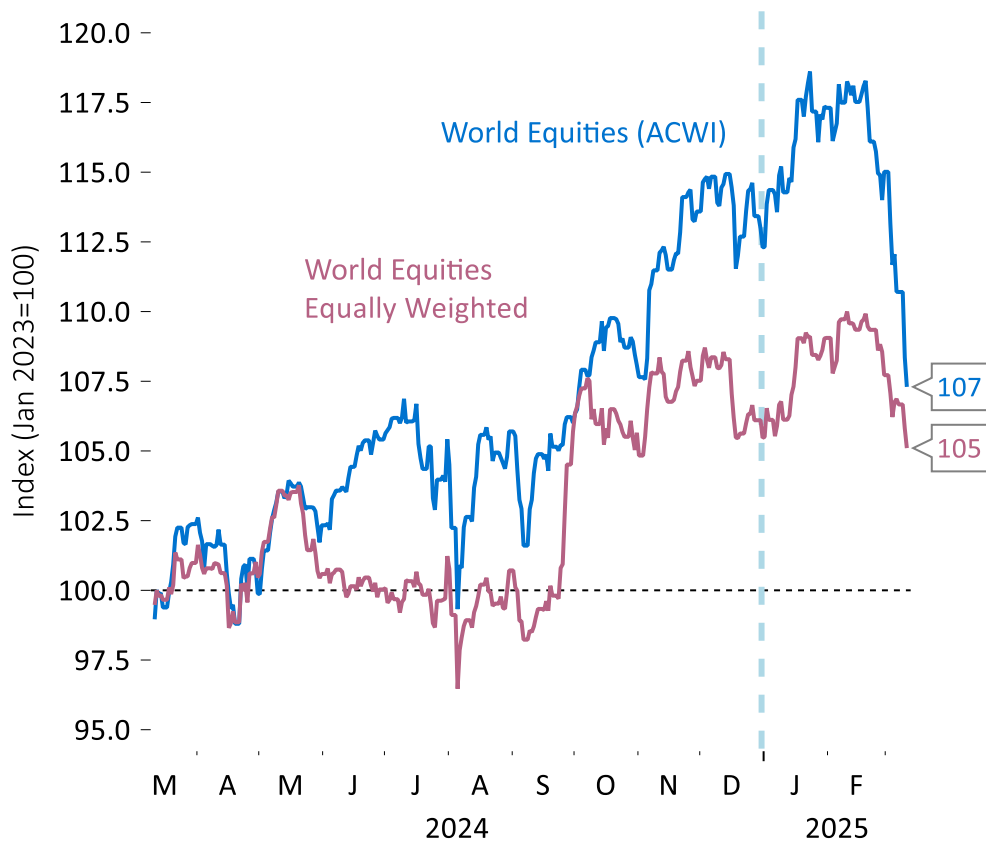
## Is MAGA triggering a US recession?

March 2025



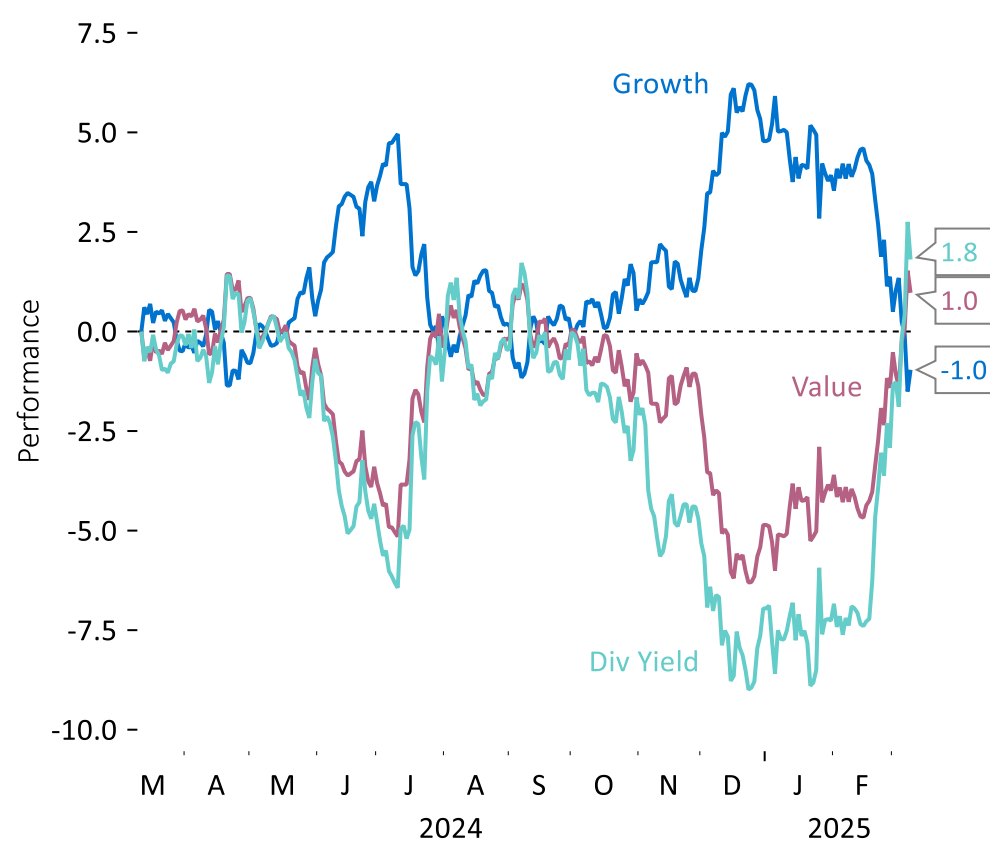
# Global equity rally pauses as market leadership evolves

 US 'super-caps' start to de-rate in the face of US political risk



Source: Macrobond, 12.03.25

 Index returns by style (relative to MSCI world)



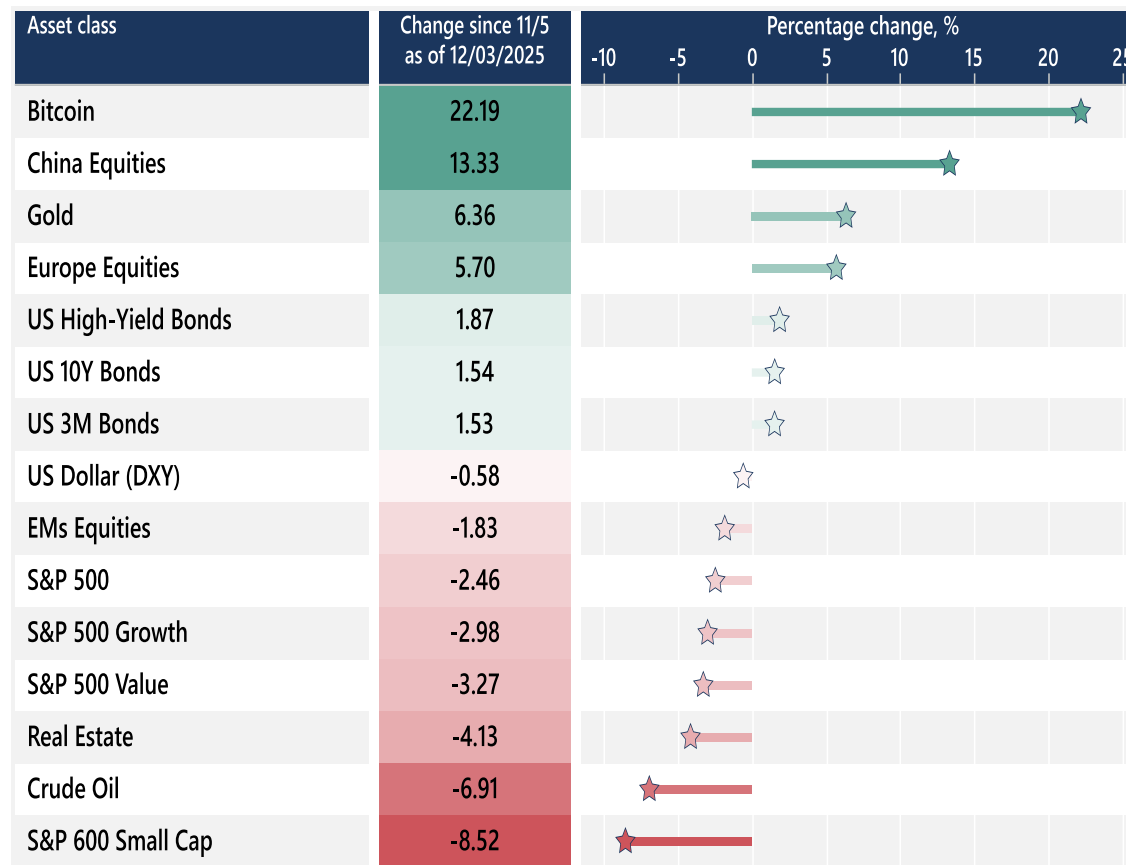
Source: Macrobond, 12.03.25

Past performance is not a reliable indicator of future results and may not be repeated.

# Market performance since Trump victory

 Chinese and European equities now *outperforming* S&P500 since US election

## Impact of Trump's election victory on asset class performance



Source: ICE BofAML, LBMA, Macrobond, MSCI, FTSE Russell, S&P Global, ICE 12.03.25

MACROBOND

# Trump 2.0 more decisive and aggressive than 1.0

## 1 Tariffs

- 25% tariffs on Canada and Mexico
- 10-20% tariffs on China imports
- 25% tariffs on all steel and aluminium imports
- Canada, China and the EU have retaliated

## 2 Tax cuts

- \$4.5trn tax cut
- \$2trn spend cut
- \$300bn spending for border and defense
- \$2.8trn higher debt. A government shut down on 14 March remains a risk

## 3 Deregulation

- DOGE reducing federal workforce by 250K employees
- Agency functions curtailed or limited
- Legal and disruption risk

## 4 Immigration

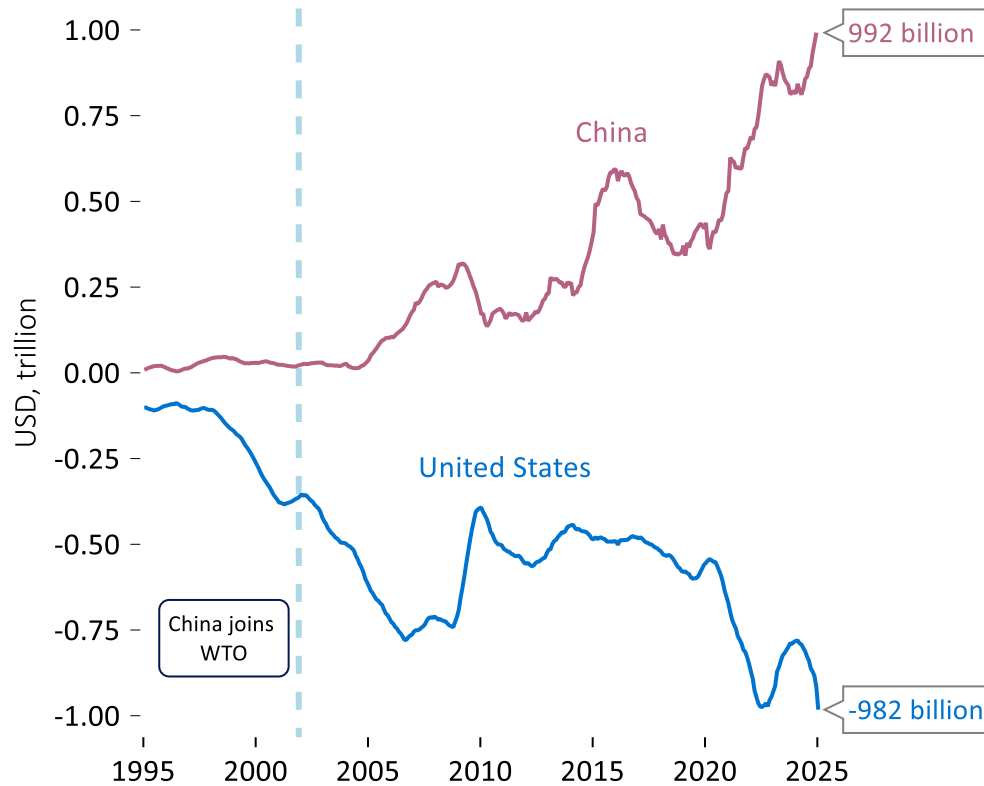
- Deportation rate similar to Obama administration
- New orders requiring all undocumented workers to register raises the risk of higher levels of deportation

# Trade relationships and regulations scrutinised



## Trade balances: China vs US, 1995–2025

Total Trade Balances

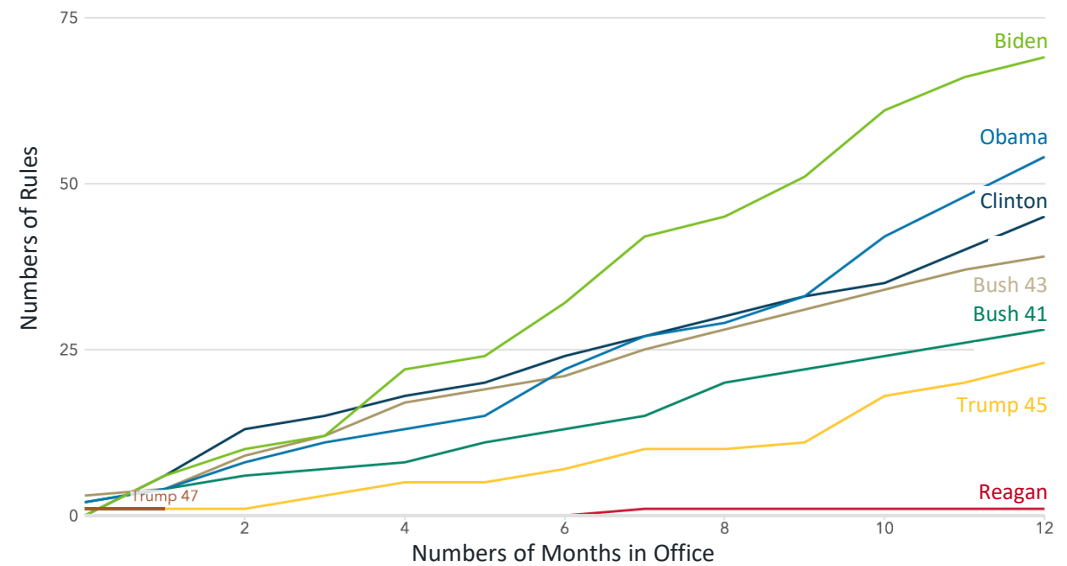


Source: Macrobond, 12.03.25



## Significant rules adopted by successive US administrations

Cumulative economically significant final rules published by Administration in first year



Regulatory Studies Center

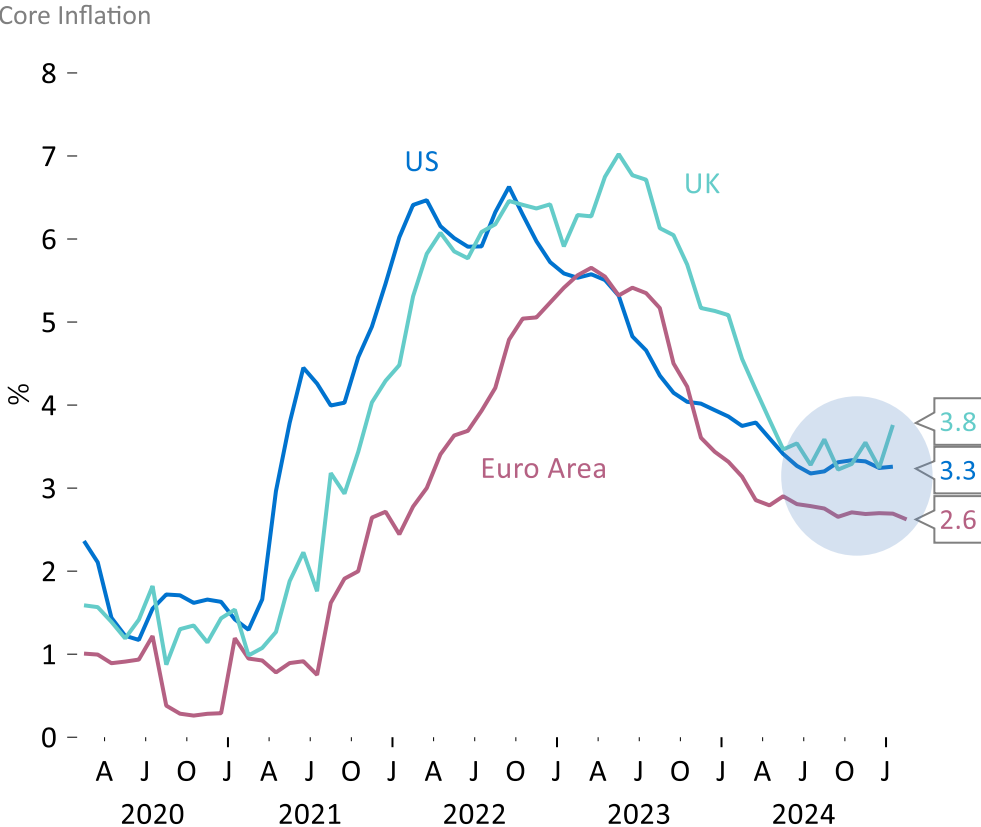
THE GEORGE WASHINGTON UNIVERSITY

Source: Office of the Federal Register (federalregister.gov) for Biden administration and all subsequent administrations; Office of Information and Regulatory Affairs (reginfo.gov) for all prior administrations.

Updated: March 05, 2025

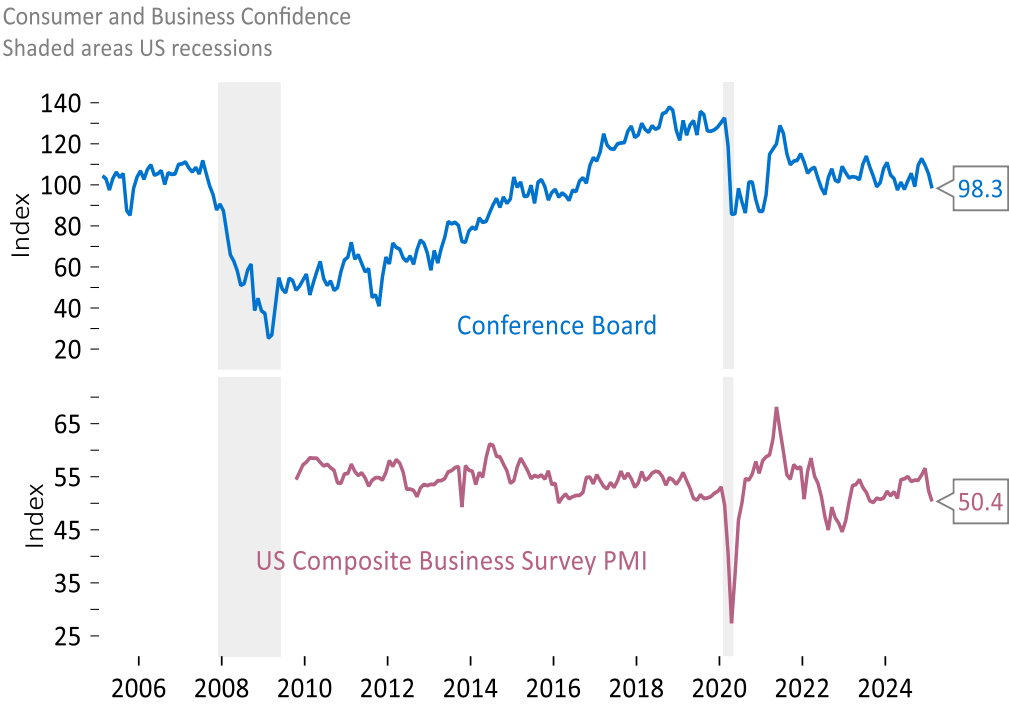
# Core inflation still sticky and US confidence fading = Stagflation?

## Core inflation remains sticky globally



Source: Macrobond, 12.03.25

## US consumer and business confidence fading



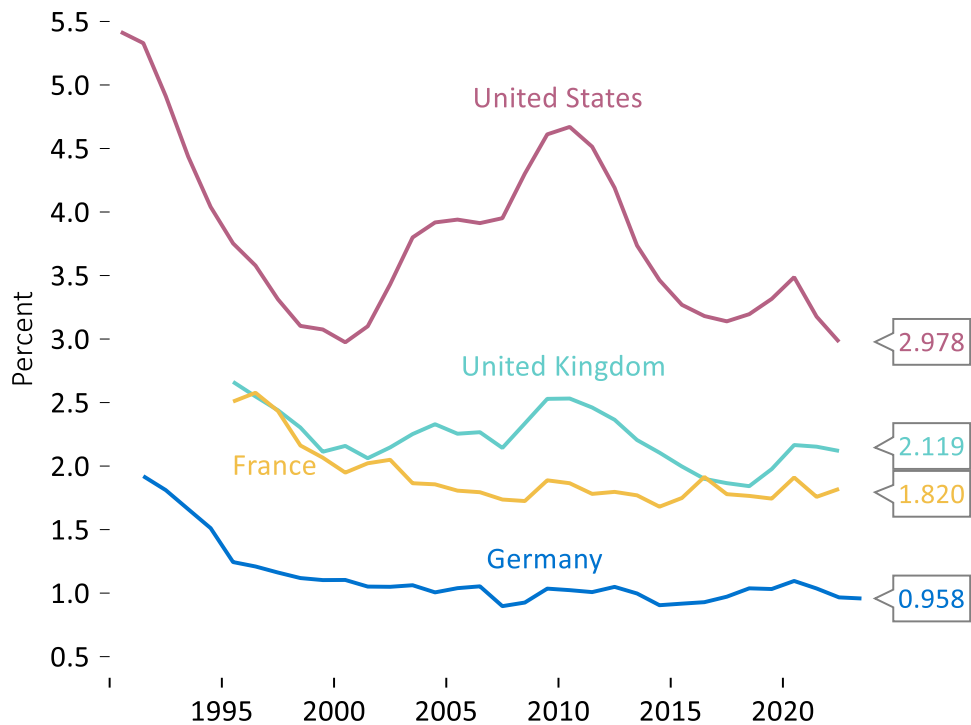
Source: Macrobond, 13.03.25

# Europe debates an overdue defence and public investment plan

FT economist poll suggests Germany can take on EUR 2trn in debt over the next decade without risk

## Europe defence spending undershoots

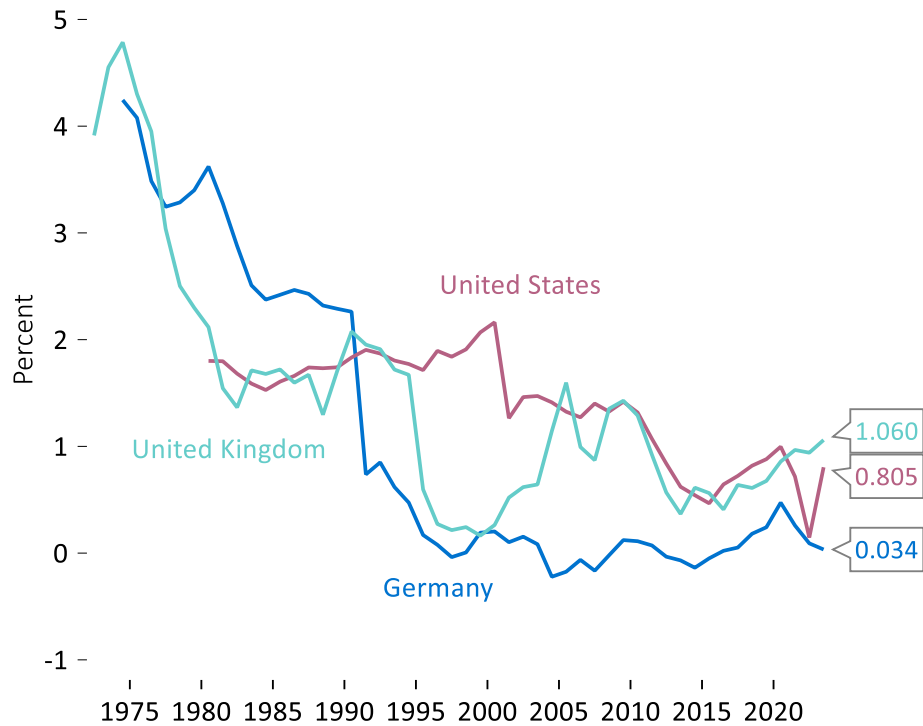
Defence Spending, Percent of GDP



Source: Macrobond, 12.03.25

## Germany has underinvested for 30 years

Public Net Investment (% of GDP)



Source: Macrobond, 12.03.25

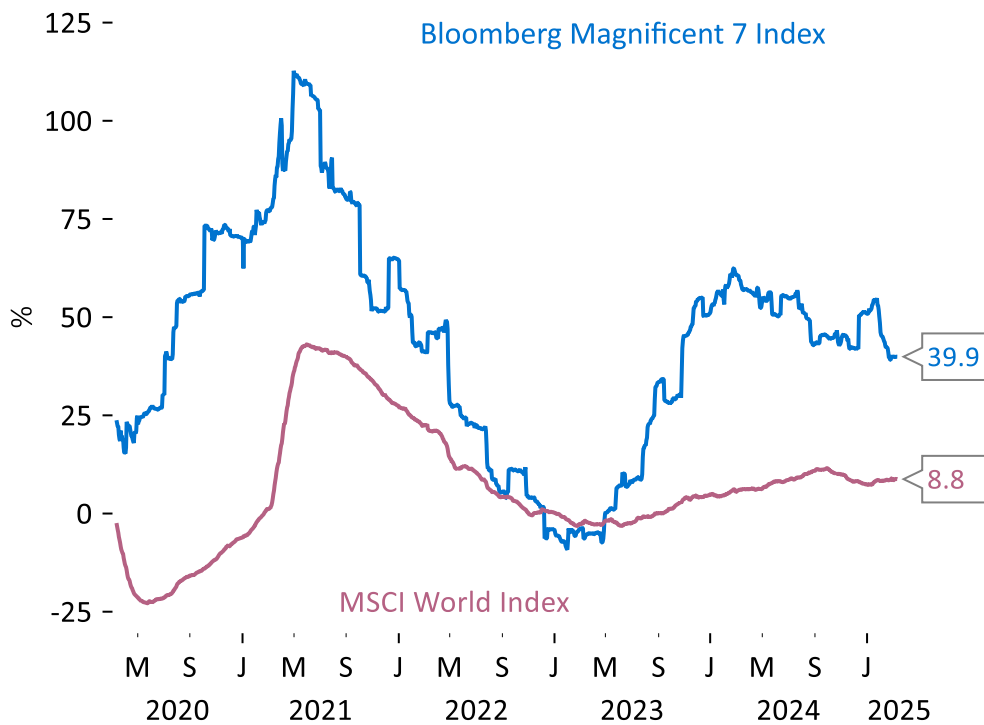
**“In view of the threats to our freedom and peace on our continent, the rule for our defence now has to be ‘whatever it takes’”**

Chancellor Elect Friedrich Merz, 10 March 2025

# Global earnings and dividend growth still robust

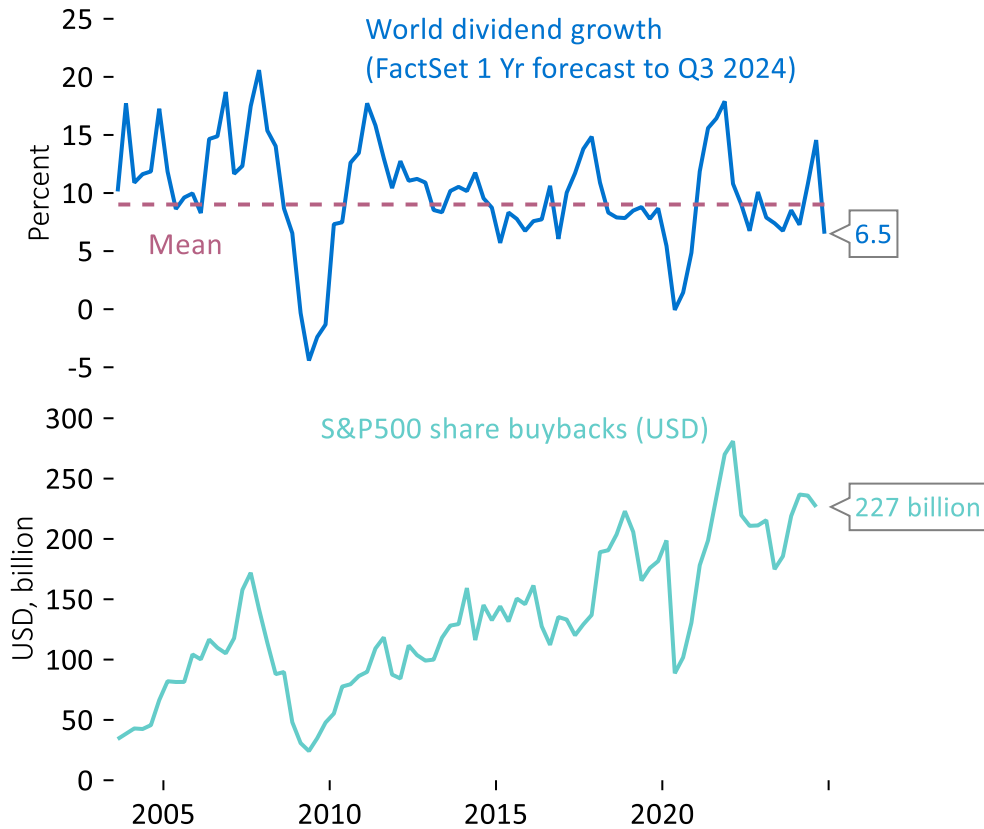
## Forecast year 1 earnings growth still robust

12 month forward earnings estimates  
(Bloomberg)



Source: Macrobond, 12.03.25

## Global dividend growth and US stock buybacks plentiful



Source: Macrobond, 12.03.25

Past performance is not a reliable indicator of future results and may not be repeated.



# Policy summary

Global Strategy March 2025

|              |  |
|--------------|--|
| Bonds        | <p><b>Neutral/Underweight</b></p> <ul style="list-style-type: none"><li>• <b>Neutral Govt:</b> Long-term yields close to fair value – UK pension funds natural buyers</li><li>• <b>UW inv. grade credit:</b> Spreads are historically tight – reduce risk</li></ul>  |
| Equities     | <p><b>Neutral</b></p> <ul style="list-style-type: none"><li>• <b>Equity:</b> Earnings outlook remains solid but there are growing risks of a US slowdown – lower gas prices and higher defence spending support European growth</li><li>• <b>Valuation:</b> Equity risk premium and market concentration are elevated</li></ul>  |
| Alternatives | <p><b>Neutral</b></p> <ul style="list-style-type: none"><li>• <b>Neutral alternatives:</b> Dividend income from renewables and infrastructure attractive as interest rates fall</li><li>• <b>Overweight gold:</b> Debt fears across Western economies and EM reserve bank buying support demand</li></ul>  |
| Cash         | <p><b>Overweight</b></p> <ul style="list-style-type: none"><li>• Policy and geopolitical uncertainty has increased markedly</li></ul>  |
| Risks        | <ol style="list-style-type: none"><li>1. <b>Global trade war</b> – Trump tariff agenda invites global retaliation – US economy slows</li><li>2. <b>Disorderly bond markets</b> – Budget deficits and sticky inflation trigger a return of the bond ‘vigilantes’</li><li>3. <b>Major AI/Tech profit warning</b> – US equity valuations contract on long-term earnings fears</li></ol> |

Source: Sarasin & Partners, February 2025

# Important information

---

**This document is intended for retail investors and/or private clients in the US only. You should not act or rely on this document but should contact your professional adviser.**

This document has been prepared by Sarasin & Partners LLP (“S&P”), a limited liability partnership registered in England and Wales with registered number OC329859, which is authorised and regulated by the UK Financial Conduct Authority with firm reference number 475111 and approved by Sarasin Asset Management Limited (“SAM”), a limited liability company registered in England and Wales with company registration number 01497670, which is authorised and regulated by the UK Financial Conduct Authority with firm reference number 163584 and registered as an Investment Adviser with the US Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940. The information in this document has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

In rendering investment advisory services, SAM may use the resources of its affiliate, S&P, an SEC Exempt Reporting Adviser. S&P is a London-based specialist investment manager. SAM has entered into a Memorandum of Understanding (“MOU”) with S&P to provide advisory resources to clients of SAM. To the extent that S&P provides advisory services in relation to any US clients of SAM pursuant to the MOU, S&P will be subject to the supervision of SAM. S&P and any of its respective employees who provide services to clients of SAM are considered under the MOU to be “associated persons” as defined in the Investment Advisers Act of 1940. S&P manages mutual funds in which SAM may invest its clients’ assets as appropriate. To the extent that SAM is able to exercise proxy voting on behalf of its clients, SAM follows the policy set by S&P. Proxy voting is an operational process dependent upon support from SAM’s clients’ custodians, some of which do not support proxy voting in all or certain markets.

This document has been prepared for marketing and information purposes only and is not a solicitation, or an offer to buy or sell any security. The information on which the material is based has been obtained in good faith, from sources that we believe to be reliable, but we have not independently verified such information and we make no representation or warranty, express or implied, as to its accuracy. All expressions of opinion are subject to change without notice.

This document should not be relied on for accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on the views and information in this material when taking individual investment and/or strategic decisions.

**The value of investments and any income derived from them can fall as well as rise and investors may not get back the amount originally invested. If investing in foreign currencies, the return in the investor’s reference currency may increase or decrease as a result of currency fluctuations. Past performance is not a reliable indicator of future results and may not be repeated. Forecasts are not a reliable indicator of future performance. Management fees and expenses are described in SAM’s Form ADV, which is available upon request or at the SEC’s public disclosure website, <https://www.adviserinfo.sec.gov/Firm/115788>.**

# Important information

---

Neither Sarasin & Partners LLP, Sarasin Asset Management Limited nor any other member of the J. Safra Sarasin Holding Ltd group accepts any liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The use of this document should not be regarded as a substitute for the exercise by the recipient of their own judgement.

Where the data in this document comes partially from third-party sources the accuracy, completeness or correctness of the information contained in this publication is not guaranteed, and third-party data is provided without any warranties of any kind. Sarasin & Partners LLP shall have no liability in connection with third-party data.

© 2025 Sarasin Asset Management Limited – all rights reserved. This document can only be distributed or reproduced with permission from Sarasin Asset Management Limited. Please contact [marketing@sarasin.co.uk](mailto:marketing@sarasin.co.uk).

# SARASIN

## **Sarasin Asset Management Limited**

Juxon House  
100 St. Paul's Churchyard  
London EC4M 8BU

T: +44 (0)20 7038 7000  
F: +44 (0)20 7038 6850

E: [marketing@sarasin.co.uk](mailto:marketing@sarasin.co.uk)

[www.sarasinassetmanagement.com](http://www.sarasinassetmanagement.com)

45 Rockefeller Plaza  
20th Floor  
New York NY 10111 USA

