



**GORDON T LONG**  
**CO-FOUNDER MATASII.COM**



## Advanced Technical Analysis



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# THE TRUMP ONSHORING STRATEGY

**RESHORING**

**bring  
production  
HOME**

**PLAYING THE TRUMP CARD!**



# AGENDA

## • THE TRUMP ONSHORING STRATEGY

- COMBATING GLOBALIZATION, FINANCIALIZATION & THE NEW MERCANTILISM
- THE TRUMP CARD & AN AMERICAN INVESTMENT RENAISSANCE

### 1. TARIFFS

- THE BLUNT INSTRUMENT OF FORCED ON-SHORING
- FRIENDLY SHORING

### 2. TAX INCENTIVES

- A REDUCED CORPORATE TAX RATE

### 3. DEREGULATION & DOGE

- THE REGULATIONS THAT FORCED COMPANIES TO LEAVE AMERICA

### 4. EQUITY FUNDING

- PRIVATE EQUITY + M&A + CRYPTOCURRENCIES

## • CONCLUSIONS

- ARE WE BETTING THE COUNTRY? - CAN IT BE DONE IN 18 MONTHS?
- THE IMPERATIVE OF TAMING INFLATION



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## **POSITIVES => ECONOMIC GROWTH**

- Globalization
- Financialization
- Mercantilism

- => Labor Arbitrage
- => Investment & Low Rates
- => Trade

## **NEGATIVES => INSTABILITY**

- Globalization
- Financialization
- Mercantilism

- => Wealth Disparity
- => Lack of Price Discovery & Mispricing of Risk
- => Trade & Fiscal Imbalances

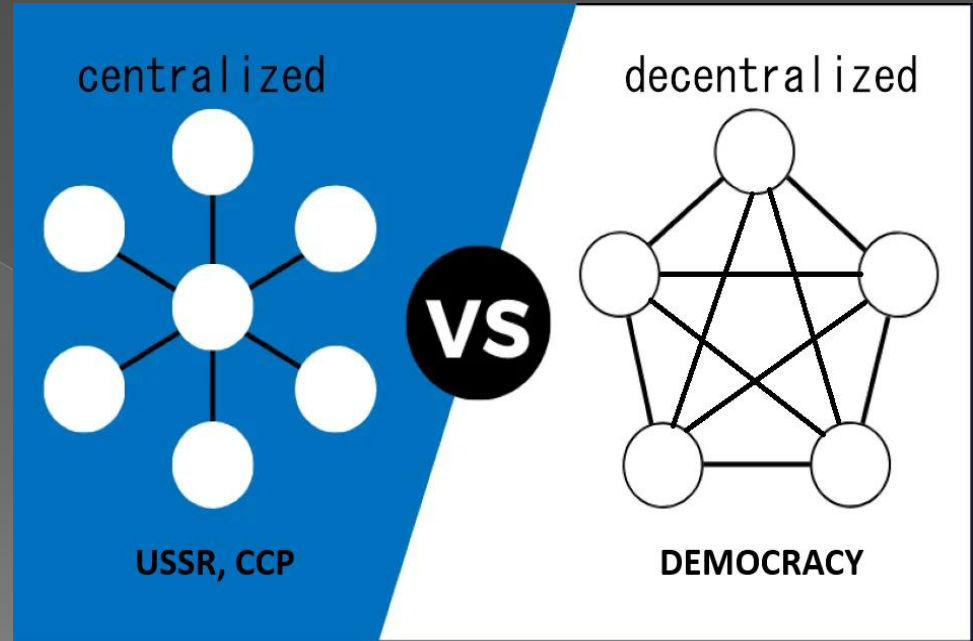
## Uni-Polar v Multi-Polar

**Governance:**  
**Centralized v Decentralized**

**Explosive Global Change**

**Ability to Adapt**

- Fiat Currencies
- Unsound Money
- Political Polarization
- Global Policy Paralysis

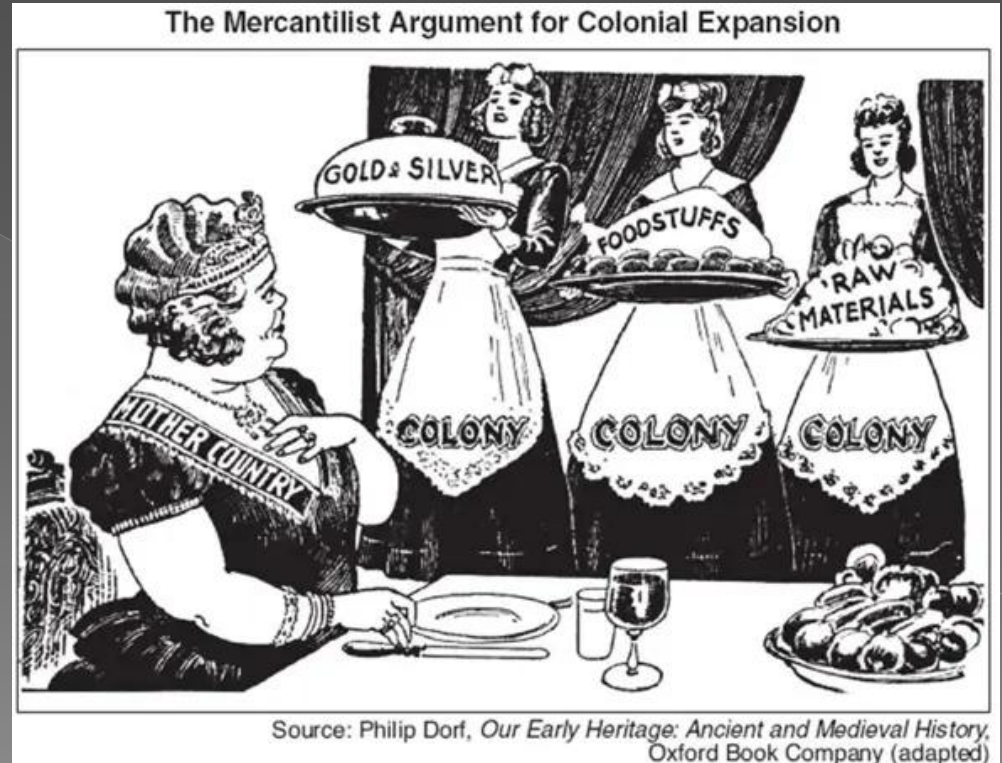


## A NEW FORM OF MERCANTILISM

- Labor Arbitrage
- FX US Dollar Holdings in US Bonds
- Low US Rates & High Dollar Value
- US Consumption
- Massive Wealth Transfer as the Poor Country Became Rich and the Rich Country Became Poor.

US Consumes More Than It Produces

## IMPERIAL MERCANTILISM





- Corporations + Government = Consumer Consumption + Taxation (with the Rich & Corporations paying more Taxes & Campaign Contributions.
- Consumer corporations from Wal-Mart to Amazon to Best Buy all grew profits dramatically.
- Meanwhile, the US consumer and US government grew debt and US high paying jobs steadily disappeared.
- The face of America changed as it became a franchised distribution center for foreign built products.

## • KEY PILLARS

1. A Social Safety Net that allows it, which countries like China don't have, so people must save for retirement, layoffs, medical crisis etc.
2. A Culture of Materialism that sustains it.
3. A Media & Political class that lives off it.

The hidden elixir in the equation was that China additionally subsidized through government bank financing and special treatment for State Owned Enterprises (SOEs). This is what is called "Dumping" when you have unfair trade practices involved.

The “Trump Trade” may actually be about the “Trump Card”

Trump now holds that Card in his hands!!

The future of America depends on it!



# THE STRATEGIC GOAL



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# TARIFFS – AN AMERICAN FIXTURE

- Tariffs since Alexander Hamilton to:
  - Fund The Government
  - Protect US Industry
- Primary Government Funding Until US Income Tax came into existence with the ratification of the Sixteenth Amendment to the **United States** Constitution in 1913.
- US maintained Tariffs until WW!!
- Post WWII: Breton Woods, IMF, World Bank => Global Trade & US Export Leadership.
- President Ronald Reagan used to combat Japan in early 80's

## TARIFFS

“To me, the most beautiful word in the dictionary is ‘tariffs,’” Trump said in an interview with John Micklethwait, editor-in-chief of Bloomberg News, in October. “It’s my favorite word.”

## RESHORING

He added at the time, “**You see these empty, old, beautiful steel mills and factories that are empty and falling down,**” referring to facilities that used to make goods in the United States.

“We’re going to bring the companies back. We’re going to lower taxes for companies that are going to make their products in the USA. And we’re going to protect those companies with strong tariffs,” Trump said.

# THE REALITY OF TARIFFS

Inflation has been found to be relatively low. (FT- [Tariffs and taxes are not very inflationary](#)).

Economic theory and experience tell us tariffs are not inflationary. It's correct to claim that a tariff on a good will raise its price. However, the claim fails to consider how consumers and sellers of the goods will react to higher prices. Once all the economic, price, behavioral and currency impacts net out, another round of tariffs will likely prove deflationary and harmful to economic growth.

The fact is that Tariffs are normally absorbed by the importing country through importers. Those costs result in:

- 1- Lower Wages
- 2- Lower Profits and
- 3- Higher Inflation.

However, it is only those with Pricing Power in the supply chain that can actually pass the higher cost levels on.



'Target CEO Brian Cornell said consumers were holding off from making many purchases until the last minute. For example, they didn't buy winter clothing until the weather turned cold, classic recessionary behavior.'



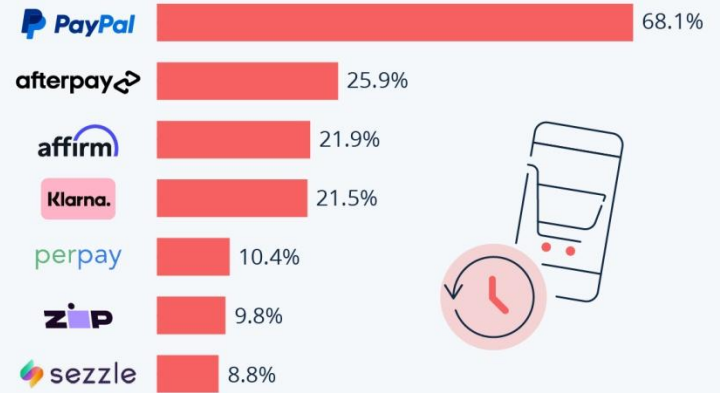
bloomberg.com

Even Walmart Is Worried About the US Consumer

Retailers have warned all year that strong household spending would fade. That might finally be happening.

## Buy Now, Pay(Pal) Later

Share of U.S. BNPL users who have used the following BNPL providers in the past 12 months



837 U.S. Buy Now, Pay Later users (18-64 y/o) surveyed Oct.-Nov. 2023  
Source: Statista Consumer Insights



statista

Ex-Wal-Mart CEO Says US Consumers Reaching 'Breaking Point'

# WHY CONSUMERS ARE FLOCKING TO DOLLAR STORES

**yahoo!**finance



## SHOPPERS TAPPED OUT



**9**abc  
WCPO

HELP!

**U.S. CONSUMERS  
ARE TAPPED OUT**



Trump's former economic advisor Scott Bessent, *(who has now been nominated for US Treasury Secretary)*, has already working on this.

Bessent favors a 'T+X' Tariff Plan that gives global firms, say, two years to build factories in the US to avoid sanctions, reducing most of their direct inflation impact, but getting all the Capex, supply-side and trade-deficit narrowing gains.



Leading the pack, Samsung (think South Korea Electronics & Semiconductor) immediately said this is what they plan to do. That might mean new economic models are needed for US tariffs - if economists want to model the world as it is, rather than as they (or their models) want it to be.

Trump Tariffs will initially likely still elevate prices, but if successful in fostering a "reshoring" renaissance it may be the only way out of the US Economic death spiral.

It is no doubt a calculated gamble, but maybe the only one left on the table for a country clearly headed down a road towards a dismal and inevitable debt crisis?

# WHAT TRUMP JUST ANNOUNCED – 11/25/24

## TARIFFS:

- **CHINA:** President-elect Donald Trump plans to raise tariffs by an additional **10%** on all Chinese goods coming into the U.S.
- Trump had threatened tariffs of **60%** on Chinese goods while campaigning for president.
  
- **CANADA & MEXICO:** The post immediately followed one in which Trump said his first of “many” executive orders on Jan. 20 would impose tariffs of **25%** on all products from Mexico and Canada.

# PROMISES MADE, PROMISES KEPT

## TARIFFS

- **10% TARIFFS:** In multiple campaign stops Trump floated the idea of a 10 percent or more tariff on all goods imported into the United States, which he said would eliminate the country's trade deficit.
- He has also said he should have the authority to set higher tariffs on countries that have put tariffs on U.S. imports.
- **MEXCIO:** He has threatened to impose a 200 percent tariff on some imported cars, saying he is determined in particular to keep cars from Mexico from coming into the country.
- **CHINA:** Trump has targeted China in particular.
  - He proposes phasing out Chinese imports of goods such as electronics, steel, and pharmaceuticals over four years.
  - He seeks to prohibit Chinese companies from owning U.S. real estate and infrastructure in the energy and tech sectors.
- "We're going to bring the companies back. We're going to lower taxes for companies that are going to make their products in the USA. And we're going to protect those companies with strong tariffs,"
- Trump said that a number of countries, including "allies" have "taken advantage of us, more so than our enemies. "

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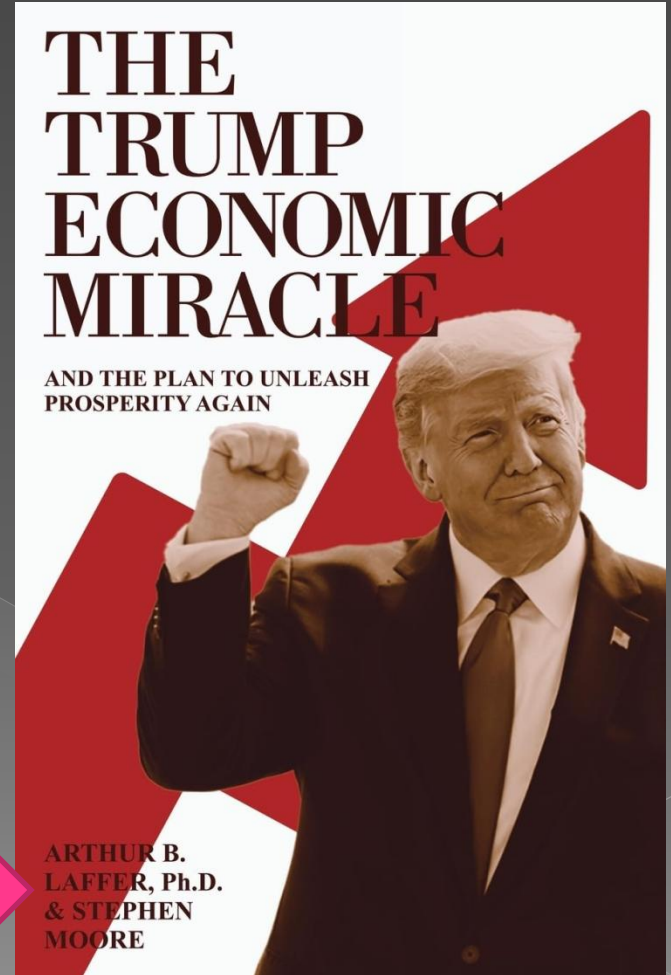
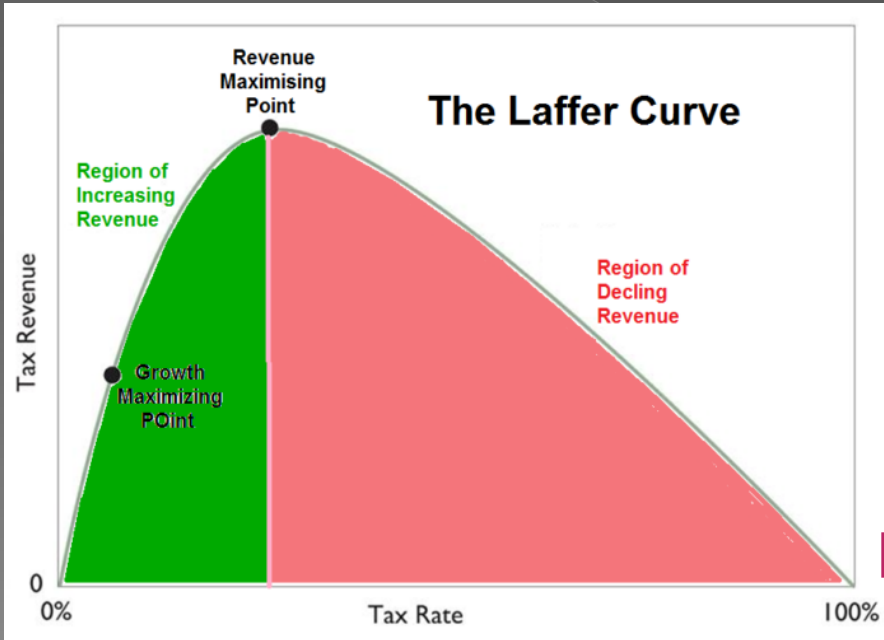
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# THERE IS A STRATEGIC PLAN!



# PROMISES MADE, PROMISES KEPT

## TAXES

- Throughout the 2024 campaign, Trump promised to curb federal regulations that he said would limit the creation of new U.S. jobs. He also has pledged to keep intact a 2017 tax cut that he supported and signed while in office.
- **His team has also proposed a further round of individual and corporate tax cuts beyond those initiated in his first term.**
- Trump has pledged to reduce the corporate tax rate from 21 percent to 15 percent for companies that make their products in the United States.
- In a bid to win Nevada, Trump earlier this year pledged to end the taxation of tips and overtime wages to aid some service workers and waiters.
- **He has pledged not to tax or cut Social Security benefits.**
- Trump also has said that as president, he would pressure the Federal Reserve to lower interest rates but wouldn't make any demands on the central bank.



# WHAT WE CAN EXPECT

## TAX CUTS:

- A full extension of the 2017 tax cuts that expire at the end of 2025,
- Likely including reinstatement of some expired business investment incentives.
- Likely some modest additional tax cuts to accommodate Trump's campaign proposals,
- Expect these proposals to be scaled down (would only cut taxes by a few tenths of a percent of GDP, primarily focused on individual income taxes and not corporate).

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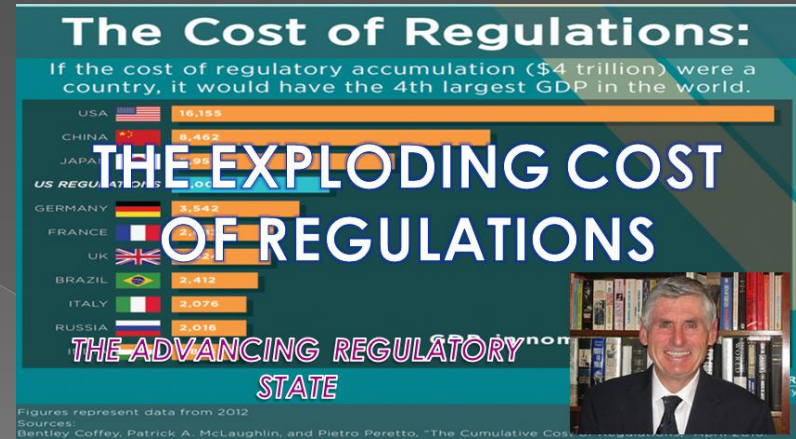
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# PROMISES MADE, PROMISES KEPT

## REGULATIONS

- Throughout the 2024 campaign, Trump promised to curb federal regulations that he said would limit the creation of new U.S. jobs. He also has pledged to keep intact a 2017 tax cut that he supported and signed while in office.
- Likely a lighter-touch approach, particularly with regard to energy, financial, and labor policies.
- While some aspects of antitrust policy might ease slightly, expect scrutiny of the tech sector to continue.



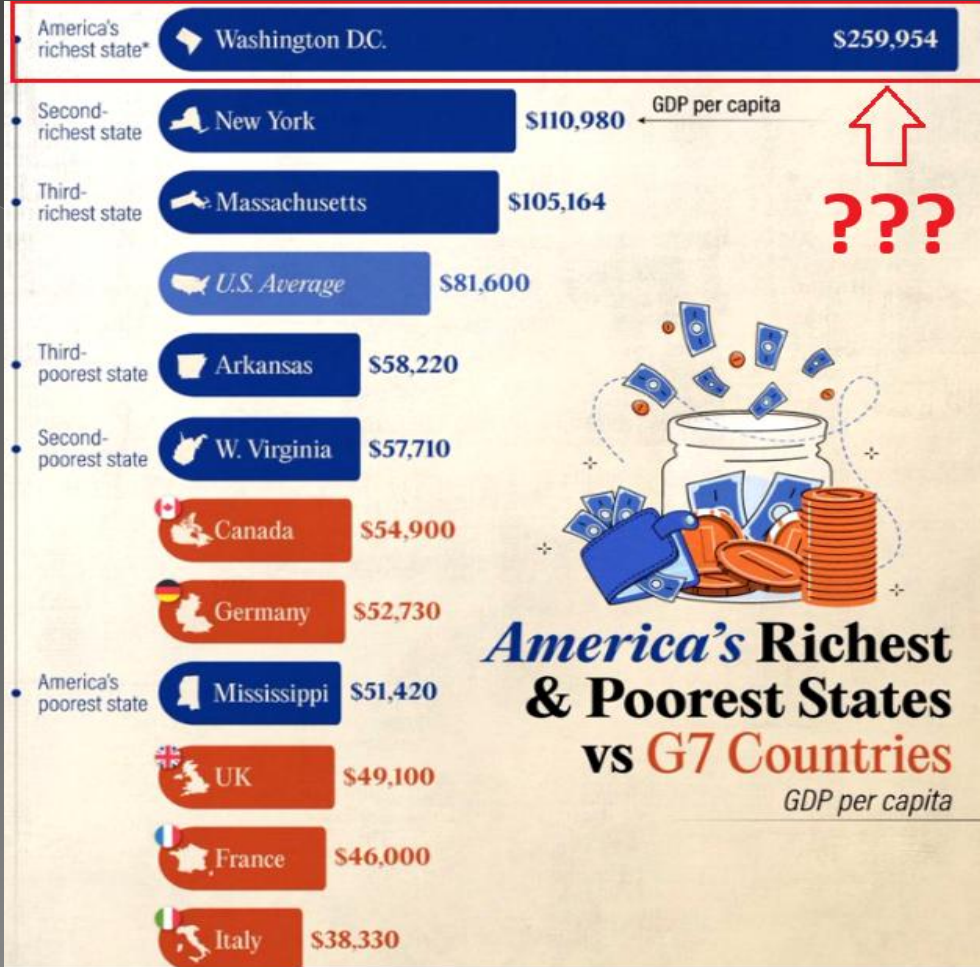
# PROMISES MADE, PROMISES KEPT

## DEPARTMENT OF GOVERNMENT EFFICIENCY (DOGE)

- The Manhattan Project of our time!
- The ultimate goal of DOGE is to make its own existence obsolete by July 4, 2026 - the 250th anniversary of the founding of the United States.
- By then, it is hoped that a leaner, more efficient government will be in place, one that is more responsive to the needs of the people and more in line with the vision of the Founders.
- If successful, this reform effort will be a gift to the nation, ensuring that future generations inherit a government that is both effective and accountable.



*“Unelected bureaucrats in the administrative state that was created through executive action are running the government which needs to be fixed by the executive branch”.*



Source: BEA

## 1. Regulatory Rescissions: Rolling Back Illegitimate Regulations

The most immediate and significant action DOGE will take is targeting the **tens of thousands of regulations imposed by federal agencies**, many of which exceed the constitutional authority granted to these agencies.

**Using Supreme Court Rulings as a Guide:** Following the rulings in *West Virginia v. Environmental Protection Agency* (2022) and *Loper Bright v. Raimondo* (2024), DOGE will work to identify regulations that overstep the bounds of the authority Congress has granted.

### **Immediate Suspension and Review of Regulations**

Through executive orders, the president will pause enforcement of these overreaching regulations and initiate a full review process for rescission. This action will prevent regulations that were never approved by Congress from continuing to harm businesses and individuals.

**Creating a System to Prevent Reviving Illegitimate Regulations:** Once regulations are rescinded, DOGE will ensure that future administrations cannot simply reinstate them. Any reactivation of these regulations would require a new act of Congress, ensuring that regulatory power is returned to the people's elected representatives.

## **2. Administrative Reductions: Streamlining Federal Agencies**

DOGE will target specific reforms to reduce the number of federal employees, streamline agency operations, and focus government efforts on its core constitutional responsibilities.

**Identifying Minimum Staffing Needs:** DOGE will collaborate with agency leaders to identify the minimum number of employees required to carry out essential functions. With fewer regulations to enforce, many agencies will require significantly fewer staff. As regulations are rescinded, the corresponding workforce reductions will follow.

**Cost-effective Employee Transitions:** For those whose positions are eliminated, DOGE will support their transition into the private sector, providing incentives for early retirement or voluntary severance.

**Leveraging Executive Authority to Limit Bureaucratic Growth:** President Trump will use his authority to amend civil-service rules to curtail administrative overgrowth.

**Restoring Accountability in Federal Agencies:** Agencies will be required to return to in-person work, ending the COVID-era trend of remote work.

### **3. Cost Savings: Tackling Waste, Fraud, and Abuse**

DOGE will focus on eliminating wasteful spending and ensuring that taxpayer dollars are used efficiently.

**Ending Unauthorized Expenditures:** A significant portion of federal spending, over \$500 billion annually, is either unauthorized by Congress or used for purposes Congress never intended. DOGE will work with the administration to end these wasteful programs, including unnecessary funding to international organizations and progressive groups, while scrutinizing expenditures like the Corporation for Public Broadcasting.

**Overhauling Federal Procurement:** The government's procurement system is notorious for waste and inefficiency. DOGE will conduct large-scale audits of federal contracts, suspending payments where necessary to identify and eliminate inefficiencies

**Targeting the Deficit and Overspending:** While entitlement programs like Medicare and Medicaid are often the focus of budgetary discussions, DOGE will tackle the more immediate waste, fraud, and abuse that plagues most federal agencies.



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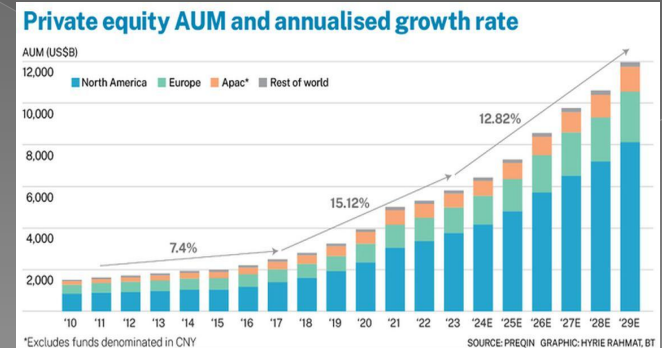
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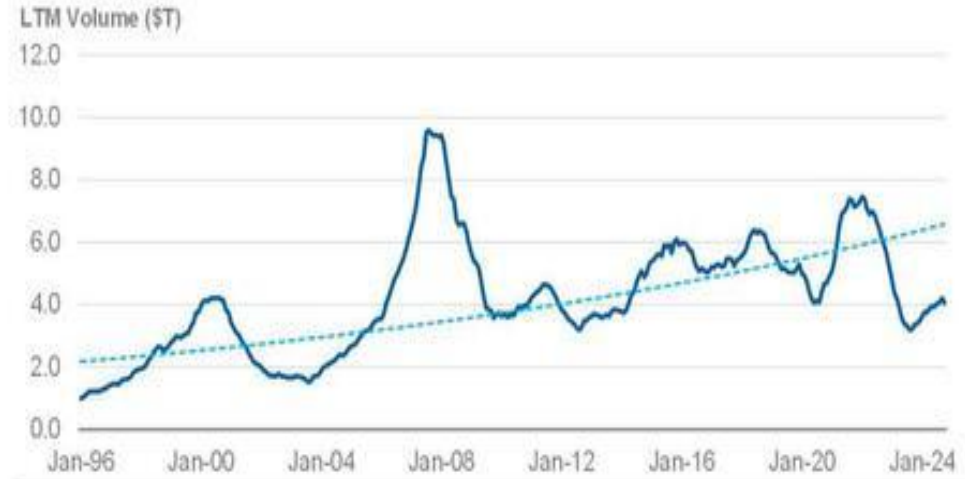
**'Animal Spirits' could be unleashed, accelerating corporate deal-making.**

It is worth noting that **M&A activity relative to GDP is starting from well below-trend levels, leaving room for some acceleration before it becomes credit negative.**

Further, given the level of rates, debt-funded M&A initially might see a more gradual uptick versus strategic activity, accelerating appreciably as we get closer to the end of the cutting cycle.

### Expect More 'Animal Spirits', but a Long Way from Extreme

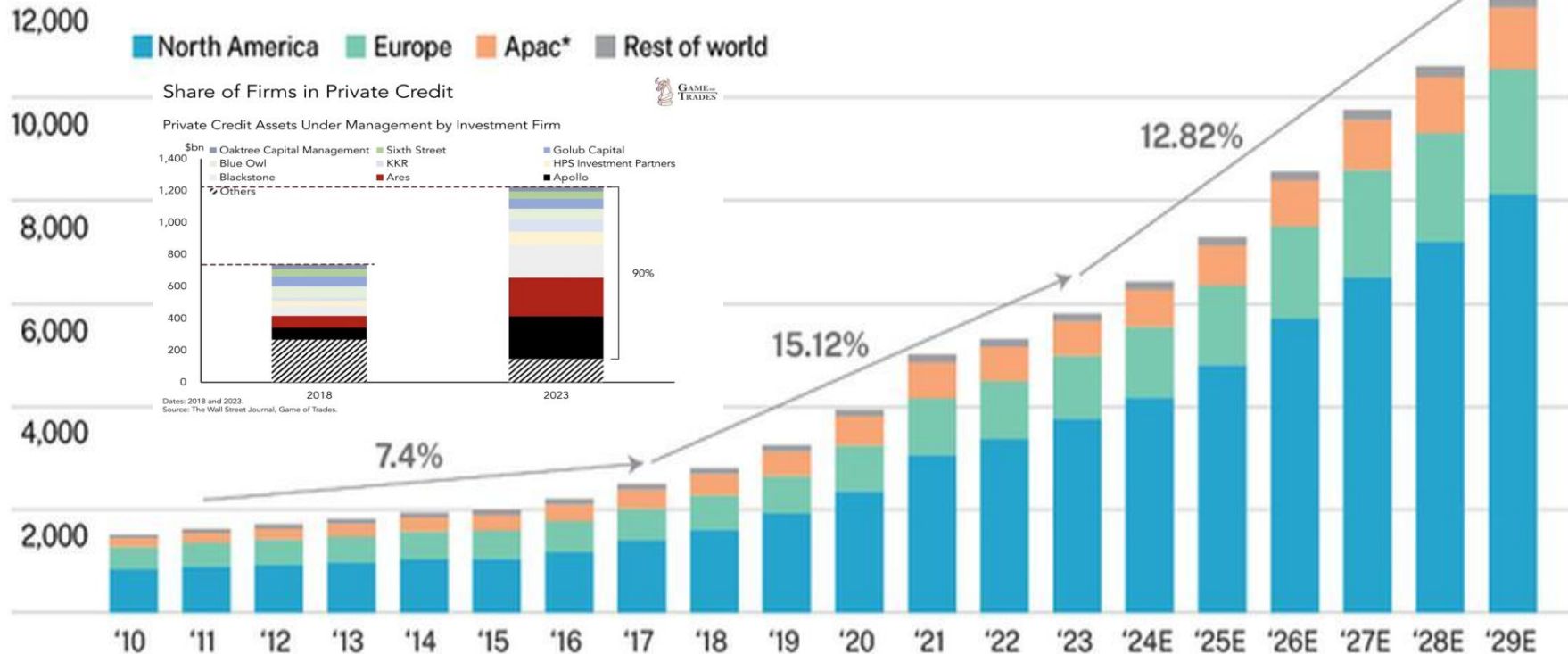
**We continue to expect a 'return of M&A'. But activity so far below trend may give some space before increased volumes are a credit-negative**



Source: Dealogic, Morgan Stanley Research

# Private equity AUM and annualised growth rate

AUM (US\$B)

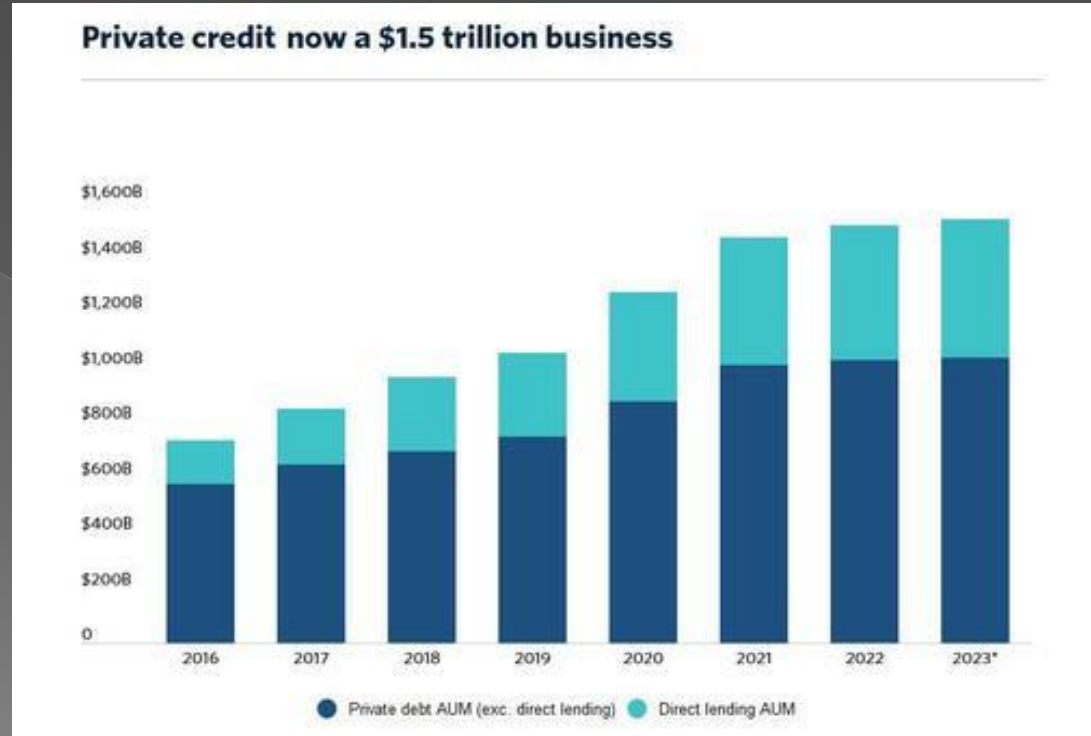


\*Excludes funds denominated in CNY

SOURCE: PREQIN GRAPHIC: HYRIE RAHMAT, BT

The dramatic growth in private credit has been a major theme in credit markets, prompting talk about greater regulatory oversight and scrutiny.

The expected focus on deregulation in Trump's second term dampens this prospect, which bodes well for the continued growth of private credit.

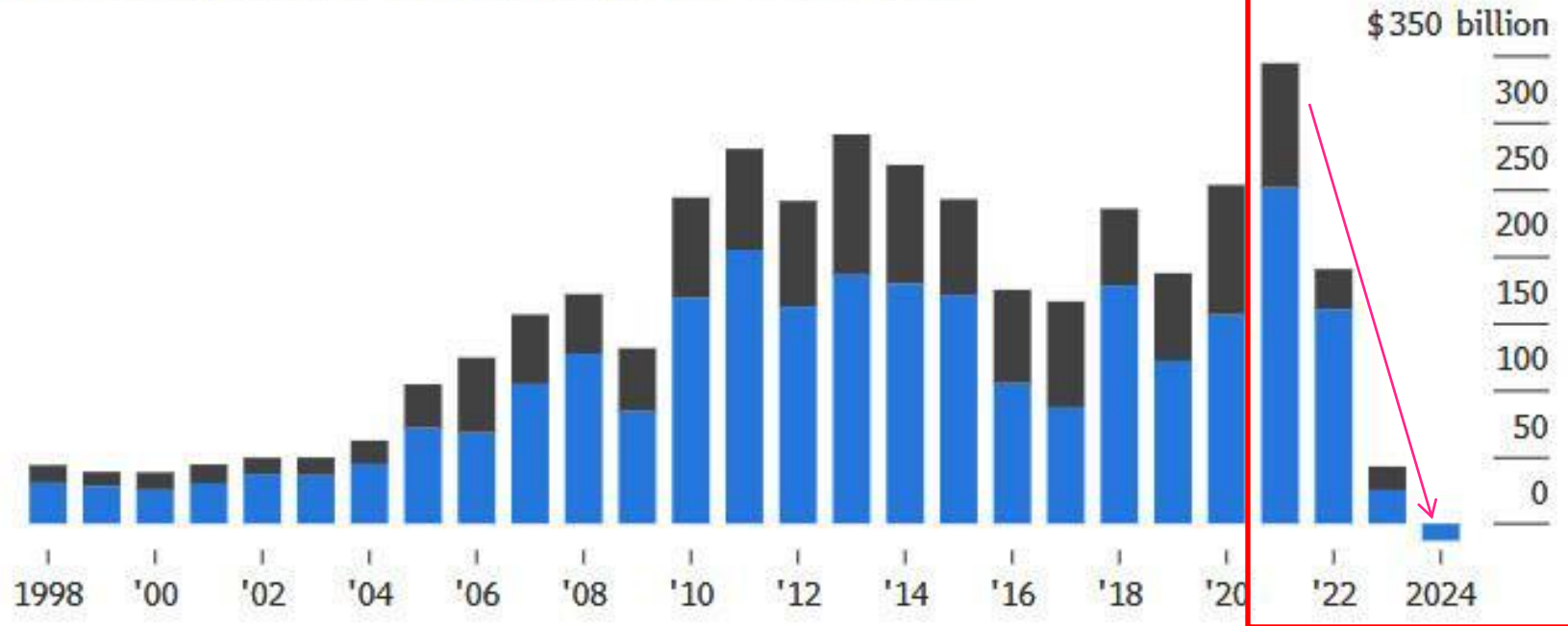


# Foreign Firms Continue to Pull Money Out of **China**



Foreign investment liabilities drop almost \$13 billion so far this year

■ Inbound FDI (liabilities) through September ■ Rest of year



Source: China's State Administration of Foreign Exchange

Bloomberg

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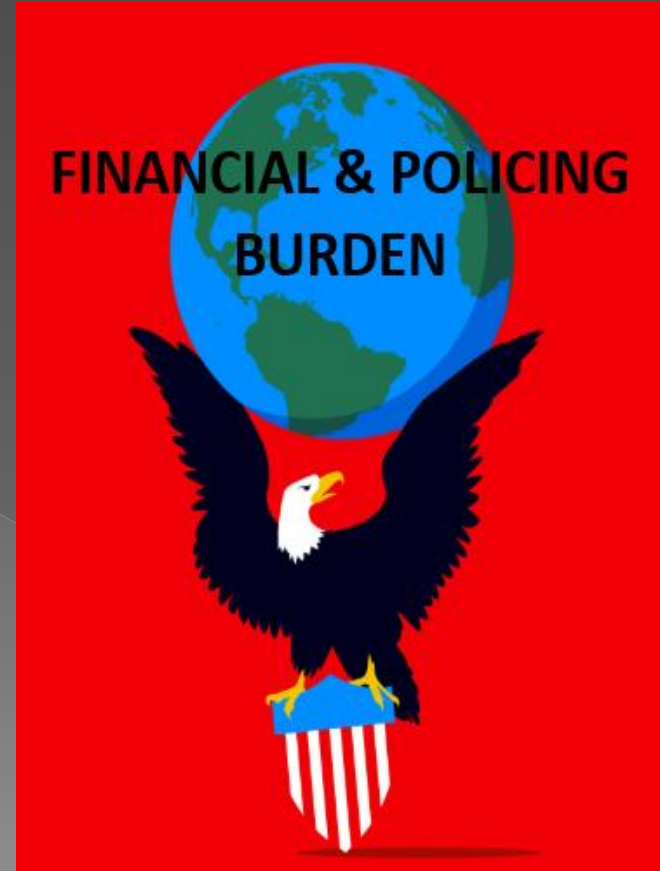
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# THE REMOVAL OF THE BURDEN OF SUPPORTING THE WORLD

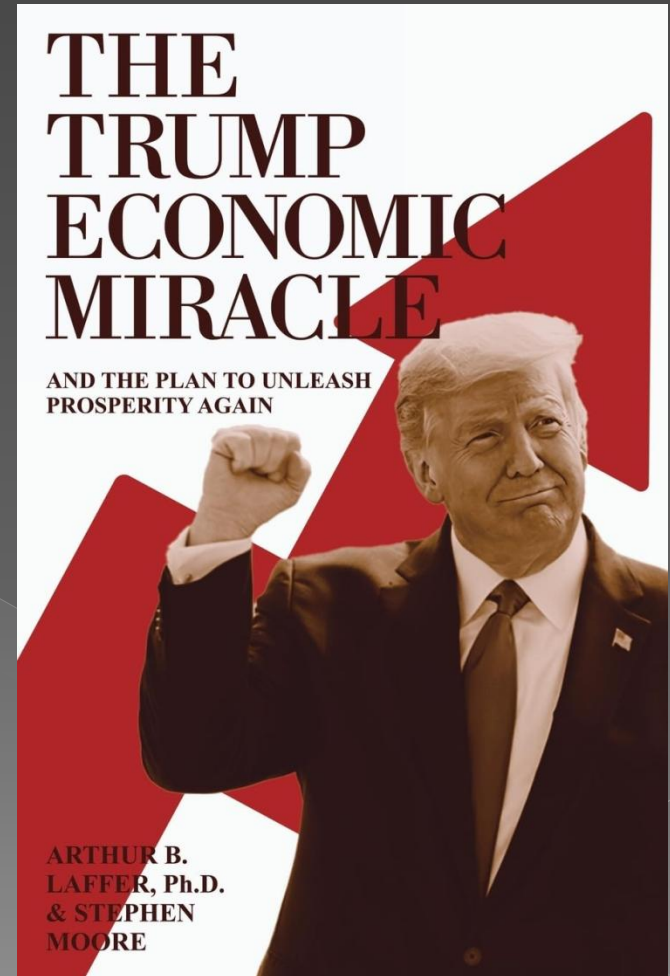
The US can no longer financially support the world as its foreign policy has effectively done since WWII.

- The US has become the Global Piggy Bank.
  - UN
  - NATO
  - Involved in all crisis
  - 600 Military Posts
  - Arms and Support to Ukraine, Israel etc



# RE-PRIVATIZATION OF THE US ECONOMY

- STOP FALSE & UNPRODUCTIVE ECONOMIC GROWTH
- STOP THE DISTORTION OF CAPITAL ALLOCATION
- RESTORE FAITH IN THE US ECONOMY & DOLLAR (\* CRITICAL)





# A WINNING STRATEGY

1. Though Tariffs are paid by importers studies show that doesn't necessarily translate into direct consumer price inflation.
2. Trump believes that the US Consumer is the winning Trump Card. Without it China and other export lead mercantilist nations are seriously jeopardized.
3. The Trump Card is the strategic play to start a manufacturing reshoring shift back to the US.
4. This shift will result in jobs, tax revenues and potentially ignite a revitalized US Investment and Re-Privatization paradigm.
5. This is a big gamble by the new Trump Administration, but they view the current mercantilist driven debt path as being an existential threat to the US' survival.

# HURDLES

- 1. INFLATION RISKS** will mount further from here, given likely tariffs and fiscal stimulus. Moreover, the backdrop is already one where central banks are easing policy, whilst growth data is surprising on the upside. So this is a prominent concern that could prompt a more hawkish reaction from the Fed. DB has warned about inflation risks in recent months, and since the bank's most recent piece in September the 2yr US inflation swap has risen nearly 50bps.
- 2. FISCAL CONSTRAINTS:** The financial context is very different to Trump's first victory in 2016. Fiscal constraints are tighter given higher Treasury yields and a higher federal debt, whilst asset valuations are much higher as well.
- 3. DEBT CEILING:** Assuming we get unified government (which Polymarket places at 99%), the risk of a debt ceiling crisis has just collapsed for the next two years.
- 4. POLITICAL WINDOW:** US politics is very volatile: In 9 of the last 10 presidential/ midterm elections, at least one of the White House/Senate/House of Representatives has changed control. So it's entirely plausible the political landscape changes quicker than many expect today.

**ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES ....**

**DON'T WORRY, THEY WILL PRINT THE MONEY!**

**EVERYONE IS NOW IN PLACE & READY!!**



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