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# Donald Trump's election: impact on financial markets and outlook for 2025

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Donald Trump's return to the U.S. presidency in 2025 has sent shockwaves through financial markets. With a platform focused on protectionist economic policies and drastic deregulation, this political shift raises questions about its economic implications. This article examines the initial market reactions, impacted sectors, and the outlook for 2025.

## Immediate Impact on Financial Markets

### Initial Stock Market Rally

U.S. indices like the Dow Jones and the S&P 500 experienced an initial surge, buoyed by expectations of business-friendly policies:

- Anticipated tax cuts.
- Announced infrastructure investments.

👉 **Good to know** : A post-election rally doesn't guarantee long-term stability. Markets often react swiftly to political announcements, but their steadiness depends on whether implemented actions align with investor expectations.

### Fluctuations in the U.S. Dollar

The dollar saw an initial strengthening due to:

- Promises of reindustrialization.
- A continued "hawkish" U.S. monetary policy.

However, potential trade tensions could temper this trend.

👉 **Good to know** : The U.S. dollar could remain a safe haven during global economic uncertainty. However, prolonged trade tensions could reverse this trajectory.

## **Bond Markets**

A slight increase in interest rates on government bonds reflects expectations of expansionary fiscal policies and potential inflationary pressures.

## **Winning Sectors**

### 1. **Fossil Energy**

Oil and gas stocks benefited from pledges to support the industry.

### 2. **Defense and Armaments**

Commitments to increasing military spending have bolstered companies in this sector.

### 3. **Manufacturing**

Relocation efforts and infrastructure projects have strengthened this strategic sector.

### 4. **Technology**

While big tech firms may face targeted tax reforms, collaborations between figures like Elon Musk and Donald Trump could favor sectors like artificial intelligence.

👉 **Good to know** : Short-term winners aren't always the strongest performers in the long run. Monitoring environmental and technological policies will be crucial, as they may disrupt these industries.

## **Challenged Sectors**

### 1. **Renewable Energy**

Cuts to green energy subsidies could weigh on performance.

### 2. **Import-Heavy Industries**

Potential tariff increases may force import-reliant companies to seek domestic alternatives.

### 👉 **Good to know**:

Despite challenges, renewable energy remains a promising sector in the medium to long term, driven by global commitments to energy transition.

## **2025 Outlook**

### **Trade Tensions and Inflation**

Protectionist policies may strain relationships with key trade partners, increasing import costs and fueling inflation.

### **Economic Growth**

- **Short term:** Tax cuts and public investments could stimulate the economy.
- **Long term:** Rising public deficits may curb growth.

### **International Relations**

Trump's isolationist approach could disrupt geopolitical relationships, with potential impacts on global markets and currencies.

### **Considerations for Investors**

#### 1. **Geographic Diversification**

While the U.S. economy may gain in the short term, targeted international investments can help mitigate risks tied to U.S. policies.

#### 2. **Focus on Cyclical Stocks**

Sectors benefiting from massive investments (e.g., infrastructure, defense) present short-term opportunities.

### 3. Inflation Monitoring

- Public and private market equities have historically served as inflation hedges.
- Inflation-indexed bonds can also offer protection against inflationary pressures.

## Conclusion

Donald Trump's election ushers in a period of economic and geopolitical uncertainty. While financial markets initially reacted positively, trade tensions and fiscal challenges could emerge in the medium term. For expatriate French investors, a diversified and proactive investment strategy will be essential to navigate this new era of economic volatility.

### 👉 Good to know:

Regularly consulting a financial advisor is recommended to adjust your portfolio in line with evolving economic and (geo)political developments.



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