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## Donald Trump Triumphs

### GCC Impact

- **Donald Trump was elected as the 45<sup>th</sup> president of the United States** in a stunning setback for the established status quo that rattled financial markets worldwide and could possibly redefine America's global standing and its relationship with the world.
- **Near-term action would be dominated by risk-off mood, heightened volatility and large scale uncertainty;** medium-term implications would be determined by pace of policy implementation by Trump administration.
- Trump's victory threatens old certainties about America. Throughout his campaign he had **insisted that Saudi Arabia should compensate United States financially for the protection it offers**. Further, he had demanded that the **costs for construction of safe zones in Syria should be borne by Gulf States**.
- Abstinance from world leadership and a relook into U.S treaty commitments with allies could **fuel geopolitical uncertainty in Middle East region**.
- Trade deals that are at disadvantage to U.S interests would be renegotiated. Such **trade renegotiation could have impact on existing bilateral Free Trade Agreements (FTAs) with Bahrain and Oman**.
- Trump's domestic energy policy of maximizing domestic oil & gas production by abolishing regulations that increase drilling costs and accelerating exploration programs which hitherto were prohibited under Obama's administration could keep energy prices lower globally. This would be a **negative for Oil exporters**.
- Trump's proposed tax cuts and large scale infrastructure spending would entail supply of long-term government bonds, it could possibly **take the sheen out of GCC sovereign bonds in international capital markets**.
- U.S dollar could weaken against major currencies such as Japanese Yen, Swiss Franc and Euro while strengthen against EM currencies such as Mexican Peso, Brazilian Real and South African Rand. It could be beneficial for **GCC countries which export majorly to Europe & Japan** and import food, clothing among others from emerging countries. On the other hand, Investors could look away from the US Dollar and might look at other areas such as UK where assets have become more attractive on account of BREXIT and the subsequent fall in GBP.
- Given Trump's preference to certain religions, future business deals with the US might have an impact on account of possible changes in foreign policy towards the Middle East.

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