

Global Matters Weekly

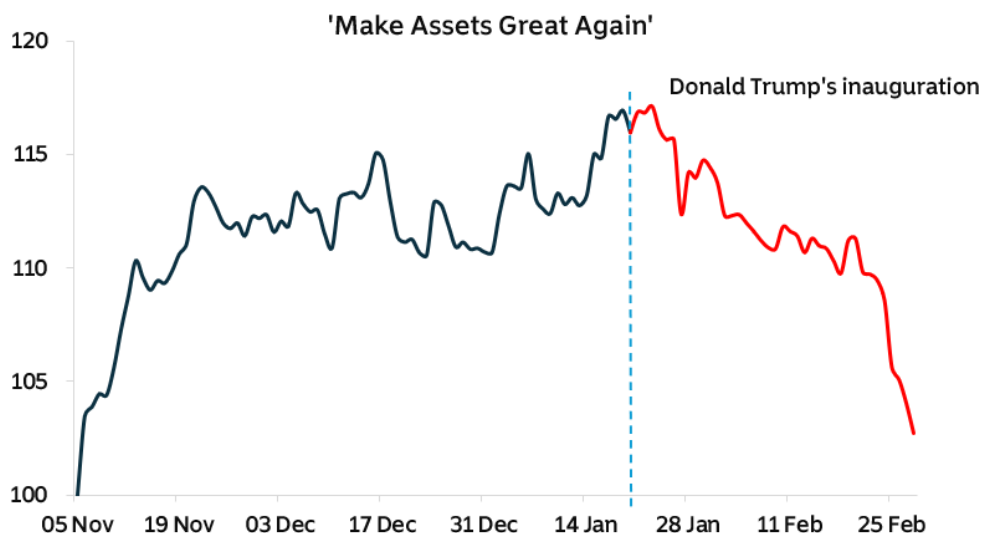
03 March 2025

Topped Trumps

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Chart of the Week



Source: Bloomberg Finance L.P., Momentum Global Investment Management

What this chart shows

The chart shows the rolling performance of an equally weighted composite^[1] of perceived 'Trump trades' – that's to say investible trade ideas that might be considered to have done well in the event that Donald Trump won the US election, which of course he did. We show this from the date of the US election (5th November) to the end of February 2025 and have marked on the chart the date of his inauguration – in effect, the date from which his policy agenda went live. The chart shows the significant run up in performance of this basket of 'Trump trades' before he actually came into office, and the subsequent fall back once he assumed his presidential post. In reality, the basket's strong performance started in the months before the election itself, from late September last year when the odds started to shift from the Democratic candidate, Kamala Harris, in favour of Donald Trump.

What this chart show

In effect, what we're saying here is 'buy the rumour, sell the fact'. Donald Trump's win gets increasingly discounted into asset prices well advance of the actual election. Once the main event takes place, the excitement subsides, and the smart money moves on. Just like equity and bond markets, these 'Trump trades' embed forward looking expectations around the future event. This creates an underlying momentum, attracting more money and pushing prices higher still before at some point, profit gets taken and prices fall back. The price of Bitcoin – one of the five trades in our composite 'Trump trade' basket – peaked at \$109,000 on the very same day as his inauguration. It has since fallen back almost 30%, edging below \$80,000 during the last trading day of February.

^[1] The composite consists of five components: Bitcoin (in USD); the relative performance of the MSCI US index vs an equally weighted composite of MSCI Europe, MSCI China and MSCI Mexico (a proxy for a tariff exposed equity index); the iShares Oil & Gas Exploration & Production ETF (a 'drillers' ETF); the 'Magnificent Seven' big tech index; the Dollar index (DXY).



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