

EPISODE
370



LIBERATION DAY FALLOUT

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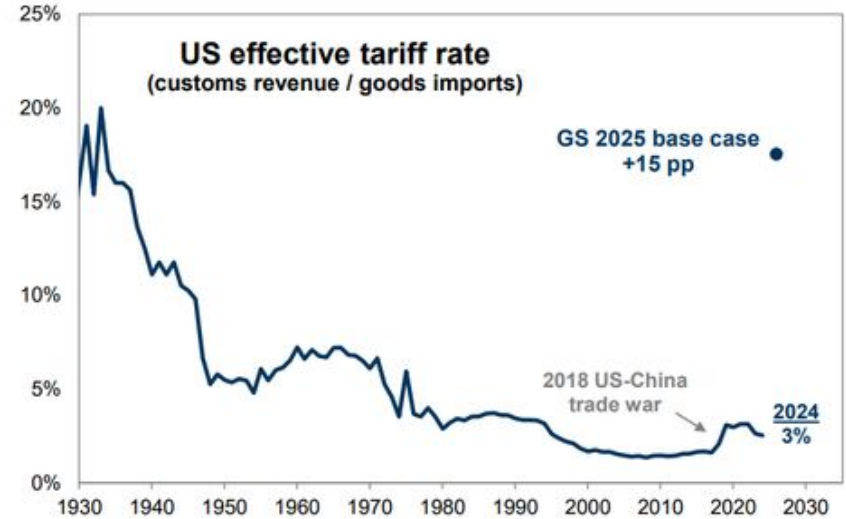
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Agenda:

- Higher prices, supply shock
- One round or multi-round: Beggar thy neighbour, escalating tariffs
- Cross-fire: US & China trying to increase manufacturing, rest of the world squashed
- Exclusions: Copper semis, pharmaceuticals, lumber
- China worst affected
- Mar-a-lago Accord: matches “blue print”
- Economies and markets

Higher Prices, Supply Shock

- Higher than expected.
- 10% minimum.
- Effective overall tariff of 20%.
- Beggar thy neighbour.
- Escalating tariffs.
- Canada/EU?
- China/Korea/Japan?



Crossfire

Manufacturing

- US trying to increase global share of manufacturing
- China has spare capacity
- EU, Japan have trade barriers
- What about the rest of the world, does manufacturing continue to fall

Services

- US dominates, not really touched yet. Is this an area for future escalation?

Free trade

- Currency manipulation (China)
- Wage manipulation (Germany)
- Simple better than complex?
- What is the cost of a local job?

Exclusions

- Copper
- Semiconductors
- Pharmaceuticals
- Lumber
- “Other”

China and Australia impact

- Escalation or de-escalation
- Lip service or genuine change
- 1-2% growth hit
- Steel tariffs spreading fast
- Downside for commodity prices
- Flood of cheap goods
- Pharma, minerals exempted. Beef no biggie.

Mar-a-lago Accord / Bessent Plan

Stephen Miran (Chairman of the Council of Economic Advisors)

USD is too high, creates trade deficits. Steps to fix:

- **Create leverage:** tariffs, security zone withdrawal threats
- **Exploit the leverage:** Deals with countries to increase currency / lower USD in return for lower tariffs / security “guarantees”

Scott Bessent (Treasury Secretary)

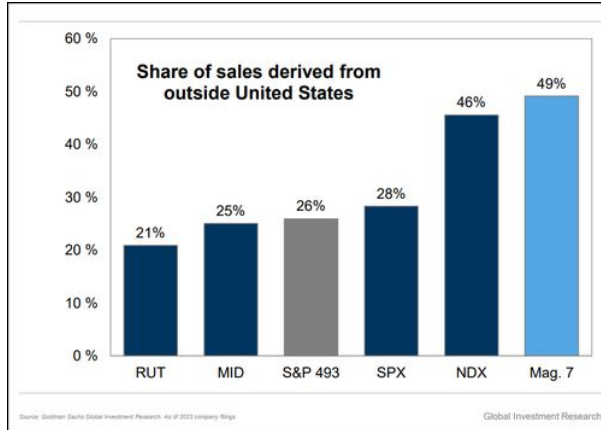
- 3% GDP growth, 3% bonds, 3% gov't deficit
- Reduce public sector, release private sector

Outcomes?

Reagan/Thatcher style economic boom OR stagflation

Economies and markets

- US headed for big growth scare as DOGE and tariffs cut capex.
- Stocks not priced yet. Watch credit.
- Australia to cut rates faster as inflation crumbles. Buy bonds, houses.
- AUD down a long way already and very short.
- The end of industry means mass immigration forever now.



		2025 EPS scenario		
		Recession scenario	GS baseline	Bottom-up consensus
		\$220	\$253	\$269
		<i>y/y growth</i>	<i>(-11%)</i>	<i>(+3%)</i>
Forward P/E	22x Jan. 2025	-13% 4850	-1% 5550	6% 5900
	20x 5-year avg	-21% 4400	-10% 5050	-3% 5400
	18x 10-year avg	-29% 3950	-18% 4550	-13% 4850
	16x 30-year avg	-37% 3500	-27% 4050	-23% 4300
	14x 2018 low	-44% 3100	-36% 3550	-33% 3750

Source: Goldman Sachs Global Investment Research. Global Investment Research

Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) ⊙
- No Fossil Fuels (Any) ⊙
- No Coal Seam Gas or Fracking ⊙
- No Nuclear Power ⊙
- No Old Growth Forest Logging ⊙

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

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Global Financials

Global Health Care

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