

## Trump's "America First" policy could reshape international trade: Motilal Oswal Private Wealth

*Trump's protectionist trade policies and their impact on India also needs to be watched out for in the coming months*

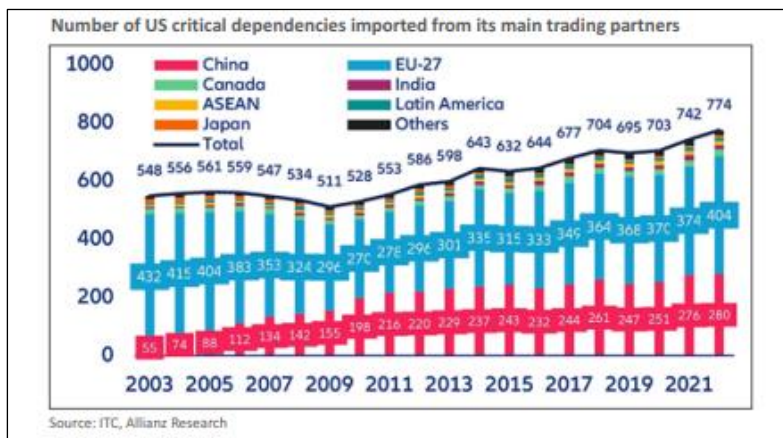
According to Motilal Oswal Private Wealth (MOPW), Trump's "America First" policy could reshape international trade. His approach involves reducing imports, particularly from China, to bolster U.S. manufacturing. However, increased tariffs might prompt retaliatory measures from trade partners, potentially affecting U.S. exporters in sectors like agriculture and technology.

The European Union (EU) may impose tariffs on U.S. goods, impacting industries such as automotive and steel, and potentially slowing European growth.

Emerging markets face a mixed bag of challenges and opportunities. Some countries could see increased costs for exports due to a stronger dollar and higher tariffs, particularly affecting IT and pharmaceutical sectors. Conversely, nations like Mexico may benefit by diverting manufacturing operations from China.

Geopolitically, Trump's policies are likely to intensify tensions with China and could alter alliances, as countries like Japan and South Korea reassess their strategies. The EU may seek to become more self-reliant and potentially fostering new alliances beyond the U.S. sphere of influence.

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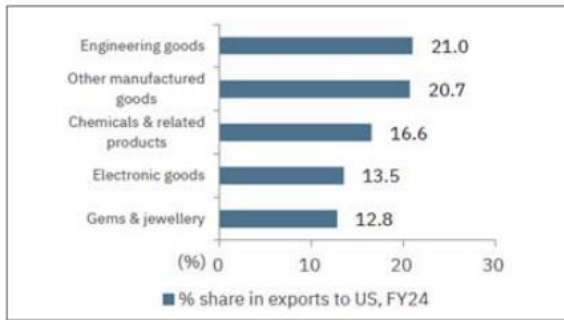


### Implications for India

For India, Trump's policies could have varying effects. The potential for higher U.S. corporate tax cuts may enhance IT spending, benefiting Indian IT companies. However, a stronger dollar and possible tariffs could undermine Indian exports. India could bolster its position in global supply chains, particularly in technology sectors like AI and semiconductors, due to previous investments and policy shifts such as the "China+1" strategy.

Indian businesses in sectors such as pharmaceuticals and defense might also find new opportunities, especially if U.S.- India collaboration strengthens in response to a more robust Indo-Pacific defense strategy.

Durable goods comprise ~42% of India's exports to the US



Source: CEIC, Elara Securities Research

US imports from India for telecom, computers, IT, other business services saw a 5% CAGR in 2014-23



Source: CEIC, Elara Securities Research

## Conclusion

Motilal Oswal Private Wealth believes that Trump's potential second term is filled with both promises of economic growth and challenges of global trade tensions. The strength of the U.S. dollar and fiscal policies could significantly influence global markets, driving various strategic realignments. As policies unfold, countries and sectors must remain nimble to adapt to the evolving landscape fuelled by "Trump II."

## About Motilal Oswal Private Wealth (MOPW):

Motilal Oswal Private Wealth (MOPW) is a part of Motilal Oswal Group – a brand trusted for knowledge-based investing with a proven performance track record of over 37 years. MOPW was instituted in the year 2007 to cater Corporates/ Institutions, High Net Worth and Ultra High Net worth Individuals. We use knowledge to identify the right mix of Fund Managers across asset classes to ensure you have a winning portfolio. “The more we know, the more you win” hence our relationship managers are empowered with the science and art of investing. In addition, you also experience new insights and ideas on wealth creation through our exclusive knowledge events. As of June 2024, we manage the wealth needs of over 13,390+ HNI families through a 576 member team across twenty cities with assets under management of over Rs. 1,38,900 Crores\* (As on June 2024).

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