



Decanting global markets

21st May 2025



CF Commodities

The impact of Trump's trade policies on market dynamics



The impact of Trump's trade policies on market dynamics



- The markets are learning to deal with a new language – “Trumpish”.
(immediate results, quick U-turns, extreme policy then moderation) but message of “Make in USA” is clear.
- Markets have struggled to “translate” this new “language” into an acceptable **value** based on its risk profile E.g. 12% equity crash on new self induced recession post Liberation Day followed by rally on moderation of extreme policy.
- Uncertainty is the new norm creating a lack of long term risk deployment. How to price what is unknown except via options.
- Whisperer or foe? Neither exist in “Trumpish”.



The role of safe havens in times of uncertainty

- Safe havens, like Switzerland, don't always want to be deemed "safe" if it impacts monetary policy. The rapid appreciation in the franc risks a deflationary shock for Switzerland
- Switzerland can either intervene in its currency (like in 2015) or reduce rates to avoid being deemed a currency "manipulator".
- Gold – its price is up more than 20% since Trump's election in November with a high of 3500 usd. It's an inflation hedge but unlike liquid assets does not pay a dividend or pay interest.
- Neither safe havens can replace the USD as a reserve currency despite the loss of the US "exceptionalism" status.

Where the money is really going



Where the money is really going



- Thematic plays : European defence stocks, technology as a long term hedge (Trump is only there 4 years)
- Property (as an inflation hedge and low rates)
- Gold
- Private equity (low secondary valuations)
- Event timed stock market purchases
- Cash is king (at least in Swiss Francs)

The shifting correlations between forex and commodities



- USD strong environment for past 3 years has been a headwind for commodity prices except where strong fundamentals prevailed ie cocoa, sugar.
- Commodities are an inflation hedge asset class, but recessionary risks have raised demand concerns. However, a weaker dollar should stimulate demand.
- A weaker dollar environment and inflation risk are a perfect environment for commodity prices to rise (subject to Trumpish policy). Any latent investment will only lead to higher prices in the future.

Conclusions



- The markets will learn “Trumpish” and iron out extreme reactions.
- Paralysis should evolve to active range based trading once Trumpish is understood.
- Diversification, optionality, “scalping” (scoring singles not sixes)
- USD/CHF estimated range for 2025 : 0.80-0.85.
- AUD/USD estimated range for 2025 : 0.60-0.70.
- Brent crude oil estimated range for 2025 : 60-70 usd
- Soft commodities : range bound for 2025 (on request)

Contact details



For further information :

Charles Funnell

Managing Director

CF Commodities GmbH

Im RhyTech 3, 8212 Neuhausen

Switzerland

Charles.funnell@cfcommodities.ch

Tel : +41798289683

