

2026 OUTLOOK: 'REGIMES'

RaboResearch Global Economics & Markets

US SUMMARY: HOW DID WE DO?



Headline CPI inflation will go back above 3% and core CPI inflation will stay above 3%. The Fed's 2% target will not be reached over the next two years.



Unemployment will rise but we expect it to remain sub-5% next year.



We expect one more 25bp cuts from the Fed in March to 4.25%. Risk is no cuts.



USD to remain supported and we don't expect a major bear market.



US GDP growth in 2024 at 2.7%, notably above 2% trend which we expect in 2025. Reglobalisation - expect onshoring, industrialization and more tariffs.



Uncertainty will be the story for the coming years: Statecraft, tariffs, geopolitics, and AI.

GEOPOLITICAL REGIME: 'STATECRAFT' – ECONOMIC TOOLS FOR NON-ECONOMIC GOALS



Marketing communication 07 November 2024


Rabobank

RaboResearch
Global Economics & Markets
mr.rabobank.com

[Michael Every](#)
Global Strategist

Macrostrategy vs. 'Grand Macro Strategy'

Trump-ling on market policy conventions?

Contents

Introduction	1	A statecraft example	9
Economic policy vs. statecraft and grand strategy	2	US economic statecraft vs. its history	10
Schools of thought	3	Europe economic statecraft vs. its history	14
The economic statecraft toolkit	5	Towards 'Grand Macro Strategy'	18
Toolkit summary	8		

Summary

- This report underlines that economic *statecraft* has returned to the fore again and it fundamentally differs from economic *policy* – Trump's re-election underlines that point.
- This requires markets to focus not only on macrostrategy but on a broader, more geopolitical hybrid which we dub 'Grand Macro Strategy'.
- We will first define the differences between economic policy and statecraft as well as the related term of grand strategy, its key concepts, its toolkit, and the latter's dynamics.
- We will then look at how present economic statecraft in the US and EU sits relative to historical experience and highlight specific episodes from the past perhaps worth considering if the current geopolitical trend continues.

TRADE DEFICIT REDUCTION



REINDUSTRIALIZATION



GRAND STRATEGY AND STATECRAFT



REVENUE GENERATION

FORTRESS AMERICA AND THE “DON-ROE DOCTRINE”?



Rabobank

Fortress America...

...there is more than meets the eye

Contents

What flavor of Statecraft do you like?	1	In Deepest Ship	7
‘Metal-ing’ in free trade	3	A foggy outlook ahead	7
A fixed fight	6	Conclusion....and to be continued	11

RaboResearch
Global Economics &
Markets
knowledge.rabobank.com

Christian Lawrence
Head of Cross-asset
Strategy
+1 212 808 6923

Molly Schwartz
Cross-asset Macro
Strategist
+1 212 926 7968

Michael Every
Global Strategist

Summary

- Under President Trump, economic policy has shifted to economic statecraft. This means understanding a new US 'grand macro strategy' that focuses on national security.
- Tariffs are not the only economic tool in the statecraft toolkit, but they have been forefront in the market's mind, even if they fail to see the larger picture involved about who they target.
- The fraught relationship between Trump and Canadian PM Trudeau was clear. Caretaker PM Carney is belligerent for now as he has an election to win, but we think whoever wins will shift their approach in office.
- President Sheinbaum has threatened retaliation, but has tried to appease Trump, including by ratcheting up tariffs on China.
- Tariffs on metals are likely to remain in place, but we could see some watering down re: steel, aluminum, and potentially copper.
- We maintain the view that broad 25% tariffs on Canada and Mexico are unlikely to last, if imposed, but USMCA renegotiations have unofficially commenced.

Marketing communication 24 November 2025

Rabobank

Vene(zuela), vidi, vici?

Is there a Doctrine in the house?

RaboResearch
Global Economics &
Markets
knowledge.rabobank.com

Summary

- President Trump is threatening to extend the 'Donroe Doctrine' to Venezuela: could we see military action and/or regime change?

THE UNDERLYING STORY IS THE US PUSHING BACK AGAINST CHINA

Nicolás Maduro

NARCOTICS REWARDS PROGRAM:

BUREAU OF INTERNATIONAL NAR

\$50 MILLION REWARD

JANUARY 6, 2026

U.S. Forces Seize Sixth Oil Tanker Near Venezuela

U.S. military is targeting shadow fleet of vessels carrying sanctioned crude

Colombia's Election

Why are there protests in Iran and what has Trump said about US action?

ARDO ÁVILA
JAN 12, 2026

The US Is Pressing Mexico to
WORLD NEWS

Allow European troops arrive in Greenland as talks with US highlight 'disagreement' over island's future

The United government according to

Washington and Caracas are crucial wild cards in the

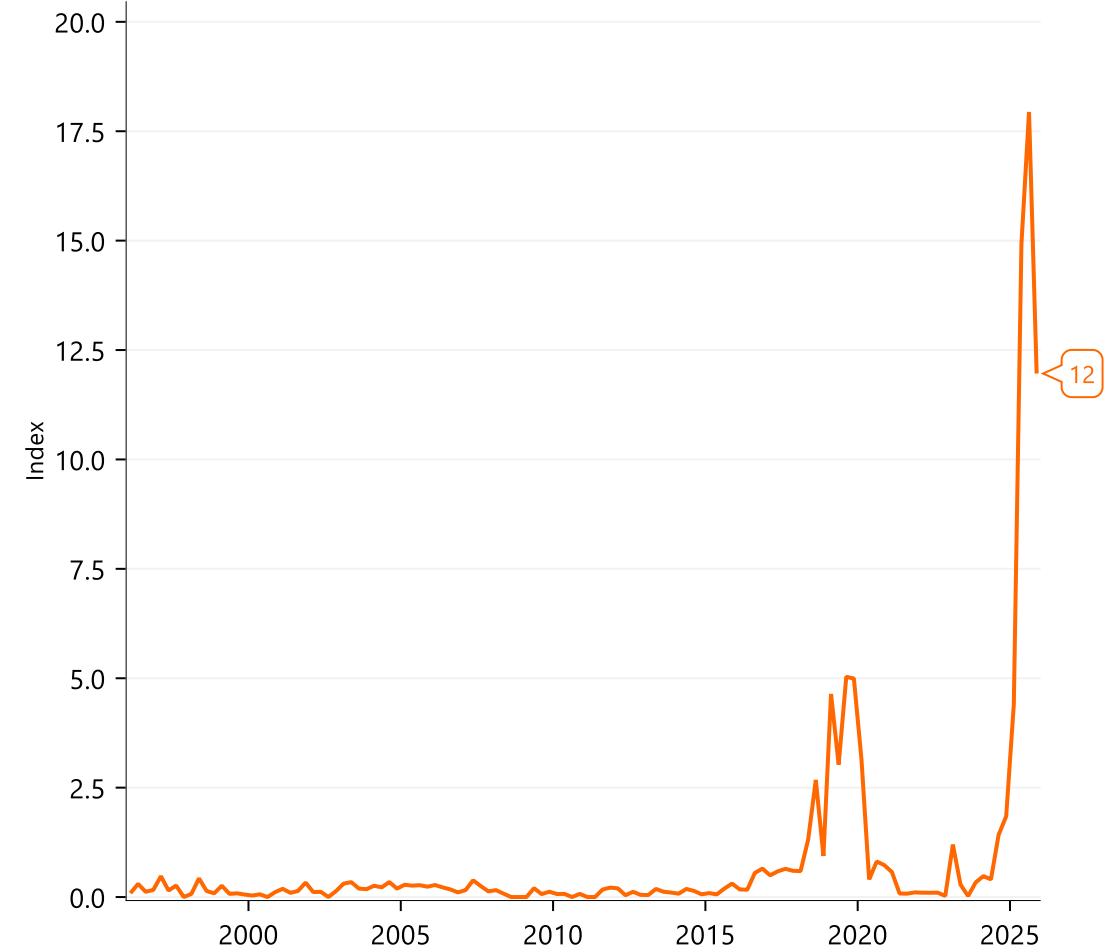
THE TARIFF LANDSCAPE – WE EXPECT THE AVERAGE RATE TO SETTLE IN THE LOW TEENS. TARIFF THREATS WILL REMAIN EVEN WHEN DEALS ARE STRUCK BUT PEAK PANIC HAS PASSED.

Average rate on all US imports

Source: The Tax Foundation



World trade uncertainty index



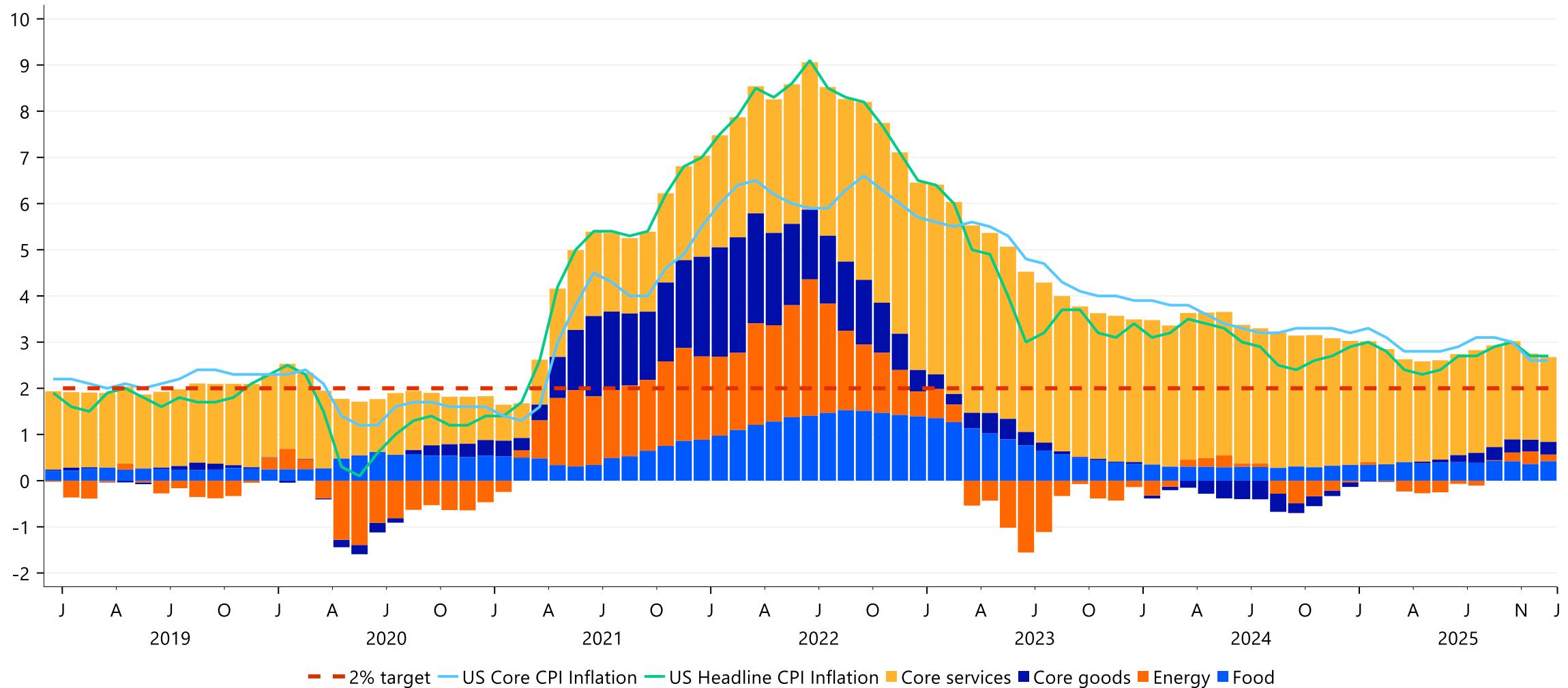
ECONOMIC REGIME: **K-SHAPED ECONOMY AND VULNERABILITY TO AI PERFORMANCE**



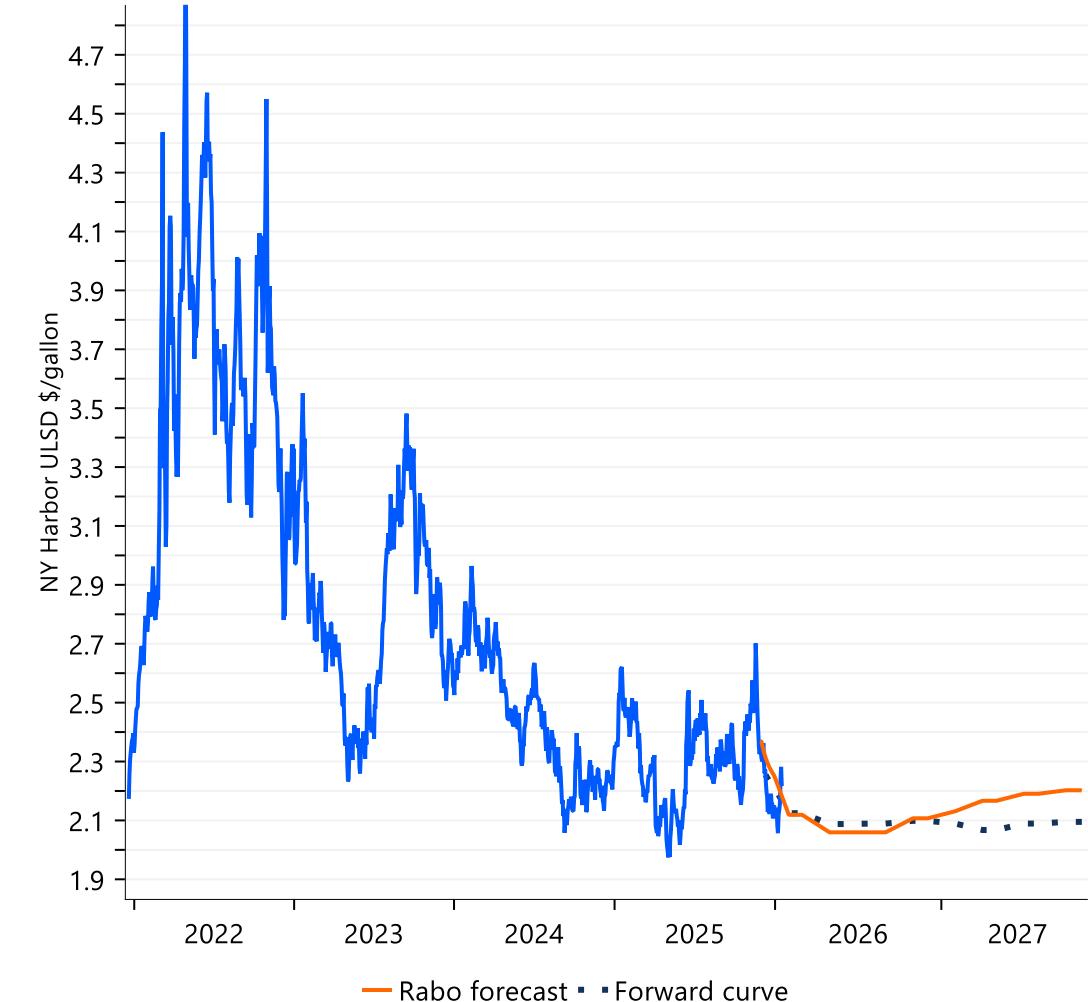
THE ECONOMIC REGIME

K-SHAPED ECONOMY AND VULNERABILITY TO **AI** PERFORMANCE

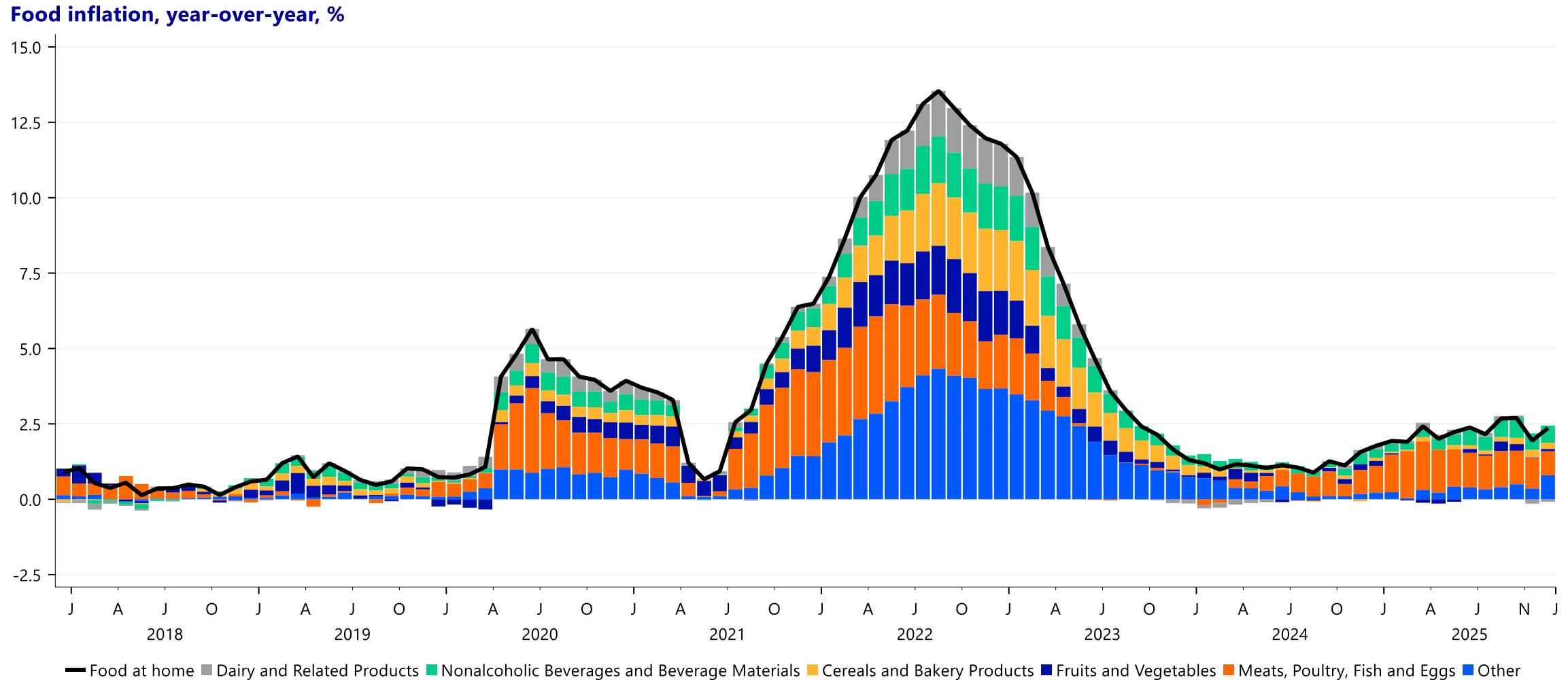
WE WON'T SEE BELOW 2%, EXPECT HIGHER INFLATION THAN PEERS. SERVICES STICKY, RISING GOODS, BUT ENERGY IS A SIGNIFICANT DISINFLATIONARY FORCE



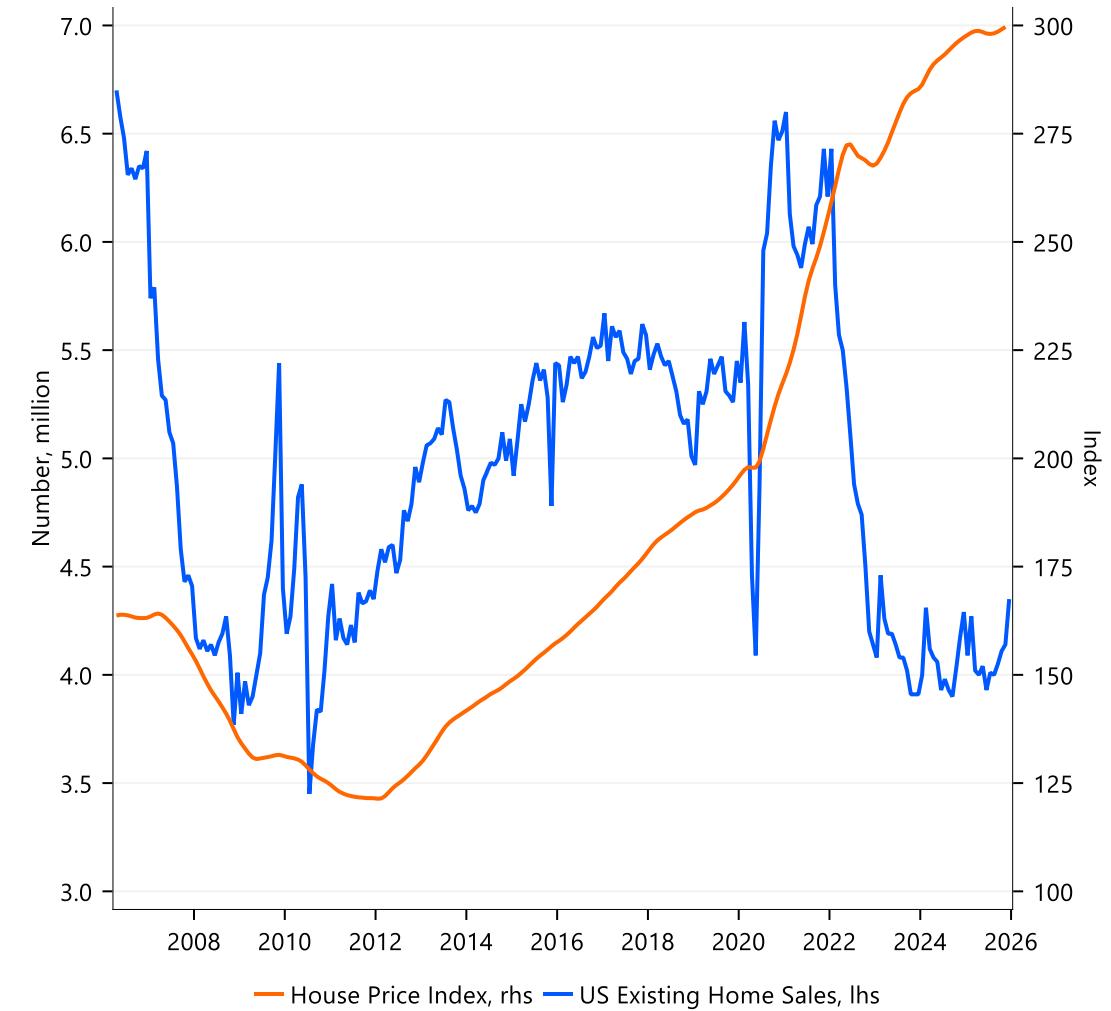
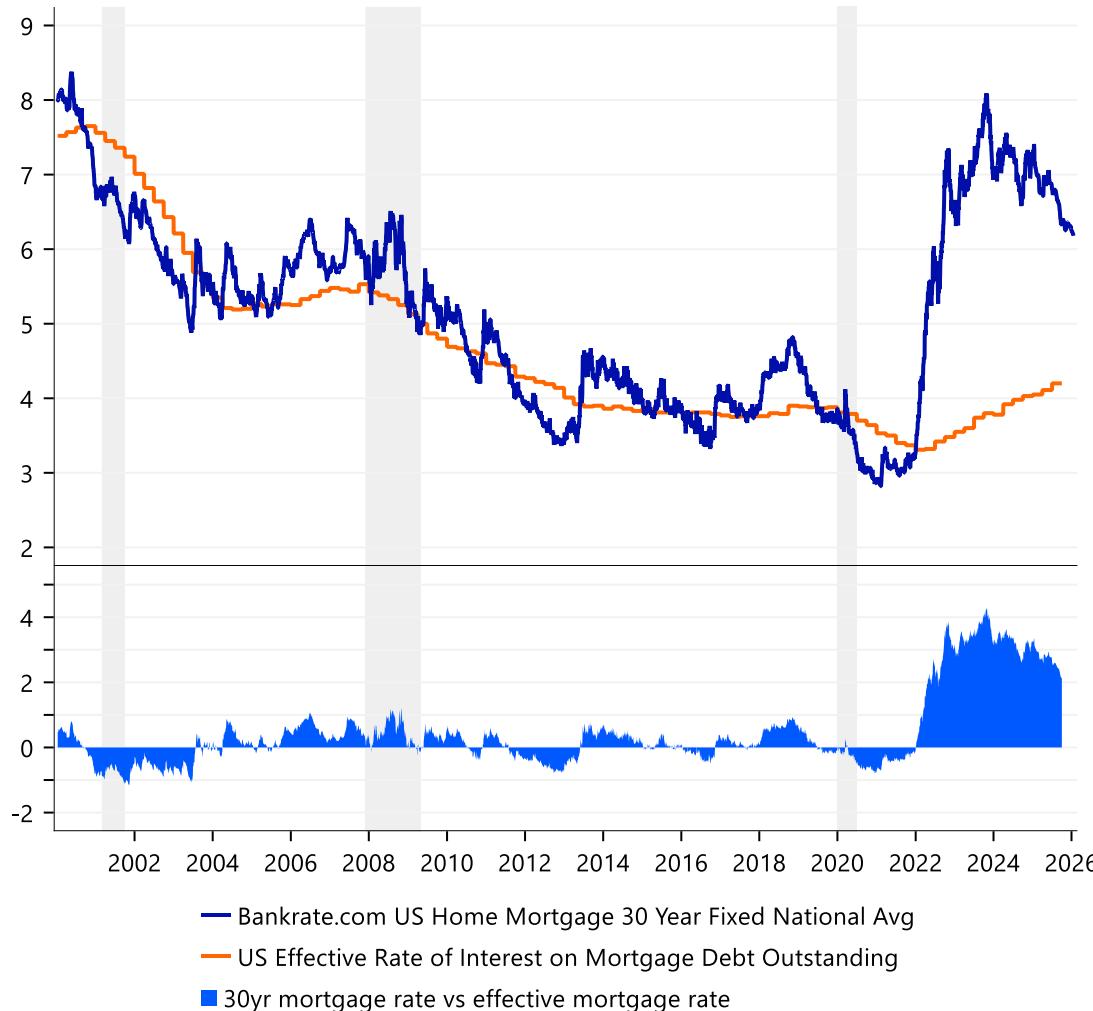
...AND WE EXPECT MORE HELP IN 2026 FROM ENERGY PRICES WHICH SHOULD KEEP INFLATION A LITTLE BELOW 3%



FOOD INFLATION IS PICKING UP, BUT THIS IS NOT 2022, OR 2020...



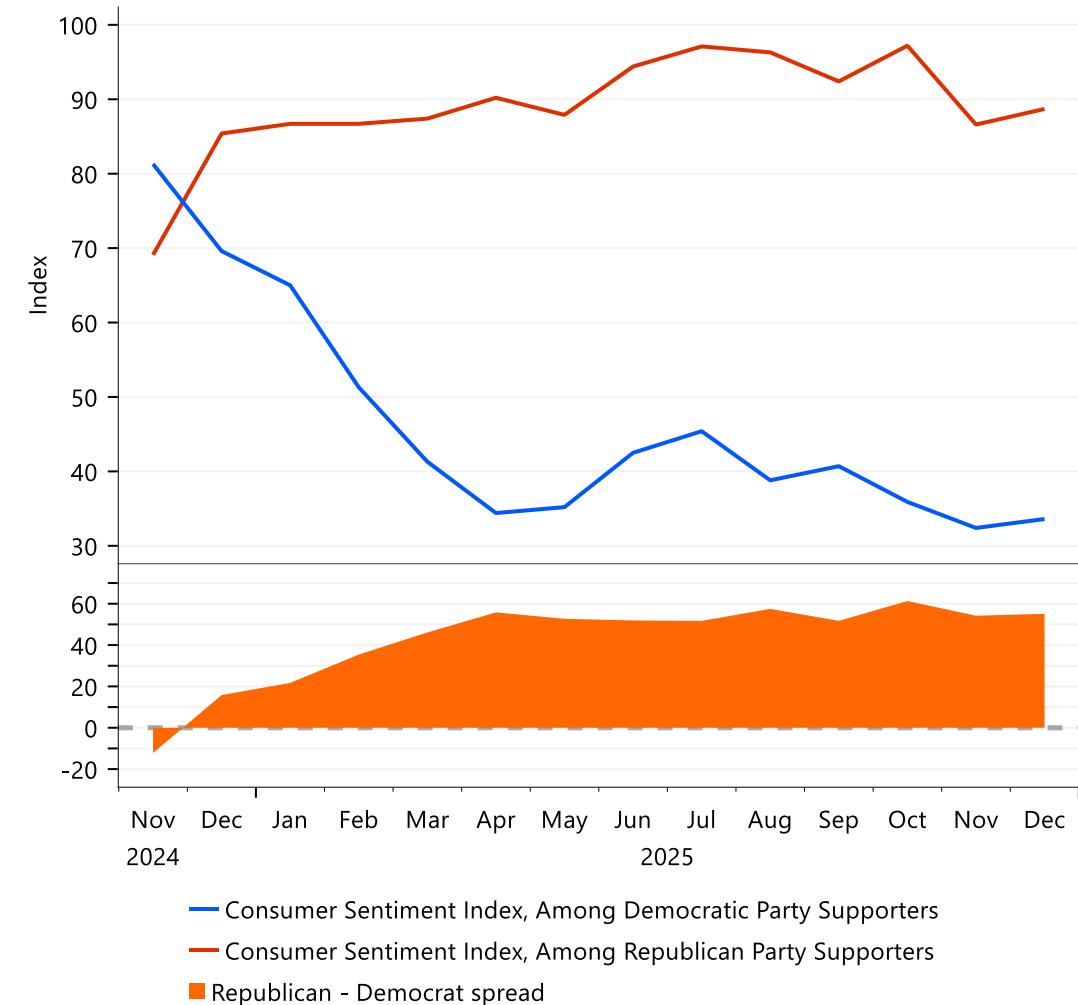
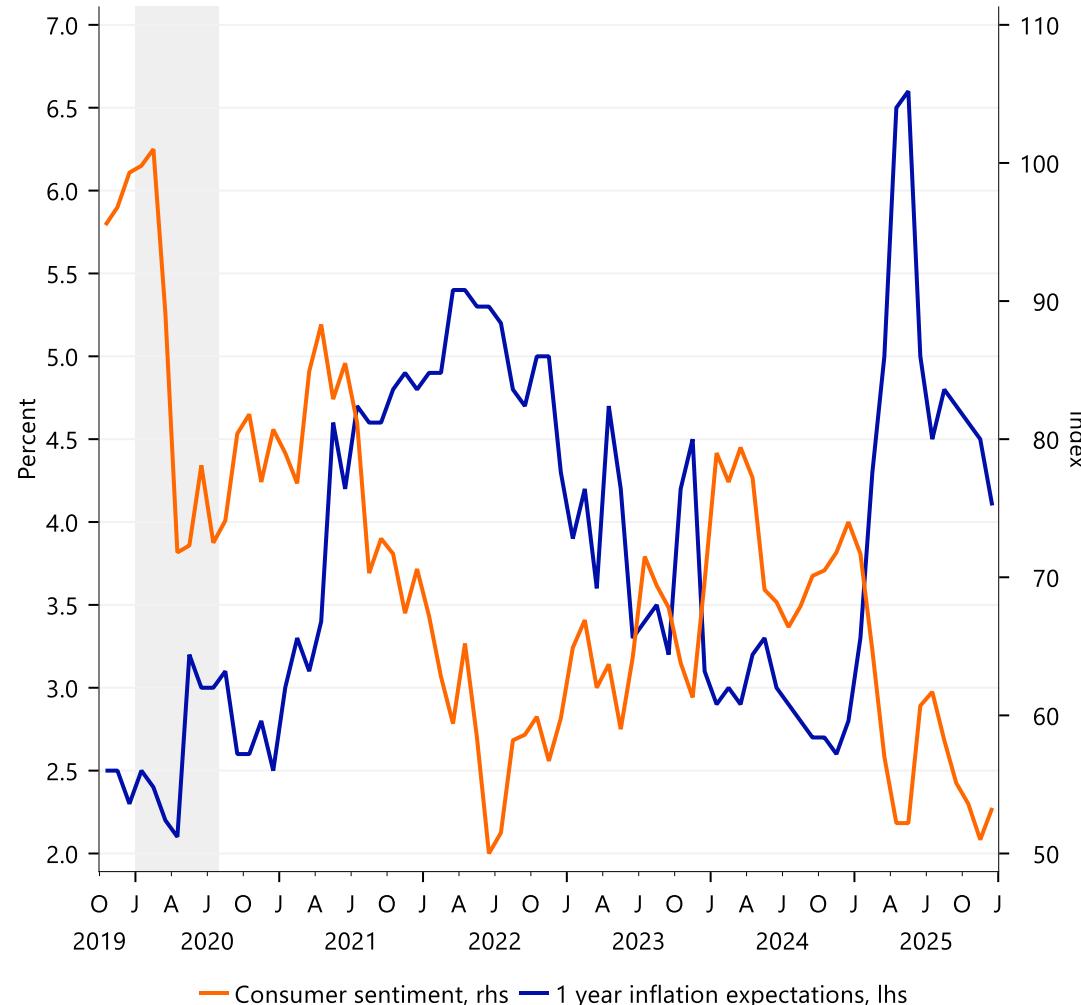
MORTGAGE RATES ARE LOWER AND DEMAND FOR MORTGAGES IS RISING BUT, PRICE APPRECIATION IS STARTING TO SLOW AND HOME SALES ARE UP



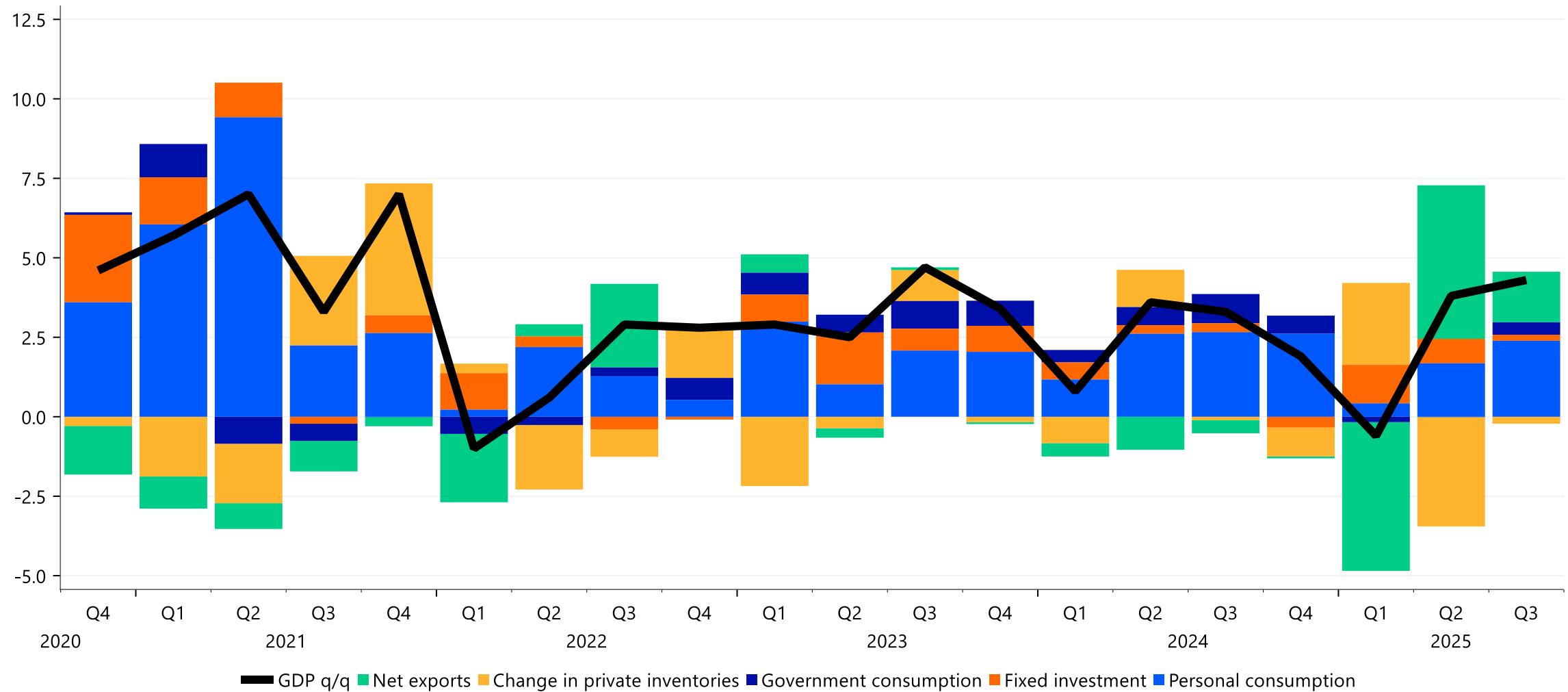
US GROWTH



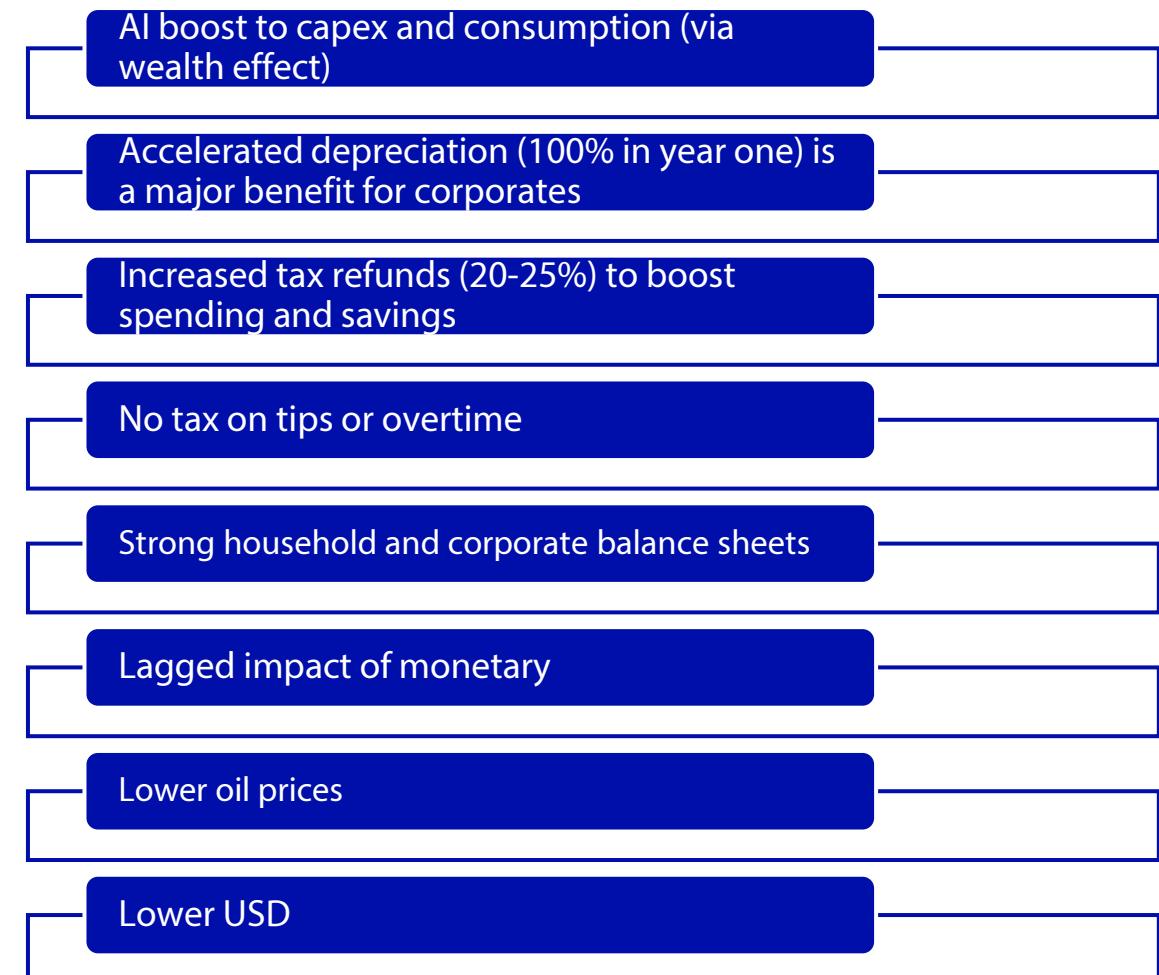
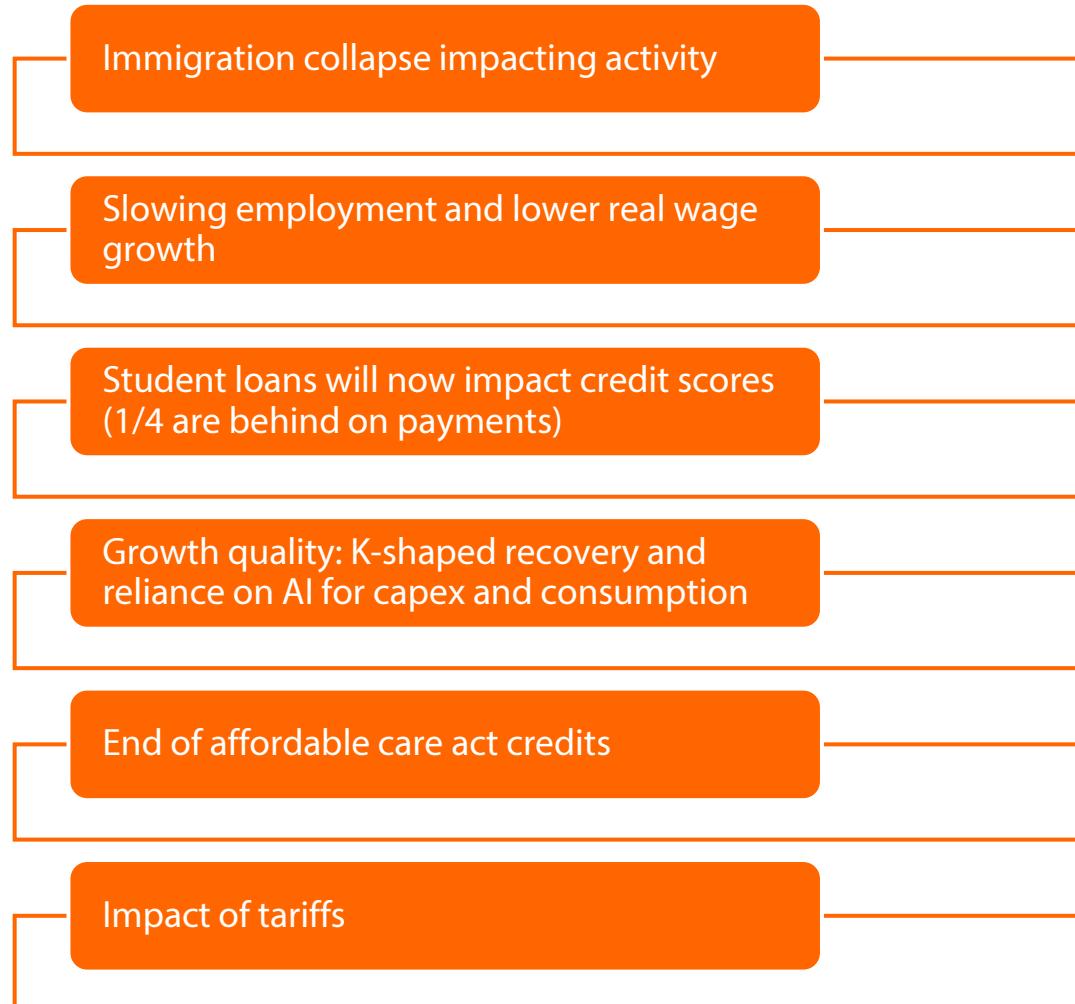
CONSUMER CONFIDENCE HAS COLLAPSED DESPITE LOW GAS AND HIGH EQUITY PRICES. BUT, THESE SURVEYS HAVE BECOME TOO POLITICAL AND AREN'T ACTING AS A GOOD LEAD.



PERSONAL CONSUMPTION REMAINS STRONG, AVERAGING 2.4% FROM 2021, THIS COMPARED TO 1.7% IN THE 5YRS BEFORE COVID AND 1.5% IN THE PRIOR 20YRS



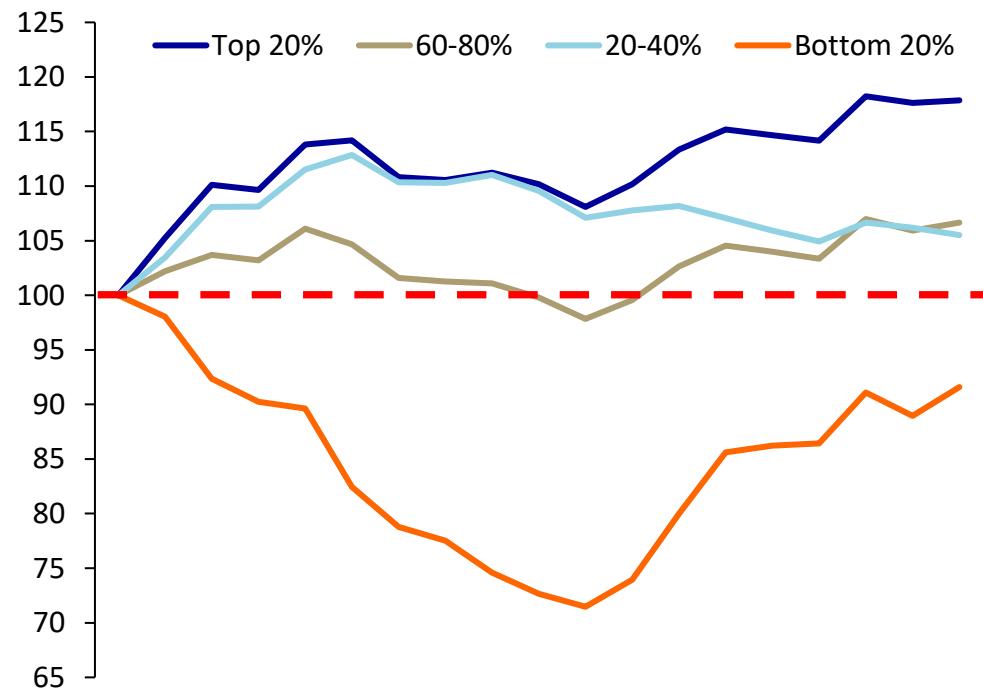
WE EXPECT US GROWTH CLOSE TO TREND JUST SHY OF 2% IN 2026 BUT THERE ARE HEAD WINDS AND TAIL WINDS A PLENTY...



THE 'BIFURCATED' OR 'K-SHAPED' ECONOMY

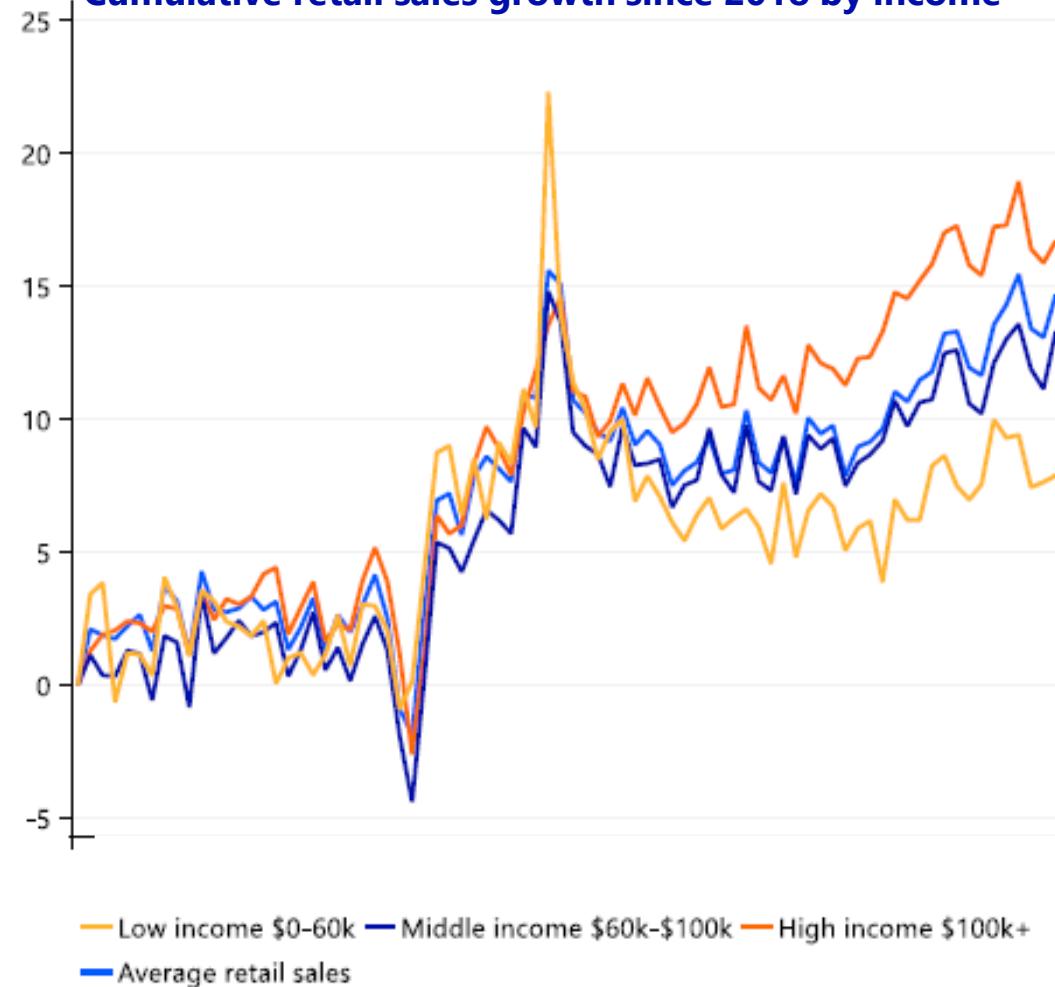
THE TOP 10% OF HOUSEHOLDS WERE RESPONSIBLE FOR AROUND HALF OF US HOUSEHOLD CONSUMPTION IN 2025

US real household liquid assets* by income group
(Q4 2019 = 100)

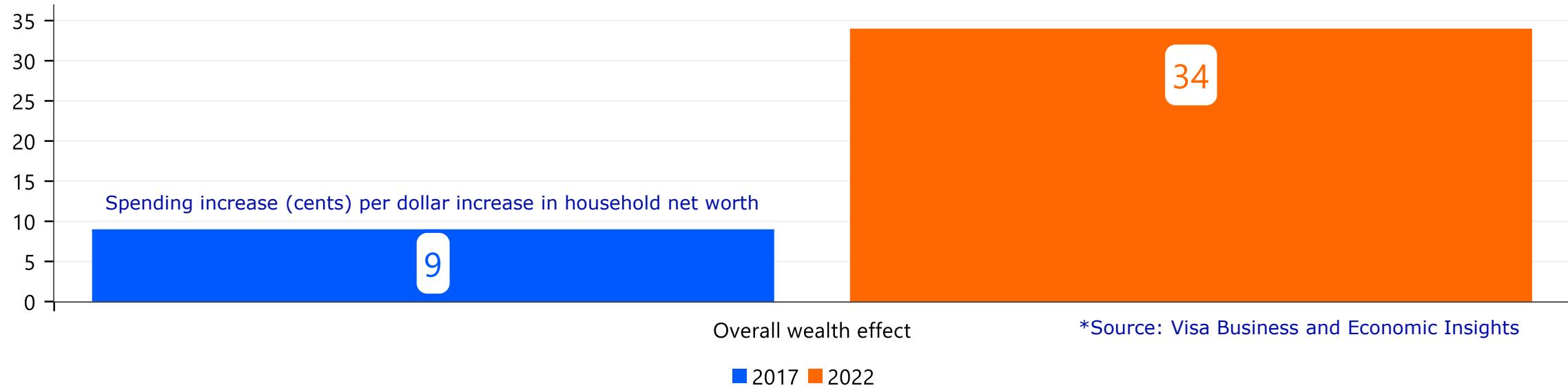


*Liquid assets comprise of deposits, govt and municipal securities & money market fund shares ; Source: Fed Distributional Financial Accounts

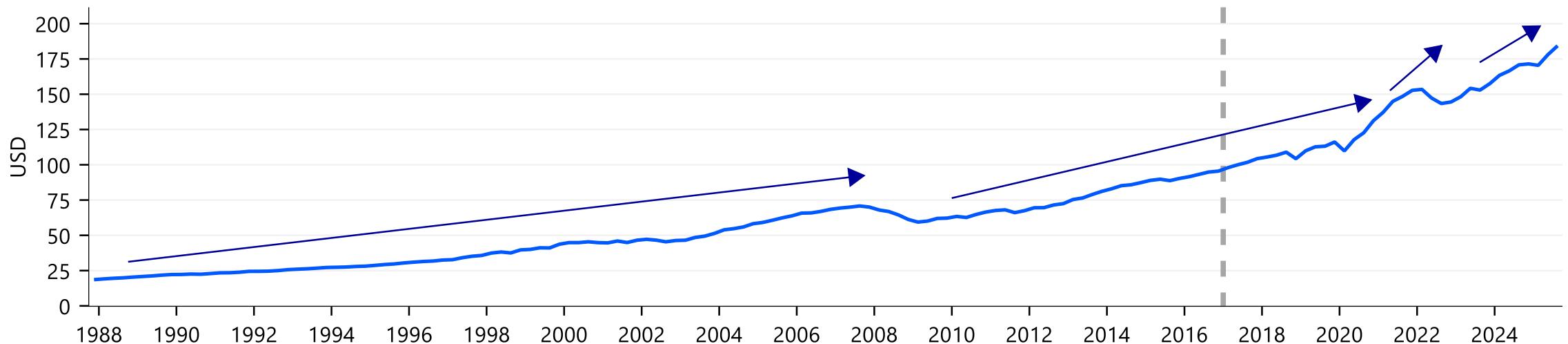
Cumulative retail sales growth since 2018 by income



THE WEALTH EFFECT IS REAL IN THE US... IS SPENDING RELIANT ON EQUITY PERFORMANCE? IF SO, BOTH INVESTMENT AND CONSUMPTION ARE DEPENDENT ON AI

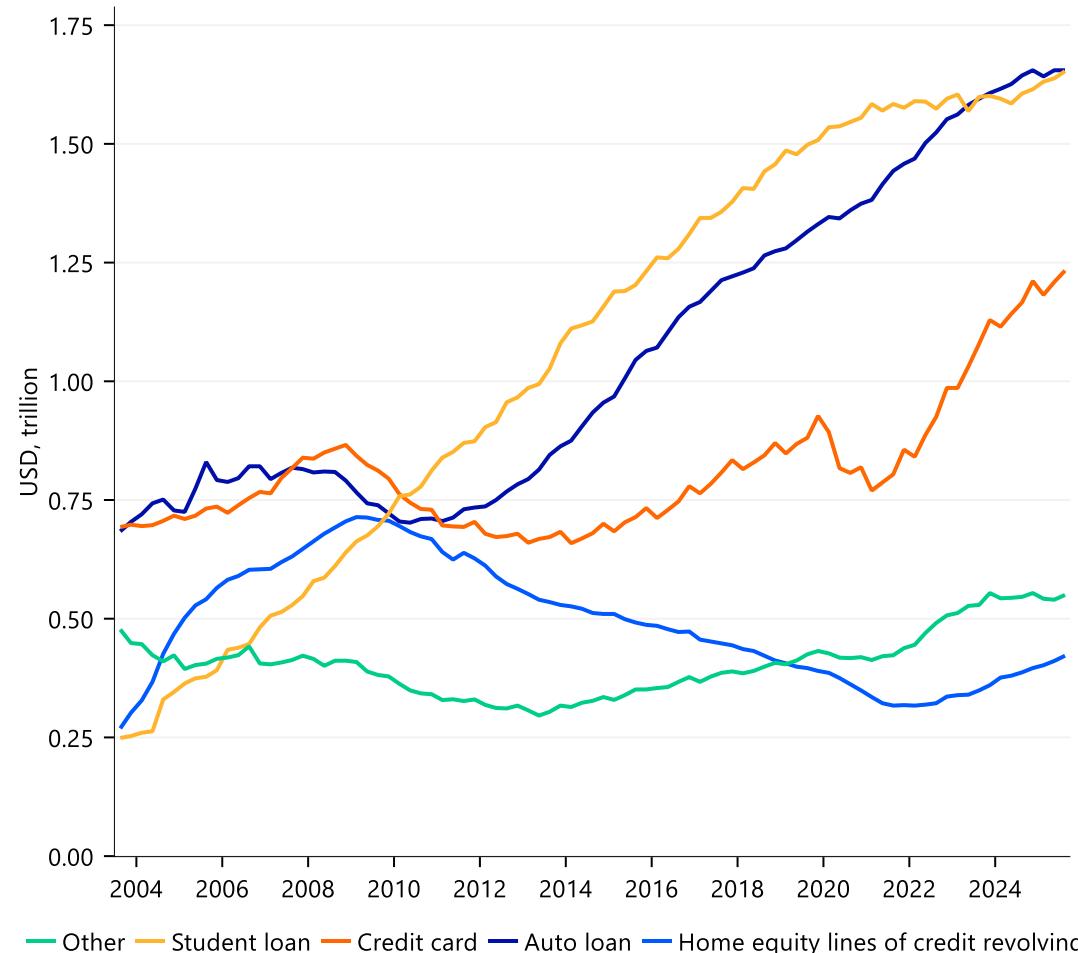


US Household Net Worth

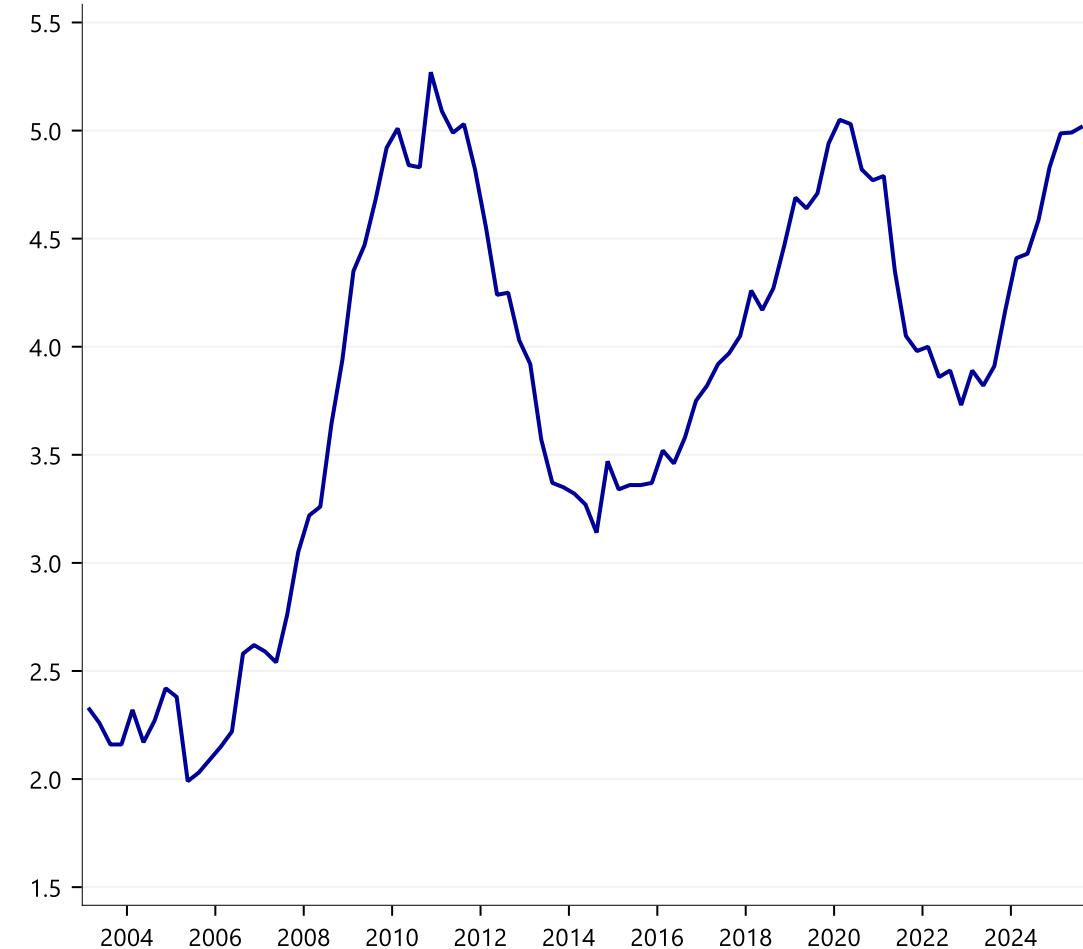


CREDIT CARD DEBT KEEPS RISING BUT DELINQUENCY RATES ARE DECLINING. YOUNG PEOPLE ARE PAYING DOWN DEBT, BUT CRACKS REMAIN.

Consumer Credit by Type

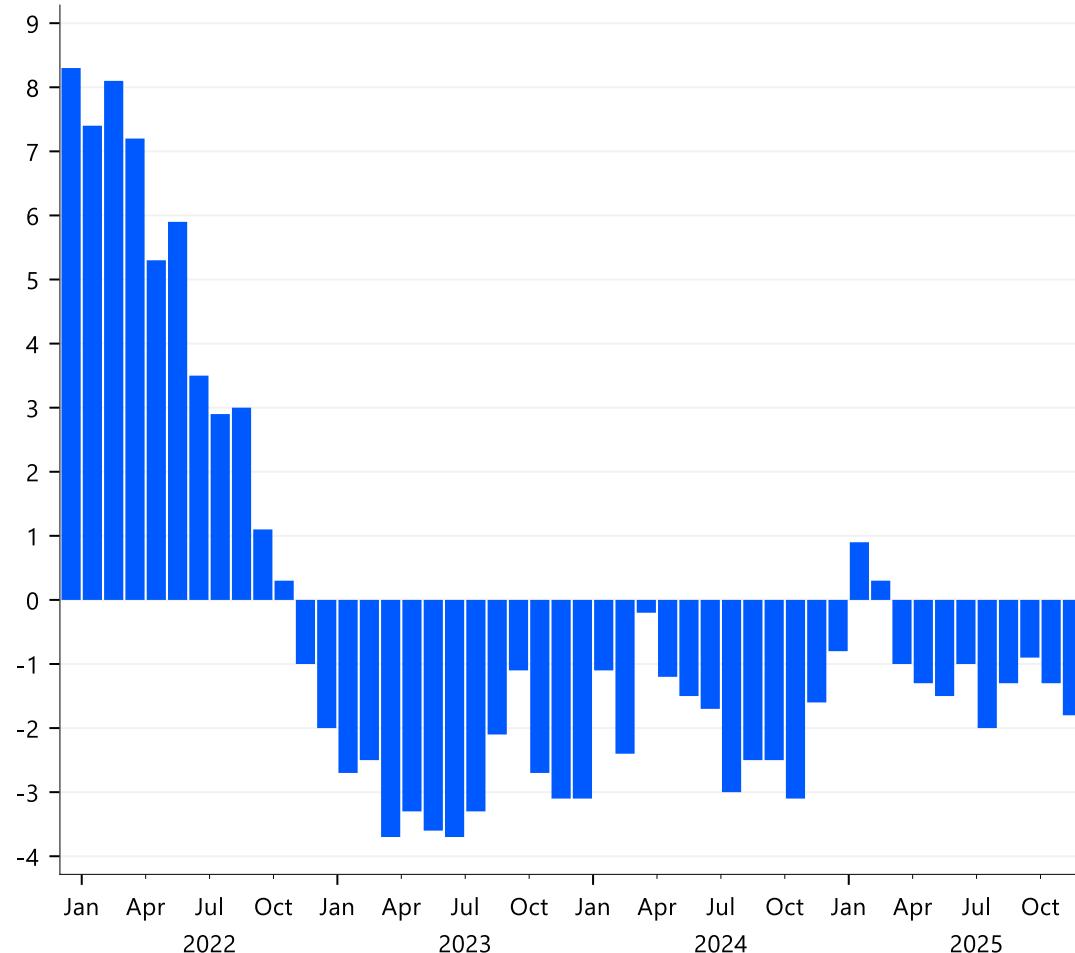


Fed Rsv Percent Balance 90+ Days Delinquent Auto Loan

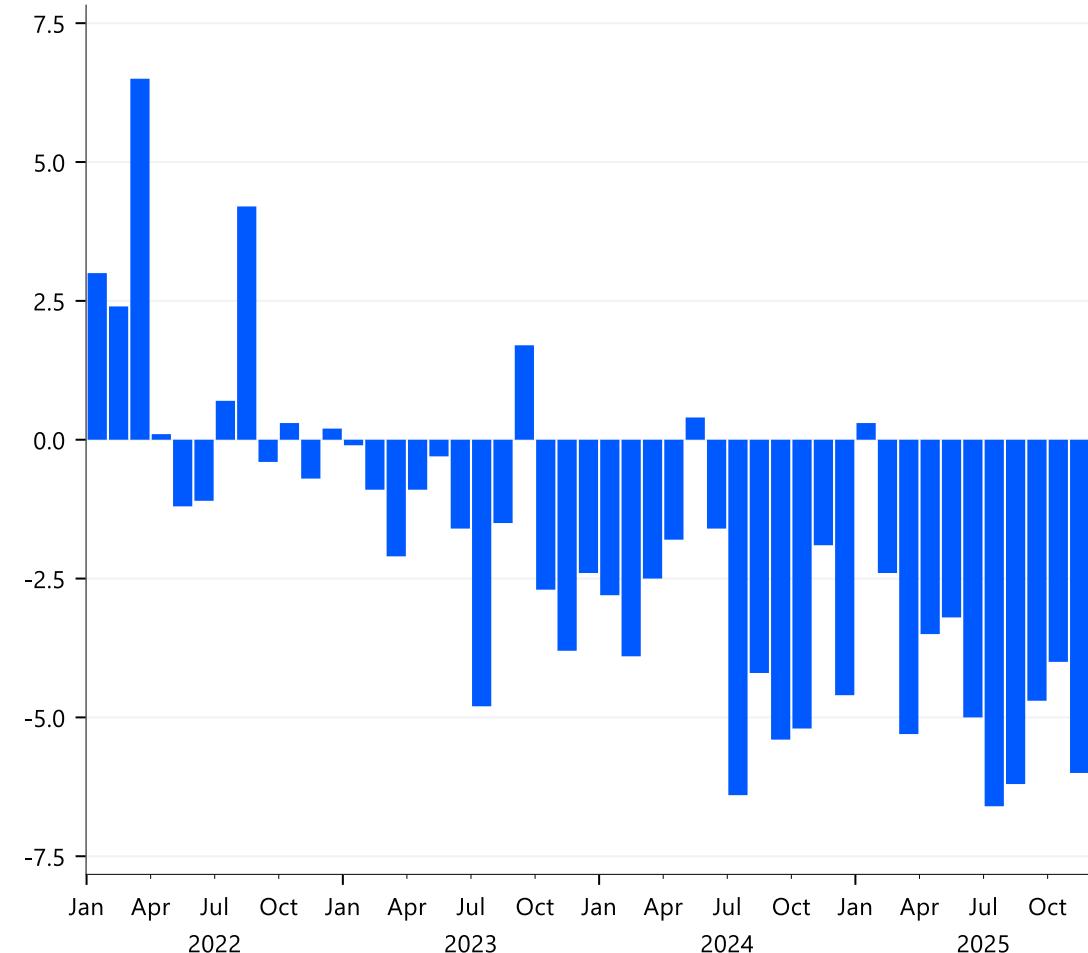


THE US MANUFACTURING RECESSION CONTINUES: 3YRS WITH ONLY 2 MONTHS OF ACTIVITY AND 4 MONTHS OF LABOR EXPANSION.

US ISM Manufacturing SA (50=0)



US ISM Manufacturing, Employment SA (50=0)



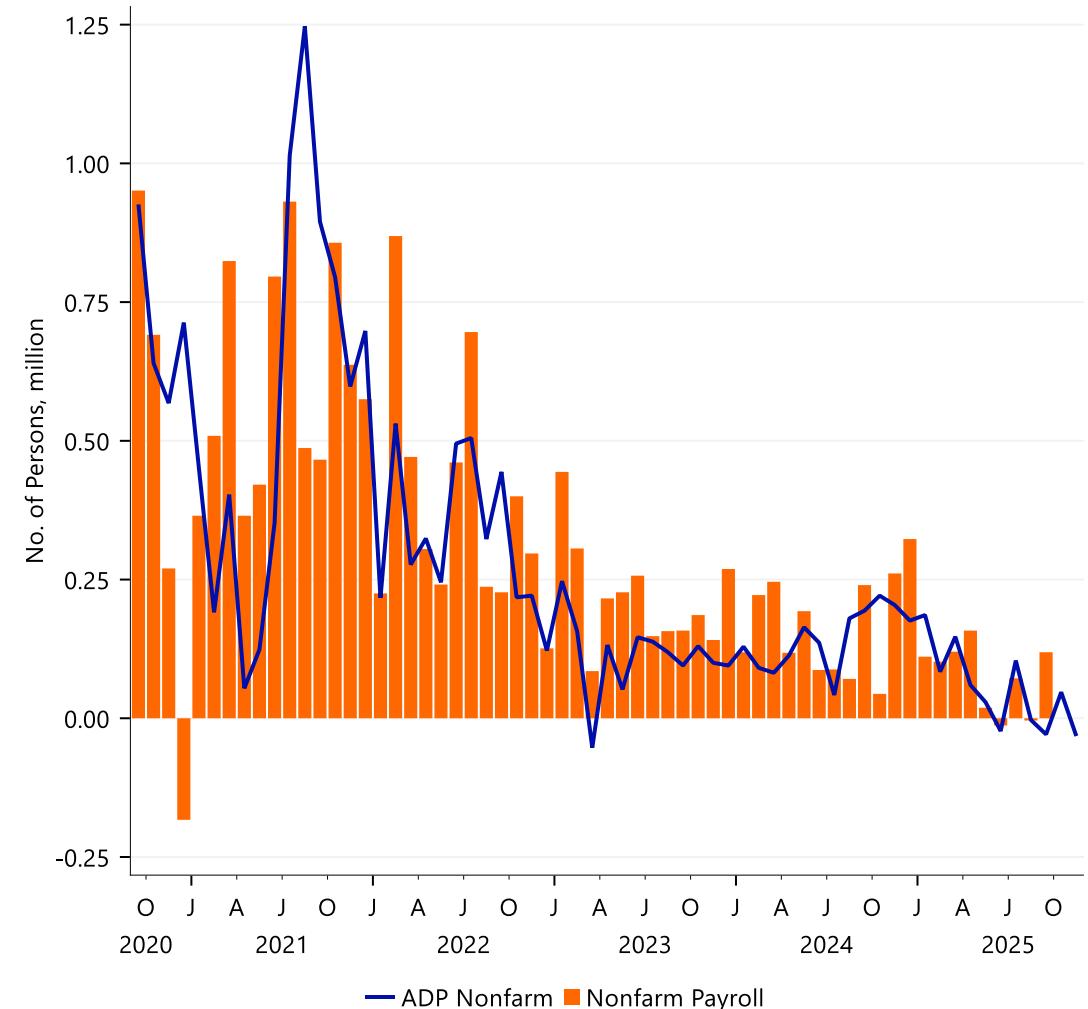
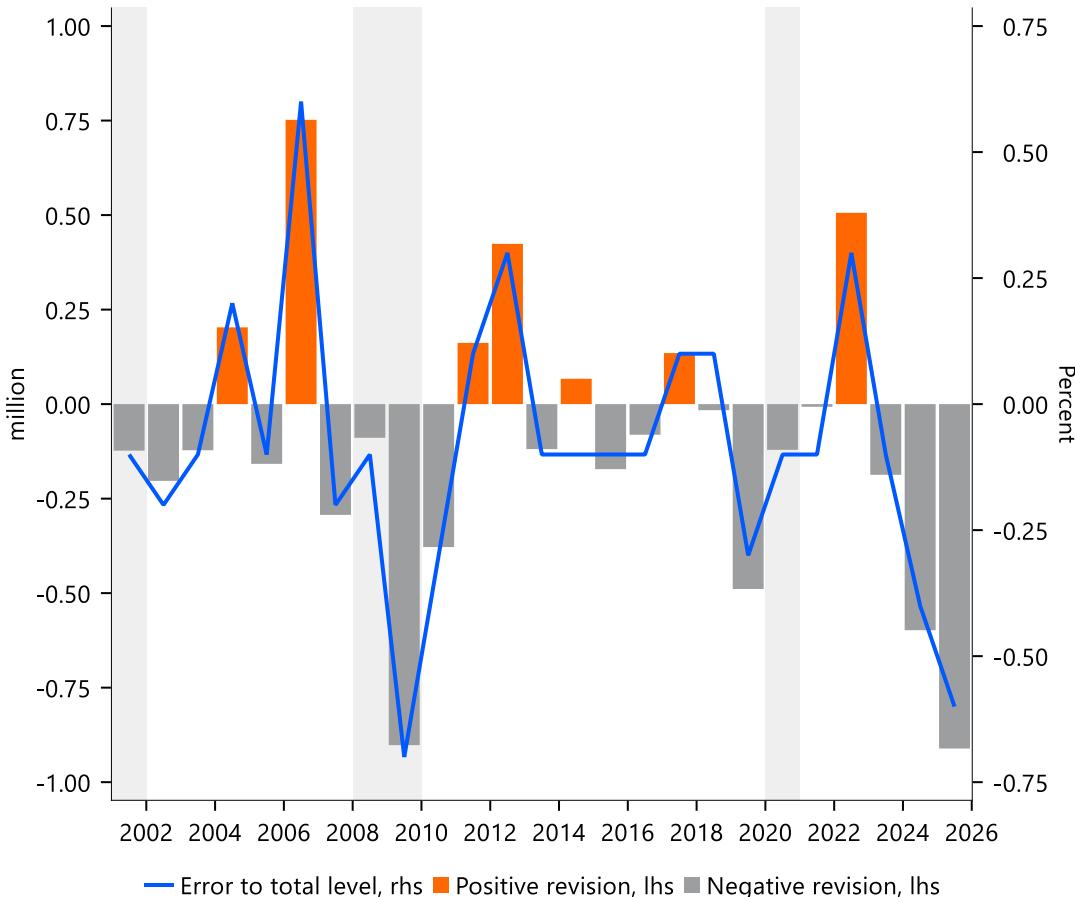
LABOR



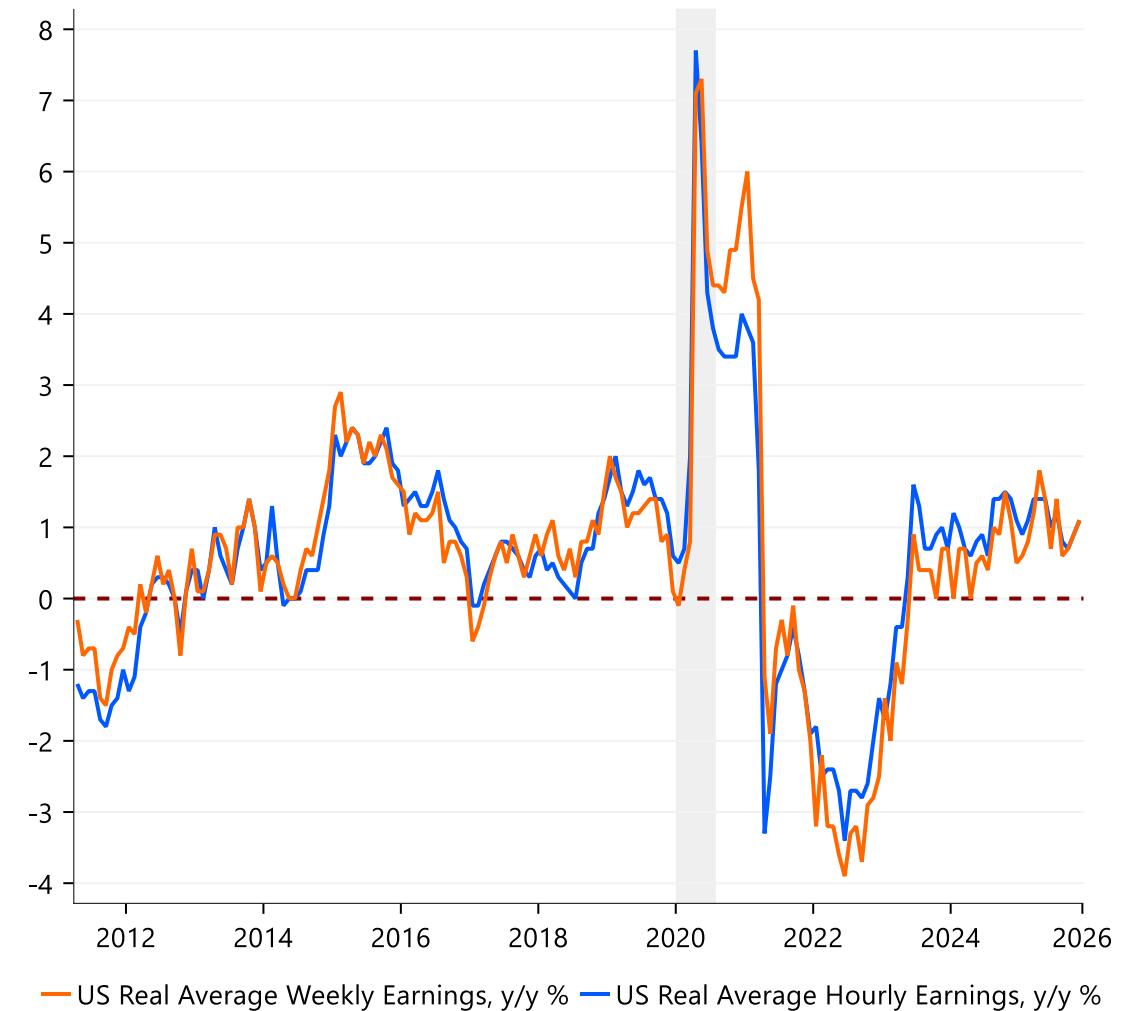
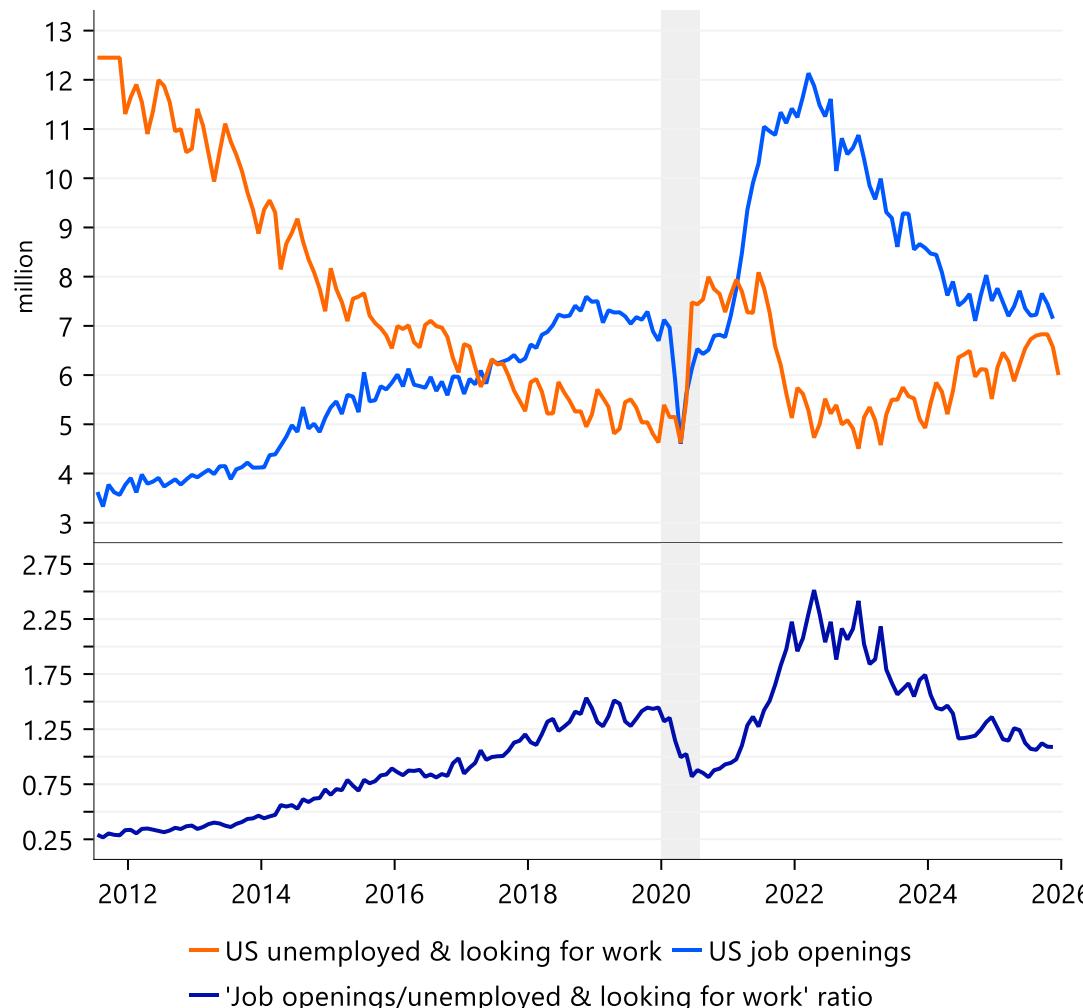
LABOR DATA HAVE BEEN “NOISY” TO PUT IT POLITELY. LESS THAN HALF THE JOB CREATION INITIALLY EXPECTED APR’ 24 TO MAR’ 25.

US nonfarm payrolls: 12-month revisions

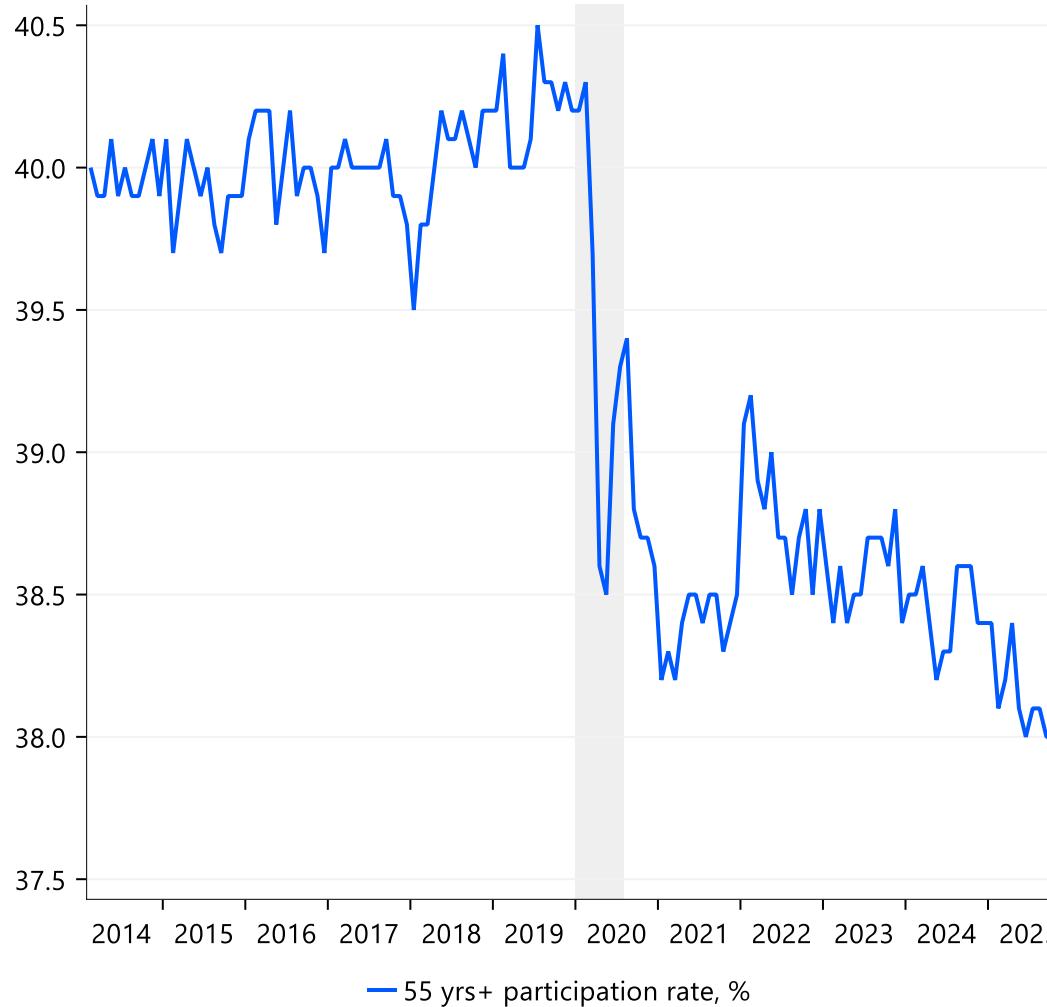
12m revisions: Apr-Mar cycles



JOB OPENINGS GROWTH IS SLOWING, REAL WAGE GROWTH IS SLOWING. BUT, LESS JOB CREATION IS NEEDED TO KEEP UNEMPLOYMENT STABLE.

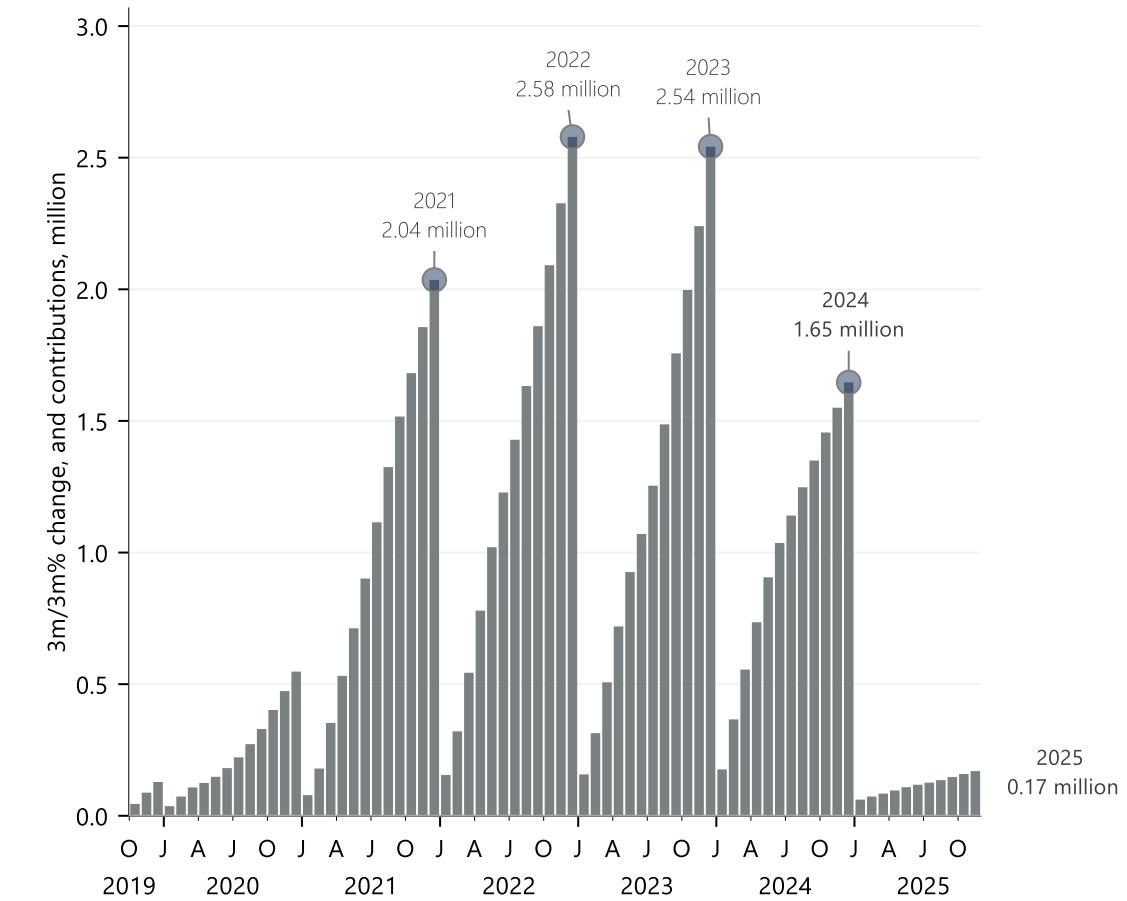


OVER 55 PARTICIPATION STILL DECLINING, AND IMMIGRATION HAS COLLAPSED. JOB CREATION NEEDED FOR STABLE UNEMPLOYMENT: 2023=250K, 2024=150K 2025=50K

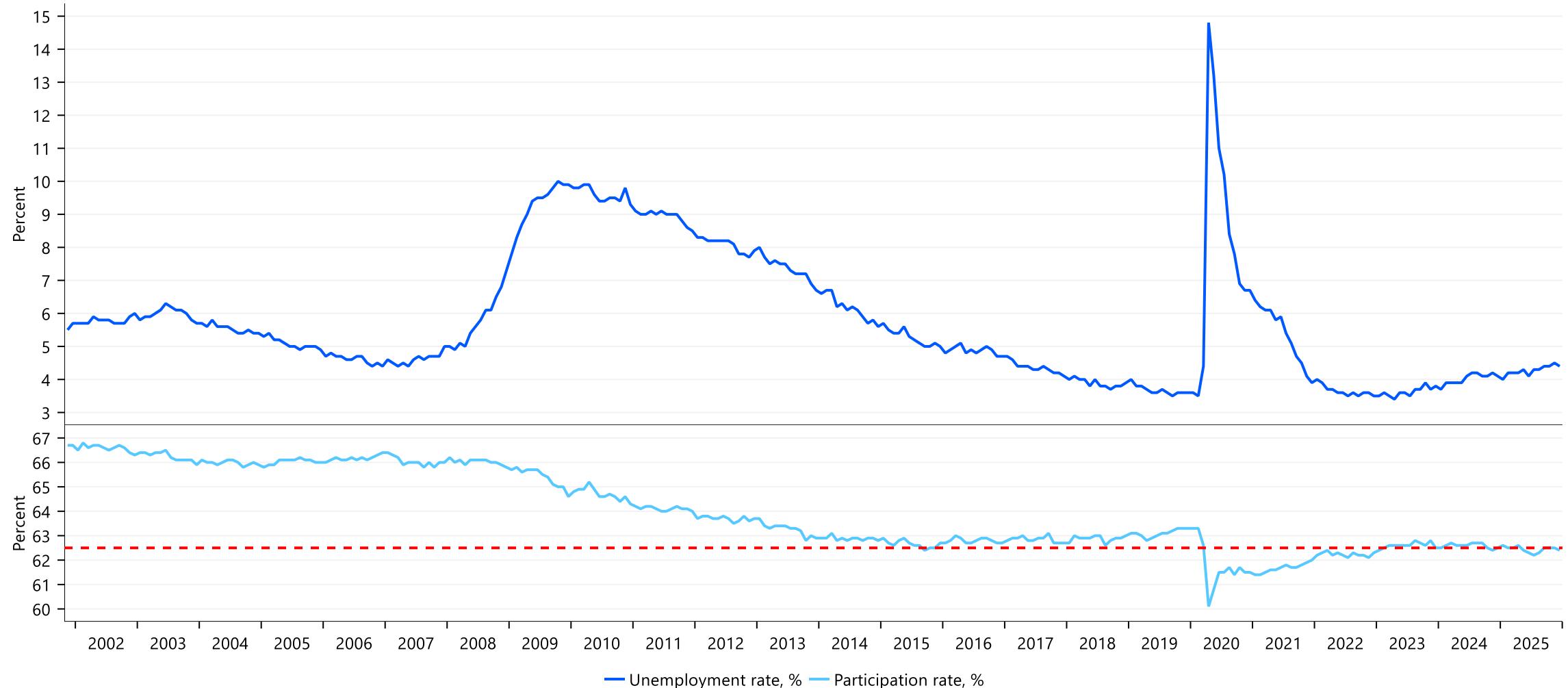


United States: encounters at the Southwest Land Border

Source: U.S. Customs & Border Protection (CBP)



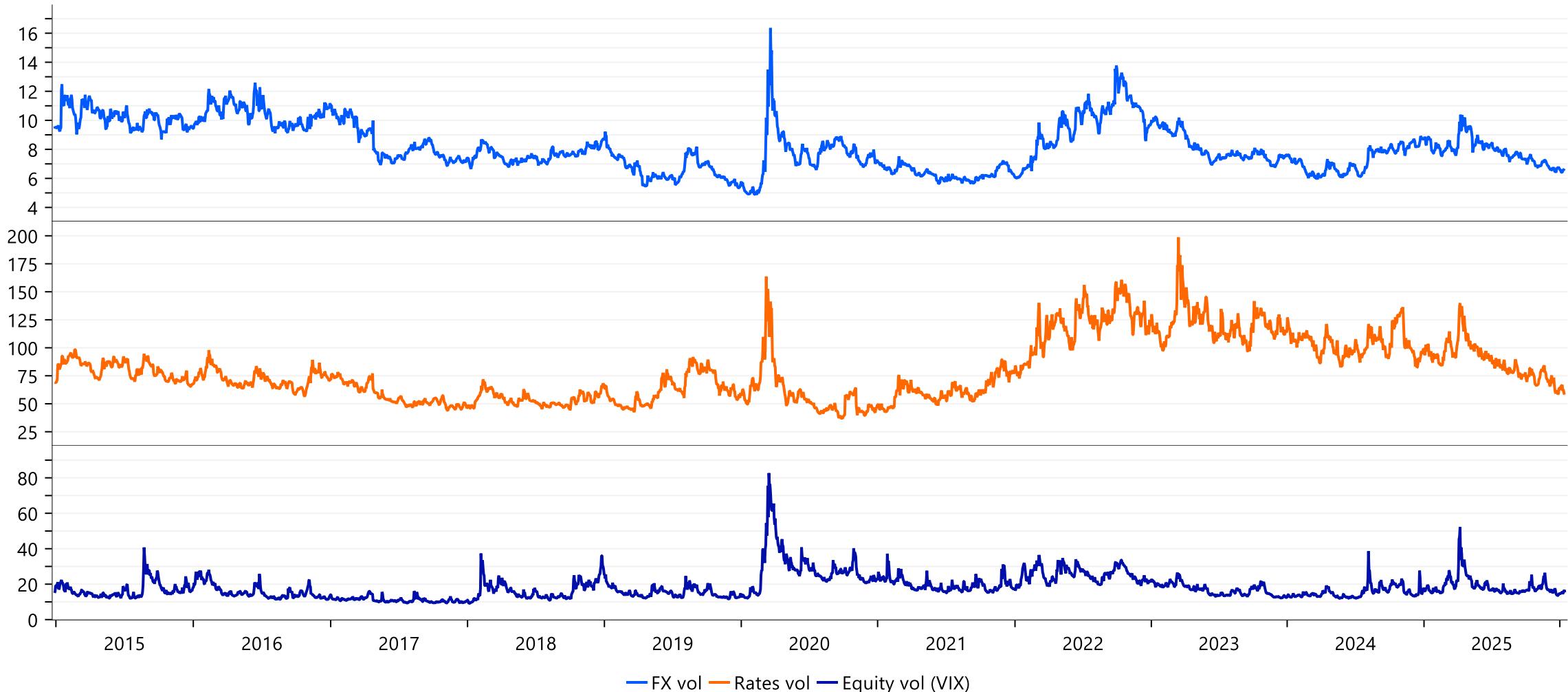
SLOWER GROWTH IN THE SIZE OF THE WORKFORCE MEANS THE RISE IN THE UNEMPLOYMENT RATE MAY BE SOMEWHAT MUTED. WE EXPECT 4.7% BY THE END OF 2026.



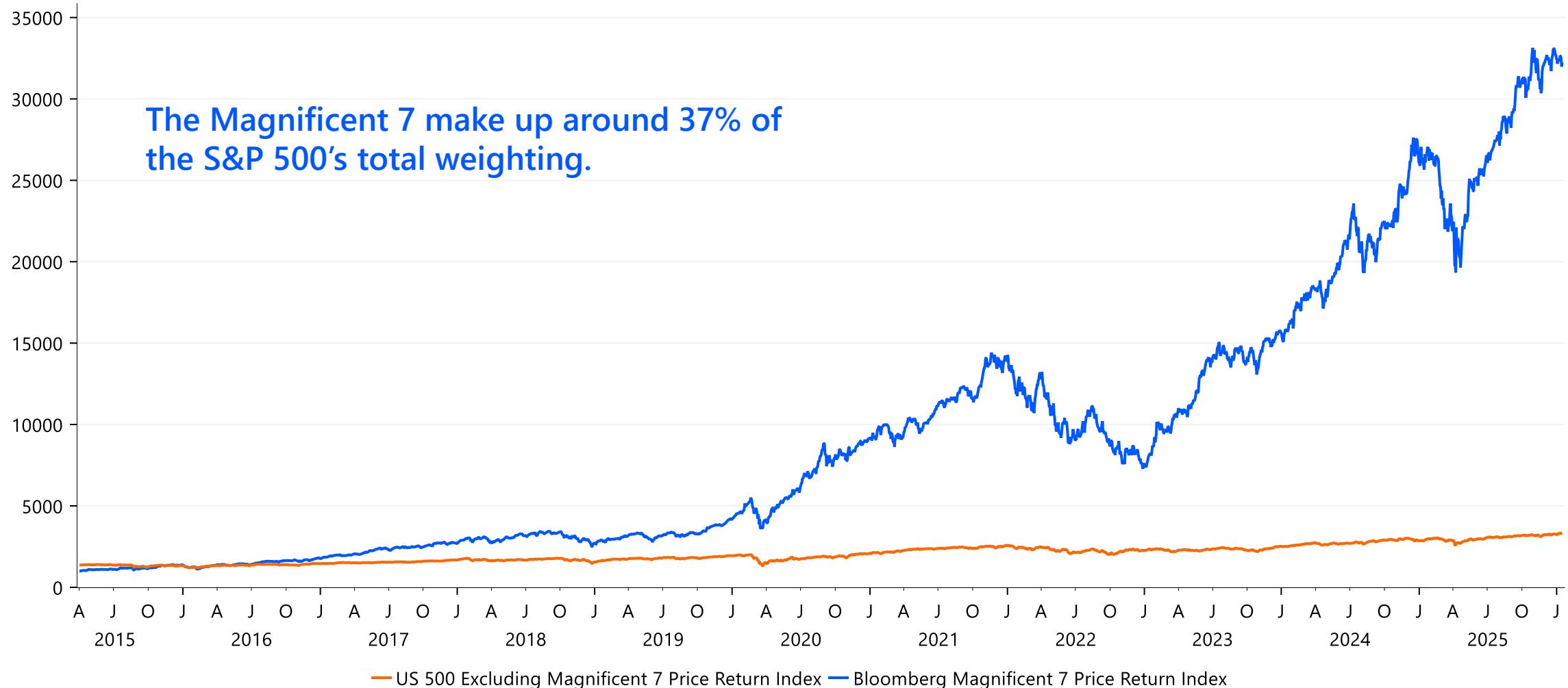
MARKETS REGIME: “VOLATILITY SUPPRESSION”



DESPITE EVERYTHING GOING ON IN THE WORLD, FINANCIAL MARKET VOLATILITY HAS FALLEN ACROSS ASSET CLASSES



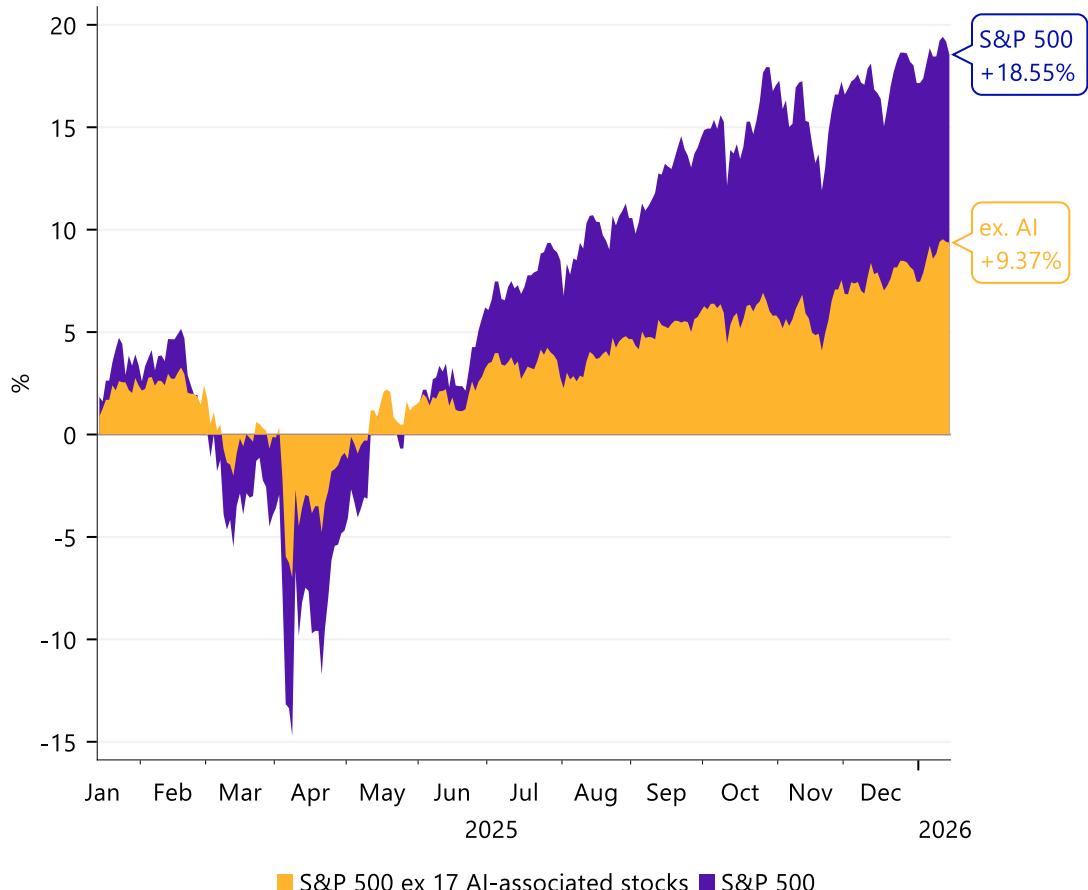
THE RISE OF PASSIVE INVESTMENT AT THE COST OF ACTIVE INVESTING IS ALSO A VOLATILITY SUPPRESSING DYNAMIC WHICH CREATES GREATER CONCENTRATION IN EQUITY INDICES.



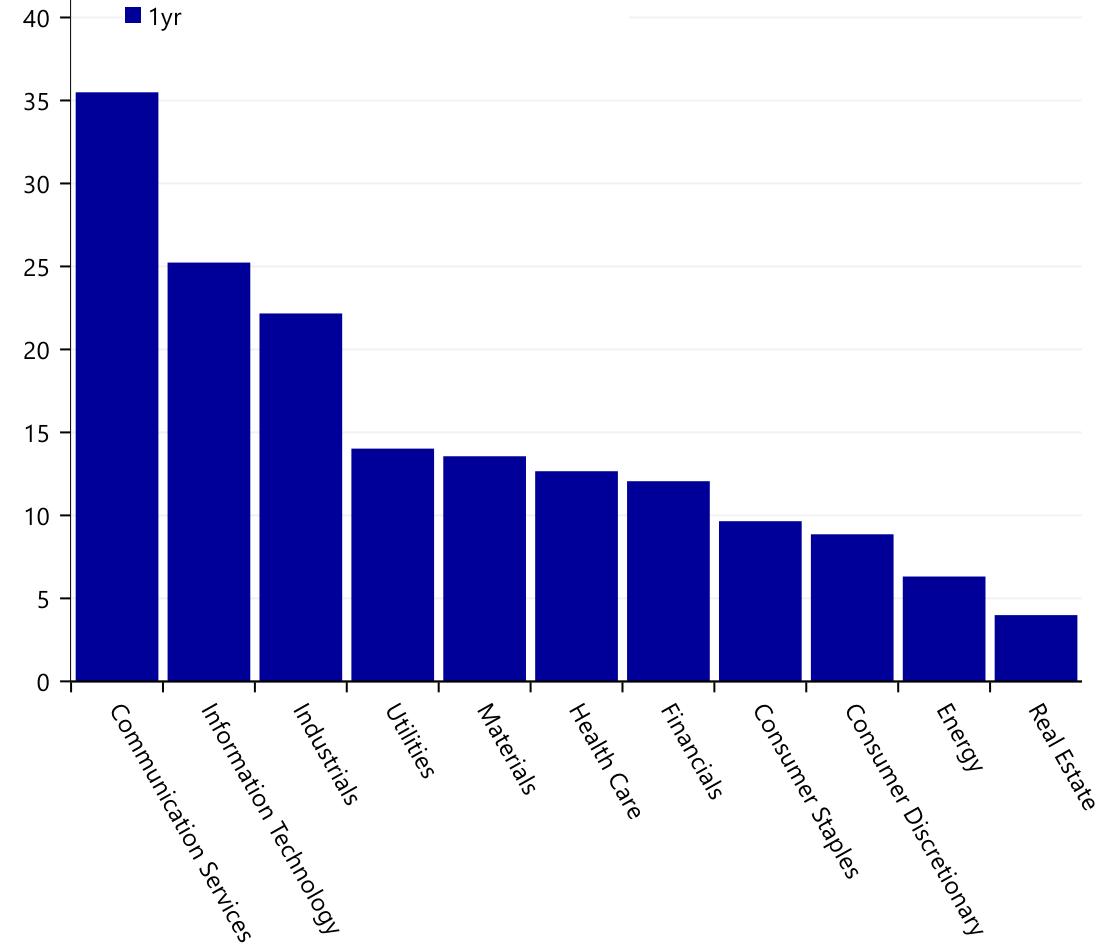
IN FACT, IN THE PAST 12 MONTHS WE HAVE SEEN JUST HOW IMPORTANT THE RISE OF AI HAS BEEN IN KEEPING US EQUITY INDICES SUPPORTED, AND THEREFORE CONSUMPTION.

Impact of Excluding AI Stocks on S&P 500 Performance

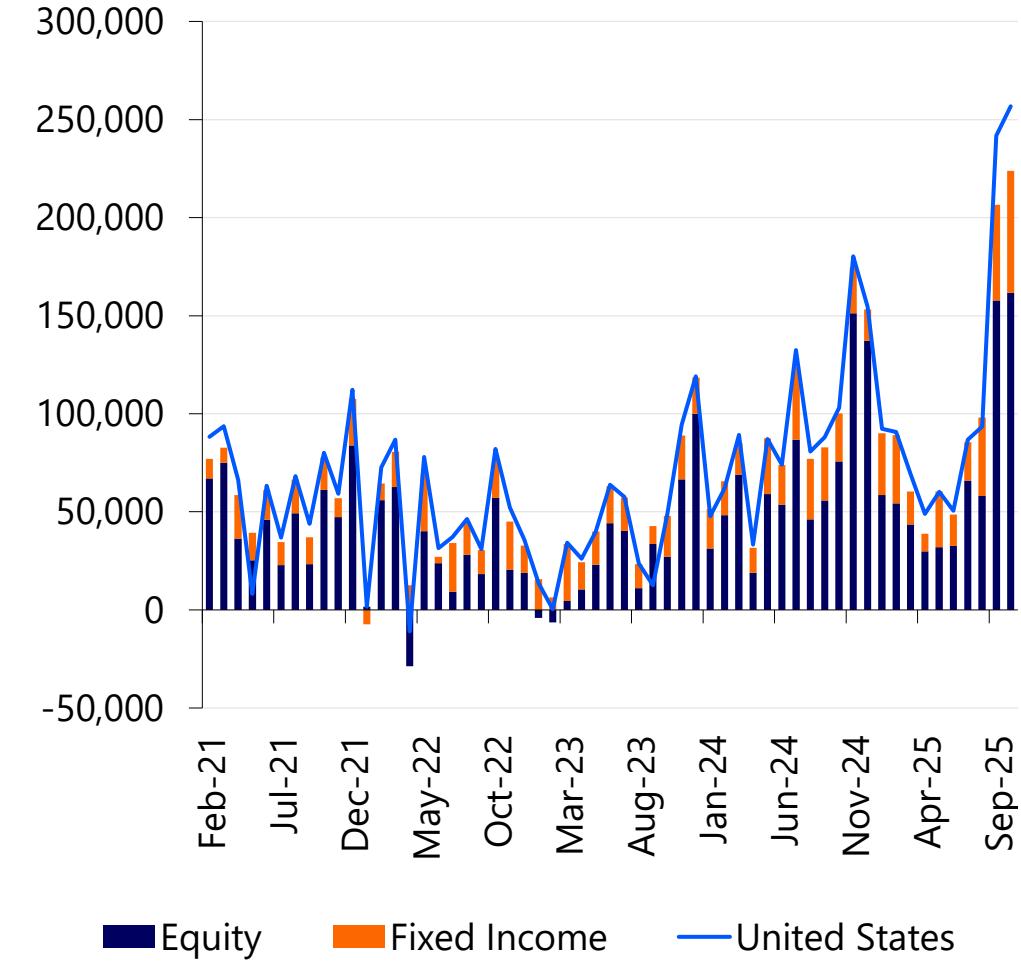
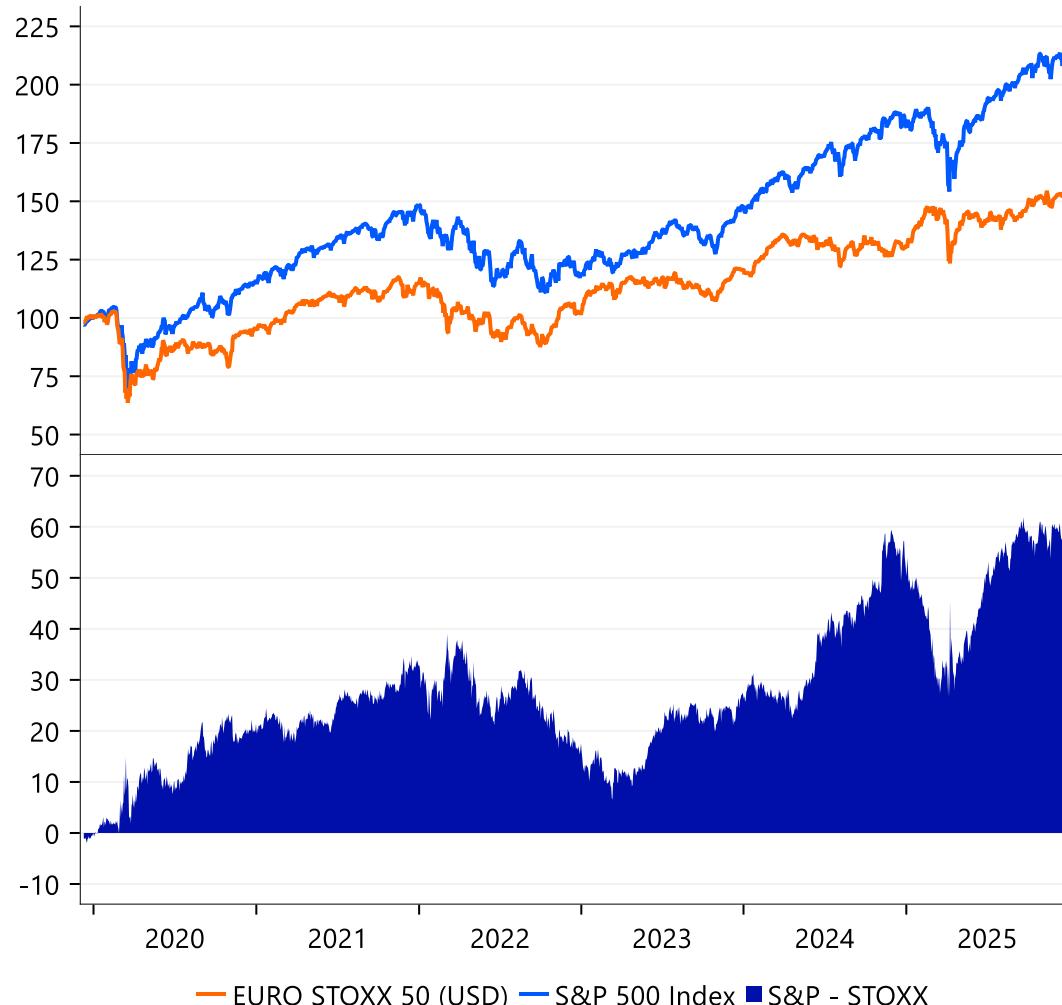
YTD returns of the S&P 500 ex 17 AI-associated stocks



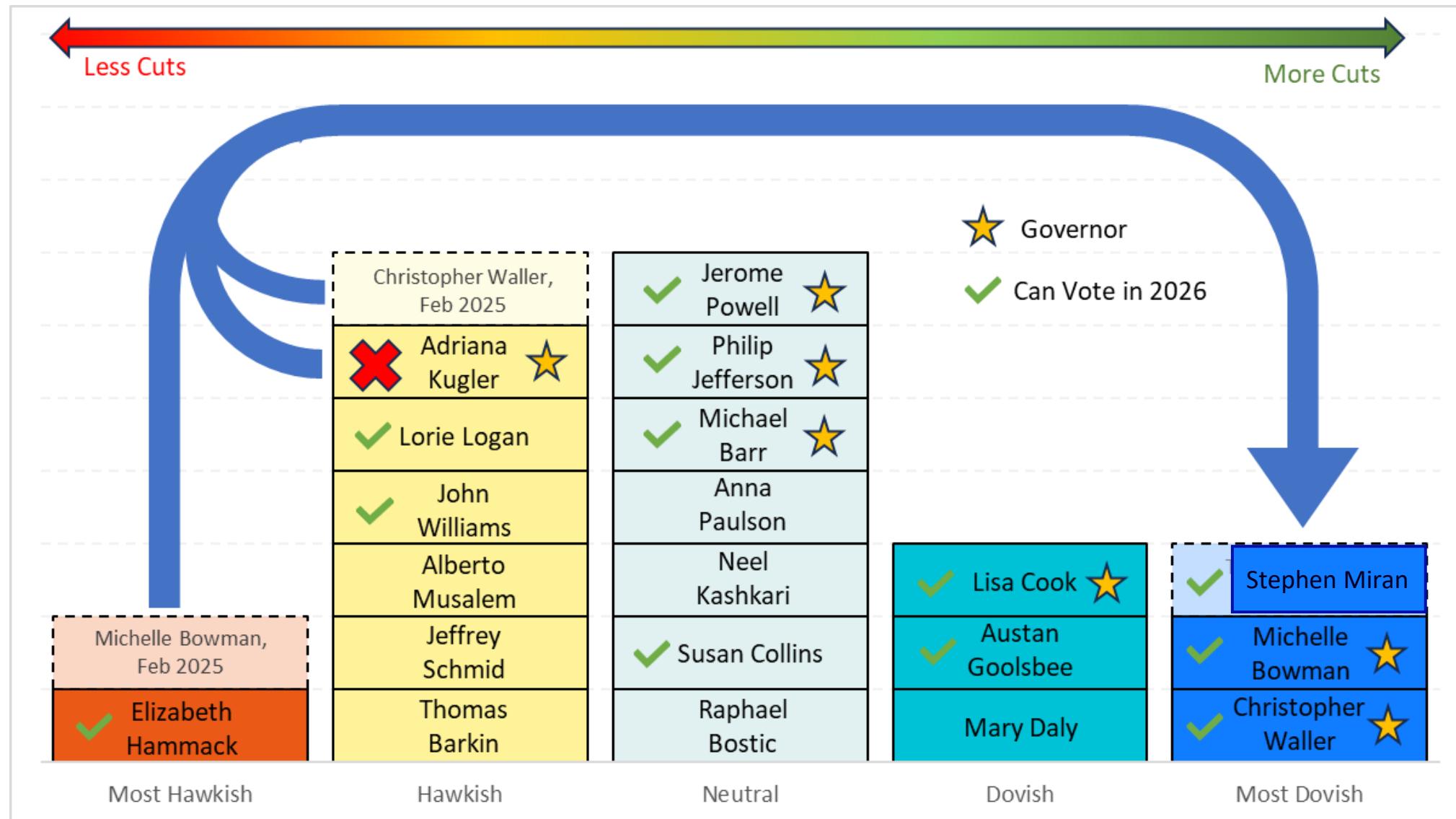
S&P 500 Sectors: 12 month performance



THE APRIL “SELL AMERICA, BUY EUROPE” TRADE PROVED SHORT LIVED BUT, EUROPEAN AND GLOBAL EQUITIES PERFORMED WELL IN 2025

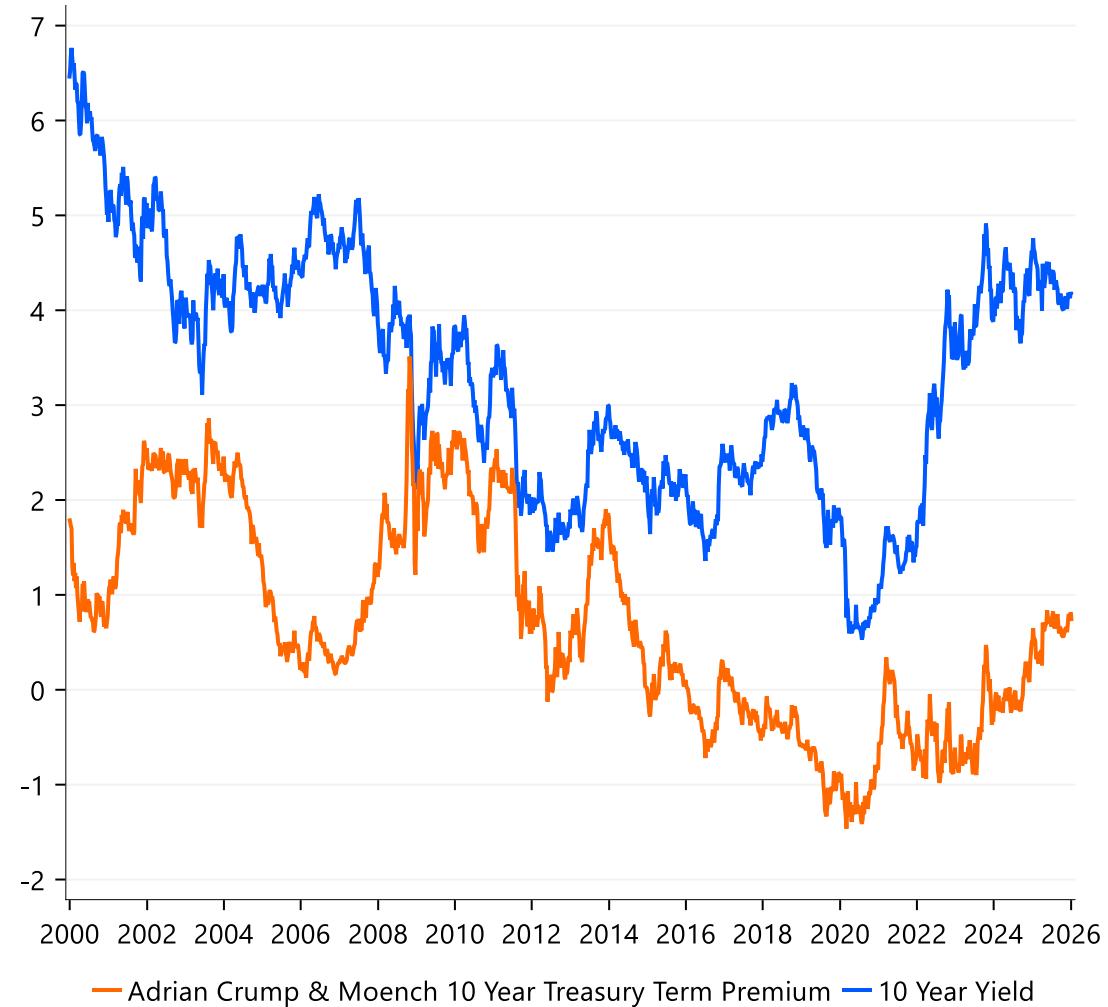


TRUMP'S INFLUENCE ON THE FOMC



THE MARKET EXPECTS 2 RATE CUTS BY END OF 2026. TERM PREMIUM KEEPS RISING AND FOREIGN DEMAND MAYBE MOVING IN FAVOR OF EVEN SHORTER TENORS.

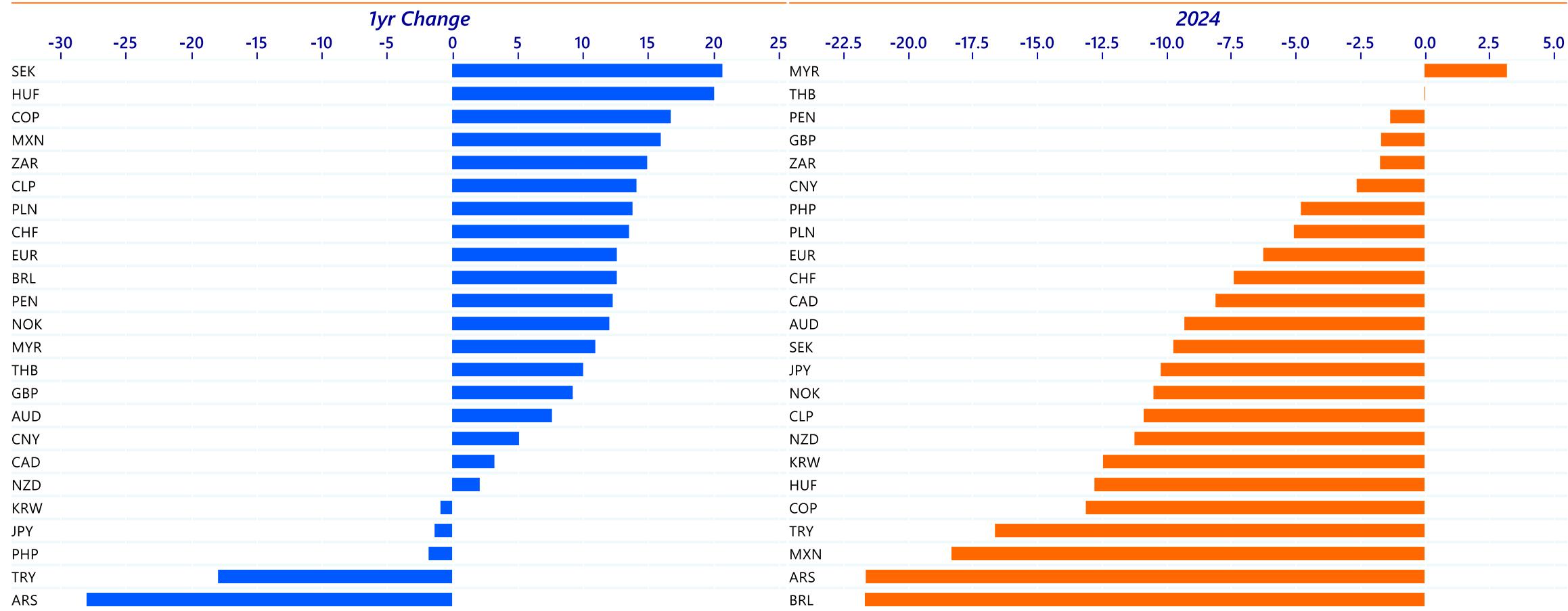
What is priced in for Dec 2026 (number of 25bp cuts)



THE CURVE HAS STEEPENED: LONG TERM RATES HIGHER THAN SHORT TERM RATES AGAIN

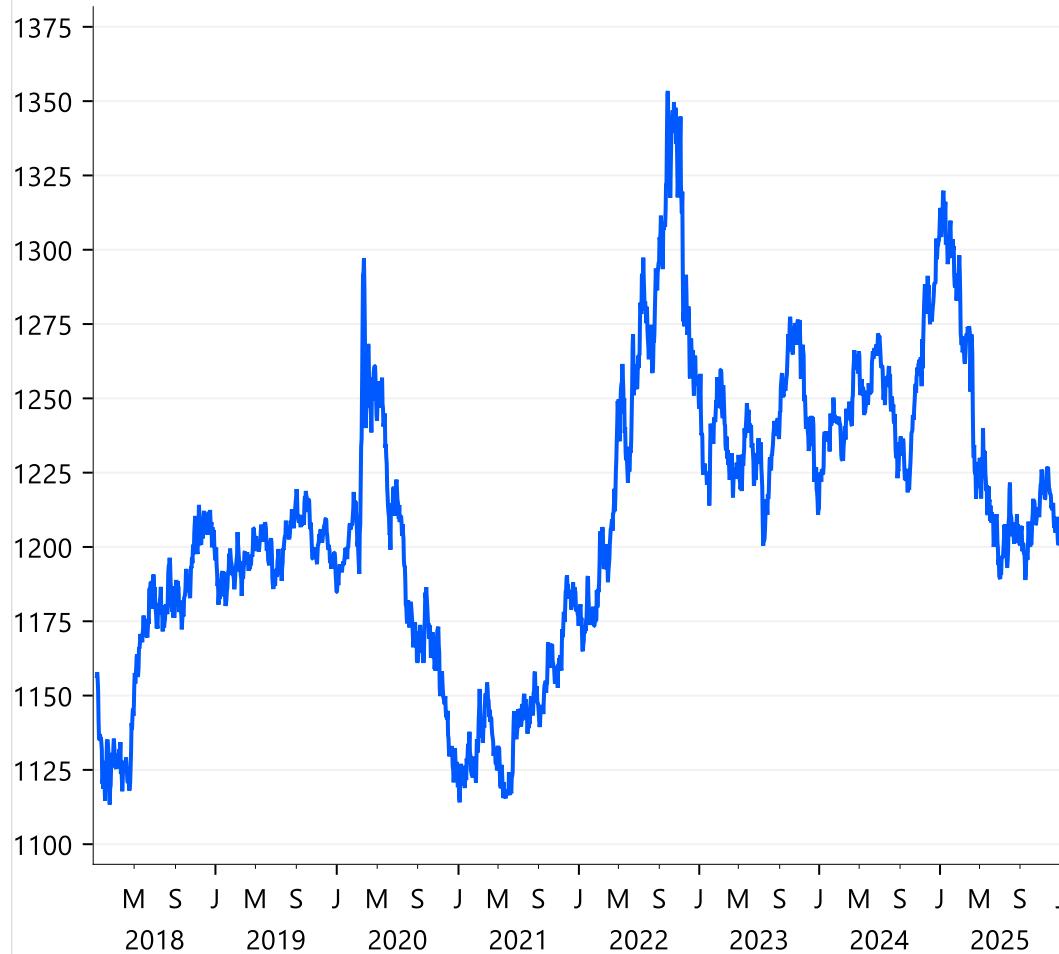


USD HAD THE WORST H1 IN DECADES, IT EVEN BROKE FROM ITS SAFE HAVEN STATUS FOR A WHILE. RISING FOREIGN HEDGE RATIOS ARE A DRAG ON USD.



USD IS STILL A SAFE HAVEN, BUT, EXPECT A MIXED PERFORMANCE IN 2026.

Bloomberg Dollar Spot Index



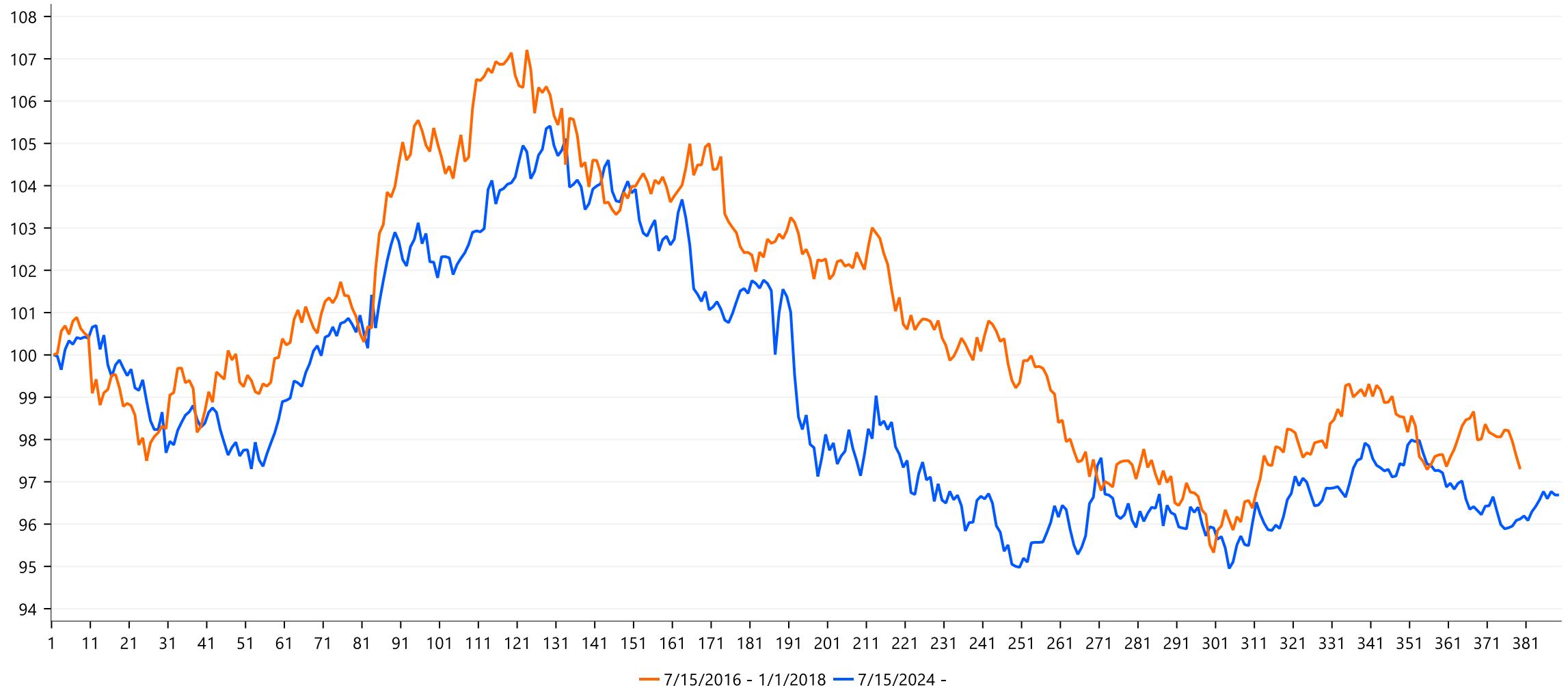
- Weak global economy
- Risk aversion
- USD safe-haven status

- US outperforming
- Tightening Fed

- US lagging global growth
- Dovish Fed

HISTORY DOESN'T REPEAT BUT IT DOES RHYME

USD DURING TRUMP 2.0 SHARES A STRIKING RESEMBLANCE TO TRUMP 1.0



US SUMMARY: 2026 OUTLOOK

 Inflation will stay sticky near 3%

The Fed's 2% target will not be reached over the next two years.

 Unemployment will rise but we expect it to remain sub-5% this year.

 More cuts this year, starting in Q2, as the labor market slowly deteriorates, and the composition of the Fed skews more dovish.

 We see some downward pressure on USD due to Fed credibility issues, but see upside due to strong US economic growth projections compared to peers.

 US GDP growth in 2025 at 2.1%, a touch above the 2% trend. Similar in 2026. Reglobalization - expect continued onshoring, industrialization and more tariffs.

 Uncertainty is still the story for the coming years: Statecraft, tariffs, geopolitics, and AI.

IMPORTANCE NOTICE

MARKETING COMMUNICATION / NON-INDEPENDENT RESEARCH

THIS PUBLICATION IS ISSUED BY COÖPERATIEVE RABOBANK U.A., REGISTERED IN AMSTERDAM, AND/OR ANY ONE OR MORE OF ITS AFFILIATES AND RELATED BODIES CORPORATE (JOINTLY AND INDIVIDUALLY; "RABOBANK"). COÖPERATIEVE RABOBANK U.A. IS AUTHORISED AND REGULATED BY DE NEDERLANDSCHE BANK AND THE NETHERLANDS AUTHORITY FOR THE FINANCIAL MARKETS. RABOBANK LONDON BRANCH IS AUTHORISED BY THE PRUDENTIAL REGULATION AUTHORITY ("PRA") AND SUBJECT TO REGULATION BY THE FINANCIAL CONDUCT AUTHORITY AND LIMITED REGULATION BY THE PRA. DETAILS ABOUT THE EXTENT OF OUR REGULATION BY THE PRA ARE AVAILABLE FROM US ON REQUEST. REGISTERED IN ENGLAND AND WALES NO. BR002630. AN OVERVIEW OF ALL LOCATIONS FROM WHERE RABOBANK ISSUES RESEARCH PUBLICATIONS AND THE (OTHER) RELEVANT LOCAL REGULATORS CAN BE FOUND HERE: <https://www.rabobank.com/knowledge/raboresearch-locations>

THIS DOCUMENT IS DIRECTED EXCLUSIVELY TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS, AND NOT AT RETAIL CLIENTS (HOWSOEVER DEFINED), AS DEFINED UNDER THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II (MIFID II) IN THE EUROPEAN UNION AND UNDER LOCAL LAW IN OTHER RELEVANT JURISDICTIONS.

THIS DOCUMENT DOES NOT PURPORT TO BE IMPARTIAL RESEARCH AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH LEGAL REQUIREMENTS DESIGNED TO PROMOTE THE INDEPENDENCE OF INVESTMENT RESEARCH AS DEFINED IN ARTICLE 36 OF THE COMMISSION DELEGATED REGULATION (EU) 2017/565 AND IS NOT SUBJECT TO ANY PROHIBITION ON DEALING AHEAD OF THE DISSEMINATION OF INVESTMENT RESEARCH. THIS DOCUMENT DOES NOT PURPORT TO BE AN IMPARTIAL ASSESSMENT OF THE VALUE OR PROSPECTS OF ITS SUBJECT MATTER AND IT MUST NOT BE RELIED UPON BY ANY RECIPIENT AS AN IMPARTIAL ASSESSMENT OF THE VALUE OR PROSPECTS OF ITS SUBJECT MATTER. NO RELIANCE MAY BE PLACED BY A RECIPIENT ON ANY REPRESENTATIONS OR STATEMENTS MADE OUTSIDE THIS DOCUMENT (ORAL OR WRITTEN) BY ANY PERSON WHICH STATE OR IMPLY (OR MAY BE REASONABLY VIEWED AS STATING OR IMPLYING) ANY SUCH IMPARTIALITY.

THIS DOCUMENT IS FOR INFORMATION PURPOSES ONLY AND IS NOT, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR RECOMMENDATION. THIS DOCUMENT SHALL NOT FORM THE BASIS OF, OR CANNOT BE RELIED UPON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT BY RABOBANK TO ENTER INTO AN AGREEMENT OR TRANSACTION. THIS DOCUMENT DOES NOT CONSTITUTE INVESTMENT ADVICE NOR IS ANY INFORMATION PROVIDED INTENDED TO OFFER SUFFICIENT INFORMATION SUCH THAT IT SHOULD BE RELIED UPON FOR THE PURPOSES OF MAKING A DECISION IN RELATION TO WHETHER TO ACQUIRE ANY FINANCIAL PRODUCTS. YOU SHOULD CONSIDER THE APPROPRIATENESS OF THE INFORMATION AND STATEMENTS HAVING REGARD TO YOUR SPECIFIC CIRCUMSTANCES, AND OBTAIN FINANCIAL, LEGAL AND/OR TAX ADVICE AS APPROPRIATE. THE INFORMATION AND OPINIONS CONTAINED IN THIS DOCUMENT HAVE BEEN COMPILED OR ARRIVED AT FROM SOURCES BELIEVED TO BE RELIABLE, BUT NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO THEIR ACCURACY, COMPLETENESS OR CORRECTNESS.

THE INFORMATION AND STATEMENTS HEREIN ARE MADE IN GOOD FAITH AND ARE ONLY VALID AS AT THE DATE OF PUBLICATION OF THIS DOCUMENT OR MARKETING COMMUNICATION. ANY OPINIONS, FORECASTS OR ESTIMATES HEREIN CONSTITUTE A JUDGEMENT OF RABOBANK AS AT THE DATE OF THIS DOCUMENT, AND THERE CAN BE NO ASSURANCE THAT FUTURE RESULTS OR EVENTS WILL BE CONSISTENT WITH ANY SUCH OPINIONS, FORECASTS OR ESTIMATES. ALL OPINIONS EXPRESSED IN THIS DOCUMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE. TO THE EXTENT PERMITTED BY LAW, RABOBANK DOES NOT ACCEPT ANY LIABILITY WHATSOEVER FOR ANY LOSS OR DAMAGE HOWSOEVER ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITHE.

INSOFAR AS PERMITTED BY APPLICABLE LAWS AND REGULATIONS, RABOBANK, ITS DIRECTORS, OFFICERS AND/OR EMPLOYEES MAY HAVE HAD OR HAVE A LONG OR SHORT POSITION OR ACT AS A MARKET MAKER AND MAY HAVE TRADED OR ACTED AS PRINCIPAL IN ANY SECURITIES DESCRIBED WITHIN THIS DOCUMENT (OR RELATED INVESTMENTS) OR MAY OTHERWISE HAVE CONFLICTING INTERESTS. THIS MAY INCLUDE HEDGING TRANSACTIONS CARRIED OUT BY RABOBANK, AND SUCH HEDGING TRANSACTIONS MAY AFFECT THE VALUE AND/OR LIQUIDITY OF ANY SECURITIES DESCRIBED IN THIS DOCUMENT. FURTHER IT MAY HAVE OR HAVE HAD A RELATIONSHIP WITH OR MAY PROVIDE OR HAVE PROVIDED CORPORATE FINANCE OR OTHER SERVICES TO COMPANIES WHOSE SECURITIES (OR RELATED INVESTMENTS) ARE DESCRIBED IN THIS DOCUMENT. FURTHER, INTERNAL AND EXTERNAL PUBLICATIONS MAY HAVE BEEN ISSUED PRIOR TO THIS PUBLICATION WHERE STRATEGIES MAY CONFLICT ACCORDING TO MARKET CONDITIONS AT THE TIME OF EACH PUBLICATION.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE, EXCEPT WITH THE PRIOR WRITTEN CONSENT OF RABOBANK. THE DISTRIBUTION OF THIS DOCUMENT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS AND RECIPIENTS OF THIS DOCUMENT SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE ANY SUCH RESTRICTIONS.

A SUMMARY OF THE METHODOLOGIES USED BY RABOBANK CAN BE FOUND ON OUR [WEBSITE](#).

COÖPERATIEVE RABOBANK U.A., CROESLAAN 18, 3521 CB Utrecht, The Netherlands. All rights reserved.