



[Home](#) > [Insights](#) > [Market views](#)

Market View

How will Donald Trump and his politics affect the global order in 2025?

Date 24 January 2025

Author Jeremy Sterngold

Reading time 5 minutes



At a glance

- Trump wastes no time in kick-starting his America-first agenda.
- A historic ceasefire deal is reached in the Middle East.
- Financial pressures have led to numerous incumbent governments being toppled around the world, as resignations and elections define the start of the year.

Last year, we saw how periods of high inflation increased pressure on incumbent governments around the world. However, given President Donald Trump's America-first agenda has the capacity to exacerbate price pressures, it seems that inflation concerns will take some time to fade.

In today's Brief, we are taking a step back to assess how the geopolitical landscape from 2024 will carry over into 2025. This week, the world witnessed Trump's return to the White House, with the newly sworn in president proclaiming that "nothing will stand in our way" during his 29-minute inaugural address. Trump indicated he would not take no for an answer in his quest to make America more conservative at home and more imperial abroad. America's wealthiest men—Elon Musk, Jeff Bezos and Mark Zuckerberg—sat in front of Trump's incoming cabinet and behind Trump's children during the ceremony, which was moved inside due to the extreme cold.

On his first day, Trump withdrew from major international agreements such as the Paris Agreement, the pact among nations to fight climate change; scrapped restrictions on drilling and exporting oil and gas; promised steep tariffs and pardoned nearly all the January 6 rioters.

Trump also announced a joint venture between OpenAI, SoftBank and Oracle to create at least \$100 billion in computing infrastructure to power artificial intelligence (AI),¹ adding to technology companies' investment in US data centres. Trump claims credit for this even though efforts to join the venture predate him taking office.

Ceasefire and conflict resolution

In the Middle East, Israel and Hamas agreed to a ceasefire in Gaza and hostage release deal, bringing a cessation to 15 months of conflict.² After the Israeli cabinet and government formally approved the agreement, the first six-week phase began on 19 January. Meanwhile, in Syria, a rebel offensive unseated former President Bashar al-Assad after more than 53 years of al-Assad family rule. It was a historical moment, coming nearly 14 years after Syrian civilians first rose up in peaceful protests against a government whose violent response led to long-running civil war.

On Wednesday, Trump warned he will impose high tariffs and more sanctions on Russia if Vladimir Putin does not end the war in Ukraine.³ Trump has previously said he aimed to negotiate a settlement to Russia's invasion of Ukraine in a single day and appears eager to end

the war quickly, driven by the desire to remove the US from wars abroad. Russia has not yet responded to Trump's remarks, but Putin has said he is prepared to negotiate an end to the war, provided that Ukraine accepts Russian territorial gains of about 20% of the disputed land and does not join NATO.

Changing of the guard



Incumbent governments struggled to retain power all over the world, not just the US, with far-right political groups gaining ground in Europe and North America. In France, nationalist leader Marine Le Pen orchestrated the overthrow of the government in December, deeming Michel Barnier's 2025 budget as too tough on the working classes. But Le Pen faces embezzlement charges and the verdict, which comes in March,⁴ could potentially end her political career. This has paved the way for her protégé Jordan Bardella, the 29-year-old president of the far-right National Rally (Rassemblement National) party, to aim for France's prime ministerial position.⁵

Germany's February election approaches, following the collapse of their own government last month. Like other European politicians in recent weeks, Chancellor Olaf Scholz has found himself under attack from Elon Musk, who used X to endorse the far-right Alternative for Germany (AfD) party ahead of the February elections, indicating a shift to the right in Germany is likely.

In Canada, Justin Trudeau ended his nine-year run as prime minister as he faced growing pressure from his own party. Trudeau will stay in power until his Liberal Party can elect a new

leader, and parliament will remain suspended until 24 March. Canada's Conservative Party has made gains in the polls, with Conservative Party leader Pierre Poilievre offering an alternative to what he has labelled as Trudeau's "authoritarian socialism." A win for the Conservatives in Canada would make Poilievre part of a wave of populist leaders on the right who have toppled incumbent governments.

South Korean President arrested

South Korea's suspended President Yoon Suk Yeol was formally arrested earlier this month on insurrection charges, as part of an investigation into his failed declaration of martial law on 3 December which led to widespread protests.⁶ He has been impeached by parliament and is suspended but will only be removed from office if the Constitutional Court upholds the impeachment. He became the first sitting president in South Korean history to be detained in a criminal investigation.

Conclusion

While dramatic geopolitical events tend to affect markets short-term, it is clear some of these events will have lasting effects on the world order. We are already witnessing how Trump's return to the White House is shaping global power dynamics and international relations. His non-traditional approach to diplomacy, coupled with the unseating of numerous international leaders and incumbent governments will bring about much political change over the year. Uncertainty will likely persist amid the shifting geopolitical landscape as new governments take form, although we also expect some clarity once policies are formed. What's more, the short-term noise of political upheaval whilst disruptive, rarely displace the most stable companies and institutions. Rigorous analysis and research to assess where the opportunities lie this year will be more critical than ever.

[1] OpenAI: <https://openai.com/index/announcing-the-stargate-project/>

[2] BBC: <https://www.bbc.com/news/articles/cvg4ryde7q5o>

[3] BBC: <https://www.bbc.com/news/articles/cjw4q7v7ez1o>

[4] Politico: <https://www.politico.eu/article/marine-le-pen-learn-verdict-date-trial-destroy-political-career/>

[5] Politico: <https://www.politico.eu/article/jordan-bardella-glitzy-book-tour-far-right-palace-coup-marine-le-pen-embezzlement/>

[6] NYTimes: <https://www.nytimes.com/2025/01/18/world/asia/south-korea-president-yoon-jail-life.html>

This communication is provided for information purposes only. The information presented herein provides a general update on market conditions and is not intended and should not be construed as an offer, invitation, solicitation or recommendation to buy or sell any specific investment or participate in any investment (or other) strategy. The subject of the communication is not a regulated investment. Past performance is not an indication of future performance and the value of investments and the income derived from them may fluctuate and you may not receive back the amount you originally invest. Although this document has been prepared on the basis of information we believe to be reliable, LGT Wealth Management UK LLP gives no representation or warranty in relation to the accuracy or completeness of the information presented herein. The information presented herein does not provide sufficient information on which to make an informed investment decision. No liability is accepted whatsoever by LGT Wealth Management UK LLP, employees and associated companies for any direct or consequential loss arising from this document.

LGT Wealth Management UK LLP is authorised and regulated by the Financial Conduct Authority in the United Kingdom.



Investors should be aware that past performance is not an indication of future performance, the value of investments and the income derived from them may fluctuate and you may not receive back the amount you originally invested.

LGT Wealth Management UK LLP is authorised and regulated by the Financial Conduct Authority (FCA). Registered in England and Wales: OC329392. Registered office: Fourteen Cornhill, London, EC3V 3NR.