



# THE BIDEN PRESIDENCY -- A US INVESTOR'S GUIDE

KEY TAKEAWAYS

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Oxford Analytica

Family Office Brief

# The panel

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KEY TAKEAWAYS

## International economy

Asia is the engine of global recovery for now, but China's locomotive power will slow this year and that of the developed economies that first achieve mass vaccination will grow, driven by consumption spending drawing down savings consumers built up during the lockdowns.

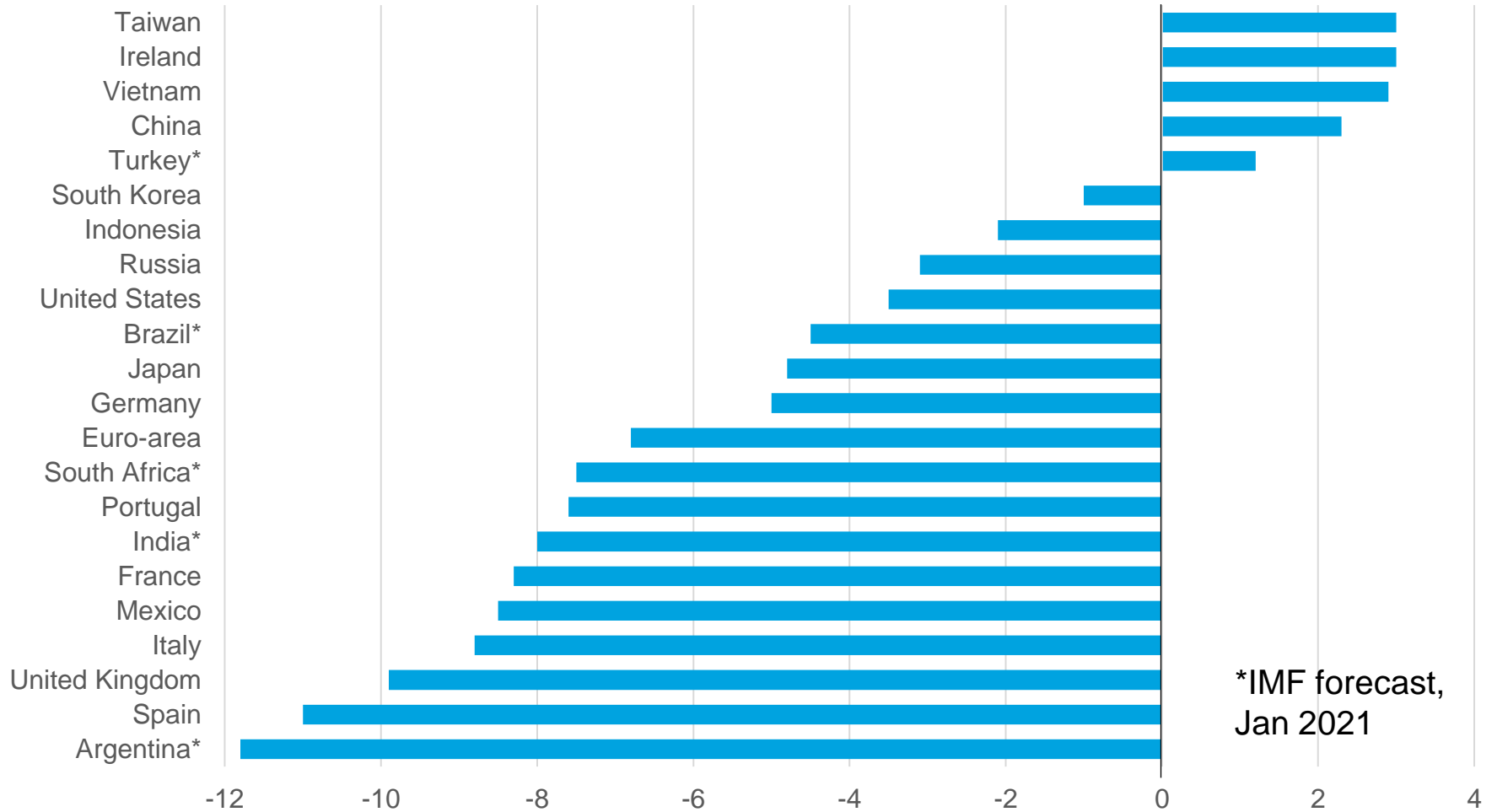
Labour markets will be critical to US and EU monetary policy developments, but employment is unlikely to recover strongly enough to prompt interest rate rises in the foreseeable future regardless of rising inflation expectations in the United States.

Large middle-income economies are vulnerable to debt stress as they lack access to sufficient vaccine, may have difficulty accessing capital markets and do not qualify for debt relief being extended to the poorest countries.

Employment is unlikely to recover strongly enough to prompt interest rate rises in the foreseeable future



## High variation in economic performance -- GDP, % change in 2020

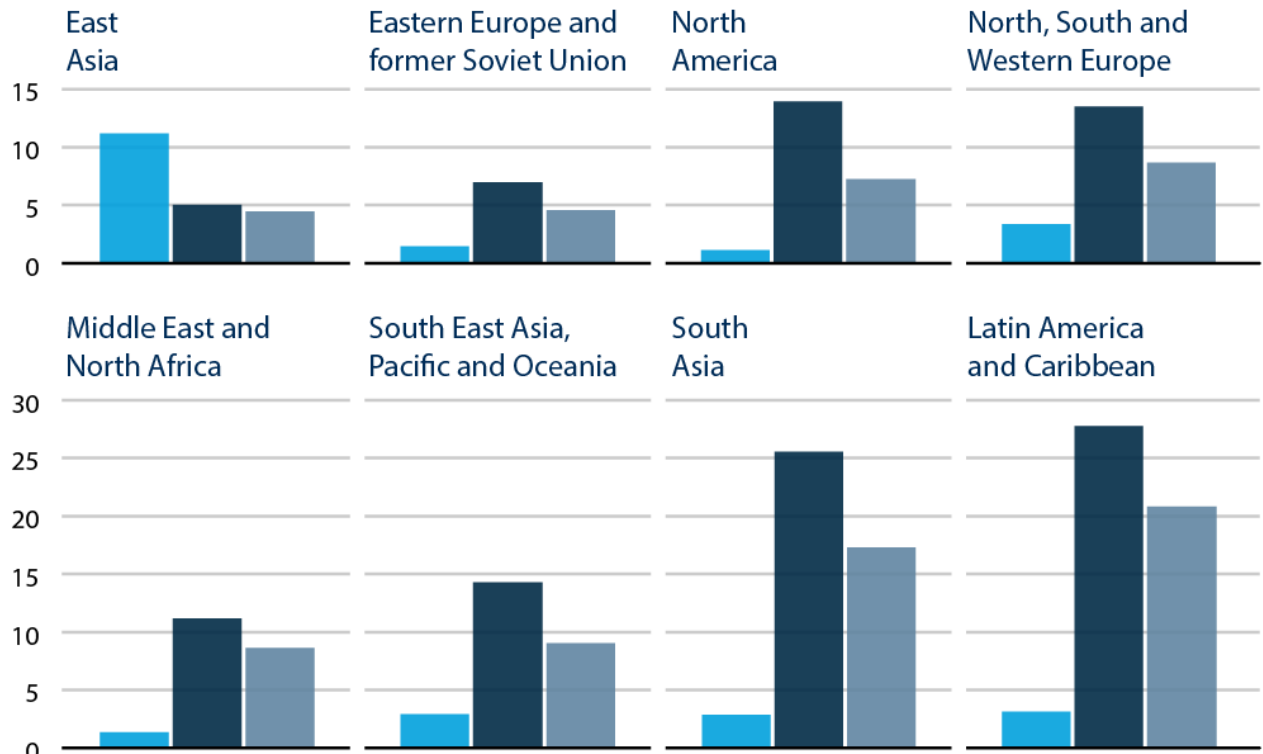


\*IMF forecast, Jan 2021

## Permanent scarring -- Labour market disruption worldwide

Full-time-equivalent job losses in each quarter of 2020 (as a % of end-19 workforce\*)

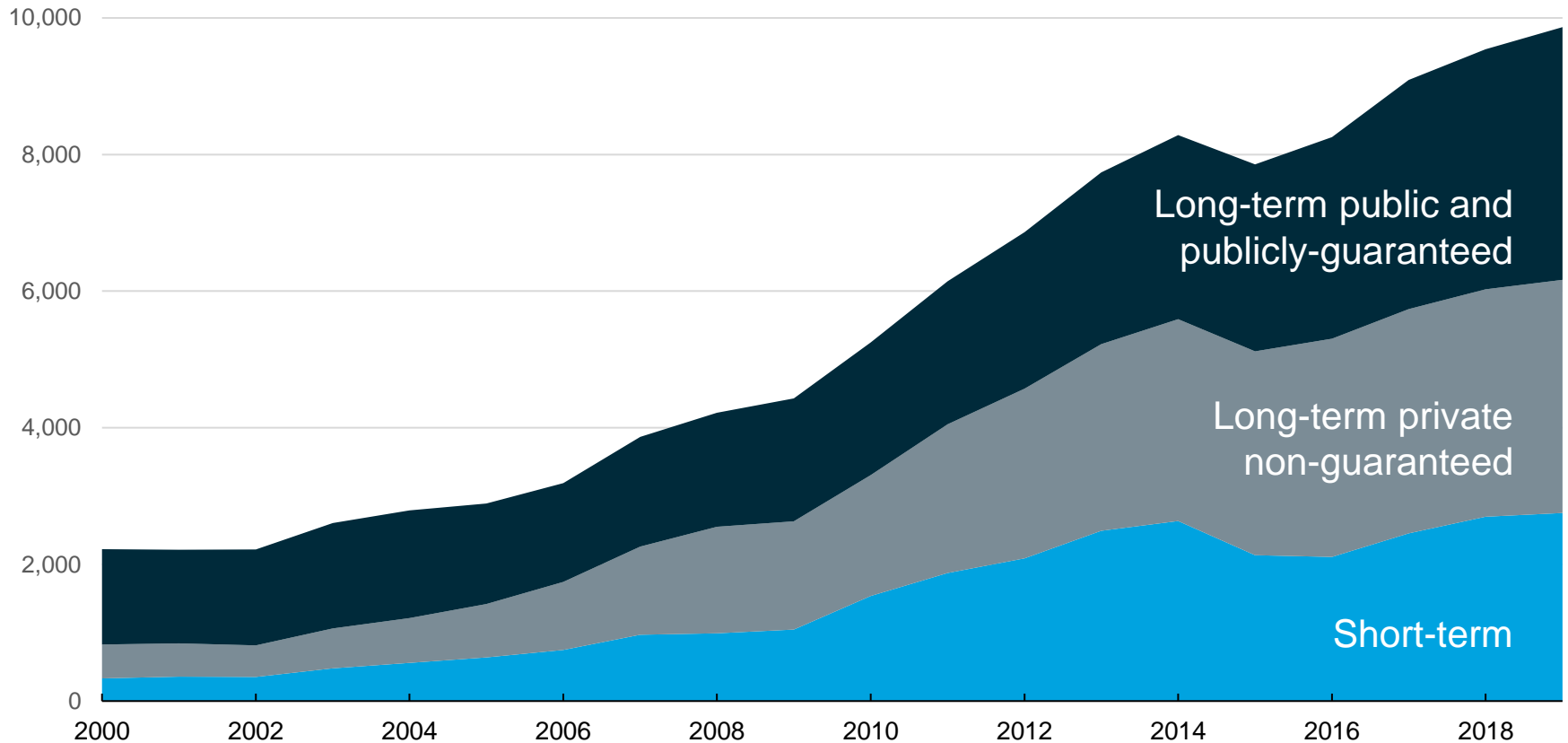
■ Q1 ■ Q2 ■ Q3



\*Estimated share of the workforce at end-2019 that did not work in each quarter of 2020

Source: International Labour Organisation, Oxford Analytica

## Debt distress is likely to rise -- External debt stocks, developing and transition economies, USDbn



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## US-China

The United States and China have reached an ideological inflexion point where both sides see their interests as unreconcilable, so a fundamental reset of relations or return to the pre-Trump status is highly implausible.

Beijing is looking at 2049 as the target date for China to be a developed economy, so the coming years will no longer be about addressing weakness to catch-up with the West but about building strengths so it can take what it sees as its historical place as the world's richest and strongest nation.

Beijing is prepared to pay a higher price to continue political repression in Hong Kong and Xinjiang than the rest of the world is prepared to pay to stop it, however Taiwan and the East and South China Seas will be the most dangerous potential flash-points.

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## US-Middle East

The Biden administration and Iran's senior leadership are both aiming for a return to the Joint Comprehensive Plan of Action ('the Iran nuclear deal) based on compliance for compliance, but sequencing and questions of which sanctions should be lifted will be difficult; a restoration of the agreement would worry both Israel and Saudi Arabia.

As it struggles to adjust to the Biden era, Saudi Arabia is seeking \$6 trillion of foreign direct investment by 2030 to pivot the economy from its fossil-fuel dependency, but its methods will heighten growing rivalry with the United Arab Emirates.

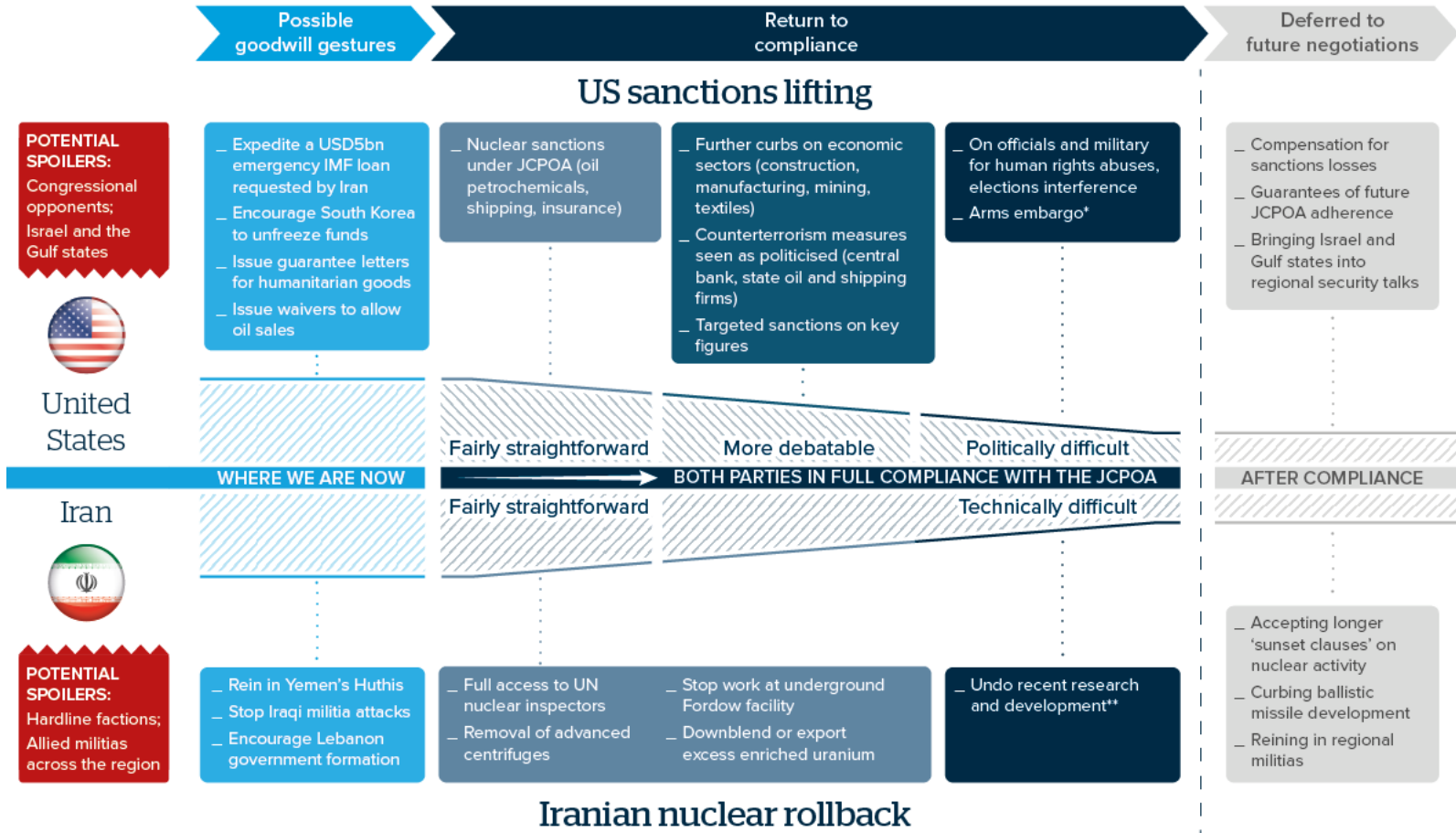
Biden will maintain but not actively expand Trump's framework of business-focused bilateral Israel 'normalisation' deals in the region, although Saudi Arabia and Israel could strike such an agreement once Saudi Crown Prince Mohammed bin Salman succeeds to the throne.

**Biden will maintain but not actively expand business-focused Israel 'normalisation' deals in the region**



Timing and sequencing to rescue the 2015 Joint Comprehensive Plan of Action (JCPOA) are controversial

Key actions needed from Iran and the United States in order to return to compliance with the 2015 multilateral nuclear deal



\* This was imposed to replace a UN arms embargo that expired in October 2020, under the terms of the JCPOA, so Tehran will argue that it contravenes the deal  
 \*\* Research cannot be unlearned, so an alternative may need to be negotiated

## Regional states' diplomatic status with Israel, as of December 2020



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## Technology

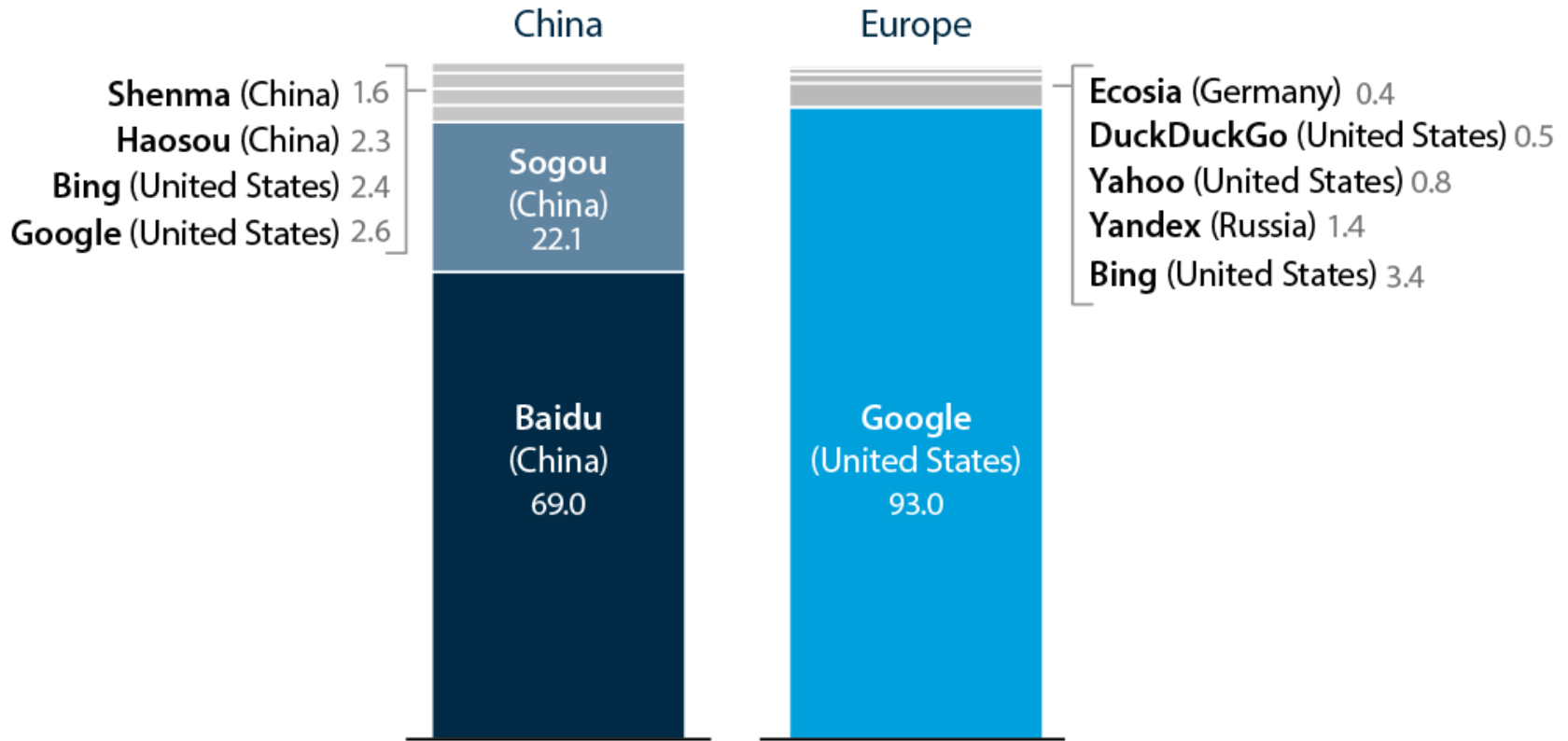
The era of light-touch regulation of 'big tech' is coming to a close with regulators and legislators in the three largest digital markets — the United States, Europe and China — and in large emerging markets like India and Indonesia, moving to rein in the market power of the dominant companies.

The giant platform companies will face more antitrust actions and be scrutinised more carefully to ensure that they do not advantage their products and services over those sold by third parties through their platforms and that their mergers and acquisitions do not quash innovative start-ups,

Platform companies will have to adapt to their workers having a stronger voice over their business operations through unionisation and app companies with having to give their workers employment rights, posing challenges to business models.

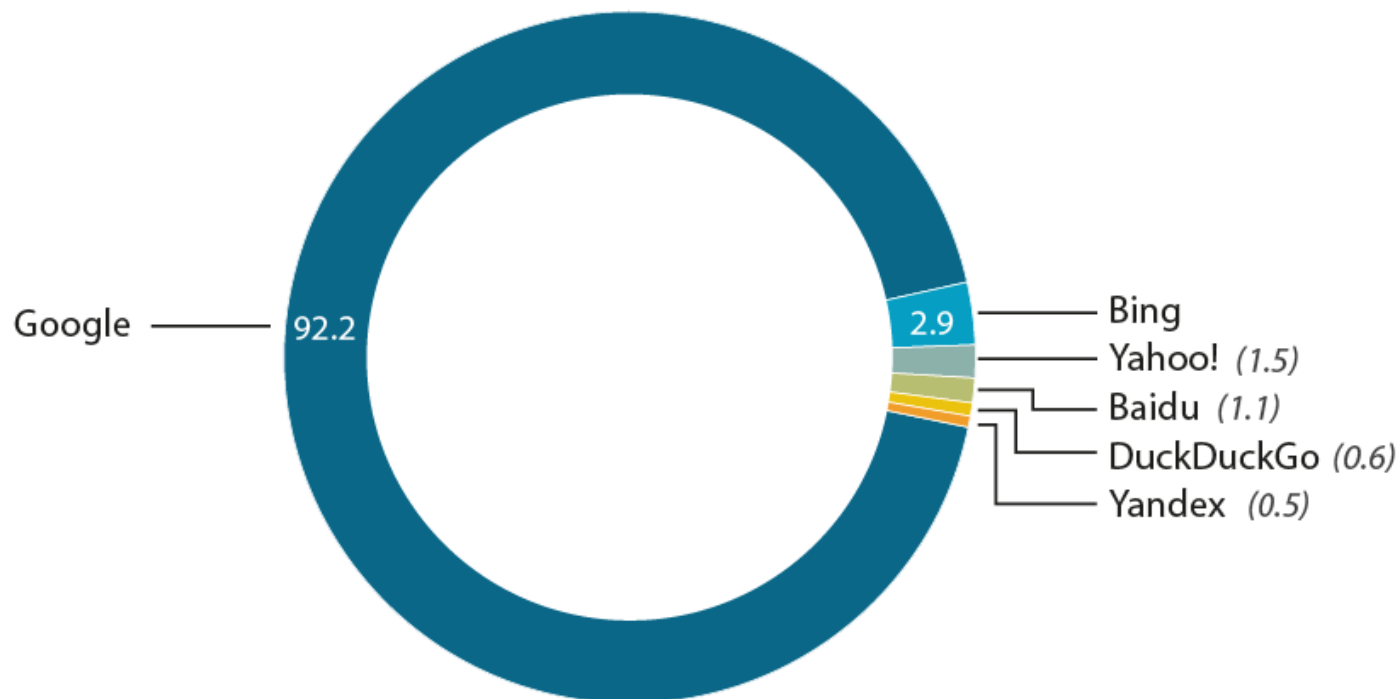
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**China/Europe: Search engine markets, as of January 2021 (%)**



Source: GlobalStats

## Search engine market share by firm, November 2020 (%)



Source: Global Stats

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