

**Capital Markets Strategy**  
Essential inCights for the C-Suite



# The Grand Ambitions of a Mar-a-Lago Accord

MAR 2025

**“The bond market is the most  
un-spinnable entity there is.”**

James Carville, American Political Consultant & Strategist

# Global Corporate & Investment Bank Capital Markets Strategy Team



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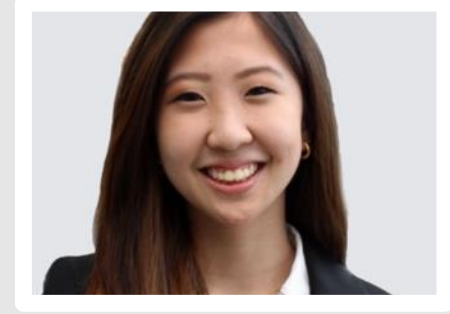
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# UST Market Has Quadrupled Since 2008

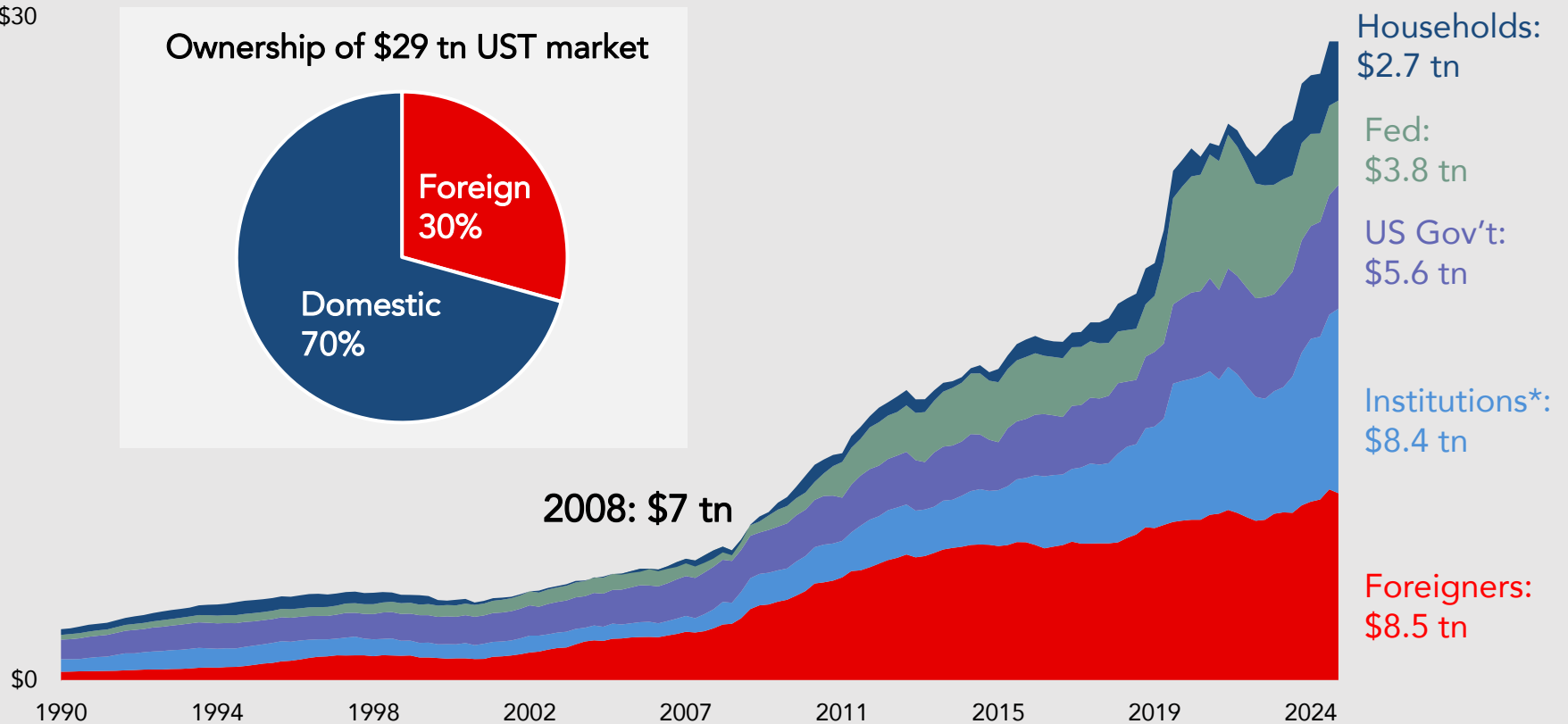
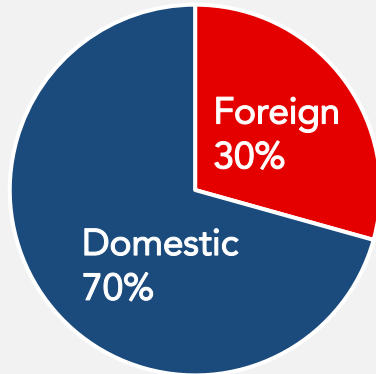
US Treasury debt outstanding has quadrupled to nearly \$30 trillion since the Global Financial Crisis less than 20 years ago. Longer term US debt sustainability has become a key objective of a Mar-a-Lago Accord.

Holder of US Treasury securities, USD tn

2024: \$29 tn

\$30

Ownership of \$29 tn UST market



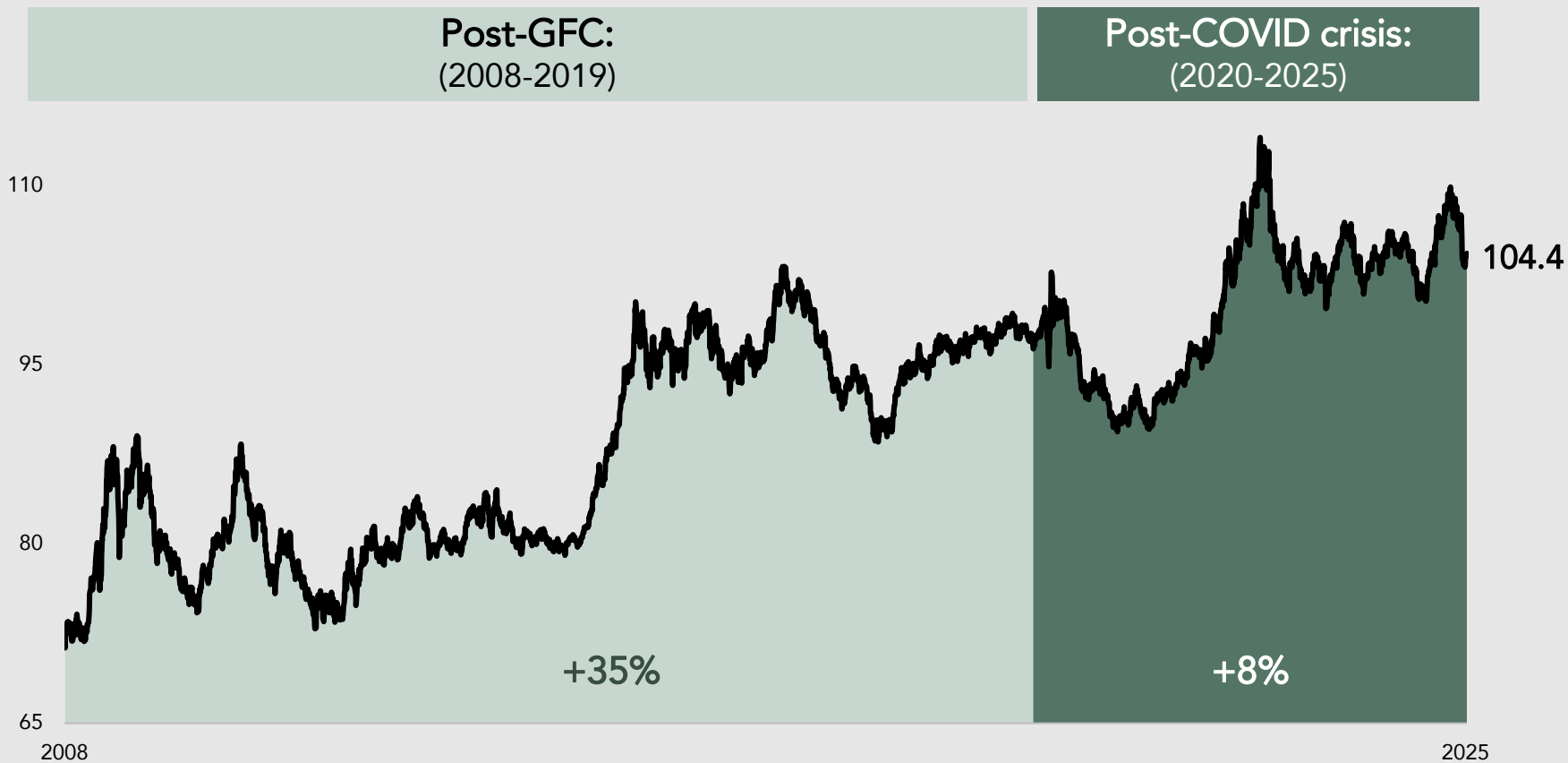
\*Institutional ownership includes banks, mutual, closed-end & ETF funds, pensions, insurance, ABS issuers & broker-dealers

Source: (1) Federal Reserve. Data through Q4 2024. Financial Accounts of the United States, L.210 Treasury Securities. Gov't includes Federal, State & local governments, retirement funds and gov't sponsored enterprises. Total represents total marketable US Treasury debt.

# USD Index has Strengthened Over 45% Since 2008

The US Dollar strengthening cycle, generally underway since the Global Financial Crisis, has been among the longest on record. A globally “coordinated” depreciation of the US Dollar would be an important objective of a potential Mar-a-Lago Accord aimed at a restoration of the US manufacturing sector. The challenges to coordinated Dollar depreciation, however, remain formidable.

USD index

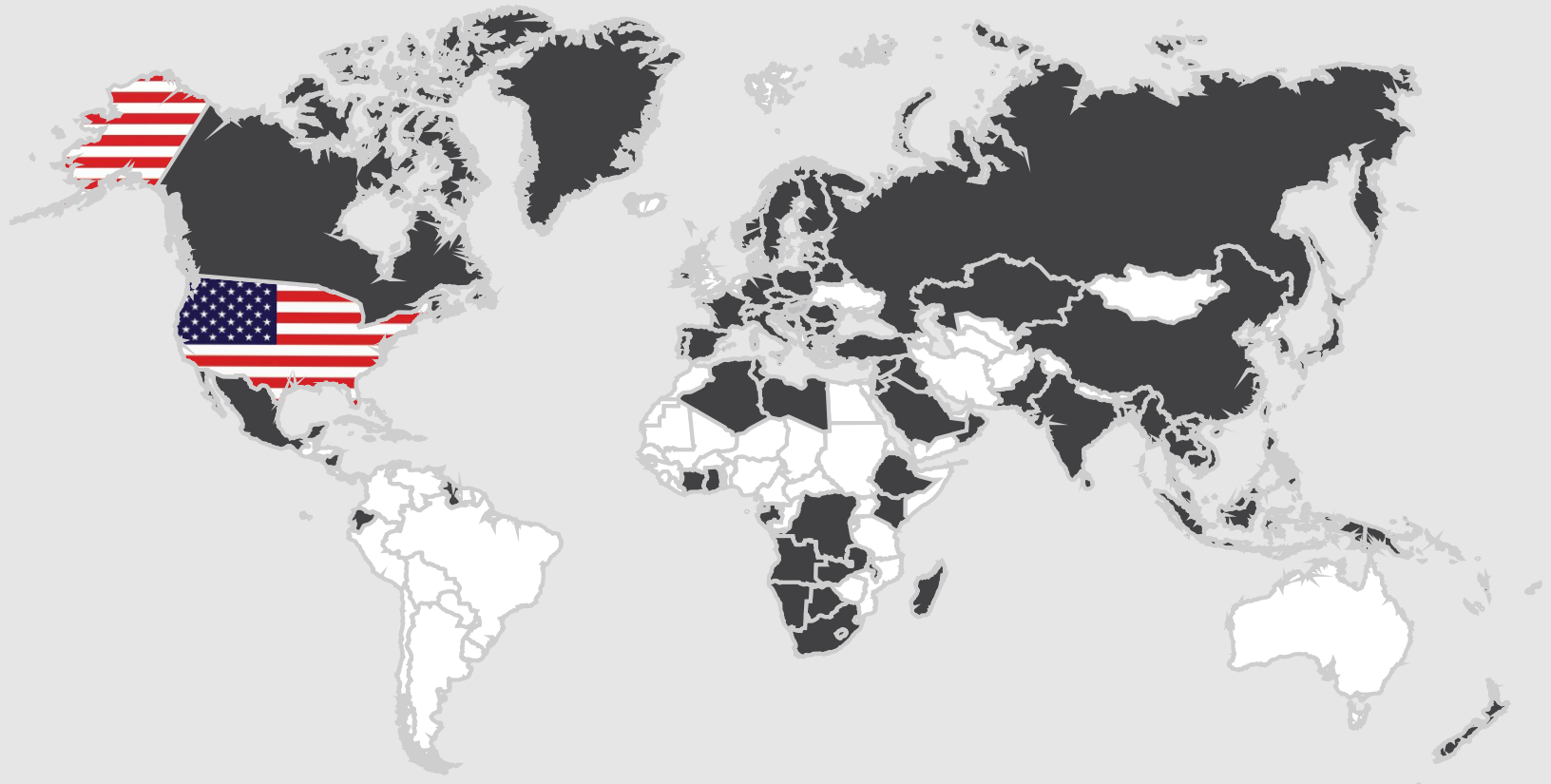


Source: (1) Bloomberg. Data as of March 26, 2025.

# US Trade Deficits With Over 100 Countries

The United States has trade deficits with more than 100 countries globally. Whether through a coordinated or more coercive path, one of the primary objectives of a Mar-a-Lago Accord would be to reduce US trade deficits by way of a re-industrialization of America.

■ US trade deficits



Source: (1) Sidley Austin LLP. World Integrate Trade Solution. Full year data as of 2022.

# Key Benefits of a Mar-a-Lago Accord

Similar to its approach to geopolitics and trade, the Trump Administration has transformative ambitions to restructure the global financial system. Derived in part from ideas in a Nov 2024 paper by Stephen Miran, the Head of Trump's Council of Economic Advisors (CEA), a Mar-a-Lago Accord would aim to: (1) restructure US debt obligations; (2) weaken the US dollar; (3) restore the strength of the US manufacturing sector and (4) rebalance long-standing US trade deficits.



## Benefits to the United States

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- Swap US debt obligations for zero coupon, long-dated bonds
- Weaken US Dollar
- Reduce US trade deficits
- Strengthen / expand US manufacturing sector



## Benefits to Other Countries

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- "Coordinated" vs "coercive" global rebalancing
- Sharp reduction in US tariffs
- Access to US economy & consumer
- American security architecture

# Headwinds to a Mar-a-Lago Agreement

A Mar-a-Lago accord to ease US debt burdens would require massive global financial cooperation. Notably, most USTs are owned by the private sector. In the public sector, the benefits of a Mar-a-Lago accord are not likely to be sufficiently strong, nor the “trust” sufficiently high, to reach an agreement. China, in particular, will be weary of Japan’s economic path following the 1985 Plaza Accord.

## Headwinds to Mar-a-Lago Accord

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### **Relationship Headwinds**



- Incentives for Japan, China & Europe much less today than 1985
- Discord in current “trade war” climate
- Japan’s disinflationary precedent following 1985 Plaza Accord

### **Geo-strategic Headwinds**



- Limited “trust” in US security architecture commitments
- Defense umbrella not relevant to China

### **Economic & Market Headwinds**

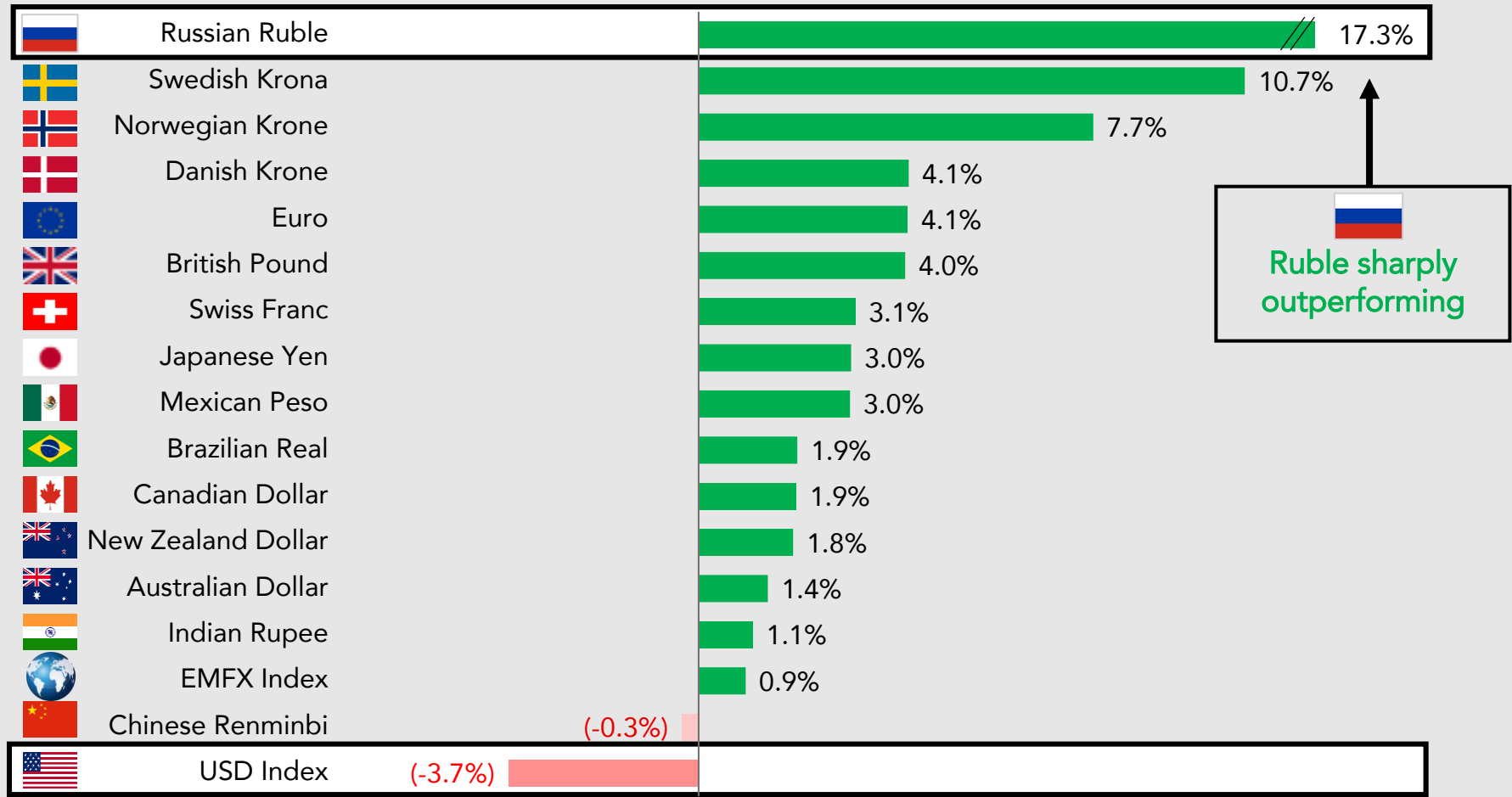


- Execution risks could undermine global financial stability
- Most USTs are owned by the private sector
- Long-dated, zero coupon bonds not compelling
- Sustained & outsized US Dollar depreciation (> 20%) is difficult
- Linkage between US dollar & trade deficits have weakened
- US Sovereign Wealth Fund (SWF) viability given high structural deficits



# Softer US Dollar Since Trade War Began on Feb 1

Currency performance vs. USD since Feb 1, 2025



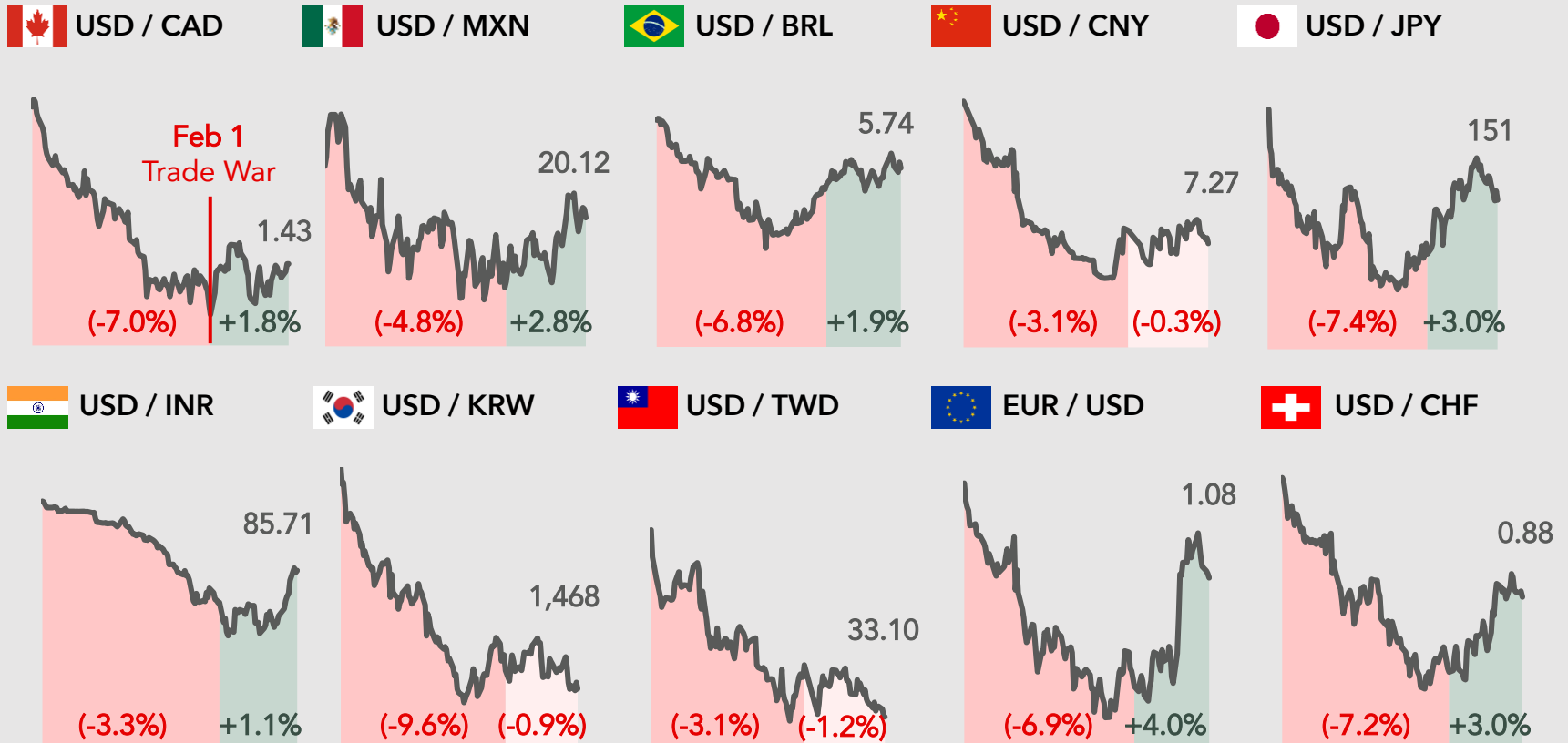
Source: (1) Bloomberg. Data as of March 26, 2025.

# Softer US Dollar Since Trade War Began on Feb 1

The "Trump trade" dollar strengthening that accelerated after October 1 has begun to unwind across many currency pairs since the trade war began on Feb 1.

Currency performance vs. US Dollar since October 1, 2024

## Large Trade-Based Economies



Source: (1-10) Bloomberg. Data as of March 26, 2025. All currencies graphed vs. USD to show depreciation.

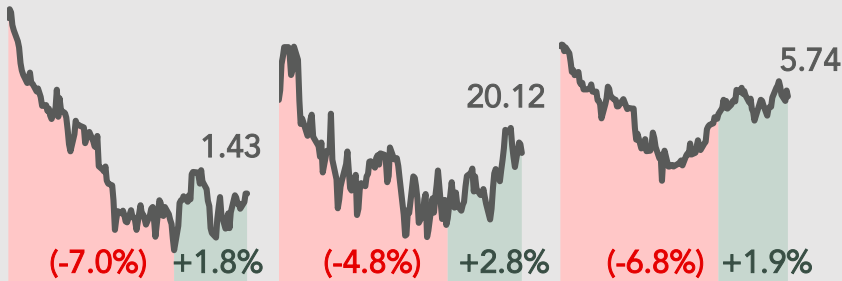
# Softer US Dollar Since Trade War Began on Feb 1

The "Trump trade" dollar strengthening that accelerated after October 1 has begun to unwind across many currency pairs since the trade war began on Feb 1.

Currency performance vs. US Dollar since October 1, 2024

## Large Exporters of Steel & Aluminum to the US

 USD / CAD   
  USD / MXN   
  USD / BRL



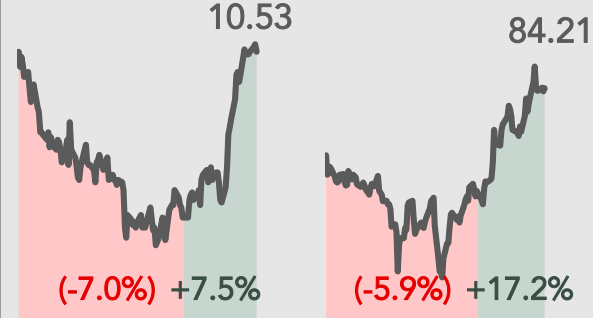
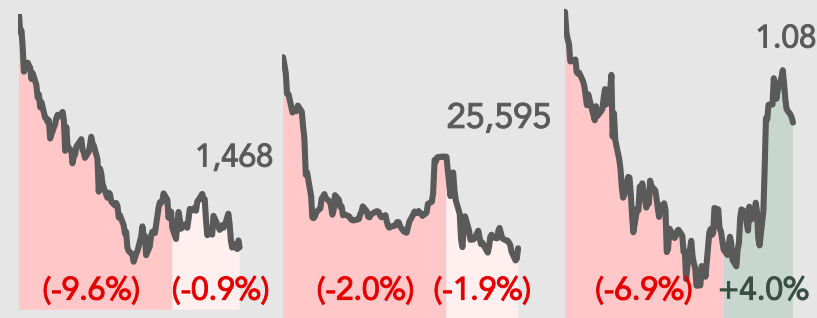
## Major Commodity-Linked Currencies

 AUD / USD   
  USD / IDR   
  USD / ZAR



 USD / KRW   
  USD / VND   
  EUR / USD

 USD / NOK   
  USD / RUB

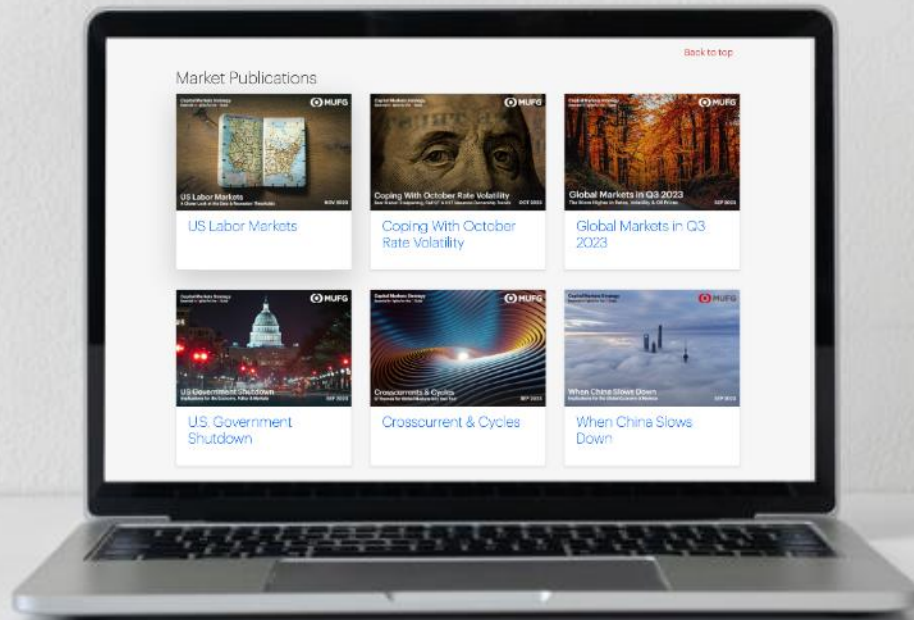


Source: (1-11) Bloomberg. Data as of March 26, 2025. All currencies graphed vs. USD to show depreciation.



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## **Role**

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

## **Experience**

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

## **Education**

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

## **Personal**

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

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### Role

Stephanie Kendal is a Vice President in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

### Experience

Stephanie has spent nearly eight years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

### Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

### Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.



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### Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

### Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.



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