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Trump Is Engineering a Global 'Paradigm Shift.' It Doesn't Favor U.S. Stocks.

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Given the uncertainty about policies, which change almost by the hour in Washington and may be equally unpredictable elsewhere, making absolute pronouncements about investment portfolios seems foolish. Even Trump [warned of "a little disturbance"](#) in his speech to Congress this past week as stocks headed for their worst week since September. Bessent warned on Friday in a CNBC interview that the economy is heading for "a detox period."

The highest-conviction trades coming into 2025—buy U.S. exceptionalism and the Mag 7, avoid the rest of the world, sell bonds—have been turned on their head. Chinese and German stocks are up by double digits since Jan. 20, while the U.S.—and notably information tech and consumer-discretionary stocks—is down since then.