# Macro Pulse Report

December 2024

# From the desk of the Chief Economist

Acuite RATINGS & RESEARCH

Dear Readers

Let me first wish you and your families a wonderful year ahead in 2025 with good health and happiness!

2024 was clearly positive from a political stability perspective with the ruling party and its allies getting re-elected in June and also retaining control over most of the states which went for polls in the year. But the year fell short of expectations on the economic growth front. Real GDP growth slowed down to 6.6% in Jun'24 quarter and then, unexpectedly to 5.4% in the Sep'24 quarter. This made us revise our FY25 GDP growth forecasts to 6.4% from the original 7.0%. Some of the factors behind the slowdown were the impact of excess rains in certain parts of the country and a material delay in government capital expenditure, a fallout of the elections. Higher interest rates and the regulatory tightening in retail loans did have some impact on urban consumer demand. The rural engine of the economy though has been a better performer, and the agricultural sector is poised for 3%+ growth in FY25.

Inflation continues to be a difficult animal to control for policymakers. While the headline CPI inflation dropped below 4% in Jul-Aug'24, it saw a resurgence due to excess rains and high vegetable prices. But the good news is that vegetable prices are finally on the decline, and this should help in headline inflation coming closer to 4.5% over the next few months.

With the growth slowdown and the expected moderation in inflation, there is a high likelihood of the much-awaited rate cut in Feb'25. Nevertheless, it's still not an easy decision for the RBI given the severe headwinds on the external front - a resilient US economy, a stronger USD and expectation of a combative tariff policy from the new US administration, leading to significant capital outflows and a pressure on the INR which has breached the 86 level.

Despite the disappointments, the funding environment in the domestic capital market continues to be favourable. This should spur a steady pickup in investments by the private sector in 2025. We estimate GDP growth to recover to around 6.8% in the second half of FY25. But economic reforms will be necessary to enhance employment levels and boost domestic demand, key to 7.0%+ growth over the medium to long term. We look forward to some of these reform measures in the upcoming Union Budget.

-**Suman Chowdhury, Chief Economist and Executive Director**

# Q2 FY25 GDP growth slump, led by industry

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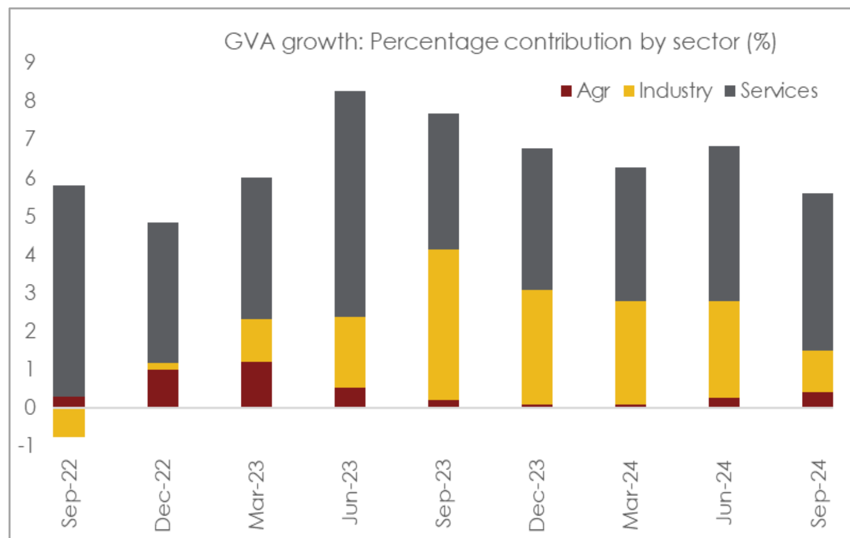
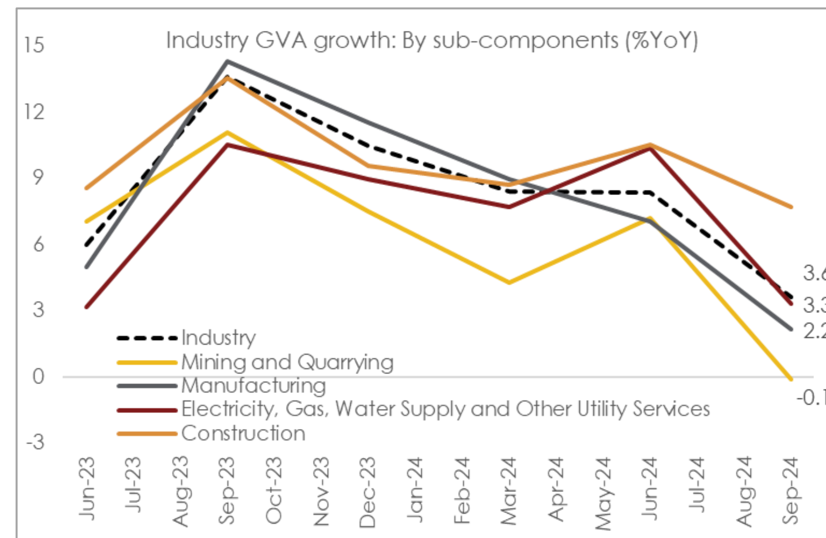
GDP growth sharply disappointed in Q2 FY25, slipping to a 7-quarter low of 5.4%YoY from 6.7% in Q1. Deceleration was predominantly led by industry activity, driven by temporary factors such as excessive rains over Aug-Sep-24 and a slow traction in pace of Government capex spending.

Weakness in Q2 FY25 corporate earnings did serve as a harbinger of an industrial growth slowdown, though the deterioration in sales growth was not pervasive and limited to a handful of sectors such as petroleum products, iron and steel and cement.



# Festive season buoys Q3 FY25 momentum

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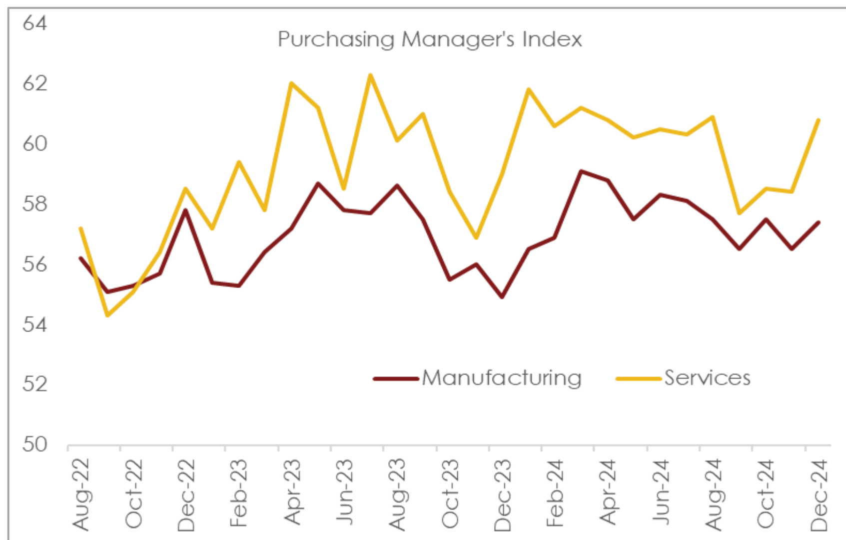
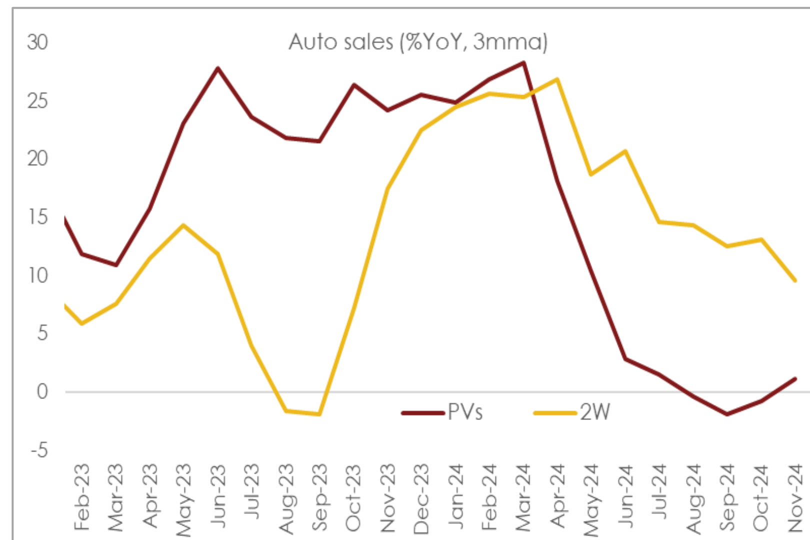
Both PMI for manufacturing and services have bounced back as per preliminary readings in Dec-24, with the composite index rising to a 4-month high. New domestic orders were strong for both sectors.

Passenger vehicle sales have recovered, with growth on a trend basis moving in positive in Nov-24 (+1.2%), compared to contraction over the previous three months.



# Can the growth momentum last? Urban consumption faces headwinds

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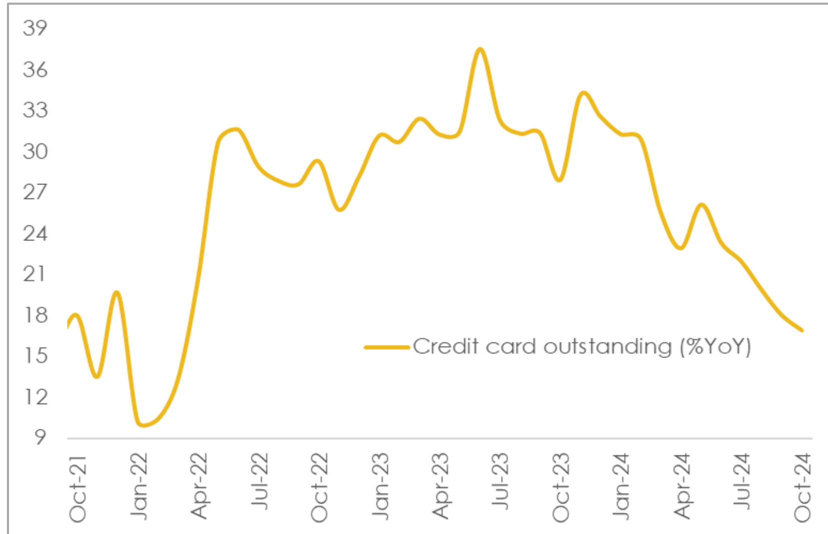
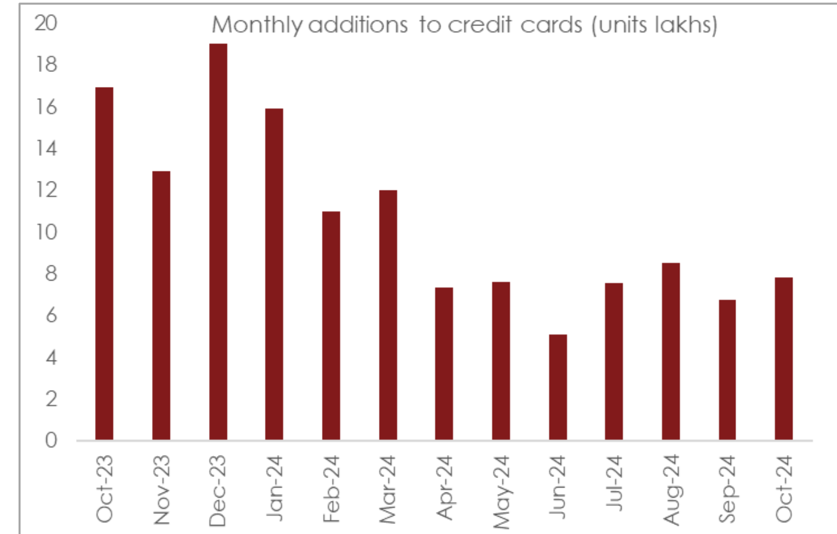
Growth in credit card outstanding has continued to decelerate, now near a 2-1/2 year low in Oct-24, reflecting the ongoing slowdown in urban demand. This correction needs to be juxtaposed with RBI's regulatory measures on unsecured lending announced last year, as well as a recent warning by the RBI Governor to NBFCs to curb aggressive lending practices, which could lead to further downsides.

From a lender's perspective, monthly additions to credit cards issued to customers have seen a steady decline over the last year, indicating the reluctance towards unsecured lending.



# Propelled by agriculture, prospects for rural economy encouragingly remain bright

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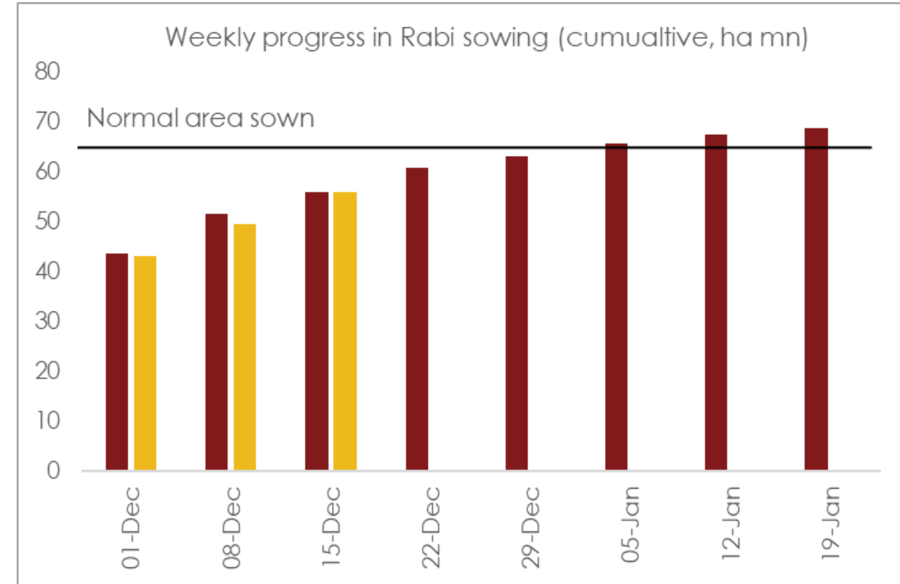
The southwest monsoon, which ended the season with 8% surplus rain, is expected to boost Kharif output to a record high this year. The key Kharif crop of rice is estimated to see a production rise of ~6% on an annualized basis.

| First advance estimate for Kharif (in Mn tons) | | | |
|---|---|---|---|
| Crop | 2023-24 | 2024-25 | Increase |
| Rice | 113.26 | 119.93 | 5.9 |
| Maize | 22.24 | 24.54 | 10.3 |
| Pulses | 6.97 | 6.95 | -0.3 |
| Coarse cereals | 35.5 | 37.8 | 6.5 |
| Total oilseeds | 24.16 | 25.74 | 6.5 |
| Sugarcane | 453.16 | 439.3 | -3.1 |
| Cotton | 32.52 | 29.92 | -8.0 |

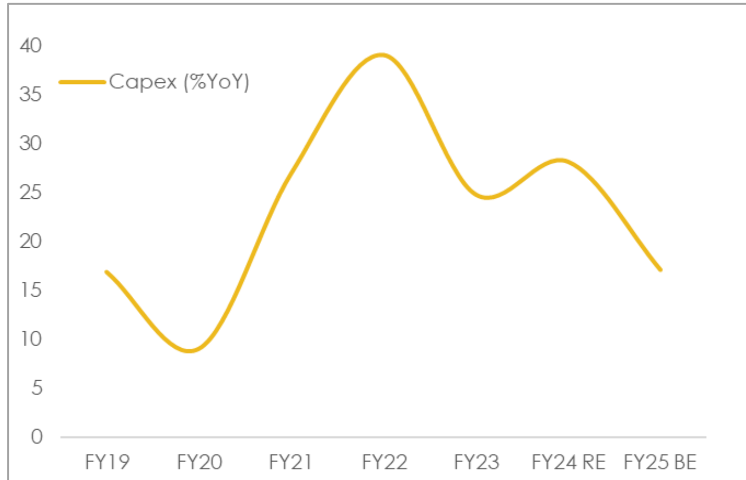
Rabi sowing as of mid-Dec-24 has kept up pace with last year's levels. As of 15th Dec-24, 55.8 mn ha of area has been sown i.e., ~85% of total normal area

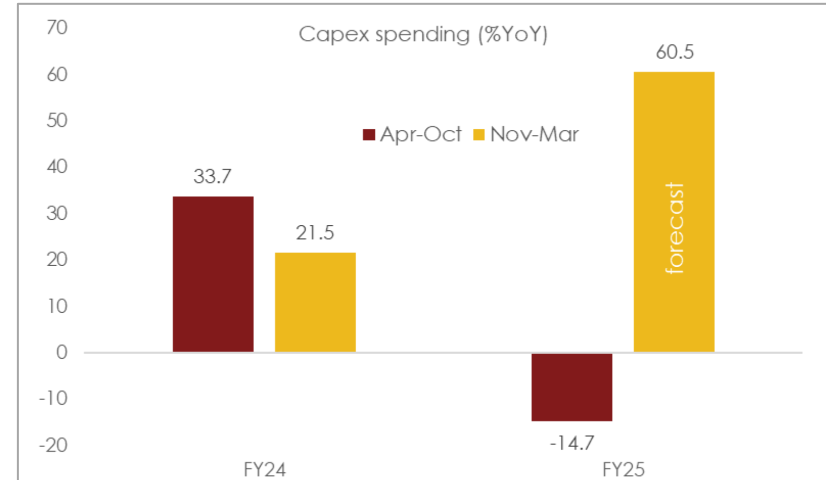


# Government capex support to pick up in H2 FY25, but can BE be met?

The Union budget pegged the level of capex at Rs 11.1 tn. In annualised terms, though this translates into a growth of ~17% in FY25, compared to >30% growth on average in the last 4 years, it continues to underpin the government's thrust on capex to support growth.

The pace of capex spending has remained subdued so far. Earlier in the year, heatwaves coupled with general elections weighed on spending, which failed to pick up in Q2 and early Q3 FY25. As such, in a bid to meet full-year BE, government spending would have to increase by nearly 60% on an annualised basis between Nov-Mar-25. While we expect a backloaded recovery in government capex, there is a growing possibility of capex spending undershooting BE in FY25.



# Gradual private capex recovery underway

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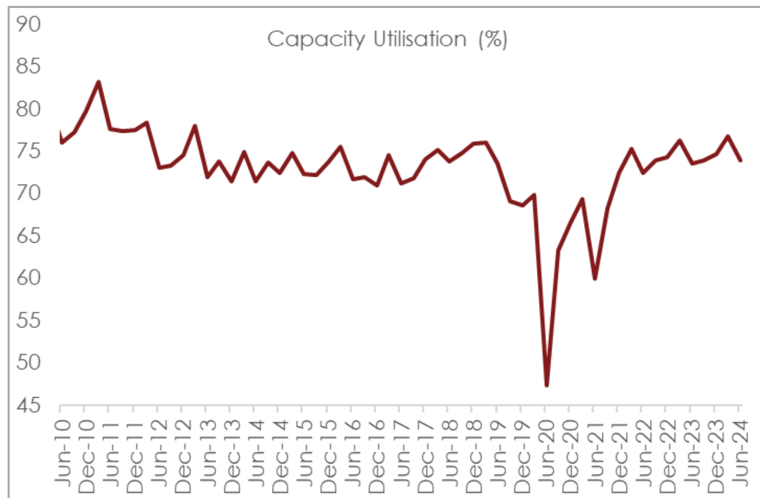
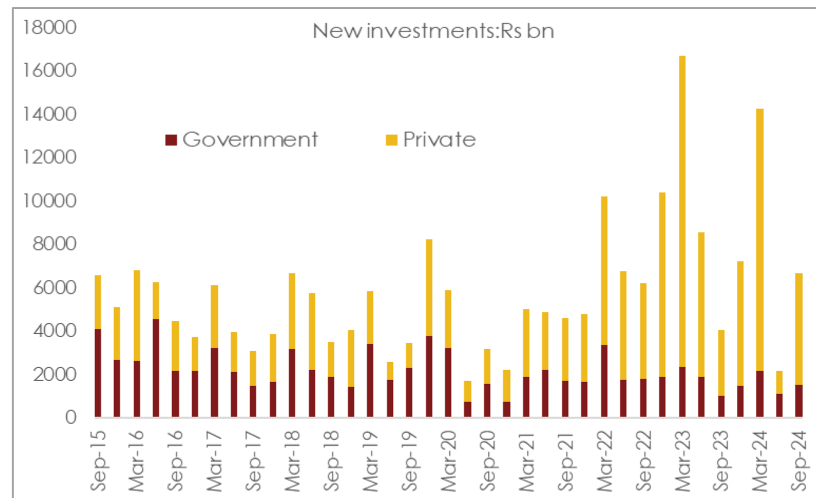
Capacity utilisation levels have improved to ~75% on a trend basis over the last 6 quarters as per RBI's OBICUS survey. With healthier corporate balance sheets and broad comfort from the global commodity cycle, a gradual private capex recovery appears to be underway.

After experiencing a lull in Q1 amidst election-related uncertainty, new investments announced by the private sector rose in the quarter ending Sep-24 – underscoring a gradual turnaround in private capex. Having said that, the visibility of durable domestic demand would be critical for a broad-based turnaround in private capex to take shape.



# Outlook: FY25 GDP growth revised lower to 6.4%

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The downward surprise in Q2 FY25 GDP data, has prompted us to revise our FY25 GDP growth forecast lower to 6.4% (vs. RBI's estimate at 6.6%) from 7.0% earlier. This implies H2 FY25 growth of 6.6-6.7% compared to 6.0% in H1, premised on agriculture strength, back-ended pick-up in government capex spending and festive/wedding season demand buoyancy in Q3 FY25.

1) An adverse base
2) Moderation in urban leveraged consumption to continue
3) Government's fiscal impulse remains lower
4) Global economic environment remains vulnerable fraught with geopolitical tensions and Trump 2.0 on anvil
5) Swing in input price inflation from negative to positive to weigh on manufacturing value-added

1) Above normal monsoon brighten Kharif prospects
2) Outlook for Rabi also positive
3) Rural demand witnessing a gradual recovery
4) Capex cycle to turn more broad-based

# CPI inflation decelerates in Nov-24, offers relief

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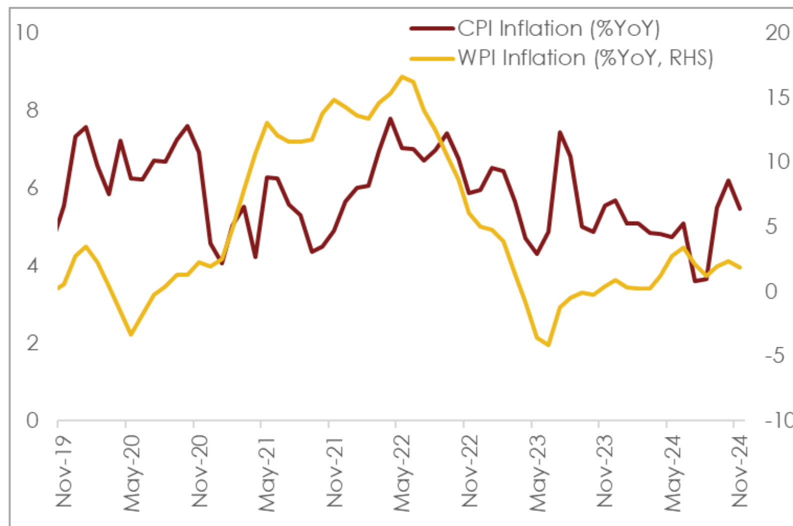
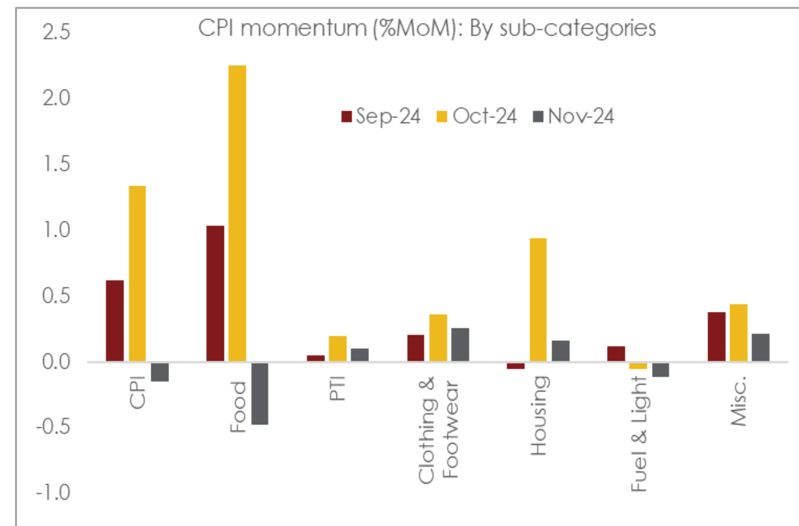
CPI inflation decelerated in Nov-24 in line with expectations to 5.48%YoY from 6.21% in Oct-24. In a similar vein, WPI inflation eased to 1.89%YoY in Nov-24 from 2.36% in the previous month.

On a sequential basis, the CPI index declined by 0.15 %MoM, in contrast to a build-up in prices historically recorded in November. The downside was led by food prices, with the Food & beverages index easing by 0.48 %MoM and annualised inflation for the sub-category easing to 8.20% in Nov-24 from a 15-month high of 9.69% in Oct-24.



# Veggies though remain a pain point

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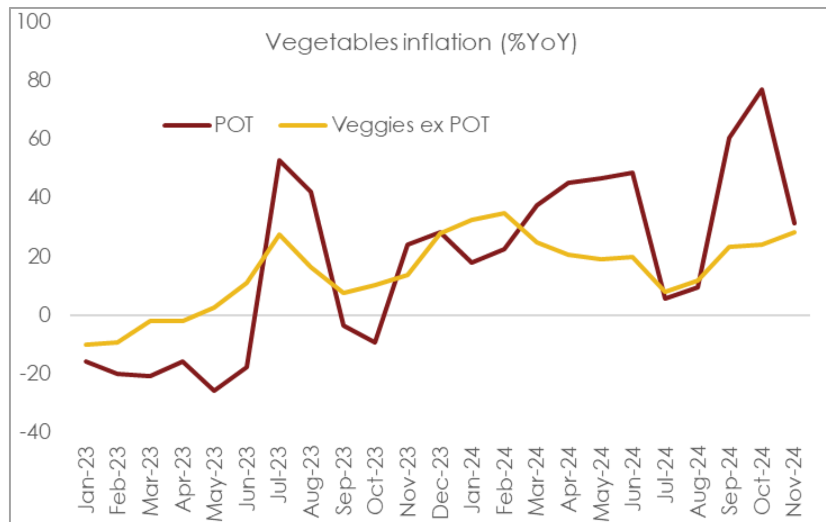
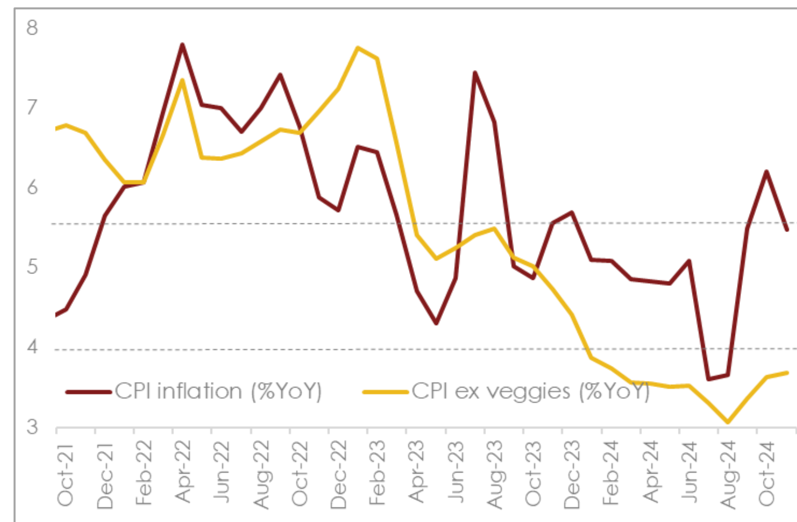
Much of the decline in food price momentum in Nov-24 was led by vegetable prices, which predominantly by Tomatoes. As such the TOP* inflation more than halved to 31.4%YoY vs. 76.9% in Oct-24. However, veggies ex. TOP continued to see a build-up in inflation, underscoring a less-than-seasonal correction in winter vegetables.

CPI ex. Veggies inflation has mainly remained well behaved over the last 1 year, clocking at 3.7%YoY as of Nov-24. Frequent volatility/spikes in vegetable prices have been a key factor that has lent a persistent upside to headline CPI inflation.




*OTP = Tomato, Onion, Potatoes

# Food price momentum needs to correct for inflation to decelerate further

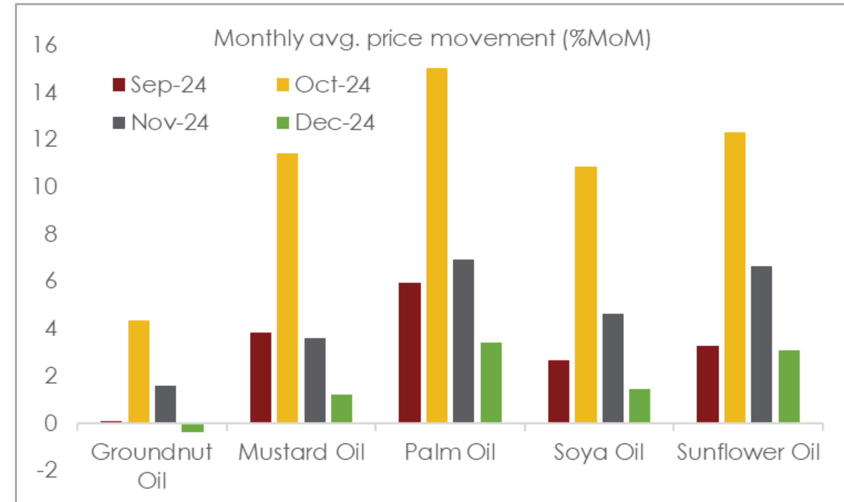
Vegetable prices have continued to correct further in Dec-24, although the pace of deceleration has been slow (vs. Nov-24 as well as in comparison to seasonal trends)

**High frequency prices (%MoM)**

| Vegetables (%MoM) | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 |
|---|---|---|---|---|---|---|
| Bitter Gourd | 1.2 | -12.6 | 0.7 | -7.2 | -4.6 | -8.7 |
| Brinjal | 15.3 | -3.5 | -9.6 | 23.7 | -18.5 | -1.9 |
| Cabbage | 28.0 | -12.3 | -3.9 | 4.3 | 0.6 | -5.0 |
| Cauliflower | 9.3 | -12.9 | 16.3 | 1.0 | -14.5 | -27.9 |
| Chilly | 22.8 | -15.8 | 0.2 | 18.0 | -24.1 | -11.6 |
| Garlic | 1.2 | 4.8 | 11.1 | 7.7 | 0.3 | 13.7 |
| Ginger | -3.8 | -10.0 | -4.0 | -2.3 | -23.1 | -11.0 |
| Okra | 10.2 | -12.1 | -8.6 | -0.7 | 4.1 | 2.2 |
| Onion | 7.6 | 11.7 | 19.0 | 6.2 | 7.5 | -2.8 |
| Peas | 25.6 | -39.6 | 89.9 | 14.4 | -47.8 | -45.0 |
| Potato | 7.6 | 1.4 | 1.5 | 6.8 | 1.5 | -0.8 |
| Tomato | 61.8 | -30.6 | 1.6 | 39.8 | -27.9 | -4.9 |
| **All Vegetables** | **13.8** | **-8.3** | **6.2** | **10.0** | **-9.0** | **-3.2** |

The price momentum for edible oils has also been easing after the Sep-24 revision in customs duty-led spike seen in the months of Sep-Oct-24.

Both vegetable and edible oil prices need to be corrected sequentially over the next 2-3 months for food inflation to come off.



# Prospects for Rabi season remain strong

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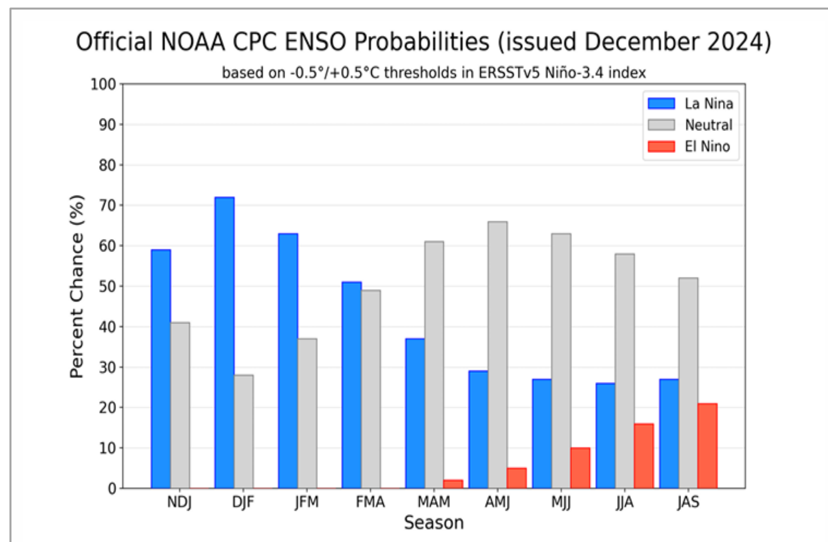
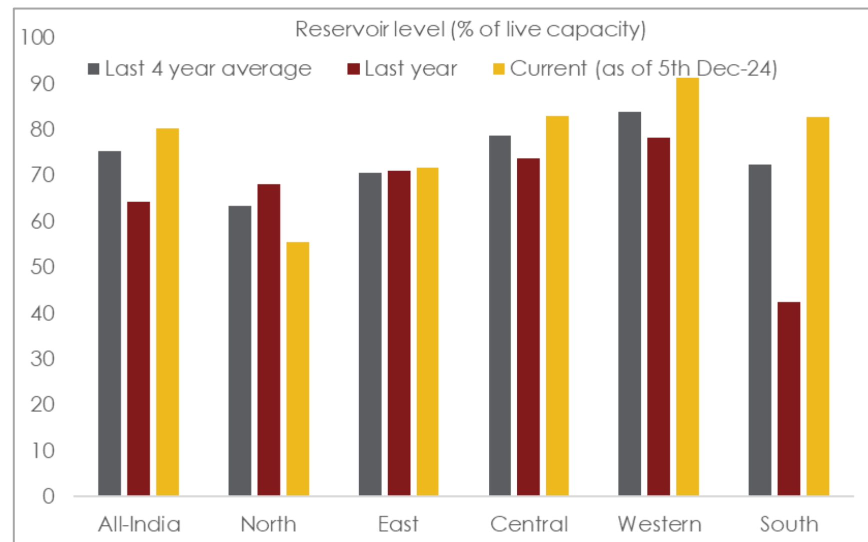
While food price pressures have shown signs of dissipating since Nov-24 amidst a supportive winter seasonality kicking in, healthy reservoir levels and expectation of a favourable Rabi output later in the year should keep price pressures in check over the next 4-6 months. The imminent onset of La Nina during Nov-24 and Jan-25, with a 59% probability, augurs well for Rabi prospects.

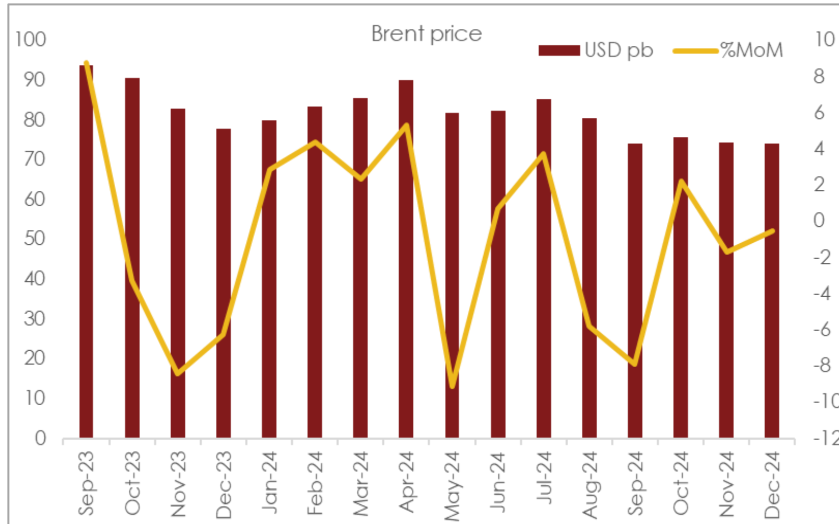


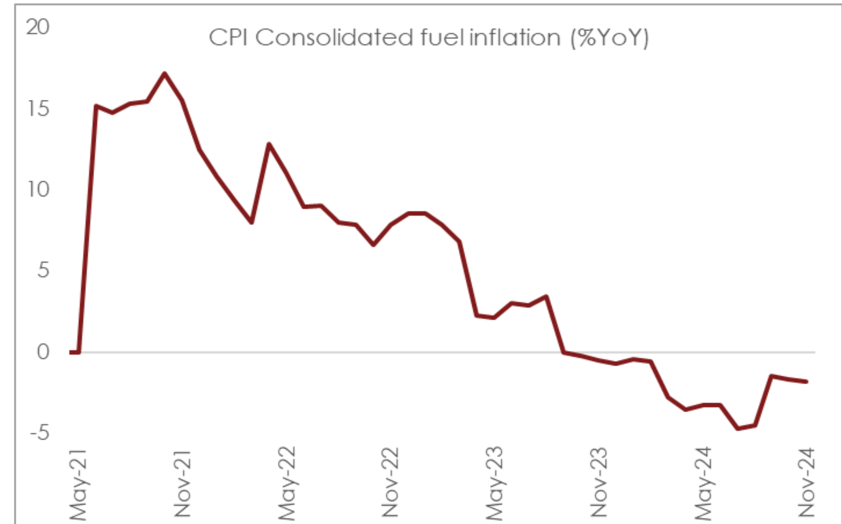



# Global crude prices remain ranged, eyes on geopolitics

Despite OPEC+'s decision to extend their production cuts until Jan-25, weakness has continued in global oil markets on faltering demand from China and rising US inventories. Brent crude price has corrected sequentially by 2.2% so far since Nov-24 beginning.

Consolidated domestic fuel inflation remained in negative territory for the fifteenth consecutive month, printing at -1.8% YoY in Nov-24 vs. -1.7% in Oct-24.



# FY25 CPI inflation to average at 4.7%

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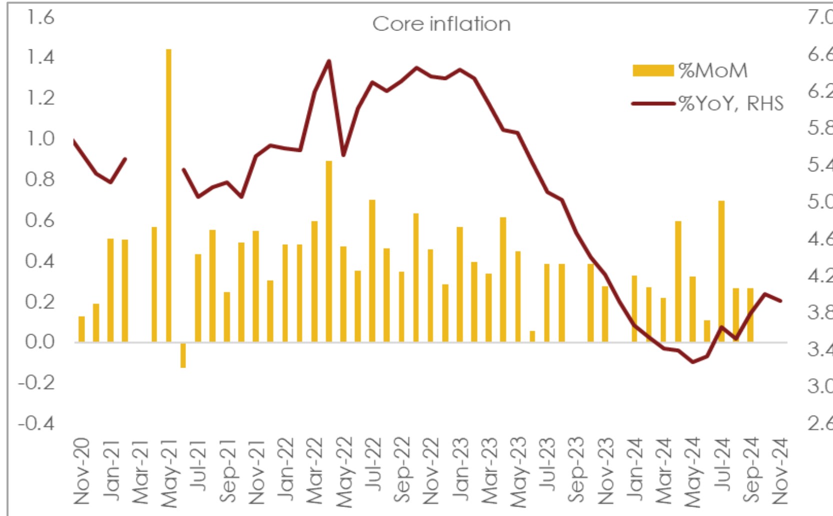
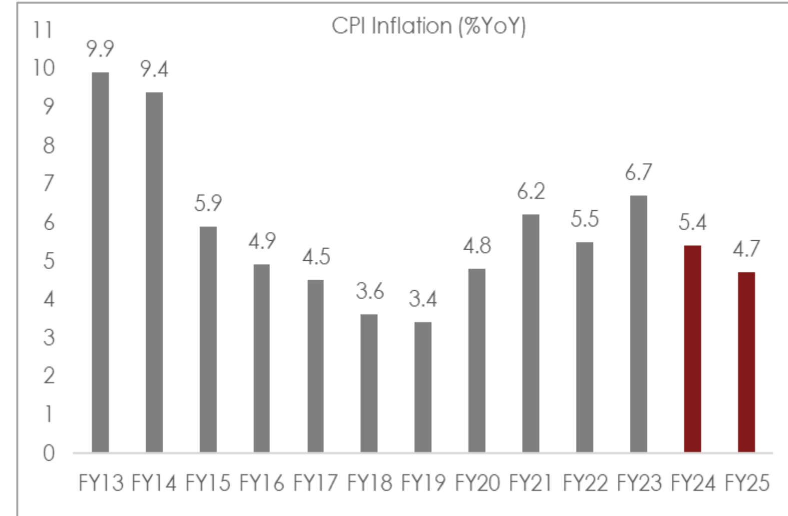
Core CPI inflation eased marginally in Nov-24 to 3.9% YoY from 4.0% in Oct-24. The annualised moderation was led by Personal care & effects (as the international price of gold eased) and Household goods & services (owing to an end to the festive season).

We hold on to our FY25 CPI inflation forecast upwards to 4.7% (vs. RBI's upwardly revised estimate of 4.8%) from 4.5% earlier. We do expect food prices to revert in the coming months as the Kharif harvest comes on board and the winter season offers support.



# Snapshot of Apr-Oct FY25 fiscal performance

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The cumulative fiscal deficit for the period Apr-Oct FY25 stood at 46.5% of the budget estimate, lower than 48.6% of actuals in the corresponding period in FY24. This is predominantly on account of the relatively lower pace of expenditure disbursal (esp. capital), notwithstanding the lower pace of revenue accretion.

**Key Fiscal Variables (Cumulative position, as of October)**

| | % of FY Actual/Target | | %YoY | |
|---|---|---|---|---|
| | FY24 | FY25 | FY24 | FY25 |
| **Revenue Receipts** | 57.5 | 54.5 | 16.1 | 8.7 |
| Net Tax | 56.0 | 50.5 | 11.2 | 0.2 |
| Non-Tax | 66.1 | 73.2 | 48.7 | 50.2 |
| **Non-Debt Capital Receipts** | 38.0 | 24.1 | -35.6 | -18.2 |
| **Total Receipts** | **57.0** | **53.7** | **14.8** | **8.3** |
| | | | | |
| **Revenue Expenditure** | 52.9 | 54.1 | 6.5 | 8.7 |
| *of which, Interest Payments* | *51.2* | *51.3* | *13.3* | *9.4* |
| *of which, Major Subsidies* | *56.0* | *65.2* | *-3.0* | *7.3* |
| **Capital Expenditure** | 57.7 | 42.0 | 33.7 | -14.7 |
| **Total Expenditure** | **53.9** | **51.3** | **11.7** | **3.3** |
| | | | | |
| **Fiscal Deficit** | **48.6** | **46.5** | **-** | **-** |

# Despite some moderation, overall revenue collection remains healthy

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On an aggregate basis, gross tax collection is maintaining the budgeted run rate. However, there are internal variations. While the upside (vis-a-vis the budgeted growth) is being led by income tax, customs, and GST; corporate tax and excise collections are trailing their respective budget estimates.

| Growth in key tax categories | Apr-Oct FY24 (% YoY) | Apr-Oct FY25 (% YoY) | FY25 BE (% change) |
|---|---|---|---|
| **Gross Tax** | **14.0** | **10.8** | **10.8** |
| Corporate Tax | 17.4 | 1.2 | 12.0 |
| Income Tax | 31.1 | 20.2 | 13.6 |
| Customs | 1.2 | 6.2 | 2.0 |
| Excise | -9.3 | 0.6 | 4.5 |
| GST | 8.4 | 12.0 | 11.0 |
| **Net Tax** | **11.2** | **0.2** | **11.0** |

Divestments made a beginning with a modest FYTD collection of Rs 44 bn from SUUTI remittances and stake dilution in GIC and Cochin Shipyard. The likelihood of disinvestment undershooting the budgeted target remains high.

In contrast strong momentum in non-tax revenue is running beyond the outsized support from record high RBI dividend. The collection of dividends and profits from PSEs is growing at its fastest pace in the post-COVID phase so far.

| Dividends and Profits excluding RBI | Amount (Rs bn) |
|---|---|
| Apr-Oct FY21 | 100 |
| Apr-Oct FY22 | 187 |
| Apr-Oct FY23 | 279 |
| Apr-Oct FY24 | 371 |
| Apr-Oct FY25 | 534 |

# Would capex disbursal fall short of its budgeted target?

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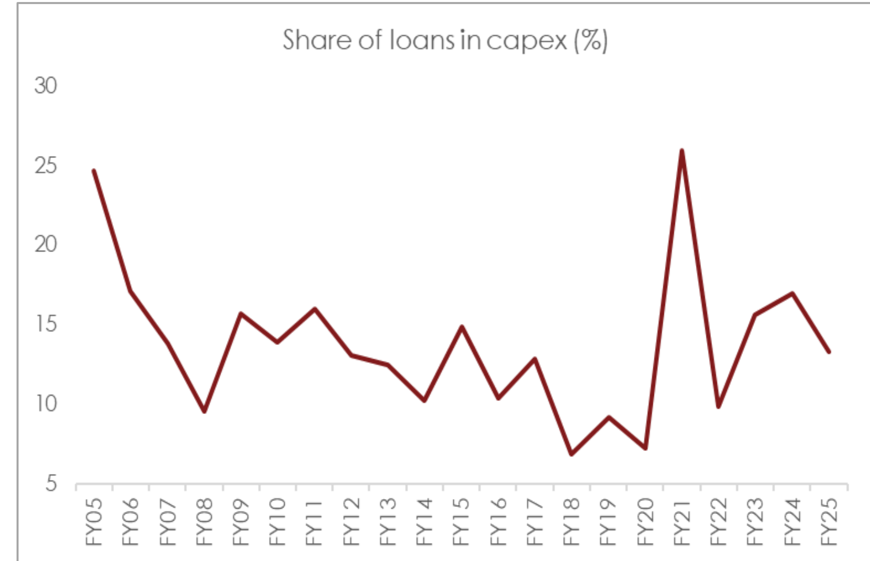
Election and the government formation thereafter resulted in a slowdown in capex disbursal over Apr-Oct FY25. If the government follows the average general election year trend of capex disbursal over Nov-Mar, then this could result in Rs 600 bn undershooting of the budgeted target (Scenario 2 below). However, the FY25 capex target could still be achieved if the government mimics its best capex disbursal run rate over Nov-Mar seen during past general election years.

| | Quantum (Rs bn) |
|---|---|
| FY25 capex target | 11111 |
| Actual capex during Apr-Oct FY25 | 4665 |
| Projected capex during Nov-Mar FY25 | |
| Scenario 1: With min run rate seen during past elections | 3113 |
| Scenario 2: With avg run rate seen during past elections | 5836 |
| Scenario 3: With max run rate seen during past elections | 9646 |

The composition of capex has tilted modestly towards incrementally higher long-term loans to states (tied to specific policy objectives).

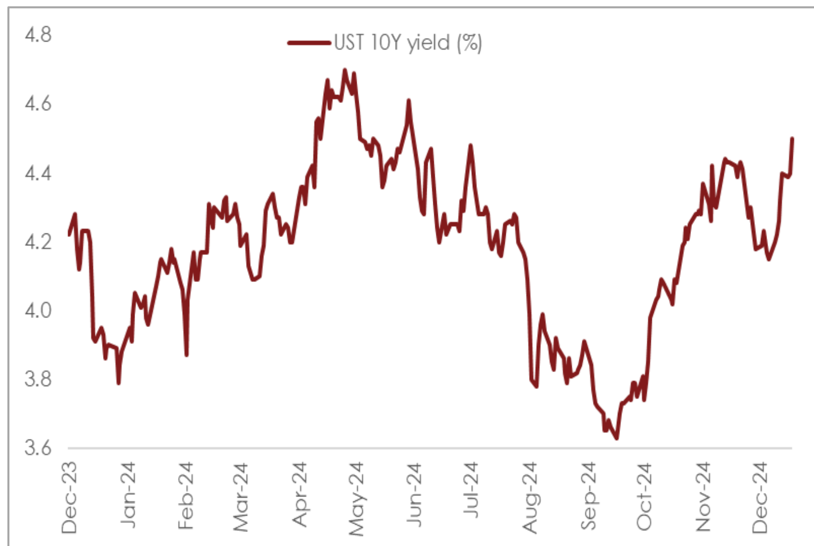



Note: FY25 depicts the cumulative trend for Apr-Sep period

**We expect FY25 fiscal deficit target of 4.9% of GDP to be met.**

# US rates aligning with the new political-economic reality

The UST market has staged a massive turnaround, with the 10Y yield climbing by 87 bps to 4.50% since its Sep-24 lows. A low of 3.63% seen in Sep-24 was led by market sentiment turning exceptionally dovish post the Sep-24 FOMC outcome…




…since then, better-than-expected economic data, along with a clear majority for Republicans in the US elections, resulted in a sharp turnaround in rates market sentiment. Trump's presidency in its second term is expected to see a renewed focus on trade tariffs and tax cuts for US corporates/consumers, which is speculated to be somewhat inflationary in the near term.

**Number of seats won by each party in the 2024 US elections**

| | Republicans | Democrats |
|---|---|---|
| President[1] | 312 | 226 |
| Senate[2] | 53 | 47 |
| House[3] | 220 | 215 |

Note:
[1] 270 seats to win
[2] 50 seats for majority
[3] 218 seats for majority

# US fiscal and trade policy will shape the global sentiment in 2025

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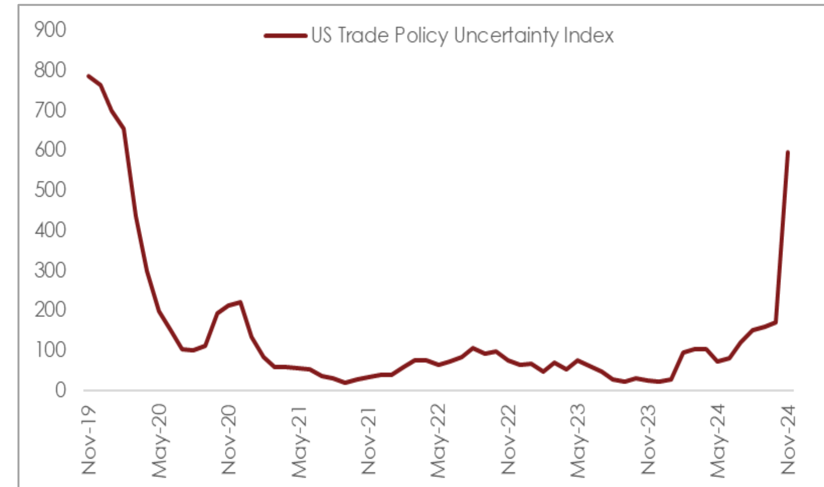
The IMF projected (in Oct-24) a mild improvement in the US fiscal profile over the next 5 years. Despite the projection of consolidation, the average fiscal deficit was likely to be higher vis-à-vis the pre-COVID average. Now, there is a likelihood that the US fiscal deficit profile under Trump's presidency could potentially get worse than it was projected earlier.

| Trajectory of fiscal deficit in the US (net borrowing as % of GDP) | |
|---|---|
| Pre COVID average (2015-19) | 4.8 |
| COVID years (2020-22) | 9.6 |
| Post COVID average (2023-24) | 7.3 |
| 5Y forecast average (2025-29) | 6.5 |

Note: Data for 2024 and beyond are estimates by the IMF

Elevated trade uncertainty does not augur well for global manufacturing, esp. if countries are forced to get into an unproductive tariff war.



# Implications for Fed's monetary policy and its impact on India

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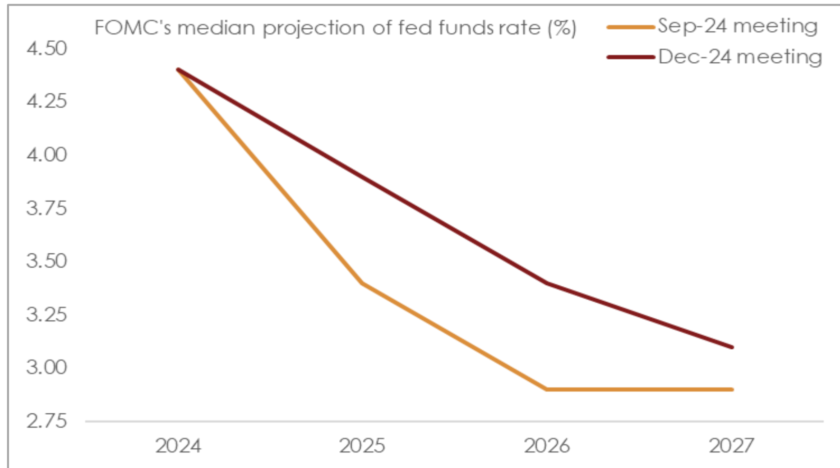
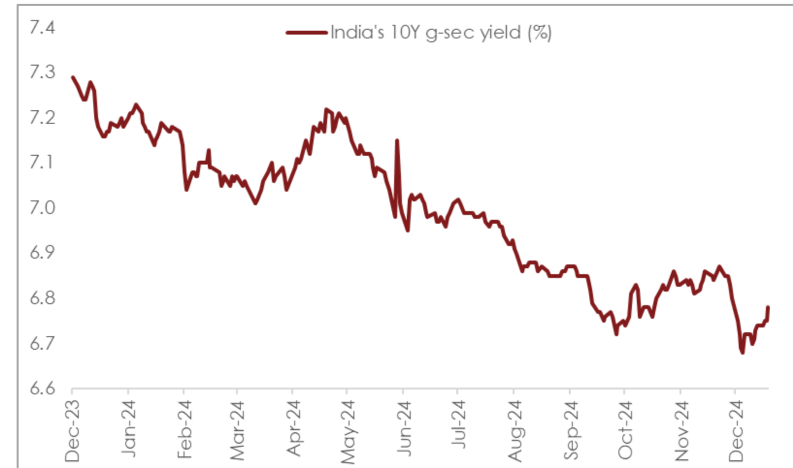
Although the US Fed delivered the anticipated 25 bps rate cut at the Dec-24 policy review, it raised its projection for the Fed funds rate for the end of 2025 and 2026 by 50 bps each, respectively. This implies just a 50 bps rate cut in the whole of 2025 compared to the Sep-24 projection of a 100 bps rate cut.

Fed's hawkish cut in Dec-24 will weigh upon global rates sentiment. This could potentially limit the space for monetary easing by EM central banks (including the RBI) in 2025. However, we believe this will have a minimal impact on the Indian g-sec market, which currently has a supply tailwind. The 10Y g-sec yield is currently trading at 6.78%, up three bps since the Dec-24 FOMC policy outcome.

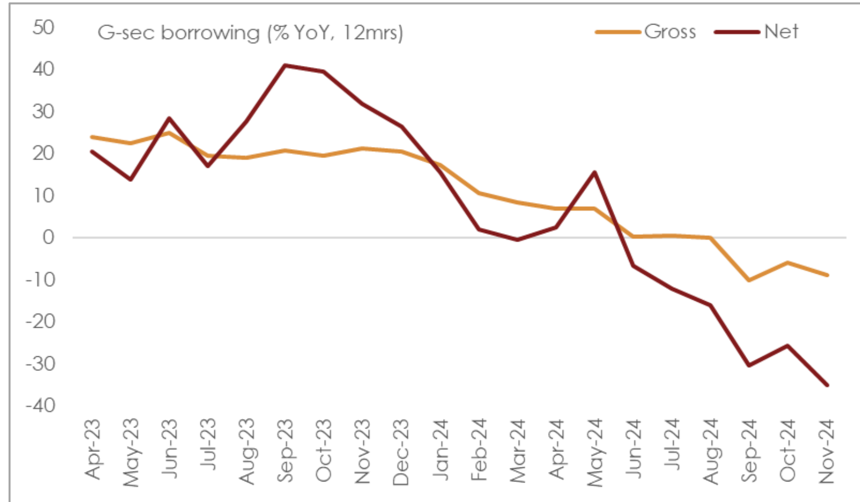


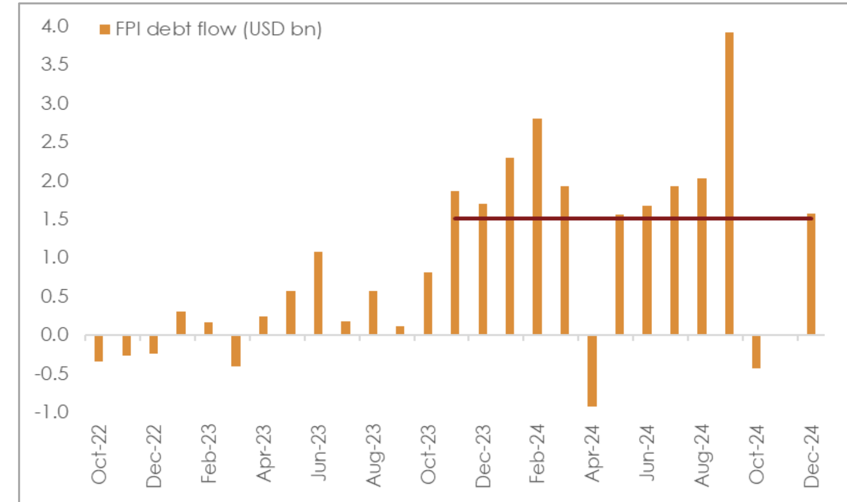



# G-sec supply-demand situation continues to remain supportive

Benefit of fiscal consolidation is manifesting in the form of annualized contraction in g-sec supply.

Post the announcement of India's inclusion in the JPM EMBI in Sep-23, FPI debt flow has averaged at USD 1.5 bn on a monthly basis. India's inclusion in the EMGBI by FTSE Russell from Sep-25 is likely to attract USD 4.5 bn additional inflow.



# Near-term caution on the inflation front continues to linger

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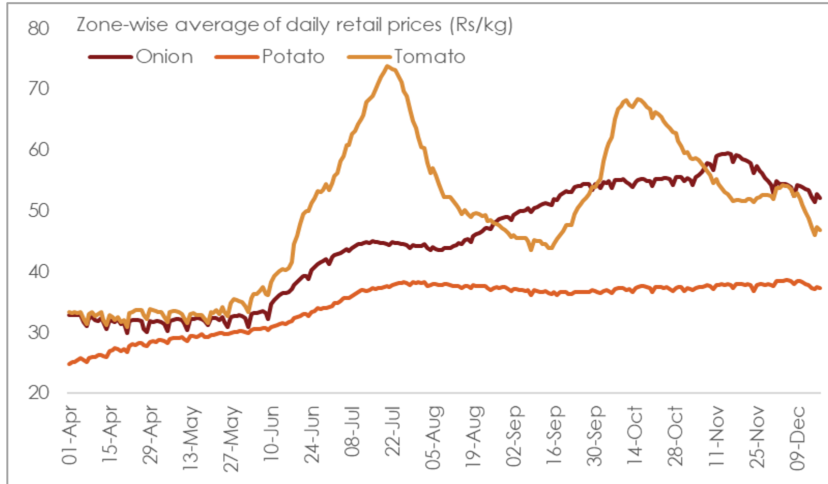
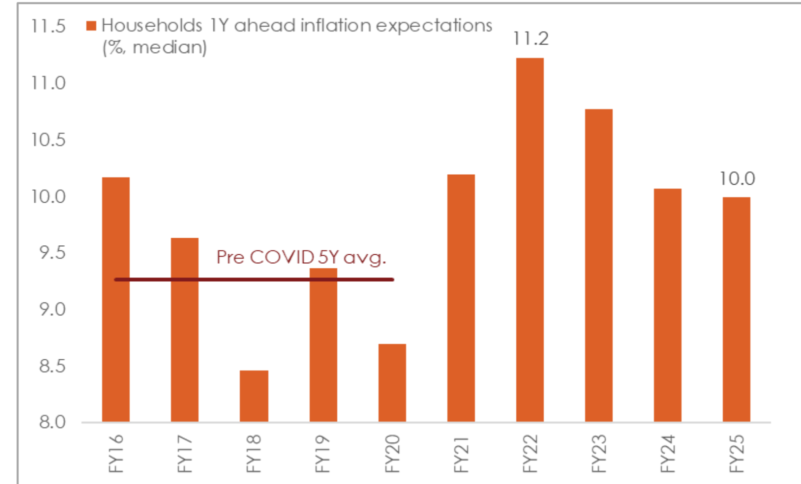
Food inflation continues to pose concerns. Key vegetable prices (Tomato, Onion, and Potato) have been elevated in recent months due to erratic rains. While tomato prices have started to correct since Nov-24, the price correction for onion is nascent, while potato prices are still flatlining.




The lagged impact of past increases in input prices, along with price pass-through in certain sectors (like telecom), has reversed the declining trend in Core CPI inflation. In addition, notwithstanding the moderation in the last 2-3 years, household inflation expectations continue to remain elevated and above the pre-COVID levels.



# Rates outlook

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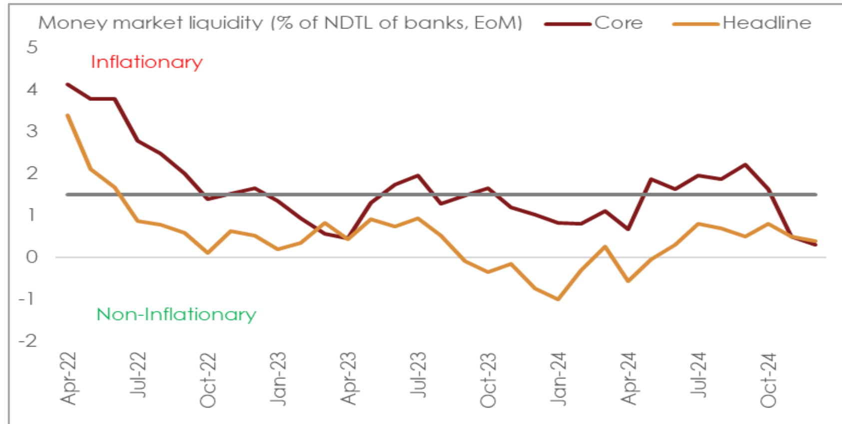
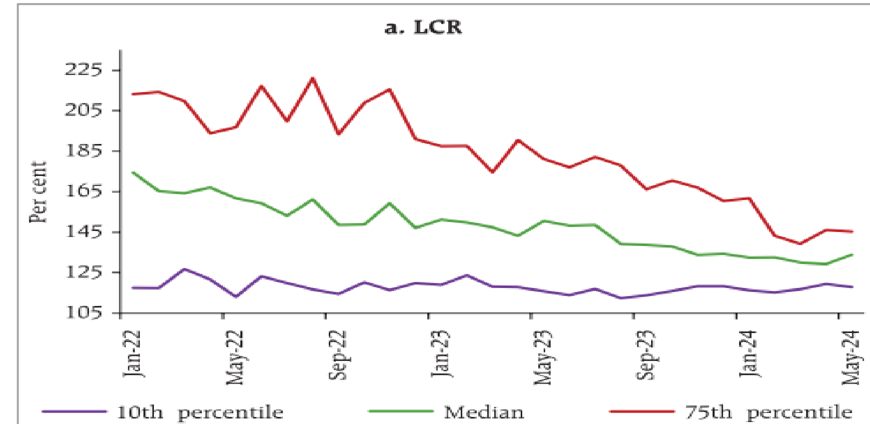
Unsterilised FX intervention by the RBI in a bid to curb INR volatility resulted in core liquidity surplus shrinking from 2.2% of NDTL on Sep 27th to 0.3% on Dec 6th. The 50 bps CRR cut announced on Dec 6th will infuse Rs 1.16 tn durable liquidity and somewhat replenish core liquidity. With the downside risk to growth outweighing the upside risk to inflation, the MPC could consider a 25 bps rate cut at its Feb-25 policy review.

RBI's draft circular on the proposed changes in the Basel III framework on banks' liquidity standards (effective Apr-25) could result in a ~10% decline in the LCR, thereby potentially spurring g-sec demand worth Rs 3-4 trillion.




**We maintain our 10Y g-sec yield forecast of 6.50% for Mar-25 on visibility of RBI's rate pivot, likelihood of further index inclusion, and scope for regulatory demand for g-secs in FY25. Meanwhile, INR depreciation poses an upside risk.**

# Concerns over near-term domestic macro composition is weighing upon INR

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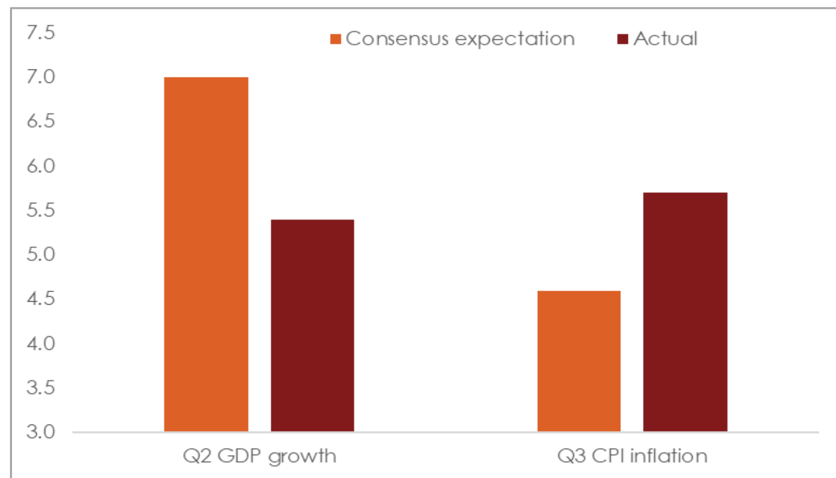
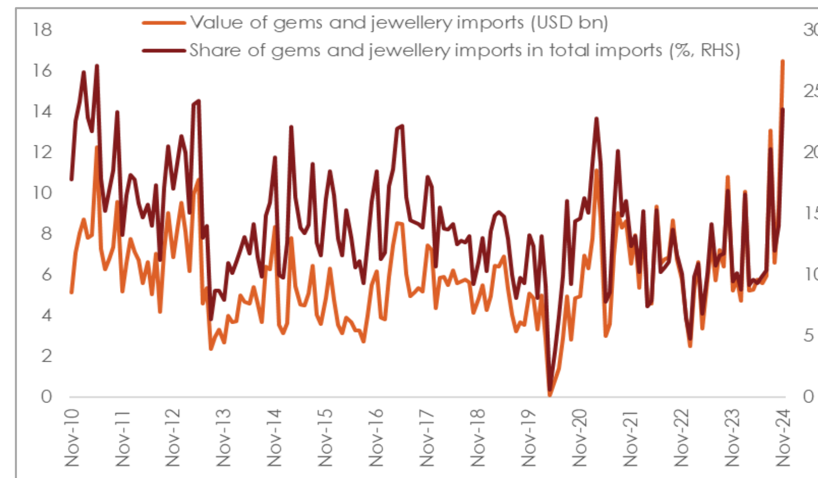
A sharp negative surprise in Q2 GDP growth, along with a higher-than-expected CPI inflation outturn in Q3 FY25, has led to a reassessment of the growth-inflation balance for FY25.




Note: Consensus expectation is based on the median value form 1-quarter ahead Survey of Professional Forecasters conducted in Sep-24. Actual value of Q3 CPI inflation is our estimate basis available information for Oct-Nov.

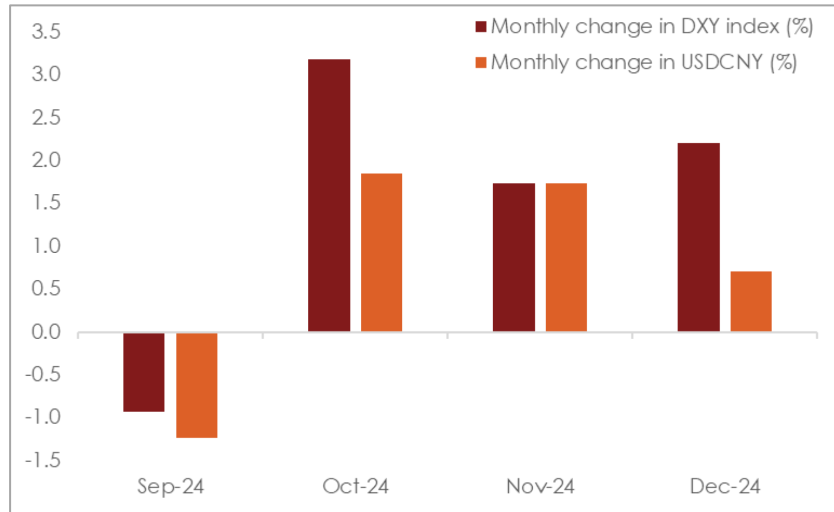
Gold imports have shot up significantly in the last 4 months. While the initial spike can be attributed to the relaxation of custom duty in the Jul-24 Union Budget, the recent spurt is likely on account of seasonal demand playing out amidst record-high international prices.



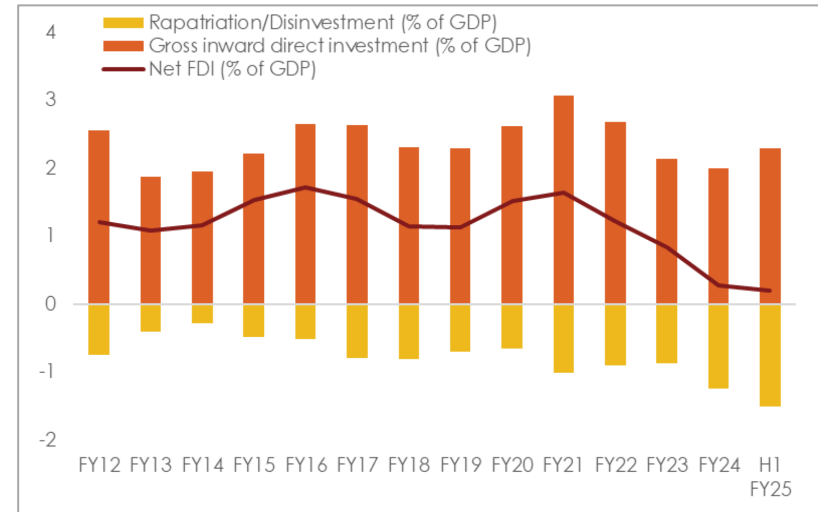

Note: As per media reports, gold import data for Nov-24 got inflated (by as much as 30%) due to a measurement error. An official corrigendum is expected on this matter. Even if one adjusts the Nov-24 gold import figures for the reporting error, the quantum could still be elevated, similar to the Aug-24 peak levels.

# Meanwhile, the global backdrop stays uncertain and adverse

In the last 3-months, the broad-based strength in the USD coupled with weakness in CNY has been weighing upon EM currencies, like the INR.



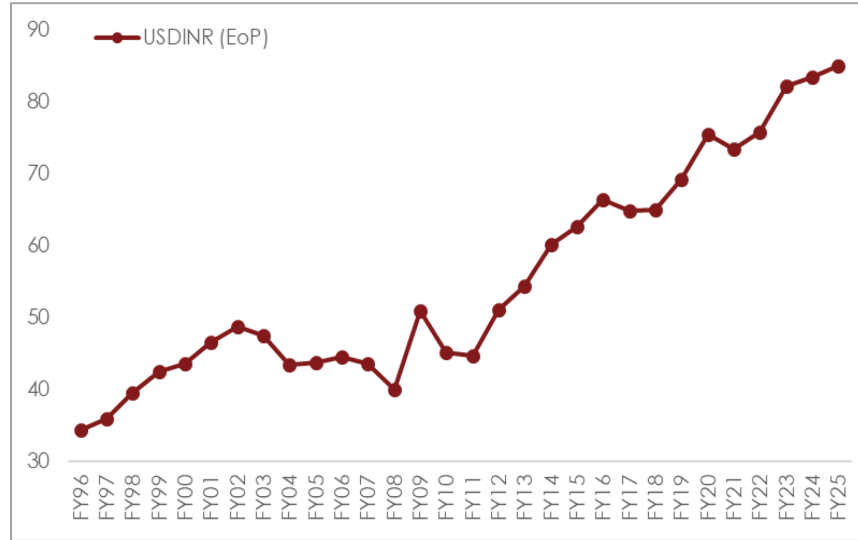

Net FDI has plummeted to a paltry 0.2% of GDP in H1 FY25 due to a sharp increase in repatriation/disinvestment (likely on account of PE/VC investors booking profits ahead of US elections and elevated valuations.

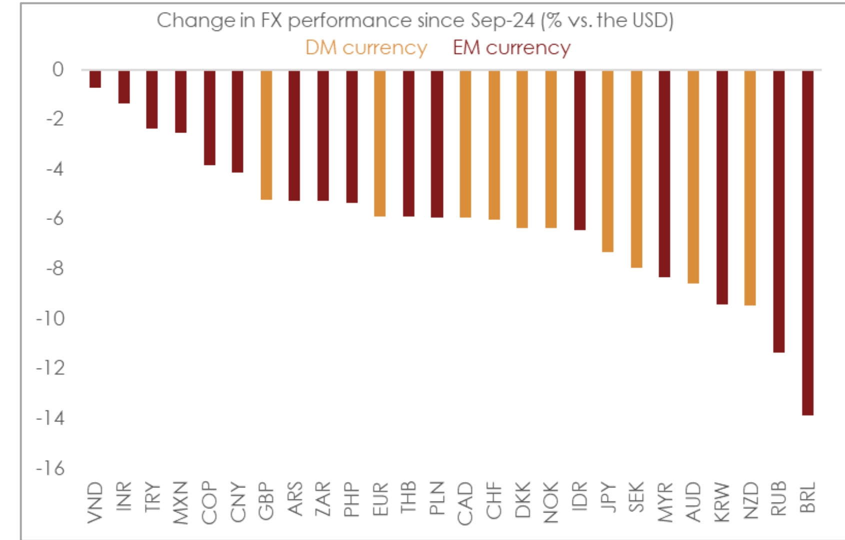


# INR touches a new low, but volatility remains contained

The rupee created a fresh all-time low in Dec-24, touching the 85 level for the first time against the US dollar.

However, realised volatility in INR has been one the lowest amongst key DM and EM currencies.

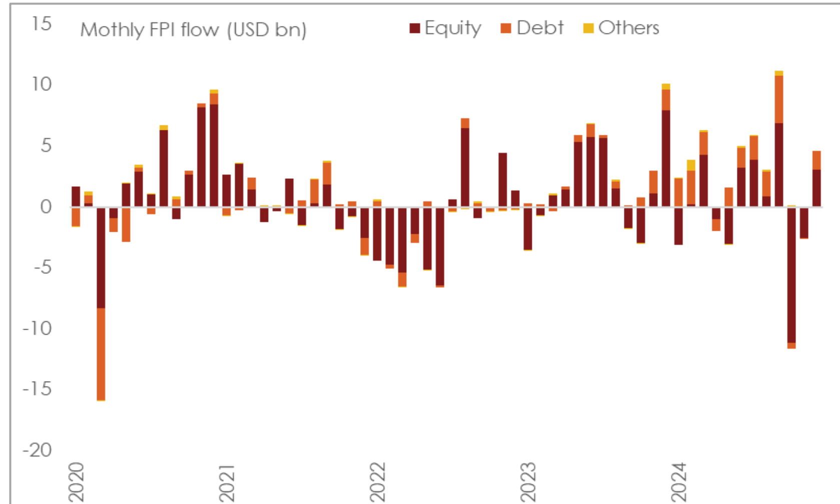


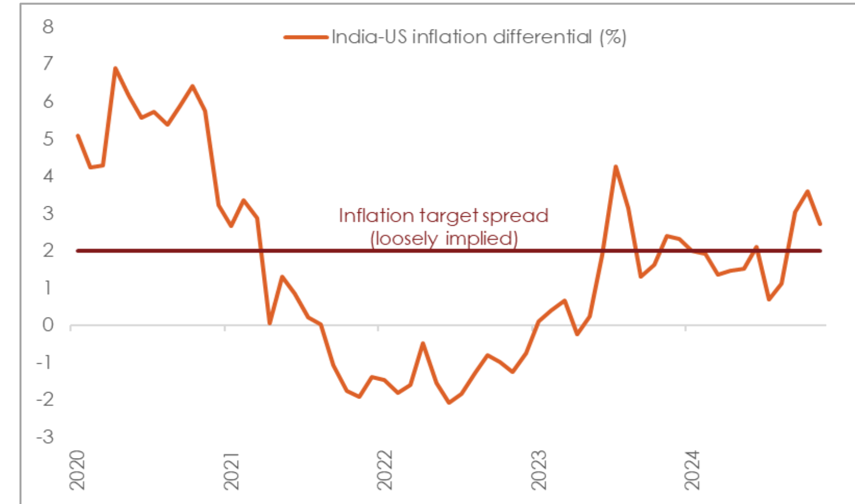



# Although portfolio flows have recovered in Dec-24, inflation differentials continue to weigh

The persistence of geopolitical tensions, policy stimulus in China, and Trump-induced anticipated global economic uncertainty are resulting in a churn in global portfolio flows. Notwithstanding the recovery in Dec-24, FYTD (Apr-Dec) FPI flows stood at USD 12.1 bn so far, sharply lower vs. USD 31.7 bn inflow seen in the corresponding period in FY24.

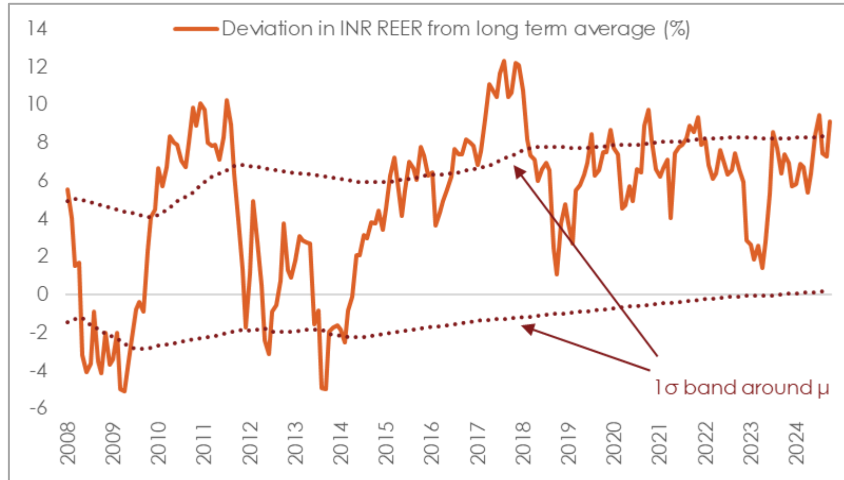
Recent spike in domestic food price pressures has moved the relative inflation differential against India.



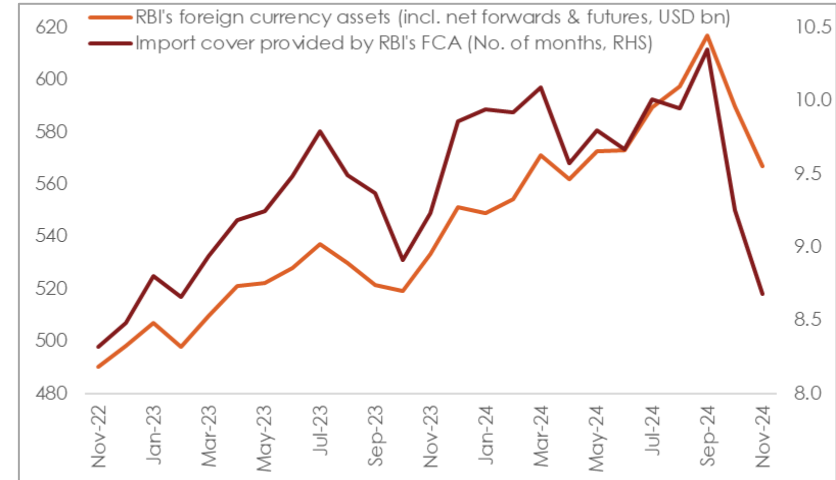



# Overvaluation persists; reserves facing drawdown pressure

INR is currently ~9% overvalued basis the REER's long period average. This points towards space for some adjustment.




After scaling a record high, RBI's foreign currency assets declined by USD 51 bn since Oct-24. The level of FCA currently stands at an 8-month low. Although the import cover remains relatively healthy at 8.7 months, it is nevertheless down sharply from its recent peak of 10.3 months in Sep-24, and currently stands at a 23-month low.




Note: The estimated import cover might see a minor upward bias depending upon the extent of speculated revision in gold import data for Nov-24.

# While growth remains in favour, BoP surplus to get narrower

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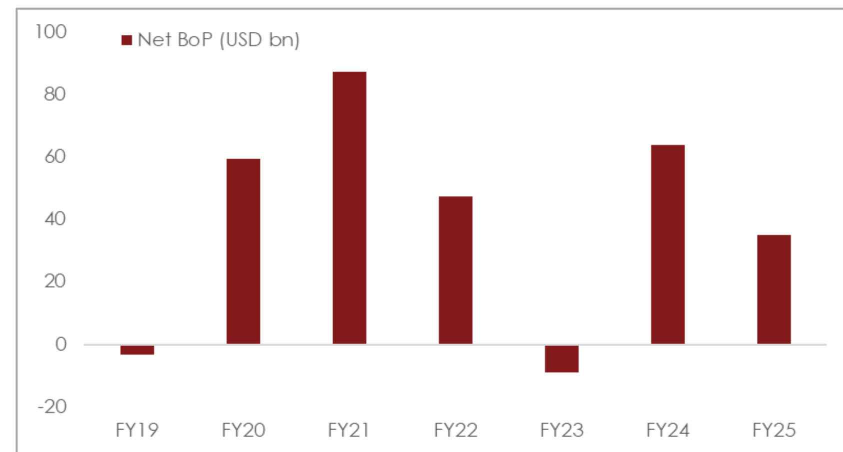
IMF projects India to be the fastest growing country within G20 over the course of 6-years.

| Year | Fastest Growing G20 Country | GDP growth of fastest growing country | Average G20 GDP growth excl. fastest growing country |
|---|---|---|---|
| 2024 | India | 7.0% | 1.7% |
| 2025 | India | 6.5% | 2.3% |
| 2026 | India | 6.5% | 2.4% |
| 2027 | India | 6.5% | 2.2% |
| 2028 | India | 6.5% | 2.2% |
| 2029 | India | 6.5% | 2.1% |

Note: Forecasts sourced from the IMF

We continue to project FY25 CAD at 1.2% of GDP. However, the slowdown in foreign investment flows has prompted us to revise and lower the FY25 BoP surplus to USD 35 bn from USD 50 bn earlier (the bulk of this is likely to be front-loaded in H1).




**With some concerns building over near-term domestic macro composition, the depreciation pressures on INR have exacerbated amidst an unfavourable global backdrop. We expect further weakness to unfold and maintain our USDINR forecast of 86.0 for Mar-25. Worsening of geopolitical risks and the Fed rate trajectory are key sources of risk.**

# US CPI inflation turning sticky

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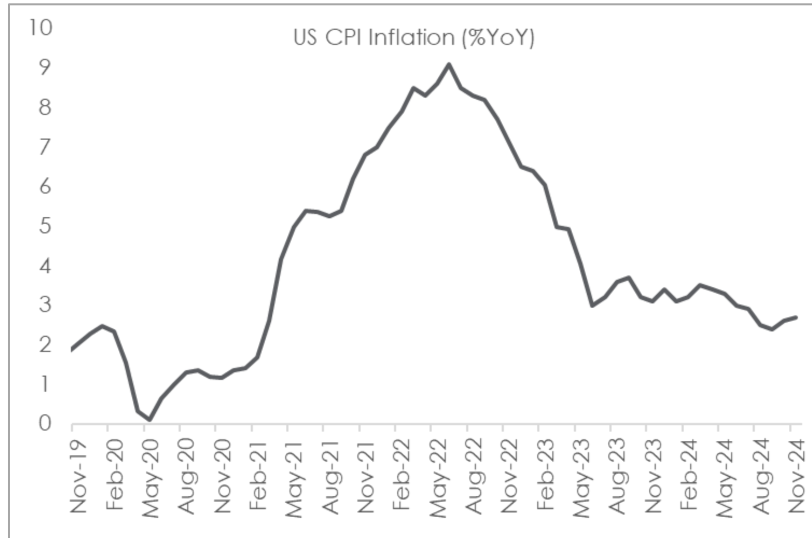
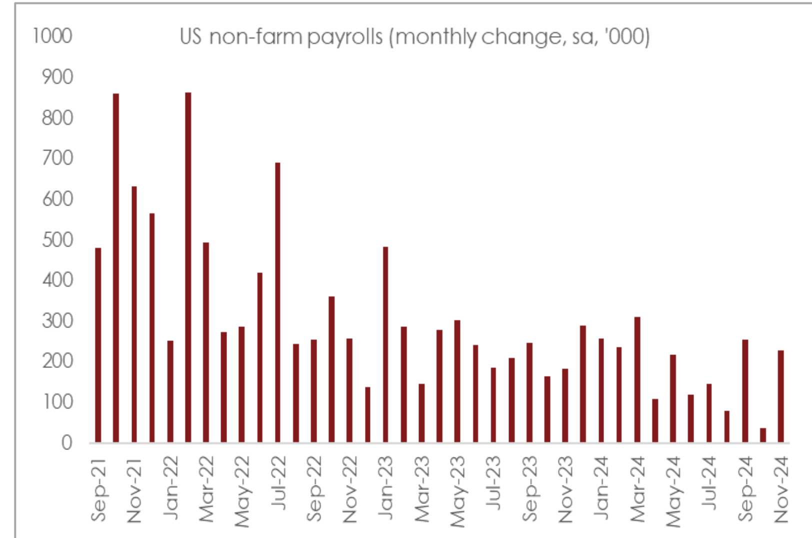
US CPI inflation rose for a 2nd consecutive month, in line with expectations, to 2.7%YoY in Nov-24 from 2.6% in Oct-24. The rise was partly influenced by low base effects, even as energy costs eased. Food inflation accelerated with prices falling much less for new vehicles. On a monthly basis, the CPI rose by 0.3% - the most since Apr-24.

Though Non-farm payrolls saw good traction in Nov-24, after being restricted by strikes and hurricanes in October 24, the unemployment rate rose to 4.2% after holding at 4.1% for two consecutive months.



# Fed cuts in Dec-24, what will it do here on?

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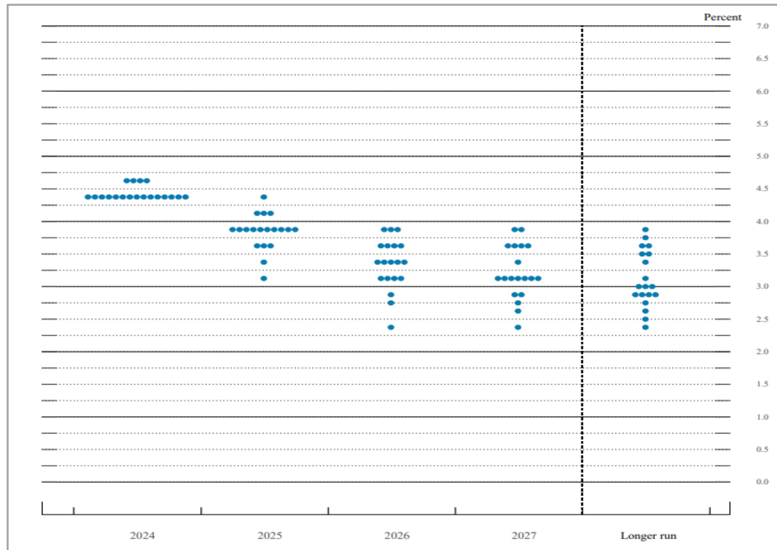
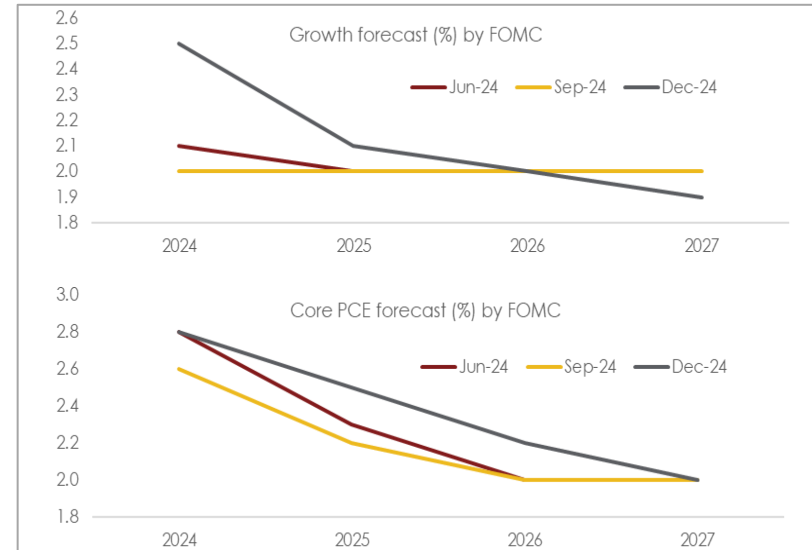
As expected, FOMC cut the policy rate by 25 bps in Dec-24. However, the accompanying policy document signalled that further easing might proceed at a slower pace. The dot plot now indicates only 50 bps of rate cuts in the next year, compared to 100 bps of policy easing expected in 2025 at the time of the Sep-24 policy.

Fed faces higher growth and higher inflation.

As per economic projections released by the Fed, growth for both 2024 and 2025 is expected to be higher amidst resilient economic activity. Medium-term inflation forecast for 2025-26 was too revised up



# *Trump-o-nomics* 2.0 to play out in 2025

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| Trump's policy proposals | |
|---|---|
| **Trade** | 60% tariffs on imports from China |
| | 10-20% tariffs on imports from all countries |
| | 100% tariff on Chinese made cars from Mexico |
| | Revocation of PNTR with China |
| | Trump Reciprocal Tariff Act |
| | 25% tariff on all products from Mexico and Canada |
| **Immigration** | Mass deportation of unauthorised immigrants |
| | Subject visa application to "extreme vetting" |
| | End citizenship for US-born child of unauthorised immigrants |
| **Tax** | Extend all individual Tax Cuts and Jobs Act rates permanently |
| | Exempt overtime income and end social security benefit taxes |
| | Lower corporate tax rate to 15% from 21% |
| **Energy** | Undo Biden's climate polcies and expand crude oil production |
| **Healthcare** | Could dilute Affordable Care Act |

- Peterson Institute for International Economics (PIIE) estimates that imposing an additional 60% tariffs on China, and if China retaliates, would result in US real GDP falling by more than 0.2% below baseline by 2026 and the US inflation increasing by 0.7 ppts above baseline in 2025.
- Meanwhile, the US imposing an additional 10% universal tariffs on other countries, and if those countries retaliate, would cause a drop in US real GDP by 0.9% than baseline by 2026, and the US inflation to increase by 1.3 ppts above baseline in 2025.

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