

## TRUMP's FUBAR | SELECTIVE MKT RE-RATING

### Quick comments:

- ❖ New Trump tariff (industry/sector vs country) announcements underlined increasing economic hardship (domestic autos, pharma). *[FUBAR] Expect significant retaliatory tariffs from affected countries.*
- ❖ Spurned Putin overtures, continuing Russian transgression spilling over into NATO/Poland & Romania has finally caused Trump to adopt Ukraine's posture at the UN. *[FUBAR] Still, it remains likely Trump will just stretch war related negotiation datelines while verbalizing displeasure. **BUY AIRBUS €195.78***
- ❖ Increasing Mid-East **geo-political tensions** (Israel's strike on Qatar, approaching inflexion point in Trump's Truce efforts). *[FUBAR] China key beneficiary without lifting a finger. **GOLD \$3,816 | BTC \$113,037***
- ❖ US-China talks and TikTok's divestment "progressing well" so said Trump. An immediate easing of Tariffs/easing of trade tensions would be good news for the markets, but *[FUBAR] ominous silence from the Chinese reinforced US' lack of **leverage** & supposed progress.*
- ❖ Fed chairman Powell finally kicked off a new rate cutting cycle in Sept in reaction to latest sluggish US jobs figures. We expect at least another 25bps cut in the Fed funds rate (Oct-Dec). New Fed governor Stephen Miran voted for a 50 bps cut as he sees Trump's economic policies of tariffs & kicking out immigrants as being disinflationary, while *[FUBAR] Boston FR Susan Collins urged caution for rate cuts. **JPM \$315.69***
- ❖ In spite of everything that President Trump has thrown at the US economy in 2025, it remains the only game in town. While growth rates in the EU and elsewhere remain anaemic, growth in the **AI-fueled** US was a solid 3.8% in 2Q. The US remains on course for a similar rate of expansion in 3Q, according to the Atlanta Fed. Meanwhile, the impact of the tariffs on US inflation remains limited with the Fed's preferred measure of inflation the core PCE in line with consensus at 2.9% in August. ***Nvidia \$181.85 | Palantir \$178.86***
- ❖ **Looking ahead** we have Scotus ruling on Trump's firing of Fed gov Lisa Cook, then there is the Scotus ruling on the legality of Trump's reciprocal tariffs. Both could come in **early October**. Given the Republican-heavy Scotus it's hard to see them not siding with Trump as they did with Trump's firing of the FTC commissioner.
- ❖ The potential government shutdown is becoming an annual ritual, hence capital markets will be less sensitive. Potential Federal workers getting laid off (and hence contributing to higher unemployment) works in Trump's favour where Powell is concerned. ***TKO \$205.33 | LVS \$55.25 | SCI \$83.25***

George KOH  
gk@ssre.ai  
Research  
Analyst

Paul  
SCHYMYCK  
pws@ssre.ai  
Economist

## 6Σ column

**What we think****ICE raid on Hyundai factory in Georgia**

PAM Bondi lobbied for The GEO Group, a private prison company that has faced criticism for safety violations, providing inadequate health care, and poor management practices. These actions have negatively impacted the welfare and rights of incarcerated individuals and immigration detainees, and The GEO Group stands to earn hundreds of millions of dollars during the Trump Administration, as ICE is its largest source of revenue.

Source: <https://www.judiciary.senate.gov/>

Thomas D Homan's **February 2025 ethics disclosure** reveals that he worked as a consultant for GEO Group in the two years prior to joining the Department of Homeland Security (DHS). Recent media **reports** also reveal that Homan played a key role in the hiring of David Venturella, a former GEO Group executive who now serves as the "No. 2 official overseeing the ICE division that manages contracts for immigrant detention centers." Source: <https://democrats-judiciary.house.gov/>

The appeals court has ruled Trump's reciprocal tariffs to be illegal. While there is uncertainty as to whether SCOTUS will also rule the tariffs illegal, probability favours Trump given the **6 Republican nominated SC justices (vs 3 Democrat nominees)**.

**87th Attorney General – Lobbyist for GEO Gp****Border Czar - Consultant**

Furthermore, **4 of them will be above 70 next year**

- \* J Roberts currently 70
- \* C Thomas 77
- \* S Alito 75
- \* S Sotomayor 71

**Trade / Investment ideas**

**GEO Group (\$20.98)** key beneficiary of Trump's Immigration & Crime crackdown.

40% market share (FY24), 79k Beds, 61% revenues from US Federal Govt (41% ICE, 17% US Marshals, 3% Prison Bureau). GEO is largest Service Provider to ICE with 42% market share in Detention Services, 100% in Electronic Monitoring & Transportation.

Current ICE processing Center expected to grow from 46k beds to 130k.

GEO Gp mgt guidance +33% revenue growth from \$2.5bn (FY25F) to \$3.3bn with EBITDA margin expansion from 18.9% (FY25F) to 23%.

Current market cap of \$2.9bn implies GEO Gp trading under 4x P/EBITDA, mkt cap/bed of \$36.7k is only at 20% premium to FY24 \$30.6k/bed.

Source: GEO Gp FY24

6Σ expect high probability of at least 2 SC retirement by early 2026 before mid-terms (Trump nominated 3 in his first term).