Trump 2.0: Possible Winners and Losers

18 November
2024

President-elect Donald Trump will take office in January 2025 with Republican control of both the Senate and the House and with a conservative-leaning Supreme Court. The president-elect has moved quickly to appoint cabinet members, agency heads and other advisers who share his vision for the United States and on whom he will rely to fulfil his campaign promises on immigration, trade, energy and climate, tax and regulatory reform, and foreign policy, among other issues. He has also appointed individuals to new roles (e.g., so-called energy and border czars) and created a Department of Government Efficiency (DOGE) to make recommendations to the White House regarding ways to make government more efficient. He also plans to form a cryptocurrency advisory council.

CEOs are looking forward to 2025 with renewed optimism with the expectation that business conditions will improve.[1] This sentiment is notwithstanding cautions from notable economists that the strategies of a second Trump administration may keep interest rates high and lead to inflation,[2] along with concerns that potential policy shifts in areas like tariffs and corporate taxes may impact some sectors negatively, and the likelihood that progressive states will take steps to respond to federal actions on various issues (particularly those pertaining to civil rights) and address gaps in regulation and the environment.

Winners and Losers

The following summarises our current thinking on the potential sector winners and losers based on information currently available, along with sectors that are not clearly in either category.

Not included is a discussion of possible impacts on government agencies which may be impacted by the newly formed DOGE, which is intended to target and reduce waste in the government. Among other things, DOGE may make good on campaign rhetoric to reclassify

[1] "CEO Optimism Surges Post-Election," Melanie C. Nolan, Chief Executive, November 13, 2024, https://chiefexecutive.net/ceo-optimism-surges-post-election/.

[2] "The Trump inflation crisis could be worse than the last inflation crisis, Larry Summers warns," Matt Egan, CNN Business, November 13, 2024, www.cnn.com/2024/11/13/economy/inflation-trump-economy-larry-summers/index.html.

and lay the foundation for the dismissal of a significant number of federal “at will” employees and result in substantial slashing of the federal budget.

Possible Winners	***Possible Losers***	***Mixed***
Airlines	Agribusiness	Aerospace/Defence
Automotive	Construction	Healthcare/Life Sciences
Crypto	Consumer Products/Retail	Industrials
Financial Services	Higher Education	Insurance
Hospitality	Renewables	Logistics
Oil and Gas	Telecommunications	Media and Entertainment
Technology		Utilities

As context for the commentary below for different industries, please note the following points listed here to provide an overall context for the discussion:

- President-elect Trump proposes to reduce the corporate tax rate from 21% to 15% and allow full expensing of research and development (R&D) expenditures to stimulate investments in innovation. It is expected that all sectors will benefit from lower corporate taxes.
- A pro-business stance may drive more mergers and acquisitions (M&A) activity, less hindered by the Biden administration’s focus on antitrust and competition fairness.
- Depending on how aggressively Trump’s tariff policy is implemented, the impact on the cost and availability of imports could be significant, adversely affecting sectors dependent on foreign supply chains. For some sectors, other countries will set the agenda, particularly but not exclusively with respect to environmental matters. Multinationals will not be able to operate in a vacuum framed by U.S. laws and regulations.
- State laws and stakeholder expectations will also influence corporate behaviour, even in the absence of federal requirements. And, in some instances (e.g., consumer protection issues), states are likely to step in to fill any perceived gaps in the federal regulatory framework or federal enforcement.

POSSIBLE WINNERS

Airlines: The airline industry will benefit from expected deregulation involving areas such as the regulatory emphasis on sustainability, passenger rights and M&A. A rollback of environmental regulations will place fewer demands on the airlines for cleaner operations in the United States. With billions invested to reduce emissions (including the production of alternative aviation fuels), airlines may have more flexibility in determining their emissions targets over time from an investment standpoint. However, as aviation is a global business, airlines choosing to slow down their investments must still comply with emissions standards in foreign markets.

There are other possible wins for the sector under a new pro-business administration, including, as examples, easing of regulatory scrutiny over passenger rights regulation relative to controllable delays and cancellations and a more hands-off stance with respect to mergers. Trump-promised tariffs, however, could complicate the supply chain and increase airline operating costs that most certainly would be passed onto customers.

Automotive: Increased consumer purchasing power resulting from lower fuel prices, as discussed below, and lower taxes could indirectly benefit auto demand domestically. Relaxation of rules relating to vehicle fuel-economy standards will give domestic automakers more flexibility in the U.S. market in terms of transitioning to electric vehicles (EVs). While expected tariffs on Chinese EVs will protect the U.S. automotive industry, tariffs on other imports will affect the supply chain of tiered suppliers (U.S. and non-U.S.) and increase costs that will either squeeze margins or be passed on to customers. Retaliatory tariffs could also reduce penetration of U.S. exports in overseas markets.

Crypto: The president-elect has indicated that he wants the United States to be a leader in the crypto market. With control of the Congress and key crypto-backed candidates winning their congressional races, the market is likely to see the clarity of regulation-under-law rather than the regulation-through-enforcement environment seen over the last several years. Trump is likely to create a cryptocurrency advisory council that will foster clarity of crypto rulemaking and appoint agency leaders who favour a robust crypto market. He has discussed creating a government stockpile of bitcoin and blocking the creation of a U.S. central bank digital currency. It is likely that those who oppose these developments will point to a conflict-of-interest issue with Trump's crypto-related business ventures.

Financial Services: Stocks have spiked since the election, indicating investors foresee a deregulatory shift in the financial services landscape. Furthermore, pro-growth policies drive loan demand. The market may be anticipating an ease in restrictions, reduced capital requirements (or, at a minimum, significant rollback of proposed capital increases that had been proposed as part of the Basel III Endgame process), and less aggressive enforcement and more limited rulemaking by federal agencies like the Consumer Financial Protection Bureau. Expect more innovation and increased IPO/M&A activity in financial services, with fewer roadblocks than in prior years, particularly for fintech and emerging digital finance sectors.

Trump is expected to appoint business-friendly leaders of key government agencies that oversee financial services; however, history has shown that changes at the top take time to manifest in the way that regulatory examinations in the field are conducted, and career civil servants don’t always change their practices as significantly as administration or agency leaders intend.

Hospitality: The new administration’s emphasis on deregulation is expected to provide significant relief for hotel owners and operators by, for example, reining in regulatory enforcement, preserving the hotel franchise model, and ensuring a level playing field for hotels and short-term rentals by treating them as comparable businesses subject to the same regulatory and compliance standards. The focus on stimulating economic growth and sustaining lower taxes on households may lead to increased disposable income for consumers and expanded corporate travel budgets. This, in turn, may lead to increased hotel occupancy rates and revenues from an uptick in tourism and business travel. The old adage is hospitality thrives when people have money to spend and are comfortable spending it.

On the other hand, Trump’s approach to immigration and possible tightening of H-2B visa programs will likely place additional pressure on the labour pool. However, primarily as a response to the pandemic, hotels have streamlined property operations by reducing daily housekeeping services, eliminating amenities like room service, reducing front-desk head count, and leaning more on technology and automation. Thus, while there could be an impact from Trump’s policies, it won’t be as significant as it would have been pre-pandemic.

Oil and Gas: The president-elect's energy policy favours oil and gas production. Tax breaks, elimination of bureaucratic red tape, fast-tracking pending projects and an increase in offshore drilling rights, among other things, will make this sector a clear winner, as will an expected rollback of environmental regulations. The changes could foster more robust M&A activity in energy. To that end, the market can expect efforts by the administration to reduce regulations across the industry, potentially lowering compliance costs and fostering a more business-friendly environment.

Technology: Many believe that the Trump administration is expected to support a business-friendly regulatory environment, focusing on less federal oversight and more incentives to innovate in the technology sector. This means a lower likelihood that the federal government will push for breakups and be concerned about competitive issues. It also means that China policy will still weigh heavily on the industry, and the need for some content moderation, particularly related to protecting children, will still be an issue. But questions remain as to issues relating to misinformation and disinformation. Thus, some companies may end up winners and others losers.

Trump is expected to repeal Biden's executive order (EO) on artificial intelligence (AI) to remove its guardrails around the technology in the absence of congressional action. Technology as a national security issue is a bipartisan priority and will likely be a centrepiece of Trump's early China policy, especially regarding restrictions in areas such as AI, semiconductors and edge technology. Ultimately, Trump could expand restrictions on Chinese access to these technologies; no one is expecting a rollback. These issues are likely to be the one platform that continues to unite both Republicans and Democrats, so the policy may get tougher over time with implications to trade with China.

POSSIBLE LOSERS

Agribusiness: New U.S. tariffs could provoke retaliatory actions that will adversely affect domestic agriculture. In his first term, Trump covered some of farmers' losses by dipping into the Commodity Credit Corporation's reserves. While that is an option in his second term, Trump's tariffs are expected to be more significant than in his first term, as are retaliatory actions by other nations, resulting in smaller exports. In addition, Trump's approach to immigration may reduce the available labour pool and create a significant challenge for the sector.

Construction: The new administration's approach to immigration will have a significant effect on the labour pool available to the construction sector. In addition, across-the-board tariffs will increase the cost of materials imported from abroad. The United States is heavily reliant on steel, iron and wood imports for domestic construction, which could be subject to 10% to 20% tariffs. Furthermore, Biden-era infrastructure programs could be defunded, although Trump's pro-business approach to less regulation could ease permitting for new construction projects (e.g., more traditional private or public-private projects).

Consumer Products/Retail: Trump's tariffs will greatly affect companies that rely on trade with foreign suppliers. The only winners will be the companies that have the pricing power to pass on costs to consumers. In addition, the Trump tariffs will cut both ways if foreign countries retaliate with tariffs on U.S. exports, thereby reducing the competitiveness of American-made products in markets abroad. As the Biden administration kept intact Trump's first round of China tariffs, many retailers have reduced their reliance on Chinese imports. In fact, derisking of supply chains has been underway since the pandemic. But many U.S. companies still see value in outsourcing from China. More recently, since the election, some companies have announced they are considering shifting product sourcing from China to other nations.

Higher Education: Candidate Trump promised to abolish the U.S. Department of Education, change the approach to accrediting higher education in the United States, and create a new national online university funded with endowment tax revenues. Whether he can deliver on these promises remains to be seen. As international students almost always pay higher tuition and fees than domestic students, changes in student visa rules could significantly affect the financial viability of smaller institutions. In addition, private universities with large endowments may receive more scrutiny from a Republican-controlled Congress.

Renewables: The Trump administration is not expected to support the growth of the renewable energy sector, impacting the pace at which utilities adopt solar, wind and other renewable energy sources. The offshore wind industry, which faced opposition during Trump's first term, may continue to encounter challenges in expansion and development. While there may be an effort to dismantle certain aspects of the Inflation Reduction Act (IRA), a complete repeal is unlikely because more than 60% of the clean energy IRA projects landed in Republican districts within the seven swing states – Arizona, Nevada, North Carolina, Georgia, Michigan, Wisconsin and Pennsylvania – which are on track to host 44% of these projects.[3]

So, the question arises as to just how much Trump will stand in the way of IRA incentives. There is no doubt that he will focus on helping fossil fuels more than his predecessor, but he might also adopt a balanced approach to help protect the gains achieved in the key states that made his re-election possible. Thus, while current conventional wisdom suggests that this sector is a possible loser, depending on Trump's upcoming decisions with respect to renewables, the picture could end up mixed.

Telecommunications: Tariffs on foreign-made goods will affect telecom supply chains and drive up costs. For example, smartphones contain quite a few foreign components and tariffs on them will increase their cost. Tariffs may drive companies like Nokia and Ericsson to build more of their products in the United States, but foreign components will still be a consideration. On the regulatory front, a pro-business deregulatory stance by the Trump administration toward the industry will foster an environment of reduced operating costs,

[3] "Trump May Thwart Federal Climate Action, but Opportunities For Progress Remain," Christina DeConcini, Jennifer Rennicks and Gabby Hyman, World Resources Institute, November 13, 2024, www.wri.org/insights/trump-climate-action-setbacks-opportunities-us.

incentives to innovate and increased global competitiveness; however, it could also reduce consumer protections, as well as service quality and reliability. In addition, telecom executives will keep a watchful eye on the Trump administration's approach to broadband equity, access and deployment, in hopes that Trump's new Federal Communications Commission (FCC) chair will let net neutrality die.

MIXED

Aerospace/Defence (A&D): A second Trump term could increase the military budget, resulting in more contracts and revenue for companies in the industry. However, given a lack of Republican consensus and the focus on government efficiency, an across-the-board increase in defence spend is unlikely. There are likely to be both winners and losers in the sector, depending on the administration's defence priorities. Cost increases could be offset by increases in military sales (under the Foreign Military Sales program) to support U.S. allies and by transforming the contracting process. In addition, if Trump ends U.S. assistance to Ukraine, defence firms that expanded their product lines to meet Ukraine's needs will be left with stranded costs. Considering how SpaceX has disrupted traditional A&D firms in the space launch business, it stands to reason that defence-tech startups may grow market share over the next four years.

Healthcare/Life Sciences: During his campaign, Trump did not detail specific plans for healthcare. He is not expected to try to repeal the Affordable Care Act (ACA) as he attempted in his first term, but his administration could focus on cutting certain costs stemming from the ACA. For example, he may allow certain subsidies for plans on ACA exchanges to expire. As discussed further below (see Insurance), a plan for insurers to stratify low- and high-risk insureds may be proposed. There will likely be a continued focus to lower drug prices. His administration's plans for reproductive healthcare policy remain unclear, but Trump pledged during the campaign that he would not sign a nationwide abortion ban.

The Trump administration is expected to maximise executive authority to reduce the scope of agencies overseeing the healthcare industry and emphasise budget-focused legislation that will reduce healthcare expenditures without compromising the quality of care. This may signal a move to more market-driven innovative solutions to address regulatory requirements as the president-elect moves to lower taxes. The uncertainty around the agenda of his nominee to lead the U.S. Department of Health and Human Services has left leaders watching developments closely. Among the key industry concerns is the potential for squeezed margins due to a push for lower drug prices, which could create drug pipeline delays and increase other costs. Other margin impacts being watched relate to the potential for changes in Medicare reimbursements for patients and tariffs on imports of drugs and medical device components.

Industrials: The Trump administration is likely to reduce regulations across various industries, potentially lowering compliance costs and fostering a more business-friendly environment. While Trump's tariffs will protect U.S. industrials in their domestic market, they could also affect the cost and availability of materials sourced through global supply chains as well as prompt retaliatory actions abroad that could reduce exports to foreign markets. Changes implemented by the new administration could foster more robust M&A activity in U.S.-based manufacturing. A rollback of environmental regulations could also make life easier for manufacturing. In addition, policies favouring businesses in labour disputes and employment laws may persist, potentially impacting union activities and labour rights.

During his first term, the Trump administration backed initiatives for technical and vocational training to support a skilled workforce. There is hope for greater investment in skills training to address continued labour shortages for traditional manufacturing jobs, particularly in specialised areas like semiconductor manufacturing, which need more skilled workers to meet rising production demands.[4]

Insurance: Trump's campaign suggested allowing insurers to divide ACA enrolees into different risk pools, which may lead to lower costs for healthier people and higher costs for people who are older or with preexisting conditions. If Trump is successful in reducing inflation, it will lower the costs of insurers associated with claims and general operations. Likewise, lower interest rates will reshape insurance carriers' financial strategies and encourage greater risk-taking. But the question is, will Trump's policies succeed in reducing inflation and interest rates? Many economists have their doubts. Thus, if inflation and interest rates increase, the environment will be challenging to insurers. Furthermore, if Trump's policies isolate the United States, it may make it more difficult for insurers to distribute risk across a broad spectrum of industries and geographic areas.

Logistics: Fewer restrictions on oil and gas production could reduce energy costs, which will benefit U.S. trucking and other domestic logistics services. Strong economic growth in the United States could also increase domestic trucking, rail, parcels and warehousing.

[4] "What Trump's 2nd Term Might Mean for Manufacturing," Kat de Naoum, Thomas, November 7, 2024. www.thomasnet.com/insights/trump-2025-manufacturing/.

However, if significant tariffs are levied on imports, particularly those from China, it could drive re-shoring in the United States, relocation of production (and warehousing) by foreign manufacturers to the United States, and near-sourcing of goods to Mexico. That will have an adverse effect on international shipping and air and freight forwarders. Over the near term, companies may flood ports to import goods before the Trump tariffs take effect, which could skyrocket demand for container shipping. Such frontloading[5] ahead of tariffs would, of course, be a win for the industry. However, longer term, the risk of trade wars could reduce, or stunt the growth of, shipping volumes. Also, a question exists as to whether port infrastructure investments will continue.

Media and Entertainment (M&E): Trump's election presents a mixture of opportunities and challenges. On the one hand, Trump's pro-business, pro-growth agenda could stimulate the overall economy, creating more disposable income for people to spend across the M&E sectors. For instance, many M&E companies have begun to see an uptick in streaming platform subscriptions. Subscriber growth could continue with overall growth in the economy and customers might be willing to spend on new add-on services that are being embedded in the streaming platforms. On the other hand, no one really knows what, if anything, will change. But questions remain. Immigration policies and potential tariffs could influence the level of foreign investment in content production, marketing and distribution. Foreign policy could influence choices of locales to produce projects. And there is the issue of how AI growth might affect an industry that has been a bit slower to adopt emerging technologies.

Utilities: The president-elect is widely expected to continue supporting the coal, oil and natural gas industries, potentially leading to more favourable regulations and policies for those sectors. This support could slow the transition to renewable energy sources within the electric utilities industry (and, as noted earlier, the Trump administration is unlikely to support the growth of the renewable energy sector). There may be further rollbacks of environmental regulations affecting utilities, such as emissions standards and requirements for clean energy, which could reduce operational costs for traditional power plants but also raise environmental concerns. Investments in grid modernisation could continue, especially to enhance the resilience and reliability of the nation's power grid. Trump's tariffs will increase costs for utilities that rely on imported materials and technology, such as solar panels and wind turbines.

[5] "Trump vow on new trade war send shockwaves through supply chain, importers scramble to move up orders," Lori Ann LaRocco, CNBC, November 6, 2024, www.cnbc.com/2024/11/06/companies-race-to-get-imports-to-us-with-trump-win-vow-on-new-tariffs.html.

Regarding nuclear power, Trump has expressed support but has also expressed scepticism about federal funding of large-scale nuclear projects. Will the second Trump administration continue the pro-nuclear policies enacted during the Biden and first Trump administrations, or will there be a pullback in federal funding for advanced nuclear development?[6]

About Protiviti

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and its independent and locally owned member firms provide clients with consulting and managed solutions in finance, technology, operations, data, digital, legal, HR, risk and internal audit through a network of more than 90 offices in over 25 countries.

Named to the Fortune 100 Best Companies to Work For® list for the 10th consecutive year, Protiviti has served more than 80 percent of Fortune 100 and nearly 80 percent of Fortune 500 companies. The firm also works with government agencies and smaller, growing companies, including those looking to go public. Protiviti is a wholly owned subsidiary of Robert Half Inc. (NYSE: RHI).

[6] "Nuclear sector's views on second Trump administration mixed as Rogan interview raises questions," Brian Martucci, Utility Dive, November 8, 2024, www.utilitydive.com/news/nuclear-energy-sector-mixed-views-second-trump-administration-joe-rogan/732407/.