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The world rewired: America's shifting role in the global economy

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Agenda

1. The rise of the rest
2. America's exceptionalism
3. Democracy in retreat
4. The world ahead
5. Adapting to a post-exceptional world

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The rise of the rest

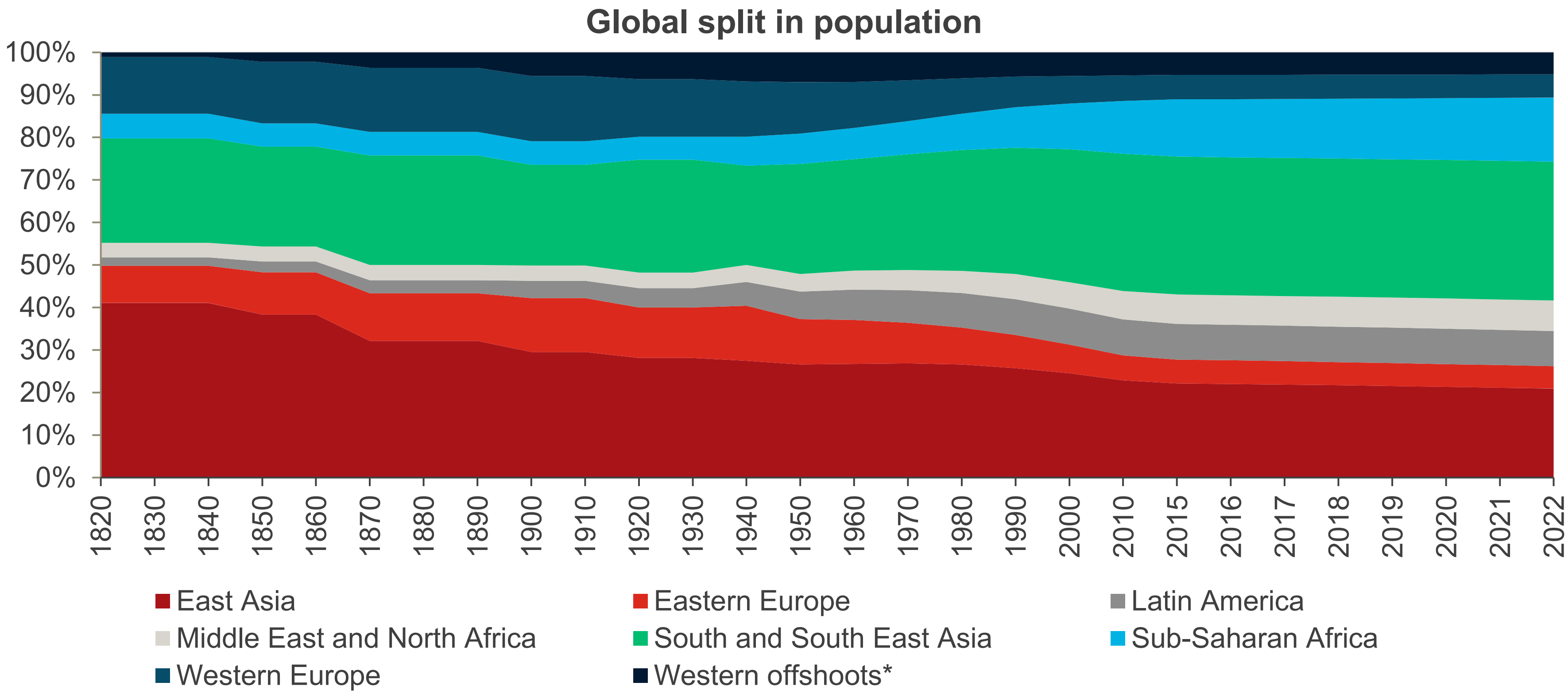
Shifting economic centre of gravity

Source: World Economy

Section
1

Shifting demographic centre of gravity

The world's demographic balance of power is changing to the South and the East

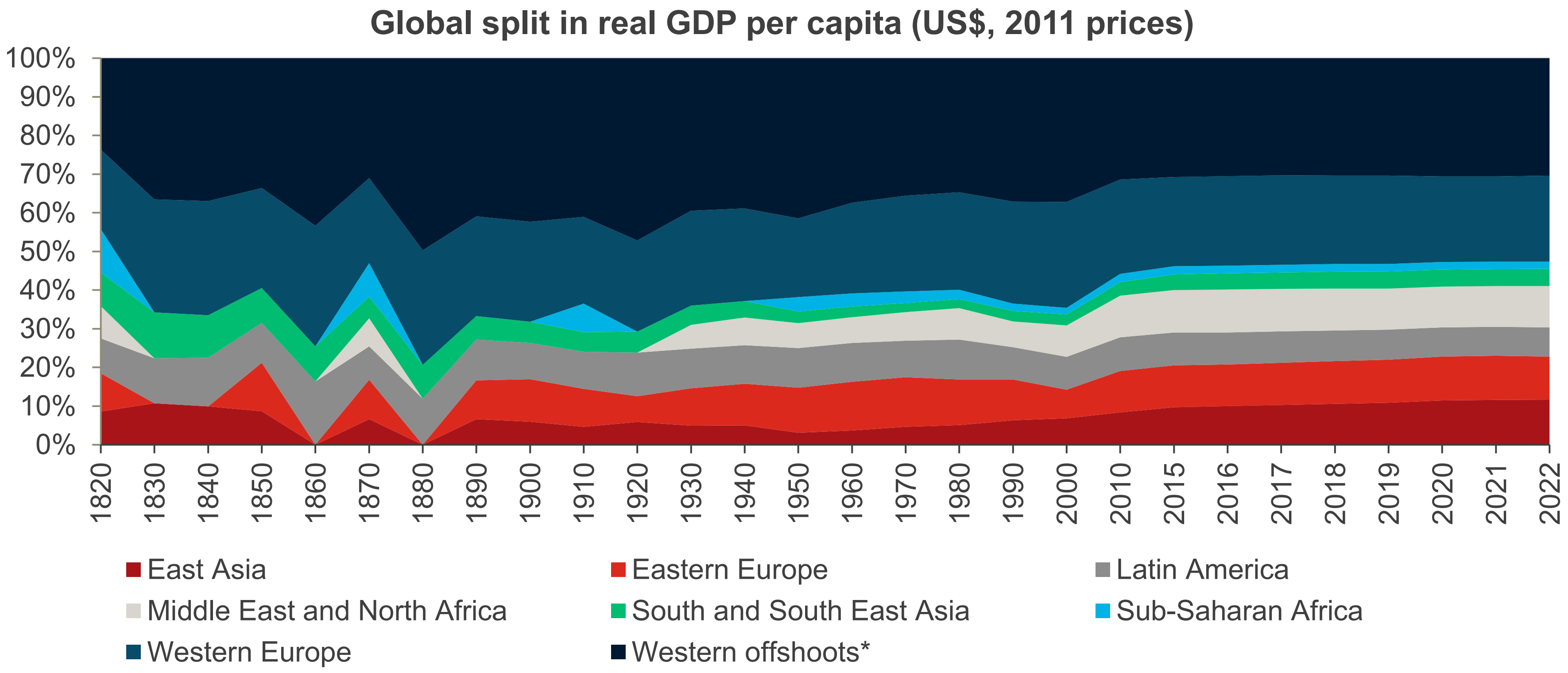


Source: Angus Maddison, Organisation for Economic Cooperation and Development, Momentum Investments

**Western offshoots = Australia, New Zealand, Canada and the United States*

A globe tilting eastward

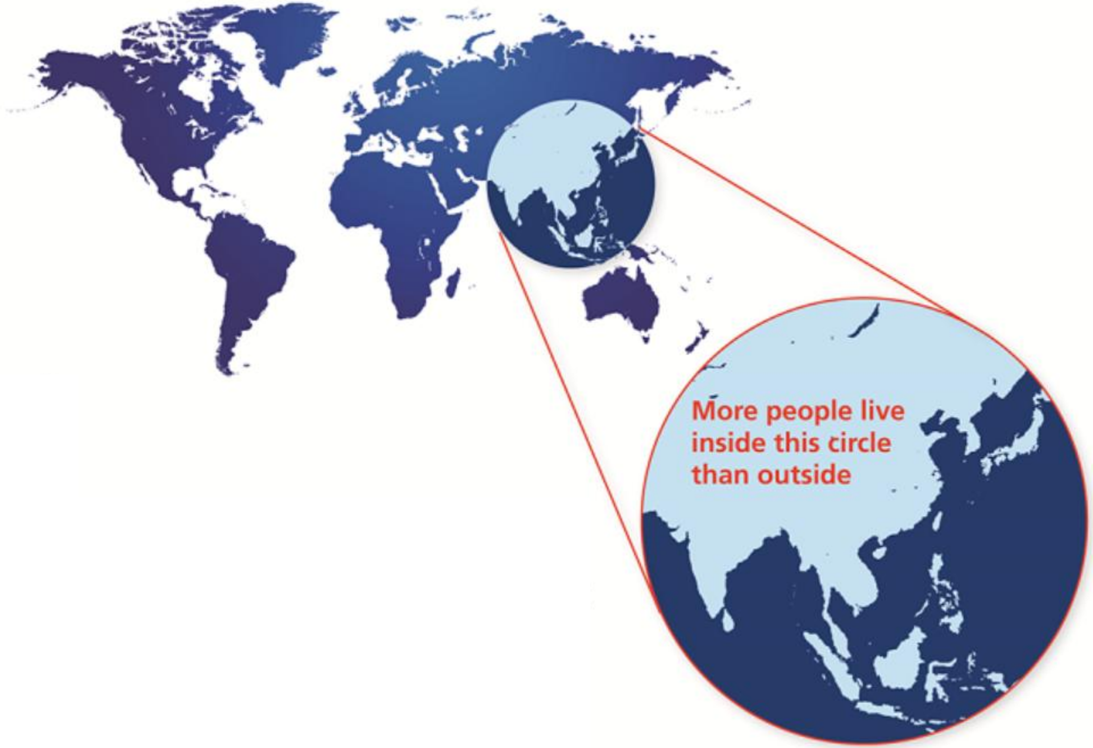
Growth engines shifting from the Atlantic to the Indo-Pacific



Source: Angus Maddison, Organisation for Economic Cooperation and Development, Momentum Investments
**Western offshoots = Australia, New Zealand, Canada and the United States*

Half the world in a tiny circle

The Valeriepieris Circle is a population powerhouse that covers a mere 2% of the world's surface



Source: LSE Blog

Punching far above its weight

Economic, cultural and environmental weight of a relatively small portion of the planet

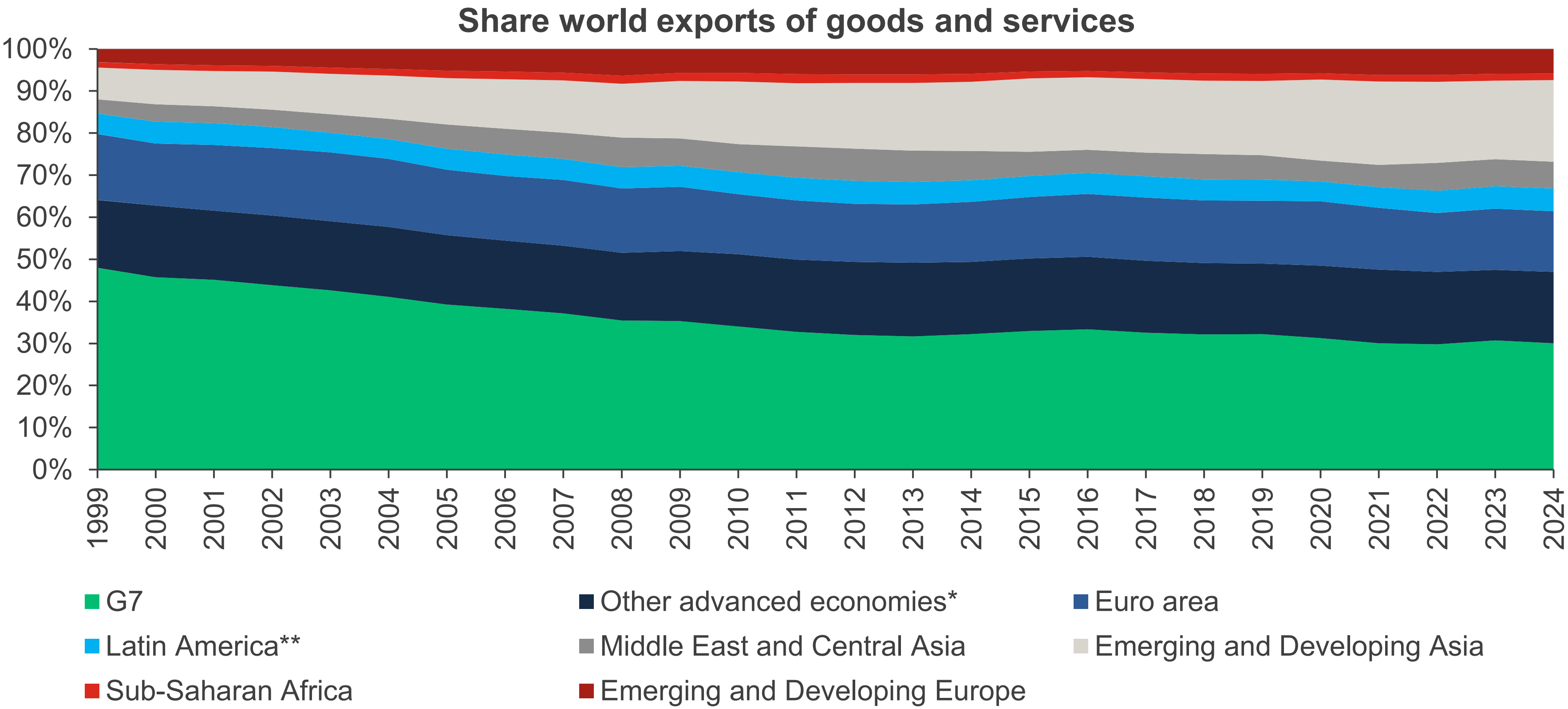
Valereipieris Circle	Rest of the world
c.10% of land area of the world	c.90% of land area of the world
21 countries	174 countries
52.4% of the world’s population and a fertility rate of 2.04	47.6% of the world’s population and a fertility rate of 2.24
86 people per km sq.*	9 people per km sq.
Nominal GDP of US$34.25 trillion	Nominal GDP of US$75.75 trillion
Nominal GDP per capita of US$8,164	Nominal GDP per capita of US$19,524
c.1020 billionaires and 2.77 billion internet users	c. 1980 billionaires and 2.88 billion internet users

Source: TV18 Broadcast Ltd. (Indian media company)

**Including sea area*

Trading places

Growth engines shifting from the Atlantic to the Indo-Pacific

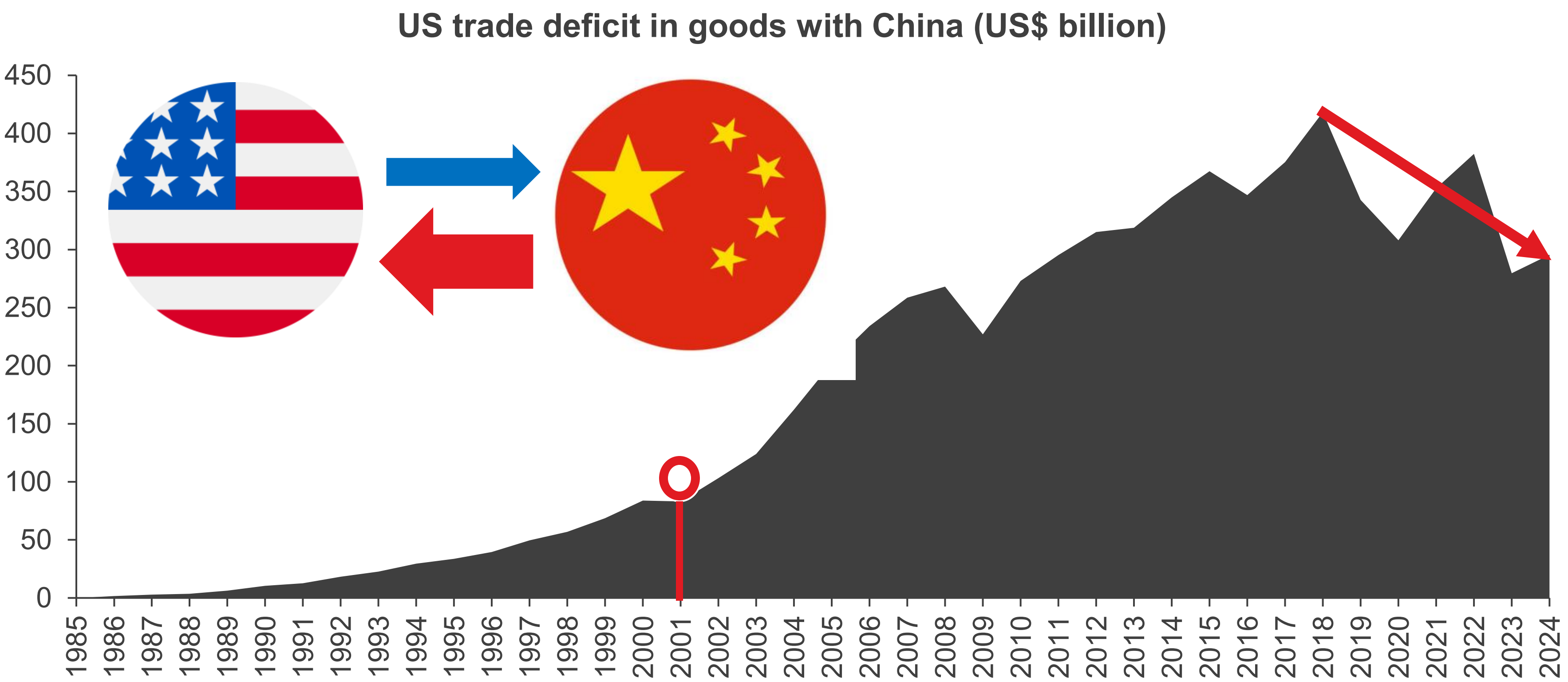


Source: International Monetary Fund, Momentum Investments

**Other advanced economies = excludes G7 and Euro area , **Latin America = includes Caribbean*

A clear pullback in US imports from China

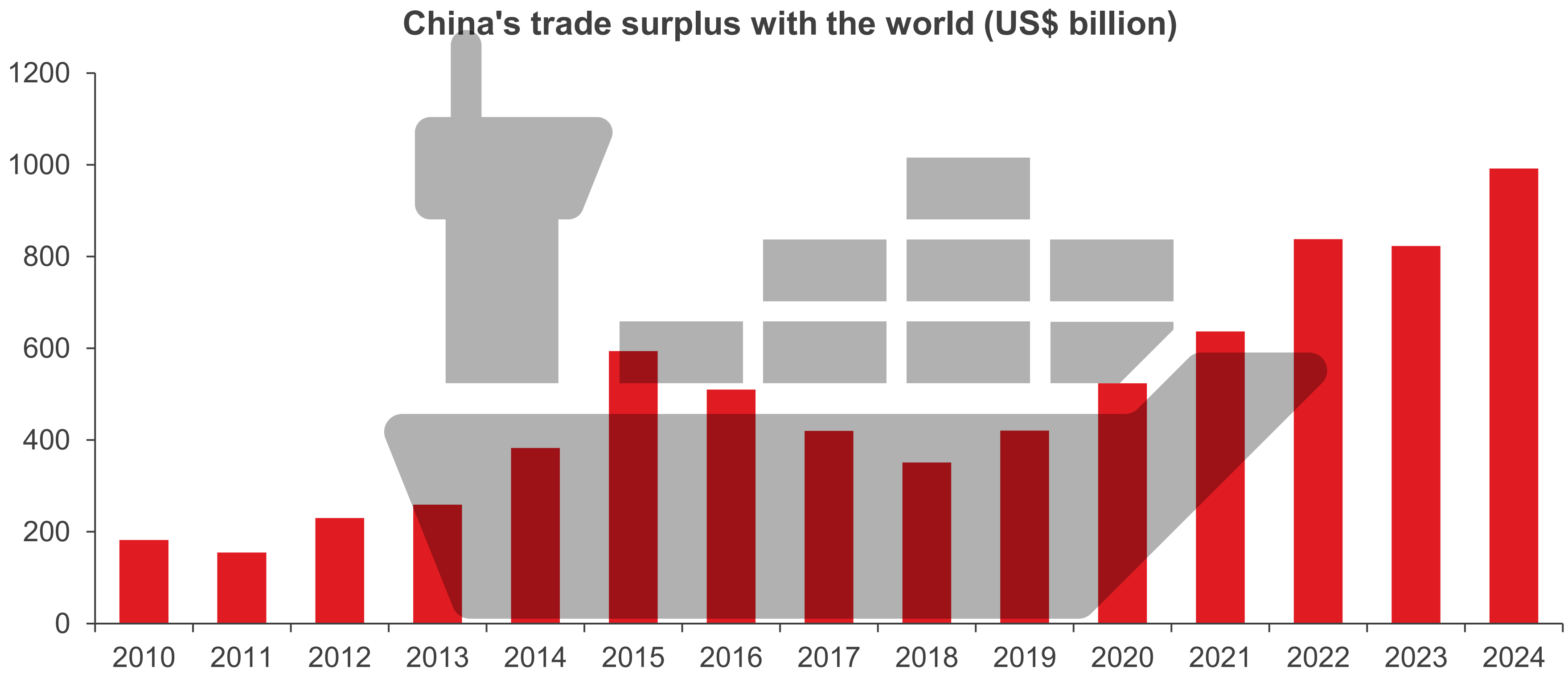
Early data for 2025 suggests a further contraction amid tariffs



Source: US Census Bureau, Momentum Investments

But China’s numbers suggest a rerouting

Suspected transshipped goods via Vietnam, Thailand, Indonesia, Malaysia, Philippines, Mexico and Cambodia



Source: General Administration of Customs, People’s Republic of China, Polymerupdate Research, Momentum Investments

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America's exceptionalism

Dominance remains, but is no longer assured

Source: The Economic Times

Section

2

American exceptionalism still alive, but evolving

America's innovation and capital markets remain unmatched

DOLLAR DOMINANCE

Despite de-dollarisation talks, no viable alternative exists

Source: Momentum Investments

The US dollar's enduring sprint

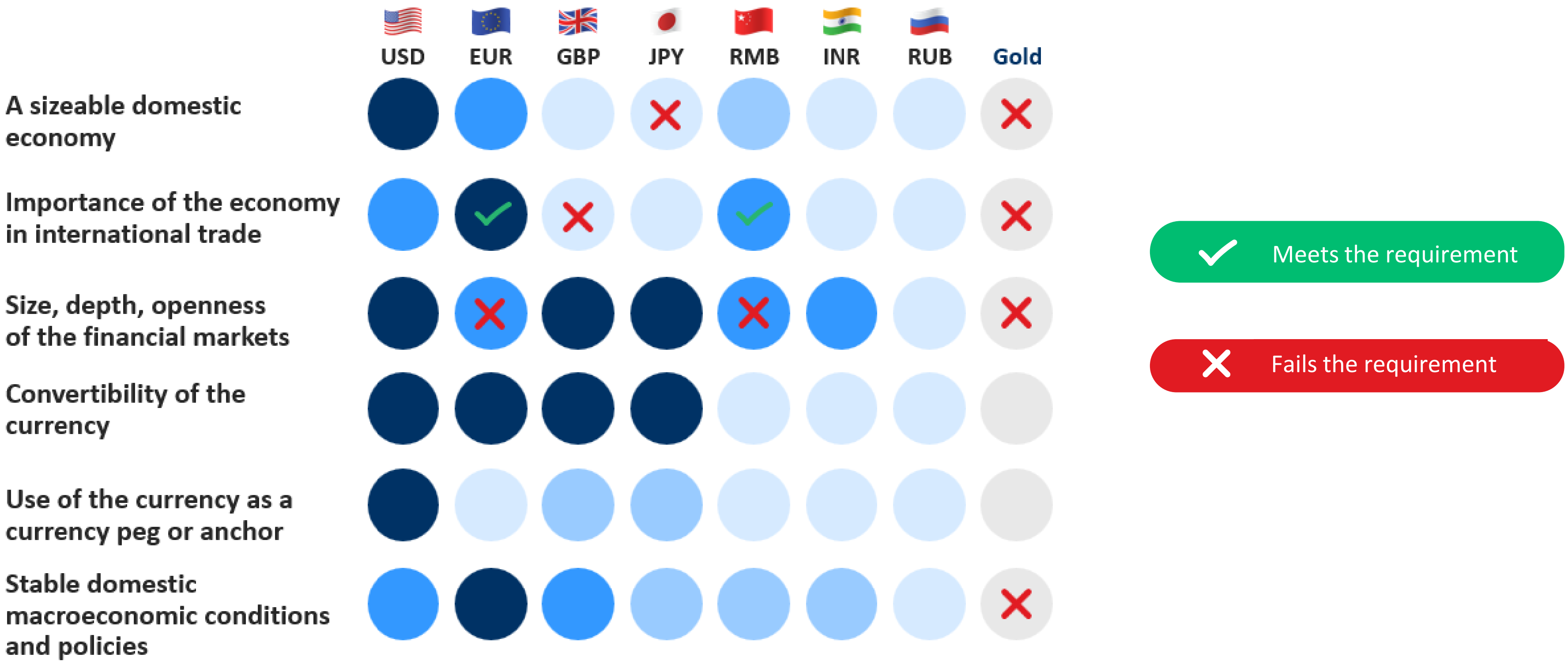
The unrivaled reserve currency commands the majority of global central bank reserves, foreign-exchange transactions and foreign-denominated debt

	$ Dollar	€ Euro	£ Pound	¥ Yen	元 Renminbi
Global foreign exchange reserves	57%	20%	5%	6%	2%
Global export invoicing	54%	30%	4%	4%	4%
Foreign exchange transactions	88%	31%	13%	17%	7%

Source: Atlantic Council, Momentum Investments

The slow eclipse of dollar hegemony

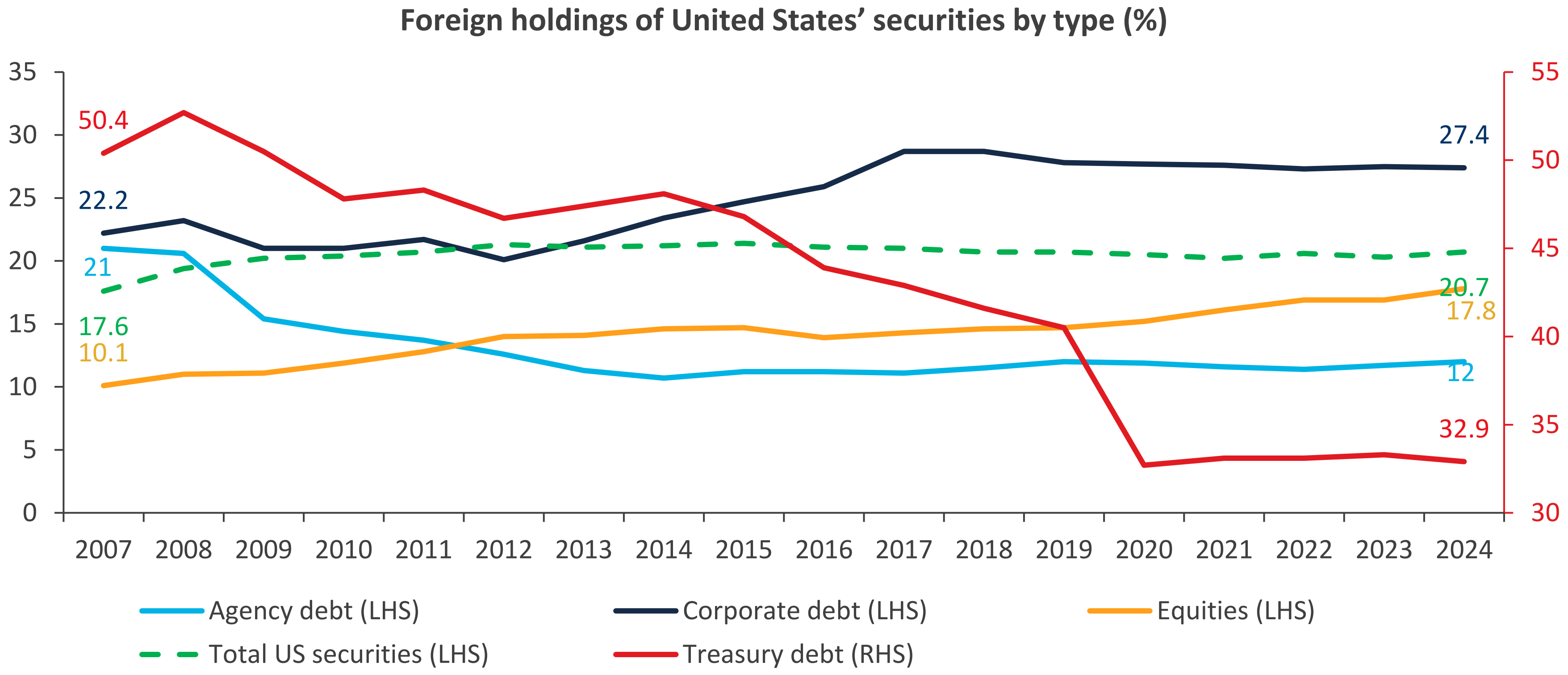
Why no currency can dethrone the US dollar in the near term



Source: Atlantic Council, Momentum Investments

No broad-based dumping of United States' assets

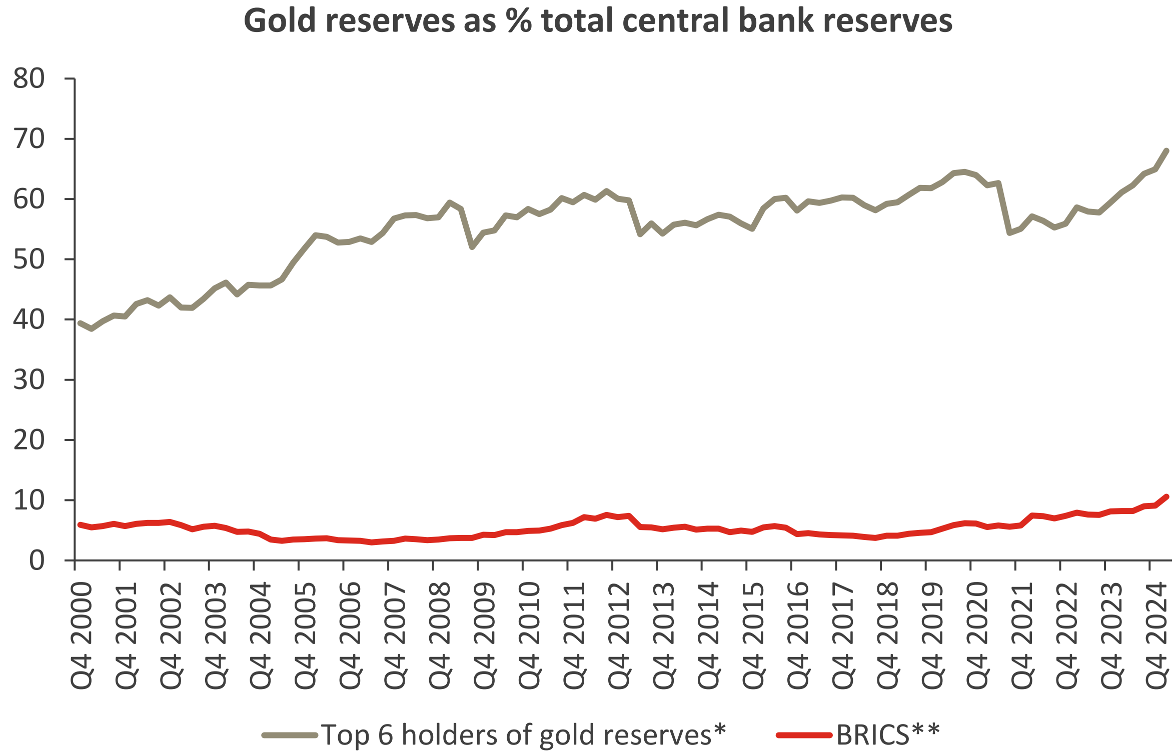
Foreign holdings of total United States' securities has remained broadly stable



Source: Federal Reserve, Momentum Investments

Central banks hedging a multipolar world

Rising powers are using gold bullion to hedge against dollar dominance



Source: World Gold Council, Momentum Investments, data up to Q1 2025
**Top 6 holders = United States, France, Italy, Germany, Netherlands and Russia; **BRICS = excluding Russia, Ethiopia and Iran*

American exceptionalism still alive, but evolving

America's innovation and capital markets remain unmatched

DOLLAR DOMINANCE

Despite de-dollarisation talks, no viable alternative exists

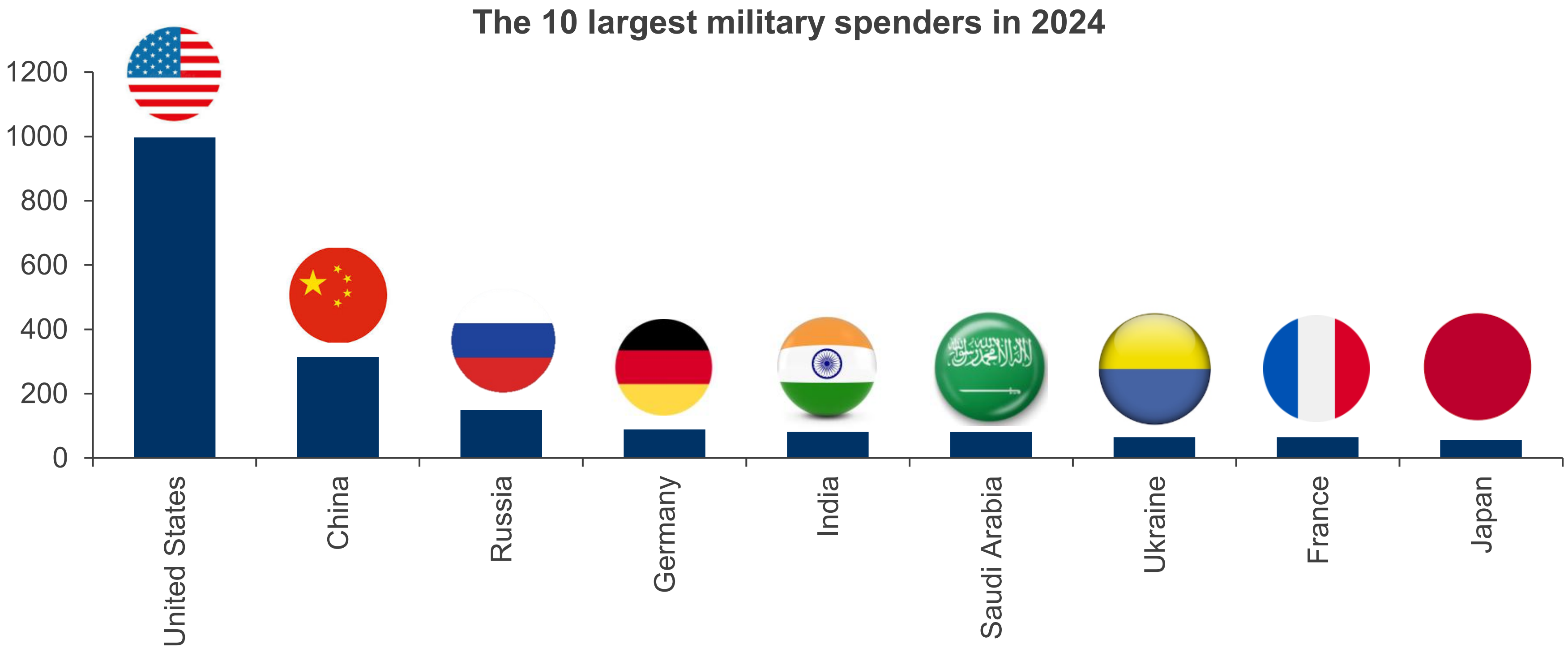
MILITARY PROJECTION

Global reach, key alliances and a technological edge

Source: Momentum Investments

The United States remains the globe's military machine

The United States' military spend is more than the next ten nations combined



Source: SIPRI

American exceptionalism still alive, but evolving

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MILITARY PROJECTION

Global reach, key alliances and a technological edge

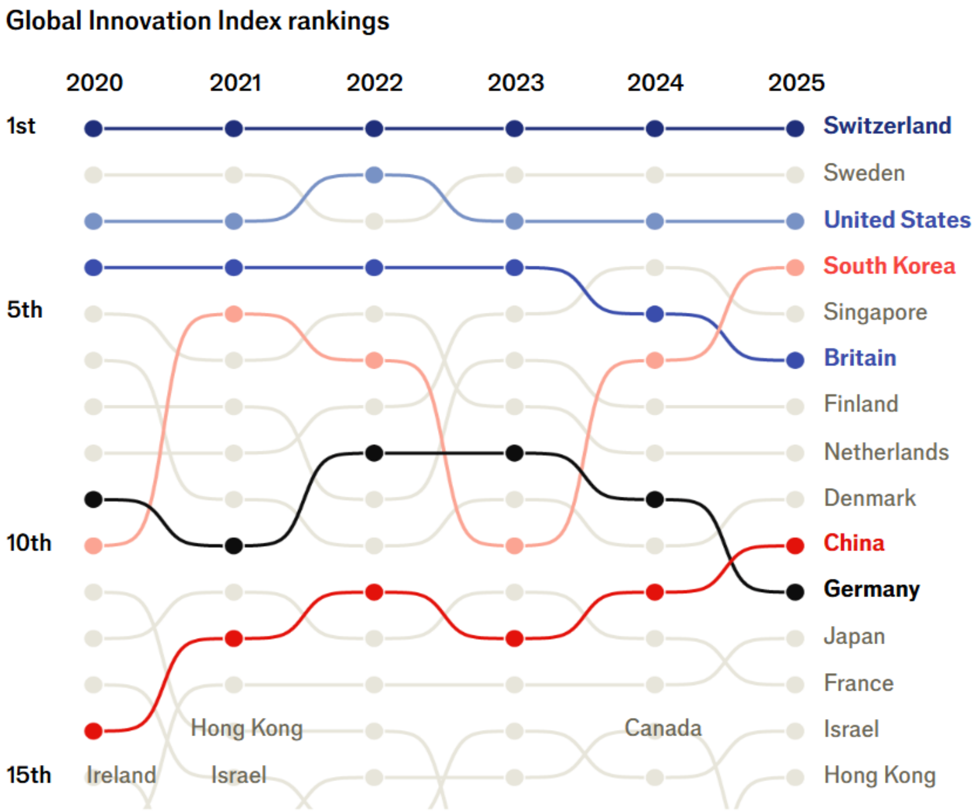
INNOVATION ENGINE

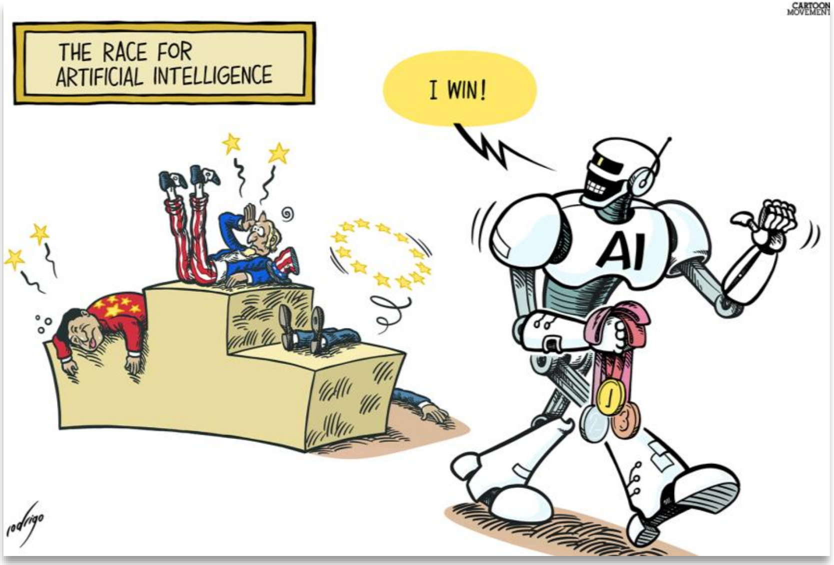
Technological platforms, universities, biotech, space, entrepreneurial churn

Source: Momentum Investments

United States holding its ground on innovation rankings

But the "fat tech dragon" is in better shape

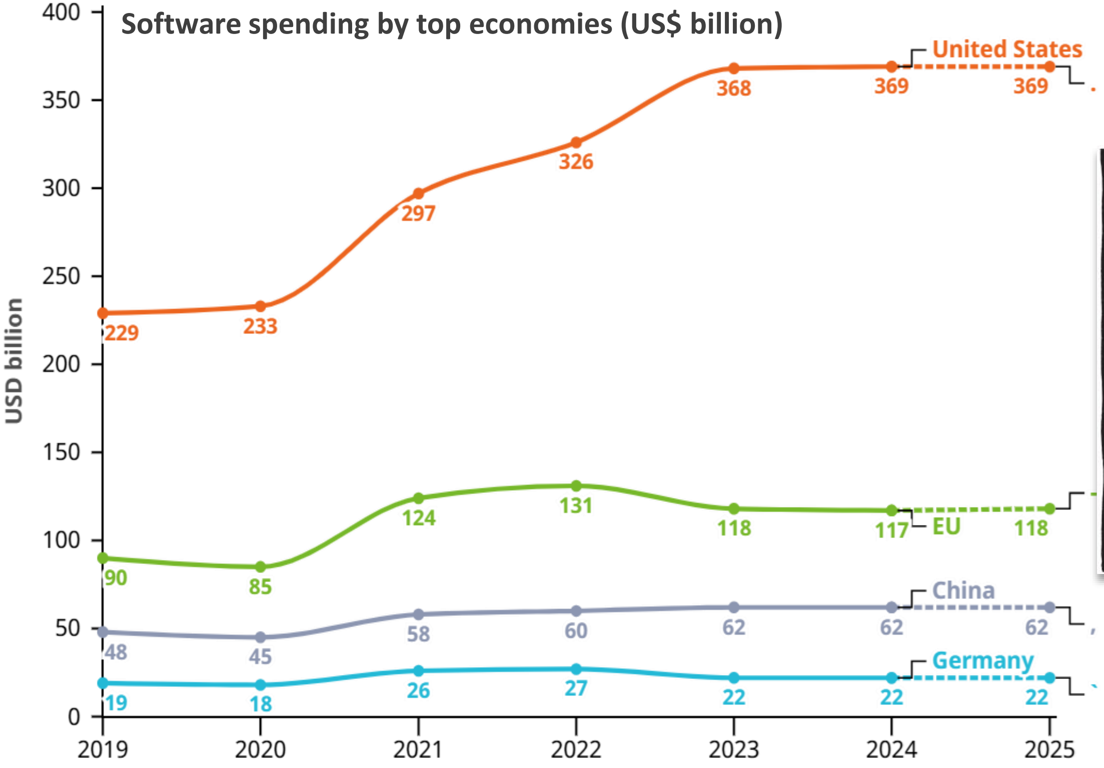




Source: *The Economist*

United States widens its lead in software investment

The United States accounted for 54% of the global expenditure on software in 2024



Source: WIPO Global Innovation Index

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Democracy in retreat

Polarised politics, fiscal brinkmanship and populism eroding institutions

Source: Shutterstock

Section
3

Sliding democracy in the United States

Deeply rooted democratic norms and institutions but the speed and aggressiveness of Trump's executive aggrandisement agenda is cause for concern

Presidential concentration of power

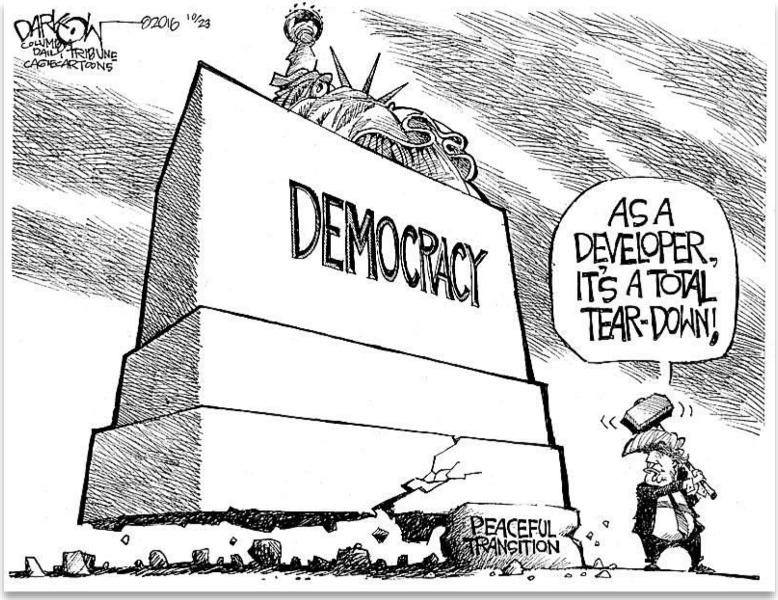
- Weakened accountability institutions
- Purged perceived opponents
- Tightened presidential control over independent agencies and the executive bureaucracy

Executive branch dominance

- Dominance over the judiciary, Congress and states
- Defying court orders, criticism of judicial rulings
- Circumventing congressional policies

Weakening societal constraints on executive power

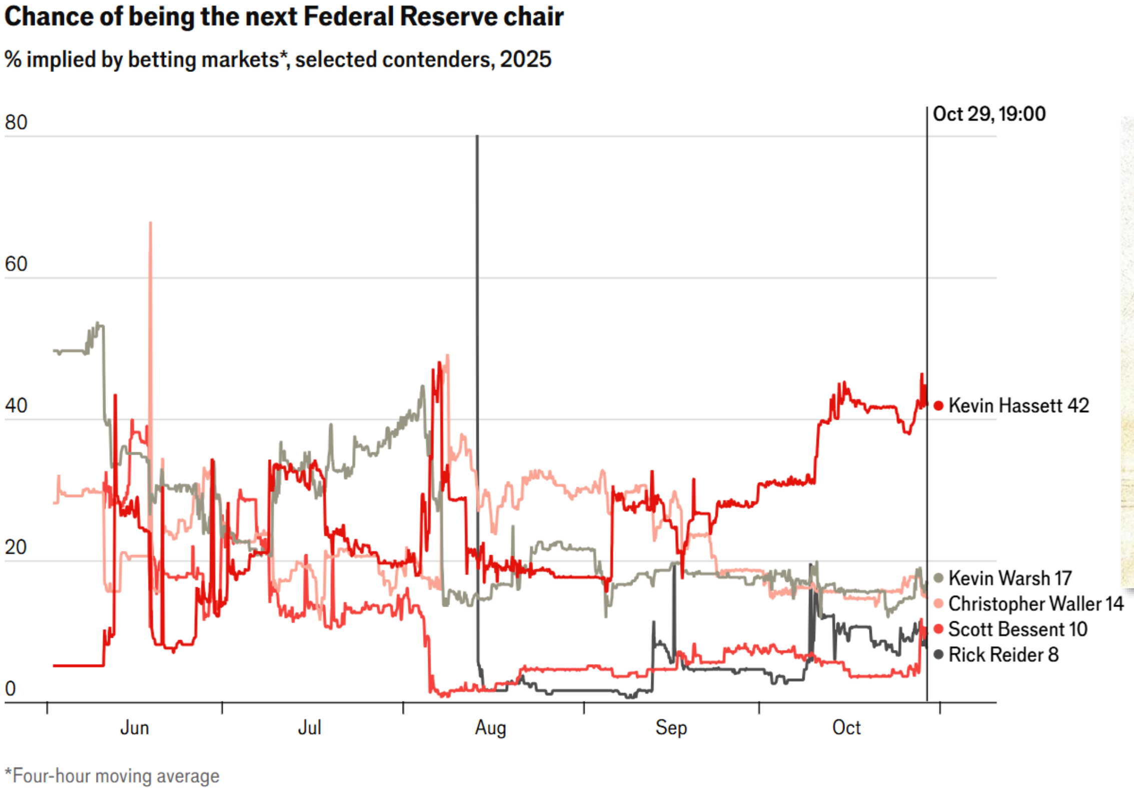
- Civil society opposition stymied
- Independent media attacked
- Civic and educational organisations constrained
- Voting rights weakened



Source: Carnegie Endowment for Peace, Momentum Investments

Central bank autonomy under seige

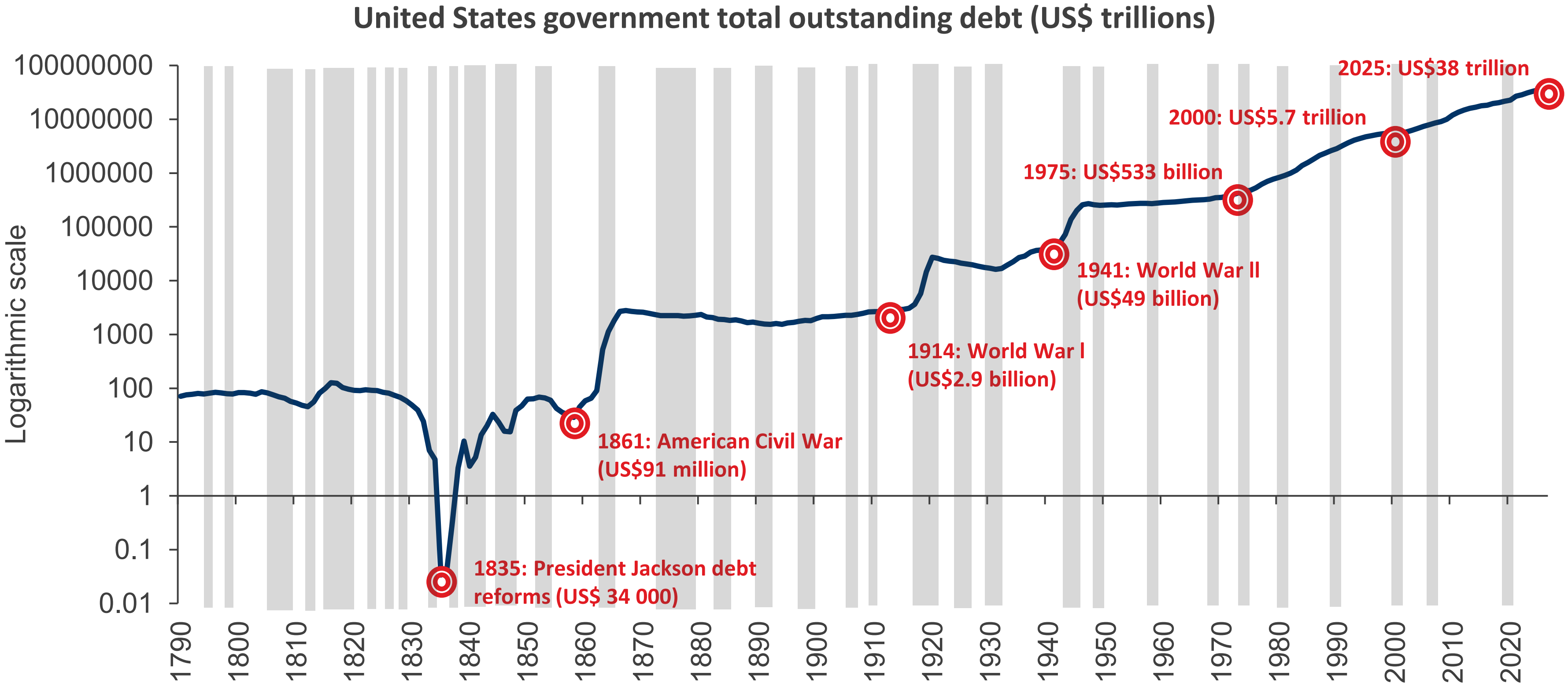
The Federal Reserve's retreat from political insulation



Source: *The Economist*

Borrowed time

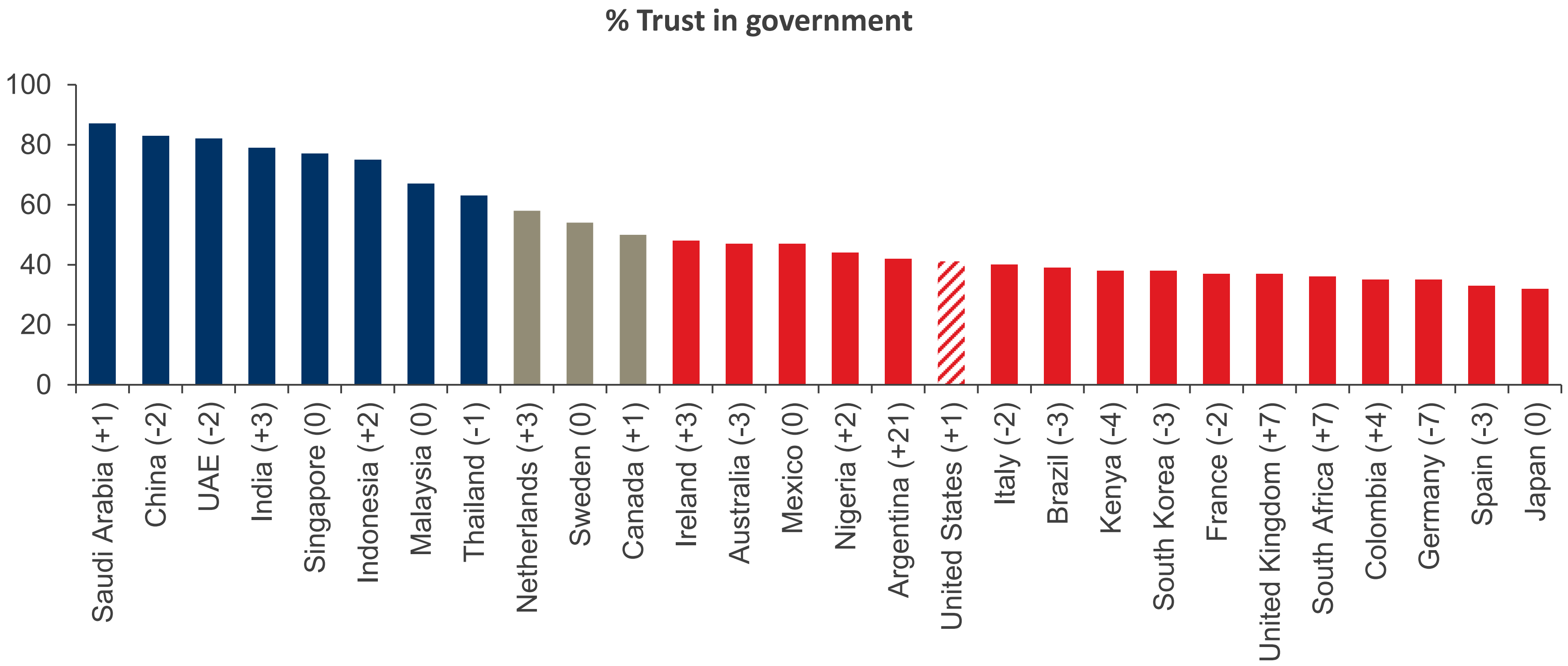
Markets fret as America's mounting debt raises questions about fiscal sustainability



Source: Treasury.gov, Momentum Investments, data up to 2026 (2025 and 2026 are forecasts)
Shaded areas = recessions, periods of market panic

In government we distrust

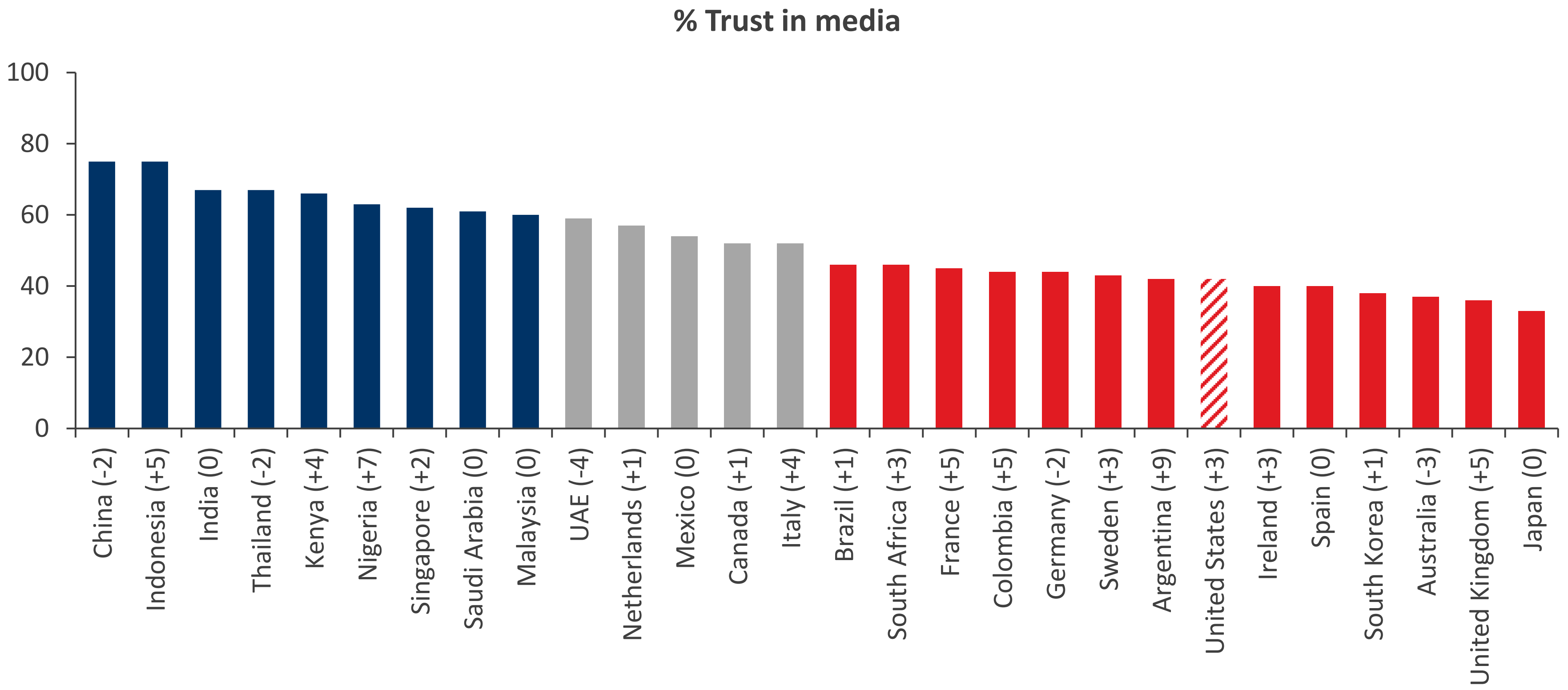
Trust in government is eroding worldwide, fuelling populism and political fragmentation



Source: Edelman Trust Barometer 2025
Trust (blue) = 60 – 100, neutral (grey) = 50 – 59, distrust (red) = 1 – 49, Numbers in brackets indicate the change from the previous year (2024)

Media’s credibility crisis

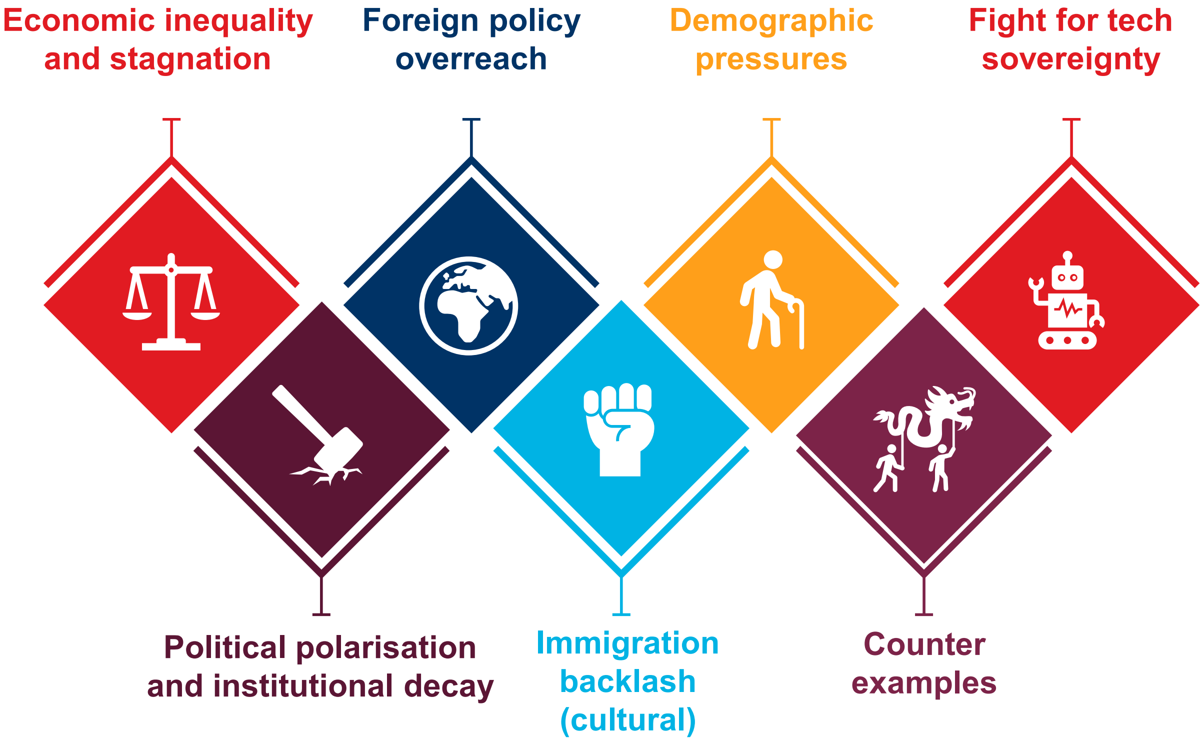
As institutions lose trust, media bears a disproportionate share of public distrust



Source: Edelman Trust Barometer 2025
Trust (blue) = 60 – 100, neutral (grey) = 50 – 59, distrust (red) = 1 – 49, Numbers in brackets indicate the change from the previous year (2024)

Why the Western model failed

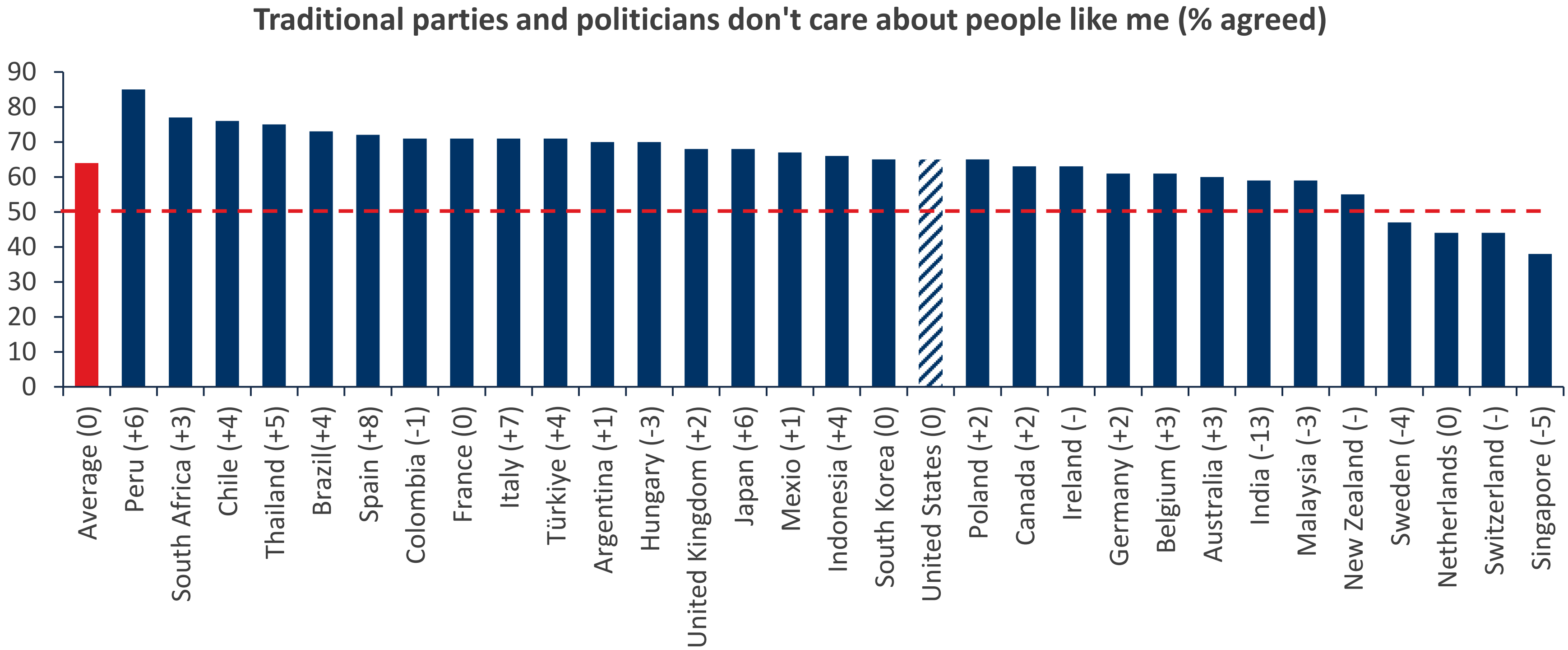
It does not provide enough middle-class jobs, inequality is too high and it is perceived that self-serving elites control politics



Source: Edelman Trust Barometer 2025
Trust (blue) = 60 – 100, neutral (grey) = 50 – 59, distrust (red) = 1 – 49, Numbers in brackets indicate the change from the previous year (2024)

The gap between elites and the people

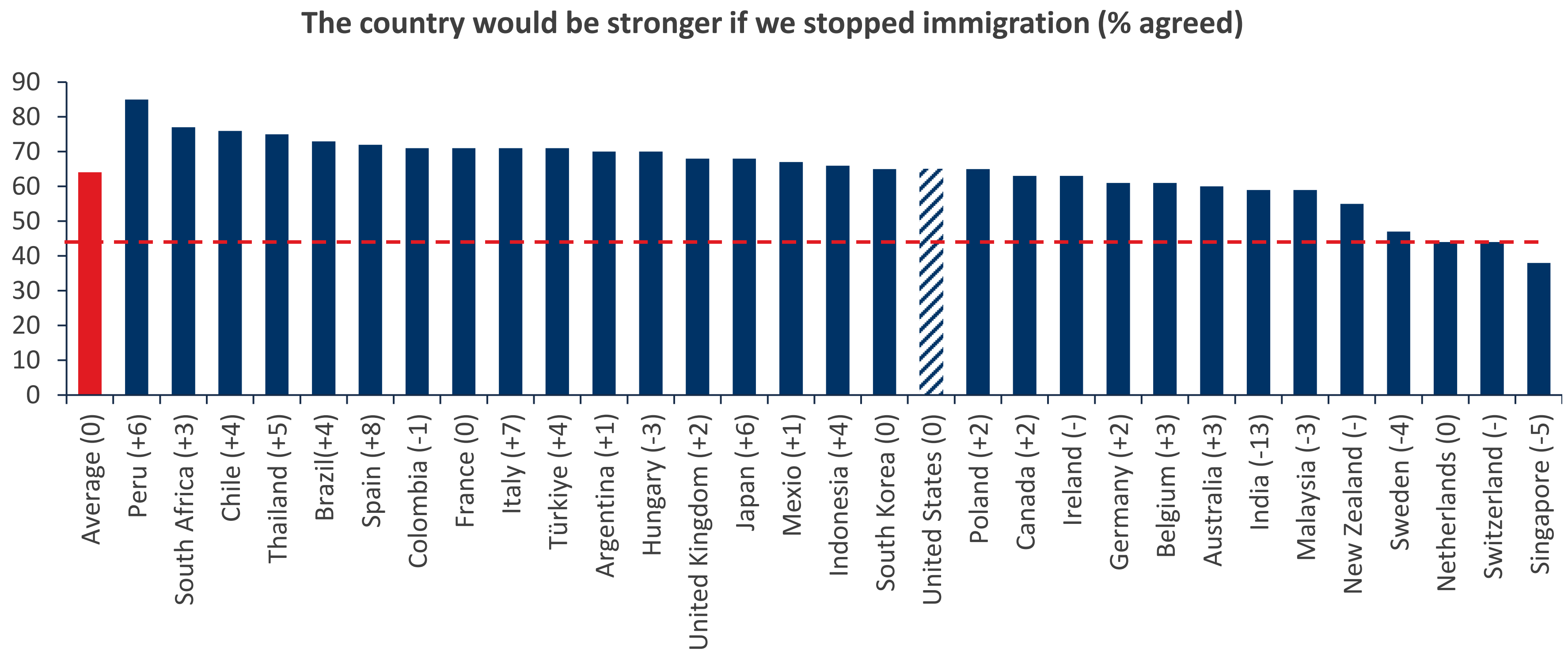
This view cuts across generations and social classes in almost every country



Source: Ipsos Populism Report 2025, Momentum Investments
23,228 adults surveyed (survey conducted every two years, results for 21 Feb 2025 – 7 Mar 2025)

Immigration has become another powerful fault line

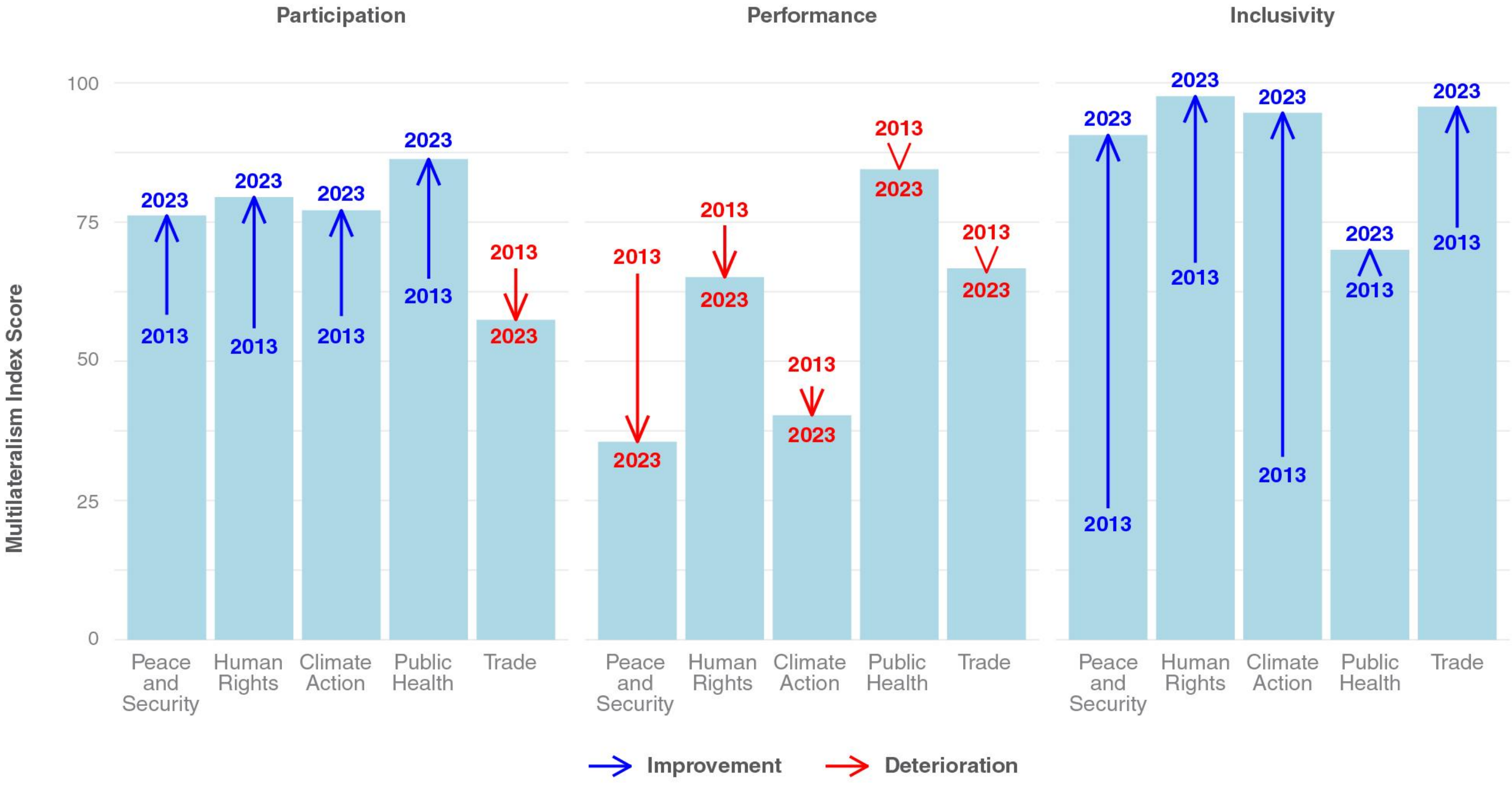
Anti-immigration views have gained ground in recent years, often tightly interwoven with economic fears



Source: Ipsos Populism Report 2025, Momentum Investments
23,228 adults surveyed (survey conducted every two years, results for 21 Feb 2025 – 7 Mar 2025)

Growing calls to transform the multilateral system

Member states remain engaged in the system but global crises are outstripping the multilateral system's ability to respond



Source: International Peace Institute, Institute for Economics and Peace

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The world ahead

From globalisation to bloc-alisation

Source: World Affairs Council

Section
4

Scenario thinking

Managed polarity would deliver the most efficiency global growth outcome

01 Managed multipolarity

US remains first among equals **> but not unchallenged** with **overlapping spheres of influence**

Competition persists but pragmatism prevails

Supply chains diversify rather than decouple and global institutions evolve

Gradually weaker $, good for emerging markets, growth assets outperform

02 Divide and conquer

Two rival camps > each with their **own tech ecosystem, payment network and security bloc**

Renminbi a bigger contender for $

Less efficient global growth as emerging markets choose sides

Stronger $, emerging markets polarise, defense and energy outperform, **higher inflation and tighter interest rates**

03 Global (chaotic) fragmentation

Trade and political silos **> localised supply chains**

Regional currencies could create an unstable environment

Rising tensions disrupt global cooperation **> global institutions falter**

Emerging market assets struggle under capital flight; higher global inflation; **higher volatility**

04 Sudden Crisis

Triggered by a **debt default** or political instability in the US (or a geopolitical event)

Territorial disputes escalate

Bigger $ devaluation; US bond yields sell off as US assets suffer under **fiscal strain and political gridlock**, other safe-haven assets strengthen and markets enter risk off (quicker timeline)

Source: Atlantic Council, Momentum Investments

Strategic promiscuity

Active diplomacy = pursuing flexible, multi-directional relationships to maximise economic, diplomatic and security benefits without committing to a single bloc

India
Deepens US ties via Quad Alliance (defense) but joins BRICS for energy and tech

Indonesia
Partners with US for trade and investment but relies on Russian arms and Belt-and-Road

Brazil
US for tech and soy but China is a top trading partner

Saudi Arabia
US security umbrella but energy deals with Russia and China

United Arab Emirates
Balances Abraham Accords benefits with non-Western markets for growth

Nigeria
US/UK oil security, Chinese infrastructure loans and Russian wheat

Mexico
Trade with US and Canada, China EV/battery deals

Source: Atlantic Council, Momentum Investments

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Adapting to a post-exceptional world

Market implications

Source: Economist Intelligence Unit

Section
5

Allocating in a multipolar world

Volatility

Geopolitical uncertainty and renewed state intervention likely to keep volatility elevated.

Shorter cycle investing

Market swings between optimism and fear as global risks flare up and fade faster than in the past.

Real assets

Commodities and infrastructure hedge inflation and geopolitical risk.

Diversification

By asset class and regime as energy, trade and technology realigns.

Higher debt burdens

More volatile bond yields and steeper term premia ➔ US treasuries can remain as anchors but emerging market local bonds could regain appeal.➔ $ likely weaker longer term but spikes during global stress.

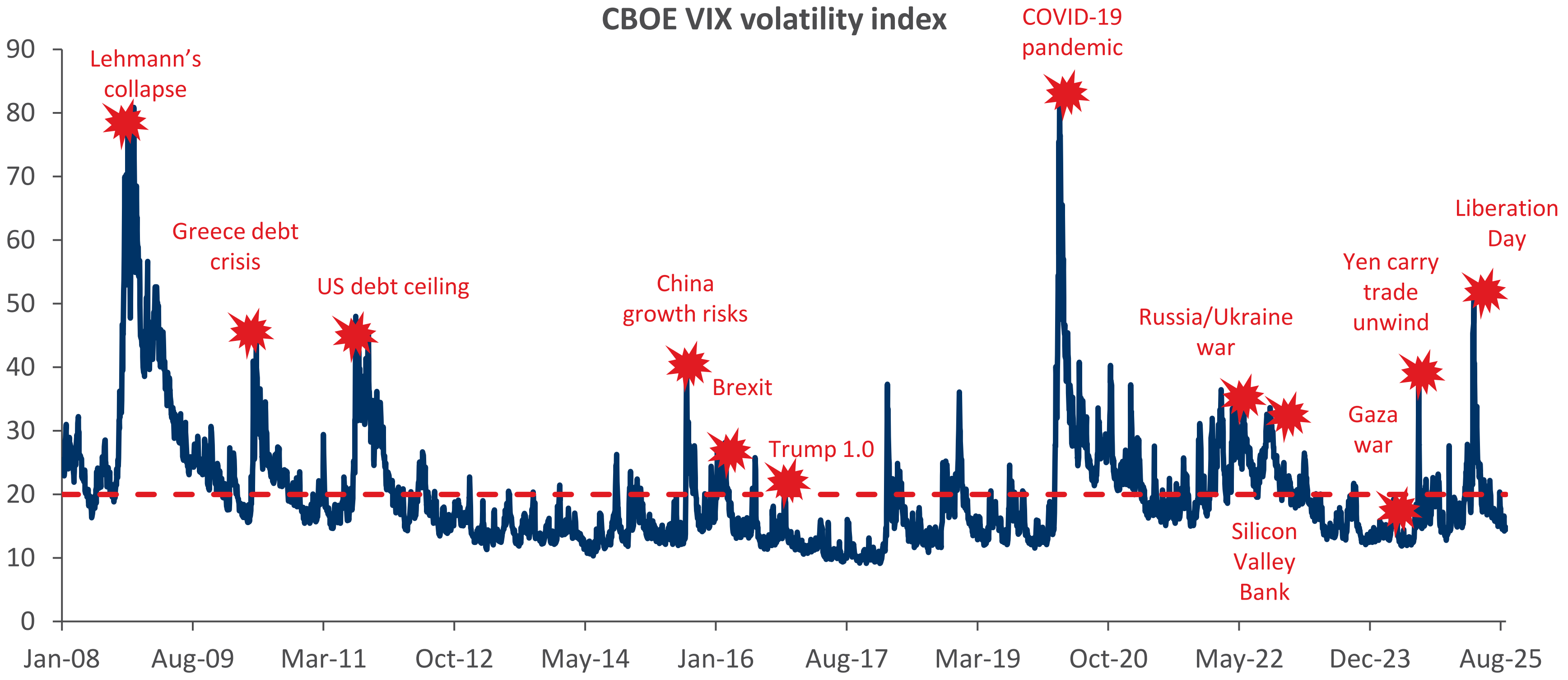
Stock-picker market

Dispersion between winners and laggards as policy paths diverge.

Source: International Peace Institute, Institute for Economics and Peace

The age of unease

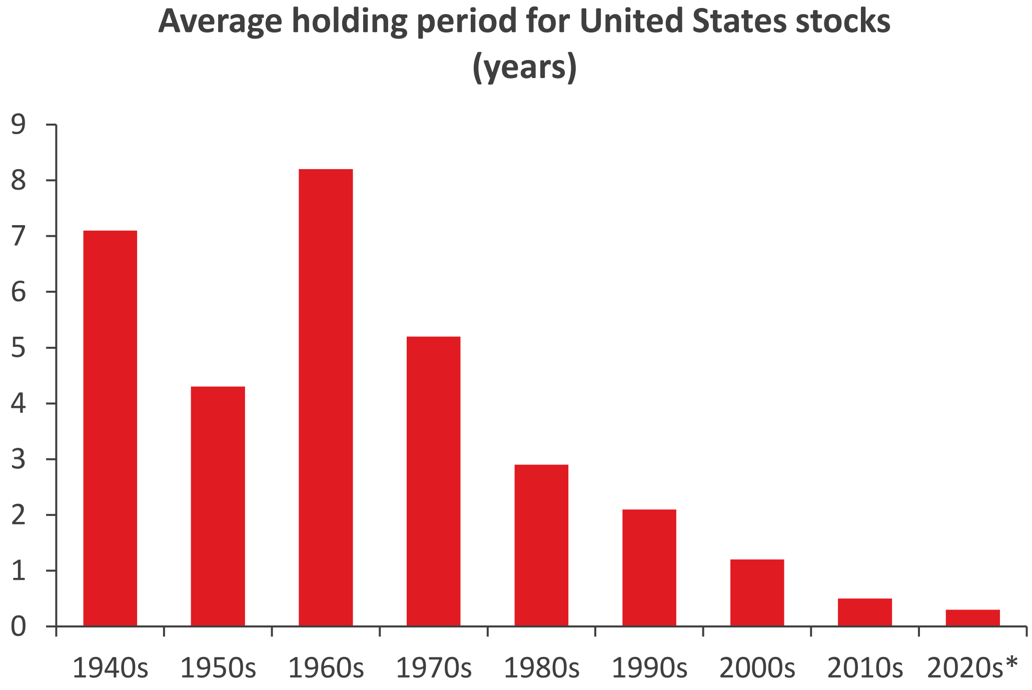
VIX averaged 16.9 between 2010 and 2019 but rose to 21.3 between 2020 and 2025 YTD ➔ VIX exceeded 30 4.3% of the time between 2010 and 2019, but more than 10% between 2020 and 2025



Source: Bloomberg, Momentum Investments

More active trading

Rise in high-frequency and algorithmic trading and increased access to market information behind the shorter holding periods



Source: Coronation, Momentum Investments

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Putting it all together

Source: iStock

Summary

Summary

The world has shifted from a US-dominated, rules-based order to a more complex, multipolar system with several major powers shaping global dynamics.

Higher inequality is pushing politics toward populism and nationalism, moving away from the conservative-libertarian era.

Rising political and geopolitical uncertainty, along with renewed state intervention, is leading to greater volatility and wider performance gaps across regions, sectors, and firms.

Intensifying geopolitical rivalry is fuelling state-led industrial policy, eroding the principle of comparative advantage in global trade.

Redefined alliances and investment flows as capital follows strategic and security alignment in a world where rising middle powers gain outsized geopolitical and investment relevance.

Monetary and fiscal cycles could diverge across regions amplifying volatility in inflation, currencies and asset prices. Resting rate for growth could be lower, while higher for inflation and interest rates.

Source: Momentum Investments