GI SPECIAL REPORT

Global Macroeconomic Outlook Through Prism of the Middle East After First 100 Days of Trump 2.0?

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The Three Forces Defining 2025: *Maximum Energy, Peak China & the Trump Punch!*

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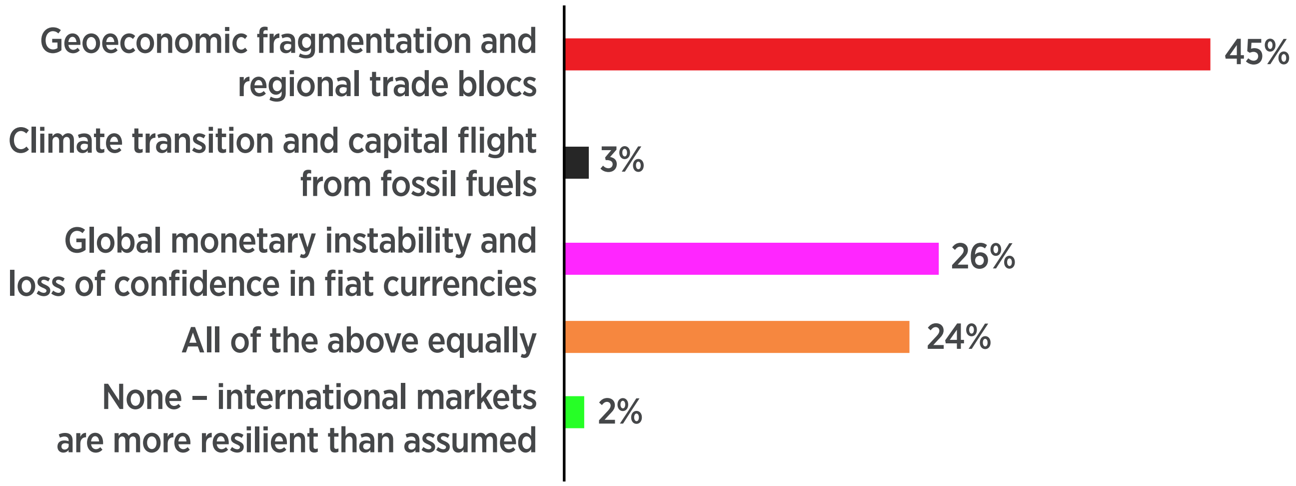
In 2025, the global stage is not merely shifting—it is convulsing under the weight of seismic transitions after the first 100 Days of Trump 2.0. From the energy-rich landscapes of the Gulf to the demographic crossroads of China, and the volatile capitals of the West, three dominant forces are colliding: Maximum Energy, Peak China, and the Trump Punch. Together, they form a prism through which the global macroeconomic outlook can be assessed from the Middle East.

"Maximum Energy" – The Gulf's Global Leap

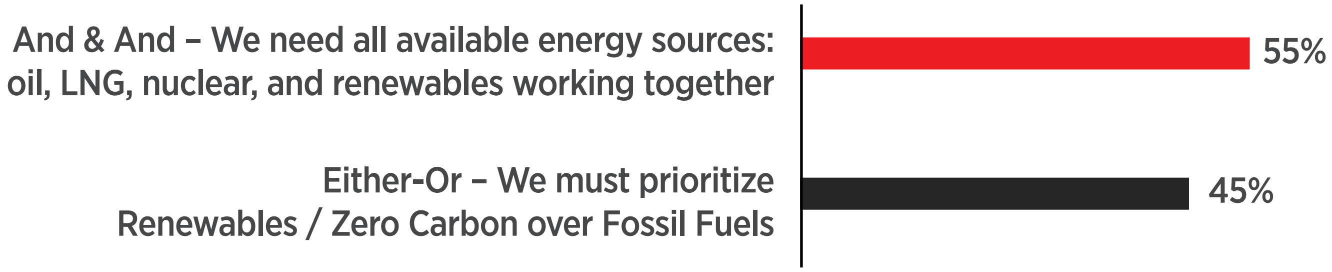
Across the Middle East, a defining narrative is taking shape. The region's energy agenda has never been more assertive, nor its ambitions more far-reaching. "Maximum energy" is no longer a slogan—it is a regional doctrine. Cities like Abu Dhabi, Riyadh, and Muscat are engineering a future powered by every possible energy stream: fossil fuels, nuclear, hydrogen, and renewables. This is not an "either-or" strategy—it is an "and-and" imperative.

The United Arab Emirates stands at the intersection of tradition and innovation. Its operational Barakah nuclear plant and expanding hydrogen initiatives embody a new energy paradigm. In Saudi Arabia, plans are underway to build up to 30 civilian nuclear reactors, a bold bet on carbon-free baseload power.

Which of the following global trends poses the greatest risk to the stability of international markets in 2025?



Which energy policy approach do you believe is best suited to ensuring global energy security by 2035?



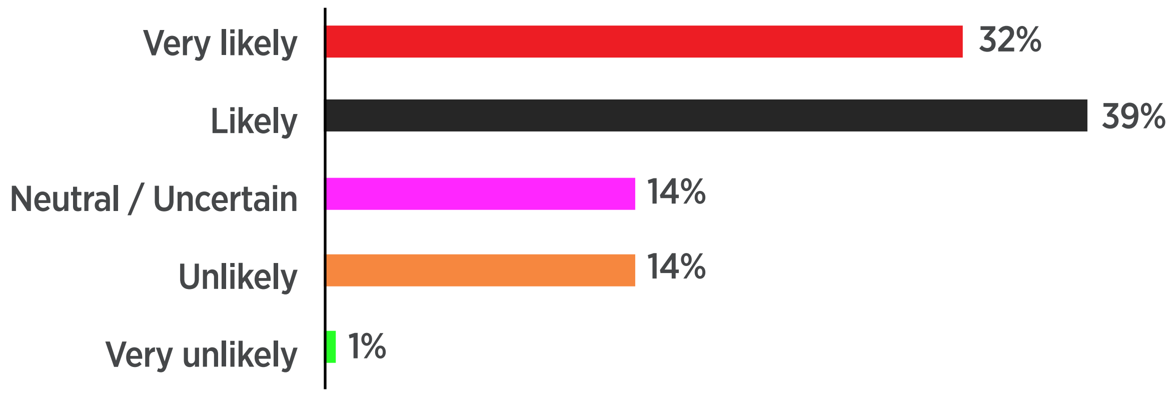
Qatar is doubling its LNG output, while Kuwait is injecting $30 billion into upstream oil production. Iraq, ever ambitious, is targeting a staggering 7 million barrels per day. Oman has opened its hydrogen economy to international investors, inviting global capital into its green transition.

But the real turning point in 2025 is strategic—not technological. Gulf nations are no longer content with local production; they are going global. From ADNOC's acquisition of German chemical giant Covestro to investments in U.S. gas terminals, the Gulf's energy players are embedding themselves deep into the global energy value chain. This approach reflects a sharp calculus: dominance today can secure leverage tomorrow.

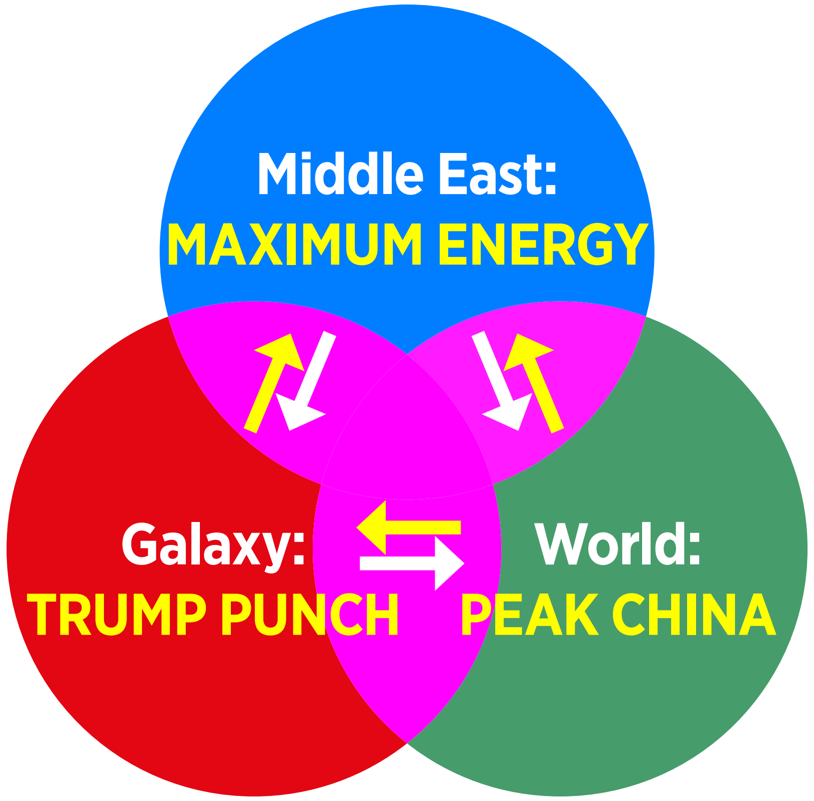
Crucially, this expansion is no longer limited to upstream assets. National oil companies across the region—such as ADNOC, Aramco, KPC, and OQ—are transforming into vertically integrated giants, building trading arms, refining capacity, and downstream petrochemical businesses that capture margin at every stage of the oil and gas lifecycle. The rise of entities like ADNOC Trading and Aramco Trading underscores this evolution: the Gulf is not just selling crude—it is marketing, hedging, and arbitraging across global markets, competing with the world's biggest commodity traders on their own terms.

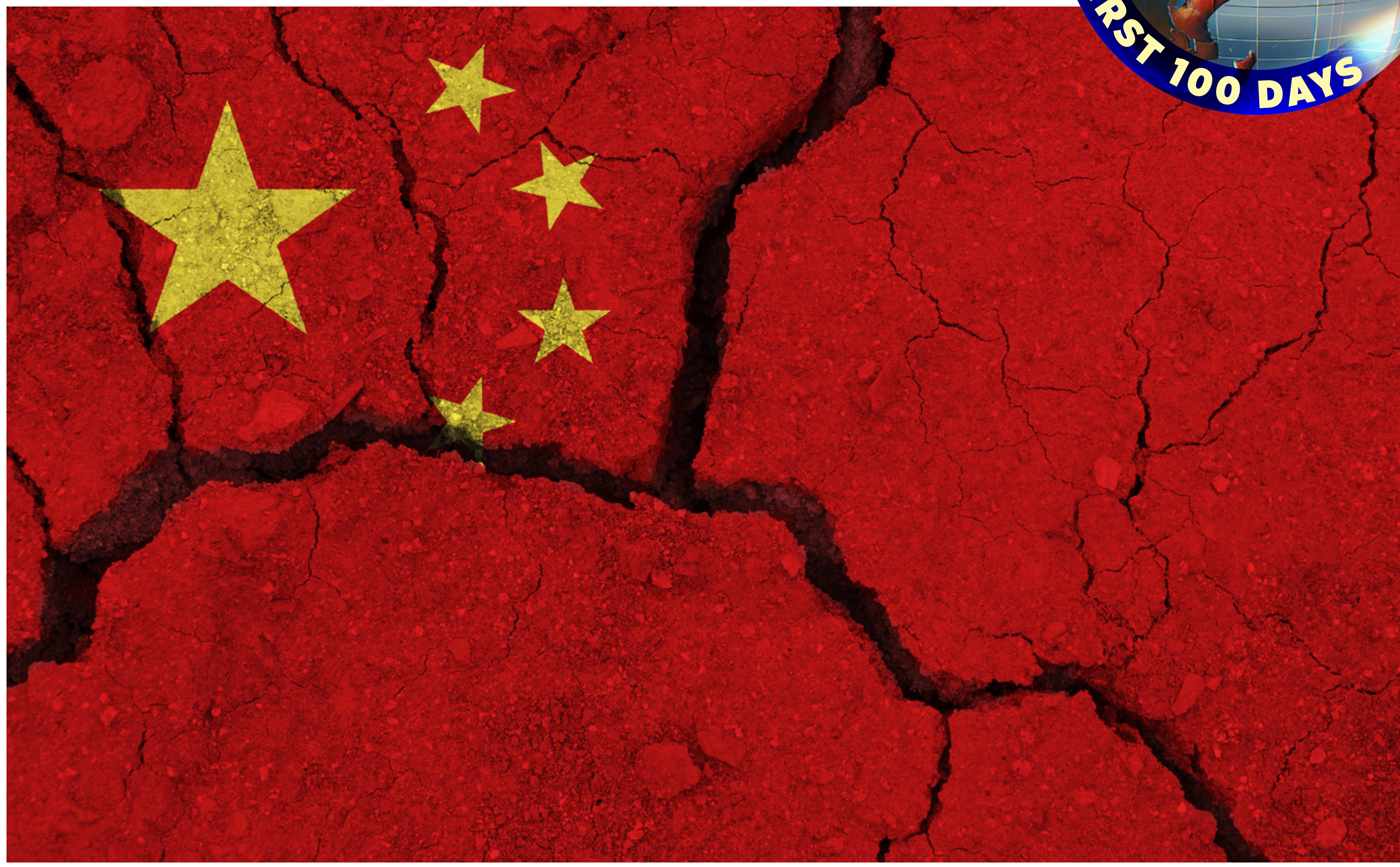
Yet this strategy rides on a precarious assumption—that demand will continue to surge. And for that, the gaze inevitably turns eastward.

How likely is it that global investors will shift their capital allocations away from traditional safe-haven markets – like USD/Treasury bills--in 2025 due to rising geopolitical & monetary instability?



THE ANSWERS ARE IN THE NEXUS...





“Peak China” – The Giant Slows Down

China, once the seemingly bottomless well of global growth, is beginning to lose its gravitational pull. For decades, its industrial ascent pulled in energy exports from the Middle East like a tidal force. But today, the tides are receding.

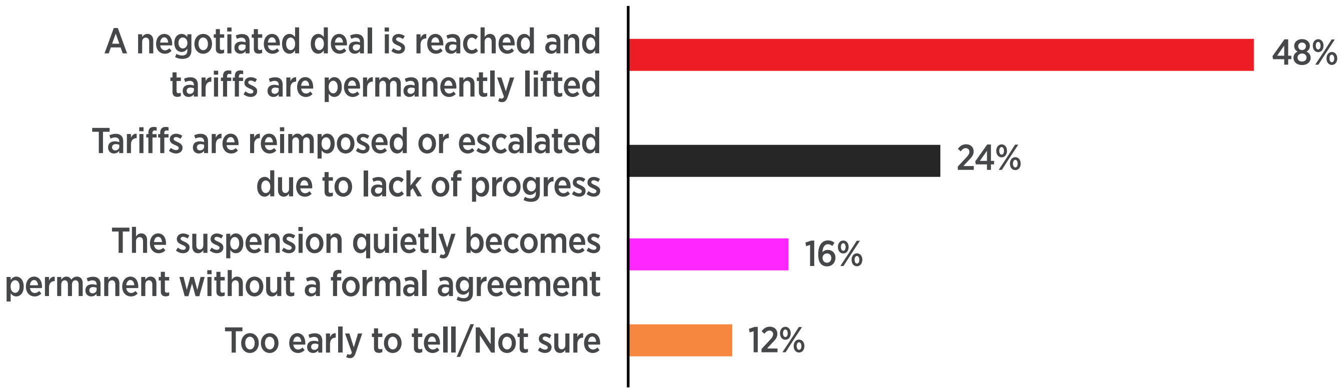
China’s population shrank in 2023 for the first time in sixty years. More than symbolic, this marks the onset of a demographic transformation. With a median age now above 39, and its workforce in long-term decline, China is entering the era of the “super-aged society.” Productivity gains, while impressive, are unlikely to compensate for the loss of sheer labor scale.

Water, too, is becoming a constraint. Northern China, home to heavy industry and key agricultural zones, is facing extreme water stress. The North China Plain is one of the most water-depleted regions on the planet. Aquifers are collapsing. Industries like steel, chemicals, and semiconductors—heavily reliant on water—are struggling under regulatory and physical constraints. The South–North Water Transfer Project, once hailed as a solution, is now seen as an insufficient patch.

Peak China’s real-estate bust has also left behind tens of millions of empty housing units. Now that historic glut of unoccupied property is colliding with China’s shrinking population, leaving cities stuck with homes they might never be able to fill. The country could have as many as 90 million empty housing units, according to a tally of economists’ estimates. Assuming three people per household, that’s enough for the entire population of Brazil.

Together, demographic decline and environmental degradation are creating a structural ceiling on growth. This presents a sobering reality for Gulf energy exporters: just as they double down on production and global expansion, their largest customer is cooling. India, Southeast Asia, and Africa are rising, yes—but they have yet to match China’s scale. The result is an unprecedented paradox. The supply engine is accelerating; the demand locomotive is losing steam.

What do you expect will happen after Trump’s 90-day suspension of reciprocal tariffs ends?



“Trump Punch” – The Tremor from Above as the Ground Punches Back

If the Gulf is charging forward and China is decelerating, the West is stumbling into turbulence. Hovering over all else is a political and economic force of destabilization: the Trump Punch. It is not a single policy or action, but a shockwave that upends norms, fractures alliances, and injects volatility into every system it touches.

Economic nationalism is back with a vengeance. Globalization is being unwound as trade blocs realign and supply chains are redrawn based on security, not efficiency. Energy, tech, and finance are increasingly weaponized. Fragmentation and chokepoints have become the new constants.

Capital markets are undergoing tectonic shifts. Meanwhile, global monetary systems face inflationary pressures and de-dollarization. The U.S. dollar’s use in sanctions has led to alternative reserve strategies across China, Russia, and the Gulf.

Trade policy, particularly in the U.S., is a wild card. With a temporary 90-day tariff freeze in place, uncertainty reigns. In this environment, investment

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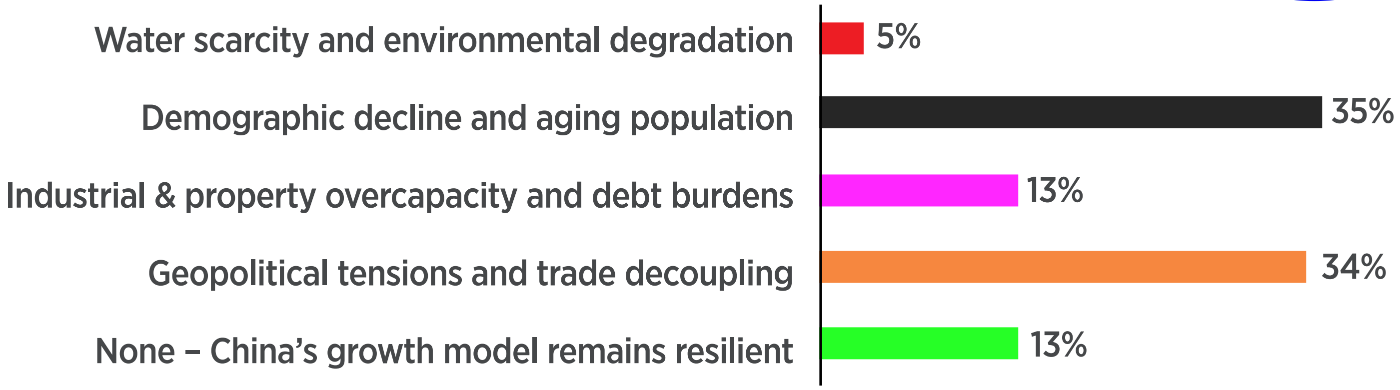
Which of the following structural challenges poses the greatest long-term threat to China's economic sustainability?



timelines shrink, risk premiums rise, and energy contracts become fraught with pricing complications.

China's response to the Trump Punch has been both defiant and strategic. While the world anticipated U.S. tariffs, Beijing's quiet retaliation and restructuring may have more enduring effects. China is deepening alliances across Asia and the BRICS, aiming to insulate itself from Western shocks. It is also accelerating its shift from industrial dependence to a services- and technology-oriented economy. This recalibration is not just economic—it's geopolitical, as China works to redefine global trade and energy flows without relying on Washington.

Meanwhile, Iran is bracing for a different kind of Trump Punch—one where diplomacy and deterrence blur. The reimposition of oil sanctions has already slashed exports, but this time the threat goes beyond economic penalties. With negotiations in Europe and sanctions on Chinese refiners buying Iranian crude, Tehran faces a policy oscillating between outreach and aggression. If Iranian barrels are forcibly kept off the market, the risk of inflaming a wider confrontation grows. Iran's willingness to retaliate could shape not only prices, but the stability of the entire Gulf.

Ultimately, the direction of 2025 may be dictated less by the Trump Punch itself, and more by the 'Punch Trump'—the cumulative response of global stakeholders to U.S. actions. Whether it's Beijing's trade pivots, Brussels' regulatory pushback, Middle Eastern hedging, or even the judgments of bond markets and the U.S. Supreme Court, it is these counter-moves that could most profoundly shape the year's political and economic trajectory.

At the Nexus – A New World in Motion

Maximum Energy, Peak China, and the Trump Punch are not sequential trends—they are concurrent disruptions. And they are not independent—they collide and reinforce each other.

The Middle East's bold production boom risks outpacing demand growth. China's deceleration diminishes the traditional buyer base. Western volatility complicates everything—from capital allocation to shipping insurance.

Yet within this triad of instability lies unprecedented opportunity. The future does not belong to those who wait for calm—it belongs to those who navigate the storm. From full-spectrum energy systems to resilient trade networks, adaptability is becoming the greatest strategic asset.

2025 is not the end of the old order—it is the volatile birth of a new one. The players who recognize this—and act accordingly—will not just survive. They will lead. ■

nb. Source of Survey -- 100 UAE Business Leaders polled on April 22nd

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