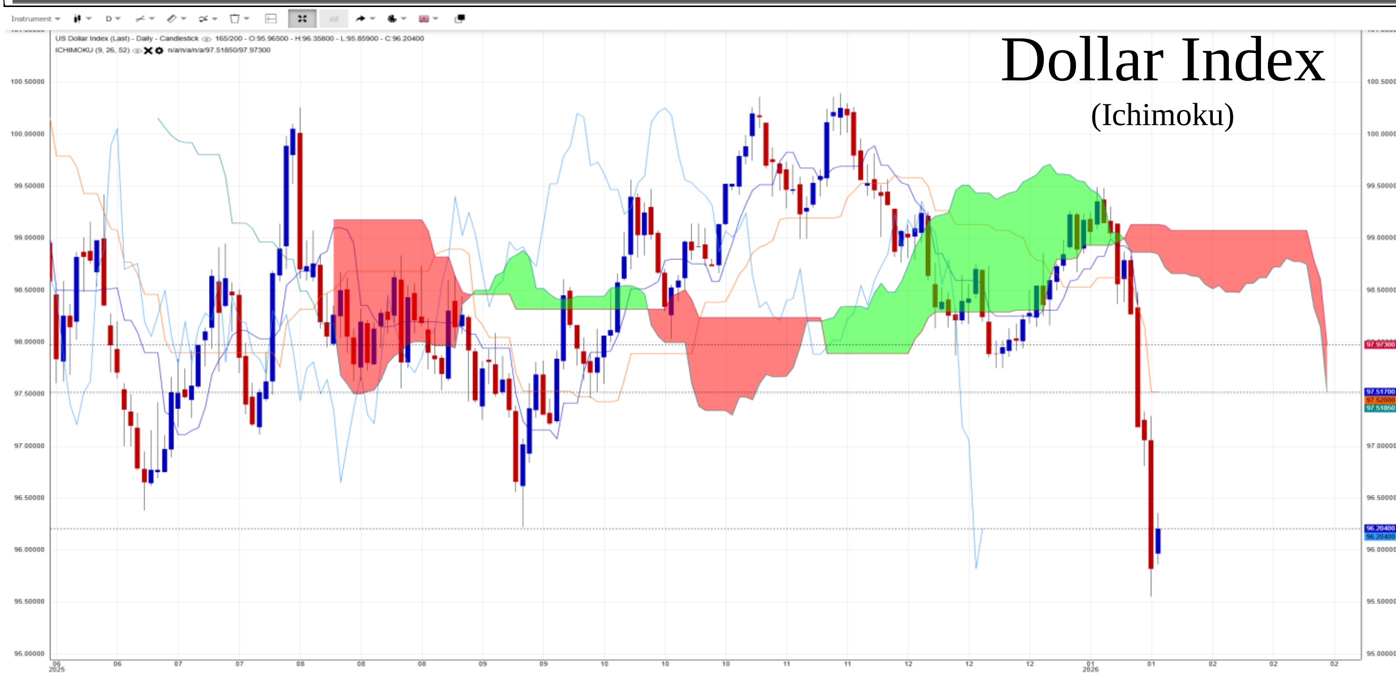
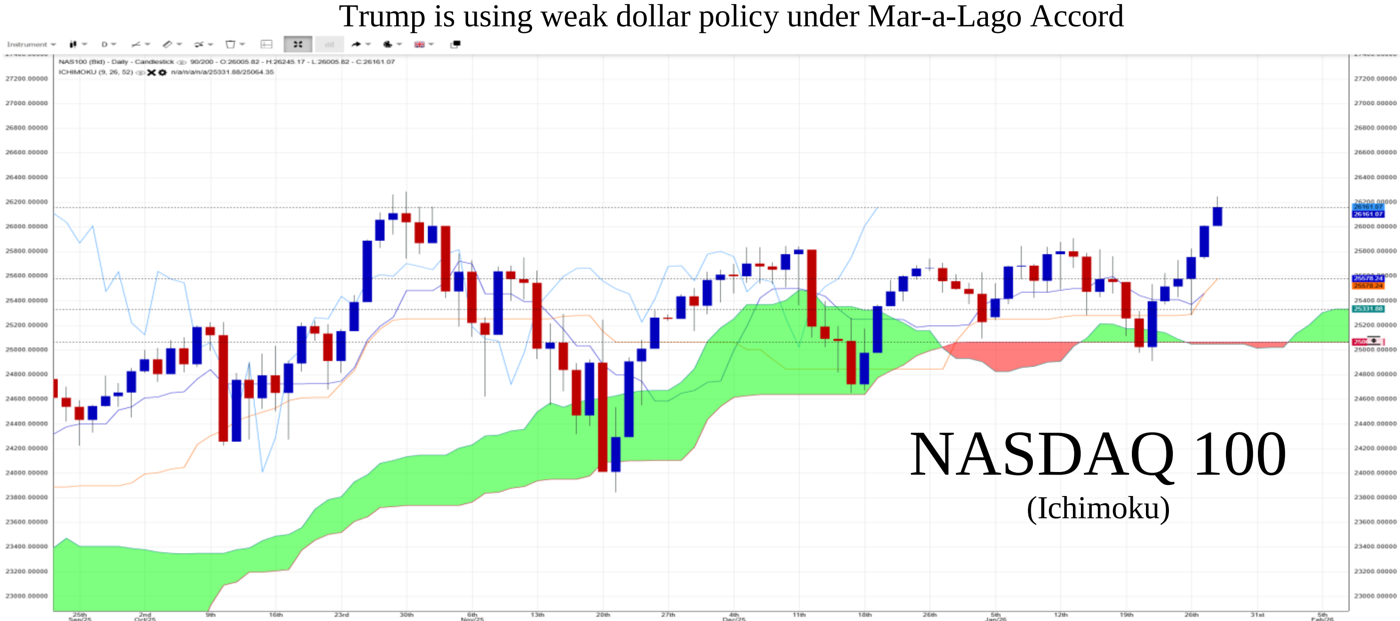
US Stock Express

Daniel Yue

Email: info@ihandbook.org www.ihandbook.org



Trump is using weak dollar policy under Mar-a-Lago Accord



People compare the Mar-a-Lago Accord with Plaza Accord of 1985 which led to record high of stocks but slump in 1987

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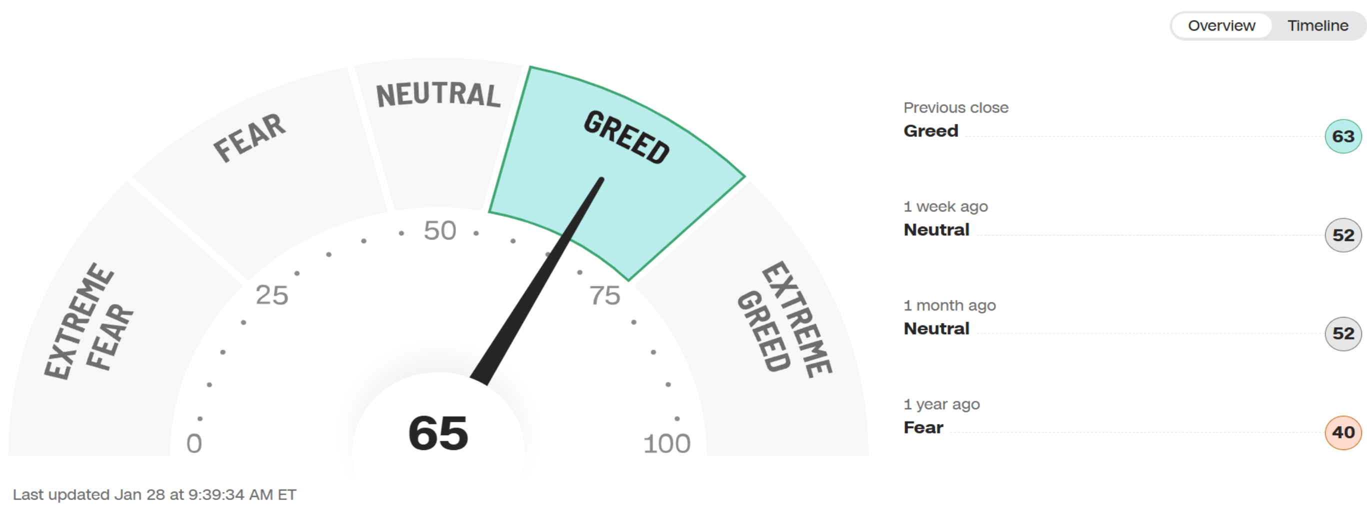
Fear & Greed Index

What emotion is driving the market now?
Learn more about the index



North East West South is *NEWS*

US President Trump's remarks on the dollar's exchange rate have sparked strong speculation in the market that the dollar may be entering a long-term depreciation cycle. He does not believe the dollar is excessively weak and pointed out that the recent decline in the dollar is beneficial to US companies.

China approved the first batch of imports of Nvidia H200 artificial intelligence chips, involving hundreds of thousands of chips. Foreign media reports indicate that the Chinese government is balancing the demand for artificial intelligence with a policy shift to support the domestic semiconductor industry. This approval was finalized during Nvidia CEO Jensen Huang's visit to China this week.

The Information, a media outlet specializing in technology news, revealed that Apple is in talks with SpaceX to integrate Starlink satellite connectivity technology into the iPhone 18 Pro, which is expected to launch in 2026. This collaboration will bring iPhone users a breakthrough satellite communication experience, achieving seamless network coverage.

Amazon (AMZN-US) announced plans to lay off 16,000 employees globally, marking the company's second large-scale layoff in three months. As competition in the artificial intelligence (AI) field intensifies, the tech giant is attempting to improve efficiency through streamlining its organizational structure. Prior to this round of massive layoffs, the company had already announced the elimination of 14,000 jobs at the end of October last year.

A monster winter storm swept across large parts of the United States, bringing frigid temperatures and causing at least 30 deaths so far. More than 500,000 households woke up this morning without power. The National Weather Service (NWS) stated on the social media platform X that "temperatures will remain below freezing across large parts of the northern United States until February 1st"; some southern states unaccustomed to such cold winters experienced "record-breaking low temperatures."

Market Observation

Mar-a-Lago Accord & Plaza Accord

USD/JPY 153.558

Even human being will return to the Moon next week, even Mars exploration competition is re-starting, the concern is not so much. For among all competitors, no country can give actual threat to US, no one can surpass US to land on the Moon and Mars. Domestically, people still worry more on the ICE enforcement, interest rate and inflation. Internationally, it is the weak dollar policy of Mar-a-Lago Accord (page 7).

Trump is using weak dollar policy to improve the trade deficit of US. It's the simplest method to make US products more attractive and thus can sell more. But the greatest setback is importing price will also be higher when they need raw materials. It is a basic theory in Principle of Economics in freshman year of all universities.

Why it attracts attention so much? Because weak dollar policy led to record high in gold, silver and copper. Not only these, all 3 major indexes are near record high and S&P just touched 7000 points. Why people link up the Mar-a-Lago Accord with Plaza Accord in 1985? Again, because of Japanese Yen!

Sanae Taikachi, the Iron Lady of Japan called for a snap election. She is a successor of Shinzo Abe who has the longest term of prime minister in Japan and in enhance of *Abenomics*. She supports heavy government investment in critical strategic sectors with emphasis on "bold crisis management and growth investment", which will involve large-scale fiscal spending and the development of legal systems and new economic bonds. And is known as *Sanaenomics*.

In the Plaza Accord of 1985, it also made stock market broke record high but followed by great slump of 1987. So, what would happen 2 years later in 2028? We will have the space program of Mars and Moon; we will have Full Self Driving and humanoid robot. We will have the AI development which is quite different from last century. When S&P reaches 7000, is it the good news? Will it continue to go up or will have correction? We better put our eyes longer and wider on the space projects.

A weaker dollar is a deliberate policy aim because it makes U.S. goods cheaper abroad, helps exporters and manufacturing, and can reduce the trade deficit — but it also raises import prices, risks higher inflation, and can undermine investor confidence; coordinated action with Japan to support the yen is possible but risky and only selectively beneficial to the U.S. American Enterprise Institute - AEI + 1

Why a weak dollar fits Trump's agenda

- **Boost exports and manufacturing**: A lower dollar makes U.S. goods and services cheaper overseas, which can raise demand for American-made products and support factory employment — a core part of the "Make America Great Again" economic message. American Enterprise Institute - AEI
- **Shrink the trade deficit mechanically**: Cheaper exports and relatively more expensive imports can narrow the trade gap in nominal terms. American Enterprise Institute - AEI
- **Political and fiscal motives**: A weaker dollar can make domestic fiscal stimulus and tariffs more tolerable politically by supporting growth, even as tariffs themselves can distort trade and raise consumer costs. Penn Wharton Budget Model

How a weak dollar helps and hurts the U.S.

- **Help**: **higher export volumes, improved competitiveness for manufacturers**, potential **short-term GDP lift**. American Enterprise Institute - AEI
- **Hurt**: **higher import prices** (raising consumer inflation), **pressure on the Fed** to tighten policy, and **reduced foreign investor appetite** for dollar assets if seen as deliberate debasement. CNBC + 1

Table Comparison of Policy Options

Policy	Short-term benefits	Short-term costs	Likely long-term effect
Allow dollar to weaken via fiscal/ tax policy	Exports cheaper; growth boost	Higher import inflation; consumer pain	Mixed: temporary growth, possible credibility loss
Direct FX intervention with Japan to support yen	Stabilizes Asian markets; eases yen volatility	Political backlash; weakens dollar further	Risk of retaliation; limited durable gains
No intervention, rely on markets	Preserves Fed independence; market pricing	Sharp FX moves; export pain	More stable credibility; slower adjustment

Will the U.S. join Japan to counter the yen's fall

- **Possible but conditional**: Coordinated intervention historically occurs when disorderly FX moves threaten financial stability. Recent market talk and official signaling have made joint action conceivable, but it requires clear objectives and political coordination. CNBC + 1
- **Not a guaranteed win for the U.S.**: Supporting the yen could further weaken the dollar, which helps exporters but risks **higher import costs and inflation** for U.S. consumers and could undermine confidence in U.S. policy if seen as currency debasement. Bloomberg

Practical takeaway and risks

- **If the goal is manufacturing and exports, a weaker dollar helps short term but imposes inflationary and credibility costs.** American Enterprise Institute - AEI
- **Coordinated intervention to prop up the yen is a blunt tool**: it can calm markets but carries political, legal, and economic risks and is unlikely to deliver sustained structural gains for the U.S. without complementary fiscal and productivity reforms. CNBC + 1

If you want, I can summarize recent market moves in Asia today and show how a weaker dollar has affected Hong Kong import prices and local exporters.

China granted the import of H200

President Donald Trump has embraced a weaker U.S. dollar as part of his economic strategy in his second term, viewing it as a tool to enhance American competitiveness. This approach stems from his long-standing belief that a strong dollar disadvantages U.S. exporters by making American goods more expensive abroad, while a moderately weaker dollar can boost exports and narrow trade deficits. Trump's comments in January 2026, dismissing concerns over the dollar's slump to four-year lows, have accelerated this trend, influenced by factors like Federal Reserve rate cuts, tariff policies, and fiscal deficits. Proposals like the "Mar-a-Lago Accord" from his economic advisers aim explicitly at reducing the U.S. current-account deficit through currency depreciation. reuters.com +6 more

How a Weak Dollar Aligns with "Make America Great Again"

Trump's "Make America Great Again" (MAGA) agenda emphasizes revitalizing U.S. manufacturing, creating jobs, and reducing reliance on foreign imports. A weaker dollar supports this by:

- **Boosting exports**: American products become cheaper for foreign buyers, potentially increasing sales of goods like machinery, agriculture, and vehicles. This could lead to more factory jobs and economic growth in export-heavy sectors. reddit.com facebook.com
- **Discouraging imports**: Foreign goods become more expensive for U.S. consumers and businesses, encouraging domestic production and reducing the trade deficit—a key Trump metric for economic "winning." hks.harvard.edu reddit.com
- **Attracting tourism and investment**: A cheaper dollar makes the U.S. more appealing for international visitors and could draw foreign capital into American assets. facebook.com

However, this isn't without trade-offs. Critics argue it could fuel inflation by raising import costs (e.g., for electronics or oil), diminish U.S. purchasing power globally, and invite retaliation from trading partners. Trump's team appears to favor a controlled weakening rather than a sharp drop, aiming to balance these risks with manufacturing gains. politico.com bloomberg.com

Potential Intervention in the Yen's Depreciation

As of late January 2026, there are strong indications that the Trump administration may coordinate with Japan to intervene against the yen's weakening (i.e., to prop it up and prevent further "fall"). The yen has strengthened recently amid speculation of joint U.S.-Japan action, reminiscent of the 1985 Plaza Accord, where major economies agreed to depreciate the dollar against currencies like the yen. Trump's comments downplaying dollar weakness have fueled yen gains, and U.S. Treasury officials have signaled discomfort with excessive yen depreciation. This aligns with broader U.S. goals of a weaker dollar against Asian currencies to address trade imbalances. No formal intervention has occurred yet, but market watchers expect it if the yen approaches levels like 160 per dollar, especially with Japan's upcoming elections limiting tolerance for further weakness. cnbc.com +7 more

Would This Be Beneficial to the U.S.?

Potentially yes, but with caveats:

- **Benefits**: Supporting yen intervention could further weaken the dollar relative to the yen, making U.S. exports to Japan (e.g., autos, tech) more competitive and helping close the bilateral trade gap. It might also stabilize global markets by curbing yen carry trades (borrowing cheap yen to invest elsewhere), reducing volatility that spilled over to U.S. stocks in 2024. This fits Trump's protectionist stance and could enhance U.S. leverage in trade negotiations. wsj.com +2 more
- **Risks**: A stronger yen might unwind carry trades abruptly, pressuring U.S. equities and increasing borrowing costs globally. It could also exacerbate U.S. inflation if the dollar weakens too broadly, and invite criticism for currency manipulation. Overall, while short-term trade gains are possible, long-term benefits depend on avoiding excessive dollar debasement, which markets are debating. morningstar.com +3 more

In summary, Trump's weak dollar stance is a deliberate pivot toward export-led growth, but its success hinges on managing inflation and international coordination.

The Mar-a-Lago Accord is a proposed economic framework advanced by advisers in the Trump administration, aimed at deliberately weakening the US dollar to address trade imbalances and enhance American competitiveness. As of January 2026, it remains a conceptual plan rather than a formalized international agreement, though it has influenced ongoing policy discussions and market movements. It draws its name from Donald Trump's Mar-a-Lago estate in Florida, where he has hosted diplomatic events, and is often likened to historical currency pacts. think.ing.com +2 more

Origins and Key Proponents

The concept was first coined in June 2024 by Zoltan Pozsar, a prominent money market strategist formerly at Credit Suisse, who framed it as a way for the US to leverage its global security role to negotiate better economic terms. It gained substantive detail in a November 2024 essay by Stephen Miran, then a strategist at Hudson Bay Capital and now Chairman of the Council of Economic Advisers (CEA) under President Trump. Miran's paper provided the intellectual blueprint, aligning with Trump's longstanding views on trade deficits and a "strong dollar" harming US manufacturing. Trump himself has not explicitly endorsed the accord by name but has supported its core elements through tariff policies and rhetoric on weakening the dollar, as seen in his January 2026 comments dismissing concerns over the currency's decline. Other figures like US Treasury Secretary Scott Bessent have been linked to related tariff categorizations. nordea.com +2 more

Goals

The accord's primary objective is to reduce the US current-account deficit—estimated at around $900 billion in goods and services for 2024—by engineering an orderly depreciation of the dollar. Proponents argue the dollar is overvalued due to its reserve currency status and inelastic foreign demand for US Treasuries, which disadvantages American exporters and contributes to job losses in manufacturing. Broader aims include: voelkerrechtsblog.org +2 more

- Boosting US exports by making them cheaper abroad.
- Repatriating manufacturing jobs and reducing reliance on imports.
- Forcing US allies to shoulder more defense costs, linking economic policy to security guarantees.
- Restructuring global trade, finance, and security to favor the US, potentially eroding the dollar's dominance over time. think.ing.com nordea.com

This ties into Trump's "Make America Great Again" agenda by addressing perceived unfairness in global systems. think.ing.com

Proposed Mechanisms

The plan envisions a multilateral agreement involving major trading partners like the Eurozone, China, and Japan, but with unilateral options if cooperation fails. Key elements include: think.ing.com nordea.com

- **Currency Intervention**: Participating countries would sell dollars and US Treasuries from their foreign exchange reserves (totaling about $12.7 trillion globally, with ~60% in USD) to weaken the dollar. To offset potential rises in US interest rates, they could "term out" holdings into long-duration instruments like century bonds (100-year zero-coupon bonds). think.ing.com
- **Tariffs as Leverage**: Aggressive initial tariffs (e.g., 10-20% broadly, up to 60% on China) would be imposed, then reduced as a "carrot" for accord participants. Non-participants face "sticks" like higher tariffs, withdrawal of US security protections (e.g., NATO threats), or a "user fee" (e.g., 1% tax on interest from foreign-held US Treasuries, affecting $8.5 trillion in holdings). voelkerrechtsblog.org +2 more
- **Unilateral Tools**: If multilateral talks falter, the US could impose user fees selectively, expand the Exchange Stabilization Fund, sell gold reserves (8,000 tonnes), or have the Federal Reserve print money to buy foreign debt. Debt restructuring might involve swapping existing bonds for century bonds, though this risks being seen as a default. think.ing.com
- **Sequencing**: Tariffs and security threats build leverage first, with potential reciprocal tariffs announced in spring 2025 or later, followed by accord negotiations. A compliant Fed (post-Jerome Powell's term in May 2026) could mitigate bond market fallout. think.ing.com

These mechanisms bypass direct devaluation, which is restricted by IMF rules (Article IV, Section 1(iii)), by framing actions as trade and security policies. voelkerrechtsblog.org

Potential Impacts

If implemented, the accord could lead to a 20-25% dollar decline (e.g., in USD/JPY), boosting US exports and jobs but risking higher inflation from costlier imports. Globally, it might increase FX volatility, prompt allies to boost defense spending, and shift investments away from US assets, potentially eroding the dollar's reserve status. Positive US effects include reduced deficits via tariff revenues and tax cuts to attract investment, but at the cost of market instability and slower growth. For regions like Asia (including Hong Kong), a weaker dollar could make US imports cheaper but complicate trade with tariff-exposed partners like China. think.ing.com +2 more

Criticisms

Economists like Kenneth Rogoff have called the plan "deeply flawed," arguing it misattributes trade deficits to dollar strength rather than US fiscal policies and ignores risks like inflation and retaliation. It's seen as "incendiary" and "playing with fire," especially amid 6%+ US budget deficits, with potential for seismic instability, rating downgrades, and unhedgeable risks in century bonds. Multilateral cooperation is doubted due to China's currency controls and Eurozone fragmentation, while unilateral moves could be ultra-inflationary or counterproductive for short-term tariff goals. Critics also warn it undermines global trade systems like the WTO and could prompt backlash, such as alliances among affected countries. project-syndicate.org +3 more

Historical Parallels

The accord is explicitly modeled after the 1985 Plaza Accord, where the US, Japan, West Germany, France, and the UK coordinated to depreciate the dollar by about 50% over two years, addressing similar overvaluation issues. However, it differs by incorporating coercive elements like tariffs and security threats, rather than pure currency coordination, and could have broader, Bretton Woods-like impacts on global FX volatility due to today's market-driven economies. Unlike the Plaza's focus on fixed rates under lingering Bretton Woods influences, this proposal operates in a floating-rate world with greater financial market sway. think.ing.com +2 more