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As evident with Bretton Woods (1944) and the Plaza Accord (1985), major global financial and currency agreements have a history of being made after hotel resorts. **The Trump Administration has similar objectives in mind with a potential Mar-a-Lago Accord, whether by coordinated or coercive means.**

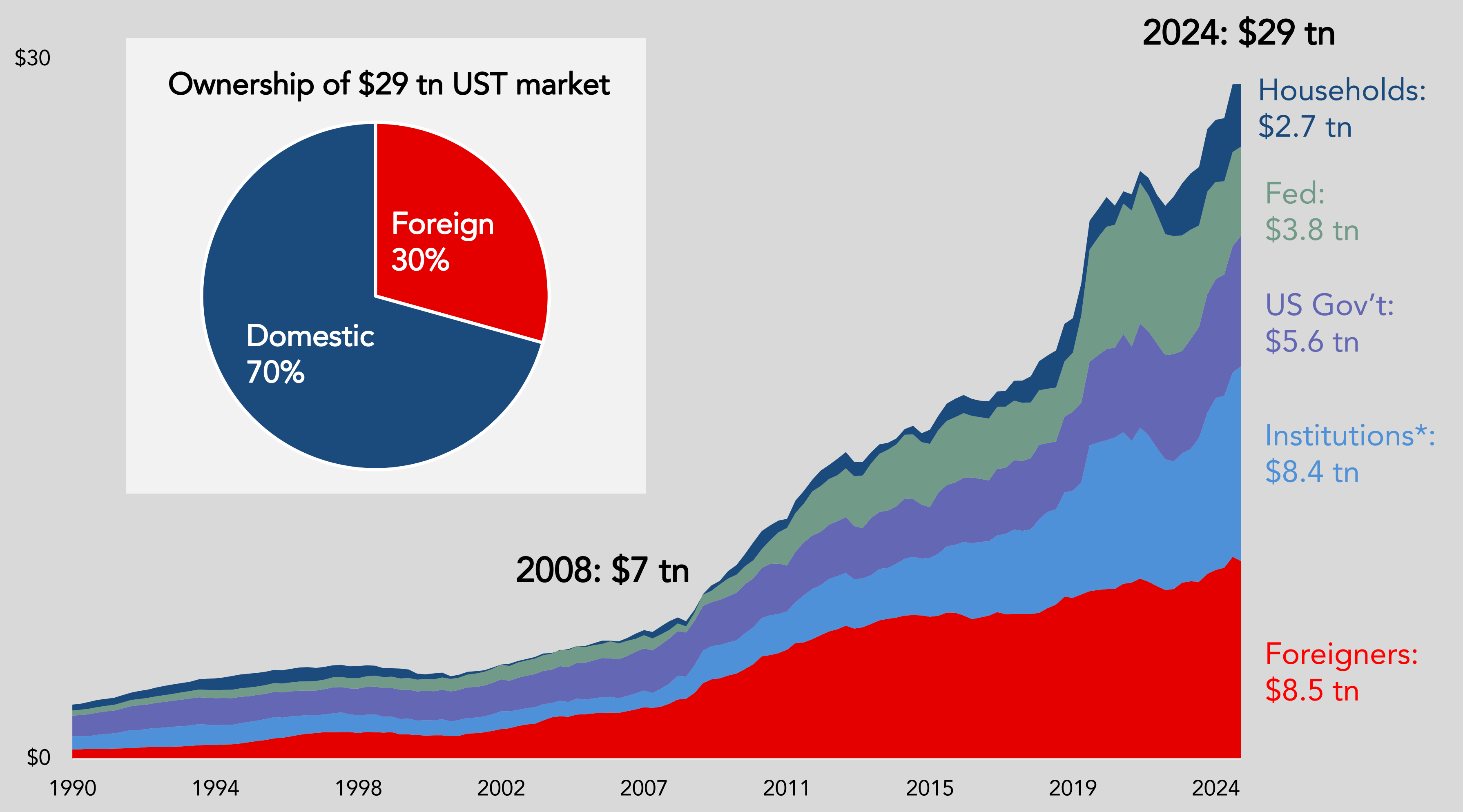
Similar to its approach to geopolitics and trade, the Trump Administration has transformative ambitions to restructure the global financial system over the medium term. **Derived in part from ideas in a Nov 2024 paper by Stephen Miran, the Head of Trump's Council of Economic Advisors (CEA), a Mar-a-Lago Accord would aim to: (1)** restructure US debt obligations; **(2)** weaken the US dollar; **(3)** restore the strength of the US manufacturing sector; and **(4)** rebalance long-standing US trade deficits.

Now is not then, however, with the incentives for other countries to cooperate less evident, and the challenges more formidable. We provide more detail below on the rationale of a potential Mar-a-Lago Accord, key benefits for participants and the significant obstacles that make an agreement unlikely, in our view.

UST Market Has Quadrupled Since 2008

US Treasury debt outstanding has quadrupled to nearly $30 trillion since the Global Financial Crisis less than 20 years ago. Longer term US debt sustainability has become a key objective of a Mar-a-Lago Accord.

Holders of US Treasury securities, USD tn

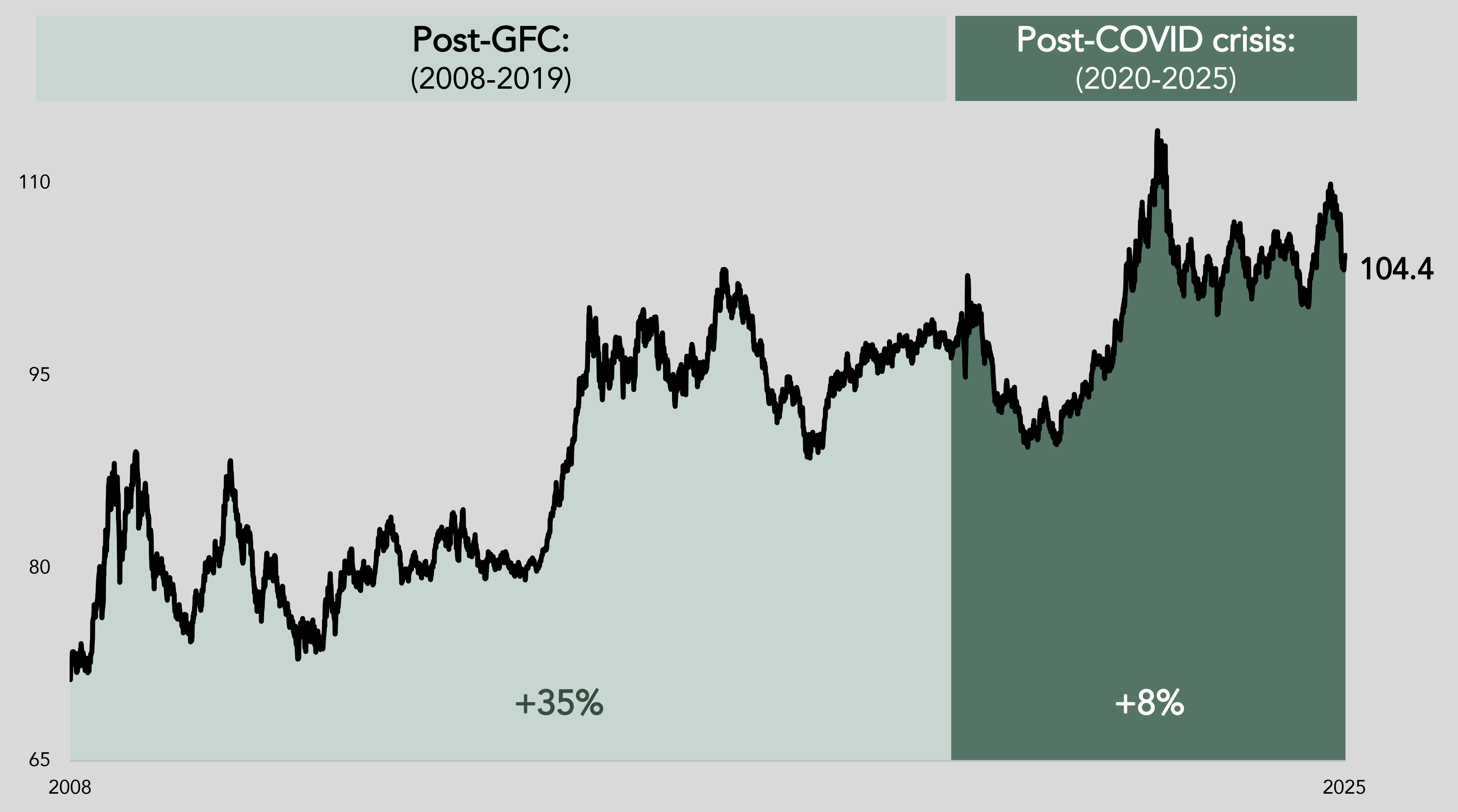


*Institutional ownership includes banks, mutual, closed-end & ETF funds, pensions, insurance, ABS issuers & broker-dealers

USD Index has Strengthened Over 45% Since 2008

The US Dollar strengthening cycle, generally underway since the Global Financial Crisis, has been among the longest on record. A globally "coordinated" depreciation of the US Dollar would be an important objective of a potential Mar-a-Lago Accord aimed at a restoration of the US manufacturing sector. The challenges to coordinated Dollar depreciation, however, remain formidable.

USD index



US Trade Deficits With Over 100 Countries

The United States has trade deficits with more than 100 countries globally. Whether through a coordinated or more coercive path, one of the primary objectives of a Mar-a-Lago Accord would be to reduce US trade deficits by way of a re-industrialization of America.

Key Benefits of a Mar-a-Lago Accord

Similar to its approach to geopolitics and trade, the Trump Administration has transformative ambitions to restructure the global financial system. Derived in part from ideas in a Nov 2024 paper by Stephen Miran, the Head of Trump's Council of Economic Advisors (CEA), a Mar-a-Lago Accord would aim to: (1) restructure US debt obligations; (2) weaken the US dollar; (3) restore the strength of the US manufacturing sector and (4) rebalance long-standing US trade deficits.

Benefits to the United States

- Swap US debt obligations for zero coupon, long-dated bonds
- Weaken US Dollar
- Reduce US trade deficits
- Strengthen / expand US manufacturing sector

Benefits to Other Countries

- "Coordinated" vs "coercive" global rebalancing
- Sharp reduction in US tariffs
- Access to US economy & consumer
- American security architecture

Headwinds to a Mar-a-Lago Agreement

A Mar-a-Lago accord to ease US debt burdens would require massive global financial cooperation. Notably, most USTs are owned by the private sector. In the public sector, the benefits of a Mar-a-Lago accord are not likely to be sufficiently strong, nor the "trust" sufficiently high, to reach an agreement. China, in particular, will be weary of Japan's economic path following the 1985 Plaza Accord.

Relationship Headwinds

- Incentives for Japan, China & Europe much less today than 1985
- Discord in current "trade war" climate
- Japan's disinflationary precedent following 1985 Plaza Accord

Geo-strategic Headwinds

- Limited "trust" in US security architecture commitments
- Defense umbrella not relevant to China

Economic & Market Headwinds

- Execution risks could undermine global financial stability
- Most USTs are owned by the private sector
- Long-dated, zero coupon bonds not compelling
- Sustained & outsized US Dollar depreciation (> 20%) is difficult
- Linkage between US dollar & trade deficits have weakened
- US Sovereign Wealth Fund (SWF) viability given high structural deficits

Source: (1) Federal Reserve. Data through Q4 2024. Financial Accounts of the United States, L.210 Treasury Securities. Gov't includes Federal, State & local governments, retirement funds and gov't sponsored enterprises. Total represents total marketable US Treasury debt. (2) Bloomberg. Data as of March 26, 2025. (3) Sidley Austin LLP. World Integrate Trade Solution. Full year data as of 2022.

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"Macro stability isn't everything, but without it, you have nothing."