



# November Investment Perspectives (Special Election Edition)



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ELECTION 2024

INVESTMENT STRATEGY

MARKETS & ECONOMICS

In this special election issue, find out what president-elect will attempt to accomplish in his second term, if the current market narrative will morph into policy reality, and whether recent stock market gains are just a trend or a result of Trump's win.



## It's Over (Almost)

### Mark Luschini, Chief Investment Strategist

Finally, after a long and irregular campaign season, Donald Trump was elected the 47th President of the United States, marking only the second time in history that a candidate won two non-consecutive terms in the White House. One would have to go back to the late 19th century to find the Democrat, Grover Cleveland, as the other. Also settled is the composition of the Senate, which has flipped to a Republican majority. The House of Representatives, on the other hand, has yet to be settled as many states' districts are still working through the arduous process of tallying votes. Some political strategists handicapping the House race expect Republicans to retain control, giving the party a clean sweep of the White House and Congress. That could have implications for legislative policies that greatly differ from those at the top of the list should Democrats win a majority of seats in the House. We will have to wait beyond this publication's release before we know the complete configuration of the government that will oversee the country's business come January.

Investors and political pundits alike have pounced on the prospective policy ramifications and interpretations for the capital markets. While it is too soon to be certain as to how much and what might be done through executive order and/or the legislative process, having had the precedent of a Trump administration while he served as the 45th President from 2016 to 2020, we can surmise a few of the likely tendencies of his office.

## Trump Bond Market Narrative: The Sequel

### Guy LeBas, Chief Fixed Income Strategist

“A post-election bond selloff: In risk assets, we saw aggressive selling overnight, only to be met with just-as-aggressive buying when European and U.S. markets opened up on the morning of November 9. In the interest rate sectors, a sharp risk-off rally overnight gave way to heavy selling during daylight hours. Ten-year Treasury yields—a convenient benchmark, though an incomplete description of the markets—rose by 0.20% on Wednesday, one of the more violent moves on record, and a rout that left all semblance of technical support levels in the dust. It’s too early to get a handle on the movement in municipal bond interest rates since those markets trade less frequently, but it appears that prices have fallen roughly in line with those of Treasuries on the first post-election trading day. Corporate bond prices performed similarly, in line with those of Treasuries.”

It would be understandable to assume these comments referred to the 2024 Presidential election. They do not. The above paragraph is a quote from our commentary the day after Donald Trump’s first electoral victory in 2016. While the levels of interest rates are quite different (we were roughly 2.30% on 10-year Treasury yields as opposed to 4.50% today), the direction and magnitude of the price action are eerily similar. Just as in 2016, 10-year Treasury yields have risen in response to Trump’s election by about 0.20% at the highs. And just as in 2016, risk assets, as measured by stocks or credit-sensitive bonds, performed very well relative to the interest rate markets. And just as in 2016, inflation expectations are on the rise.

## Election Uncertainty Resolved

### Gregory M. Drahuschak, Market Strategist

The long and contentious presidential campaign came to a close as Donald J. Trump became the 47th President by winning the popular and Electoral College votes (292–226). It was the first time since 2004 that a Republican won the popular vote. Republicans secured control of the Senate and appeared to be on the way to achieving a majority in the House of Representatives. If a sweep is achieved, it will occur for only the ninth time with a Republican in the White House.

The day after the election, the stock market reacted immediately, with the Dow Jones Industrial Average gaining 1508.05 (3.57%) while the S&P 500 was up 2.53%. The Dow Jones Industrial Average, S&P 500, Russell 2000, and Nasdaq Composite set new all-time highs.

For several months before November 5, a typically reliable stock market-based election indicator decisively was forecasting that the Democratic party would retain the White House, which obviously was wrong.

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