

November 7, 2024

Good Afternoon,

The election is now behind us and the response of investment markets was immediate and dramatic. Stocks rose sharply in anticipation of reduced corporate taxes and a loosened regulatory environment. In addition, concerns about uncertainty and a prolonged post-election battle were alleviated to investor relief. Bonds, however, dropped sharply in value as interest rates jumped. The potential for larger deficits and tariff-inspired inflation has the bond market rattled. Most likely, these initial reactions by both stocks and bonds are exaggerated.

President Biden has two months left in his term. Now that the election is over and any action he takes will not impact the voting outcome, will we see him change his stance on Israel or Ukraine? While specifics are yet to be determined, some believe that V.P. Harris lost support of many young voters due to the administration's unwavering support of Israel in the absolute decimation of Gaza and more recent incursions into Lebanon. Will he authorize Ukraine to use long-range missiles (provided by the US) to strike military targets deeper into Russia, or perhaps provide a large aid package prior to leaving office? Trump has stated he will stop the war in Ukraine "within 24 hours" of being sworn in. Pulling support for Ukraine, thus forcing them to accept an unfavorable compromise, is likely part of his strategy.

Most Americans are either delighted or puzzled by the outcome of the election. 51% can't figure out the reasoning of the other 49%, and vice versa. What seems clear is that change is coming that has the potential to further divide the country. V.P. Harris showed poise in her concession and there will be a peaceful transition of power in January – both good first steps in the transition. Again, we hope for grace among the victors and an understanding that political power is only borrowed from the nation until momentum swings in the other direction.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week and Go Bills!

*Wade*

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