



Post-Election Market Outlook

November 07, 2024

Dear Clients,

The election results are in: the former president Donald Trump has won the presidency, making him only the second president in U.S. history to serve two nonconsecutive terms. Additionally, Republicans have gained control of the Senate, while control of the House remains unconfirmed.

Implications for Markets and Policy

Investor sentiment is currently focused on potential growth, deregulation, and market-oriented policies, as indicated by the initial market response. U.S. stock futures surged to record highs overnight, and by market close, all major indexes showed significant gains. The S&P 500 rose by X%, the NASDAQ increased by XX%, and the Dow Jones climbed by XX%.

Historically, markets have not shown a strong long-term preference for one political party over the other. However, with Republicans now controlling the Senate, some of the new administration's policy proposals could face fewer obstacles, potentially influencing markets and the broader economy.

Key Policies to Monitor

Tax Reform: The provisions of the 2017 Tax Cut and Jobs Act (TCJA), which is set to expire in 2025, are expected to be extended. This may include keeping increased standard deductions, lower marginal tax rates, and a higher estate tax exemption.

Corporate Taxes: Plans to further lower the corporate tax rate to 15% have been indicated (the current rate is 21%, reduced from 35% under the TCJA). There is also a potential focus on enabling

companies to deduct investments in equipment and research, which could impact corporate growth and profitability.

Trade Policy: Broad tariffs on imports have been proposed, including higher tariffs on Chinese goods. While these measures may impact domestic industries, they could also lead to inflationary pressures and a wider fiscal deficit, potentially affecting Federal Reserve policies.

Looking Forward

As we move into 2025, we anticipate a focus on strong fiscal policies and we remain cautiously optimistic, closely monitoring which policies will be implemented and how they may influence economic conditions. In the near term, market volatility is likely to persist as investors assess the implications of the election results and potential shifts in policy.

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