Monthly Market Brief

November 2024

BANQUE CRAMER

Our View – Asset Allocation

▶ **Major convictions**:

❑ **Global rate cuts and Chinese stimulus significantly reduce hard landing risk**. Global economy is normalizing, with a steady US economy, a weak Euro area, which should remain afloat, and hope for China. Companies are still delivering earnings and managing their balance sheets

❑ **Inflation is normalizing but it will not return to pre-pandemic lows due to structural factors** (demography, geopolitical shocks, rising public debt, the deglobalisation, greening etc.)

▶ **Positioning: Elevated valuations, geopolitical risks in the Middle East, and a tight US presidential election could act as a catalyst for short term volatility**

✓ **Fixed Income**

- We maintain **a cautious stance on long-dated Treasuries**
- **US quality credit remains a hedge against interest rate volatility** with regular buying flows. Limited supply and reduced default rates create a **favorable environment for European short-dated High Yield in the BB spectrum**. We **favor € Investment Grade rated and Capital Structure over € High Yield** (higher yield premium, lower default risk)
- **Cautious on Emerging local debt** ahead of the US elections.

✓ **Equities**

- **Tactically cautious on US equities** as valuations have limited room to increase further. We **favor an equal weighed approach and US value**
- **Cautious on Emerging Market** due to increased protectionism in the US elections
- **Cheaper valuations in Europe** and **Japan offer opportunities for a long term play**.

✓ **Gold**

- Geopolitical tensions and the safe-haven status of the precious metal pushes us **to stay positive on the "yellow metal"**, which continues to enjoy strong demand

▶ **We kept our asset allocation unchanged**

	SAA	Last TAA	New TAA	Underweight		Neutral	Overweight	
Overall Positioning								
Cash & Equivalents	5.00%	4.0%	4.0%			●		
Fixed Income	37.00%	37.5%	35.5%		●			
Equities	45.00%	45.0%	46.0%			●		
Alternatives	13.00%	13.5%	14.5%			●		
Fixed Income	**37.00%**	**37.5%**	**35.5%**					
Government	7.50%	6.0%	5.0%	●				
Corporate IG	20.00%	23.0%	22.0%					●
Corporate HY	5.50%	4.8%	4.8%		●			
Emerging Markets HC	4.00%	3.8%	3.8%			●		
Equities	**45.00%**	**45.0%**	**46.0%**					
United States	27.00%	26.5%	26.5%		●			
Europe ex CH	6.75%	6.3%	6.3%		●			
Switzerland	4.00%	5.0%	5.0%				●	
Japan	2.25%	1.3%	2.3%			●		
Other Developed Markets	0.00%	0.8%	0.8%				●	
Emerging Markets	5.00%	5.3%	5.3%			●		
Alternatives	**13.00%**	**13.5%**	**14.5%**					
Real Estate	2.00%	1.5%	2.5%				●	
Gold	3.00%	3.0%	3.0%			●		
Hedge Funds	8.00%	9.0%	9.0%				●	

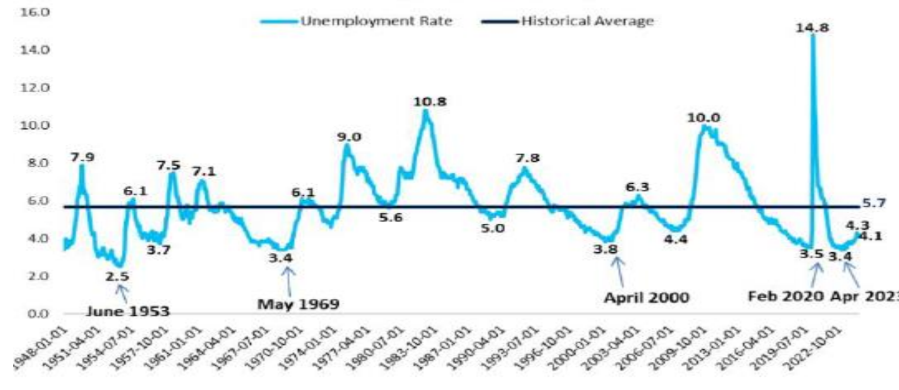
MACRO PICTURE

- **The US economy remains resilient** as proved by the last jobs report. The **unemployment rate moved down** for a second straight month to 4.1%**.** Wages still outpace reported inflation with **US Real Average Hourly Earnings at 1.54% YoY,** a great sign for the American worker. **Weekly jobless claims declined sharply in October**, reflecting a recovery from recent weather disruption in the data**. Private job creation accelerated** in October and **GDP growth came at an annualized rate of +2.8%** in Q3**. Disinflationary momentum is still ongoing but "the last mile is the hardest", reflecting in both the consumer price, the producer price and the personal consumption expenditure indices:** overall CPI moved down to 2.4%, its lowest level since February 2021 (but core CPI came at 3.3% (due to car prices & transportations)), as did Producer Price (headline decelerated to 1.7% but core picked up slightly). The PCE, Fed's favorite inflation measure, decelerated to 2.1% with the underlying PCE stable at 2.7%. **Markets revised down their expectations of large FED cuts** on the back of resilient data: the FED will meet on November 7 and will **likely cut by 25 bps**

- While Purchasing Manager Indices have been indicating doom and gloom since May**, the Eurozone GDP surprised to the upside in Q3** (from 0.2% to 0.4%), overdrawing concerns about an imminent recession. Inflation came at 2% in October from 1.8%. ECB cut its main rates for the third time in 6 months. **Recent data strengthens the case for maintaining a 25bps easing pace** in December. **Swiss inflation slowed again at 0.6% YoY in October,** supporting the view of a 50bps cut in December and the **UK inflation felt below target to 1.7%**

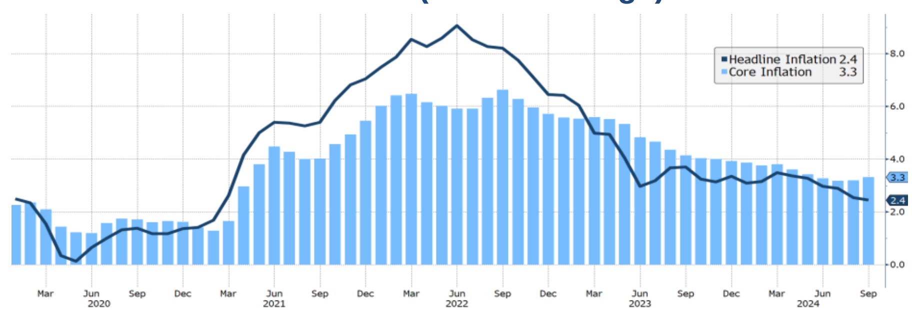
- **China announced a major fiscal and monetary stimulus.** While the World Bank now estimates that **China's growth rate will drop to 4.3% next year** (from a projected 4.8% in 2024), **Q3 GDP growth came at 4.6% YoY** (4.5% expected) and Retail Sales/Industrial Production came stronger. China announced a 5% target growth rate in March. **Exports/imports data decelerated sharply** reflecting lower external demand and higher import tariffs. The **risk of further deflation remains elevated**

US Unemployment Rate (%)

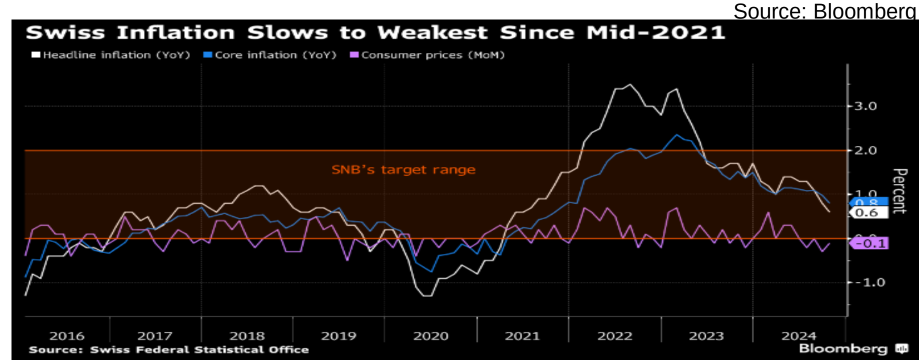


Source: C.Bilello

US CPI (YoY % Change)



Source: Bloomberg



Source: Bloomberg

- **BONDS**

A series of **upside economic data surprises and increased market expectations of a Trump victory** pushed rates volatility to a year-to-date peak and **Treasury yields higher across the curve.** Market participants **revised down their rate cuts expectations.**

In a context of rising yields across the board, bond markets delivered negative returns. The longer the maturity, the higher the underperformance.

In the US, from 3.8% at the end of September, the **Treasury 10-year yield drifted up sharply**, to close the month at 4.28%.

In the Eurozone, the **Germany 10-year yields closed the month higher** at 2.39% from 2.12% at the end of September. The Germany-France 10-year spread ended the month lower at 73.5bps, despite deteriorating outlooks of two rating agencies for France.

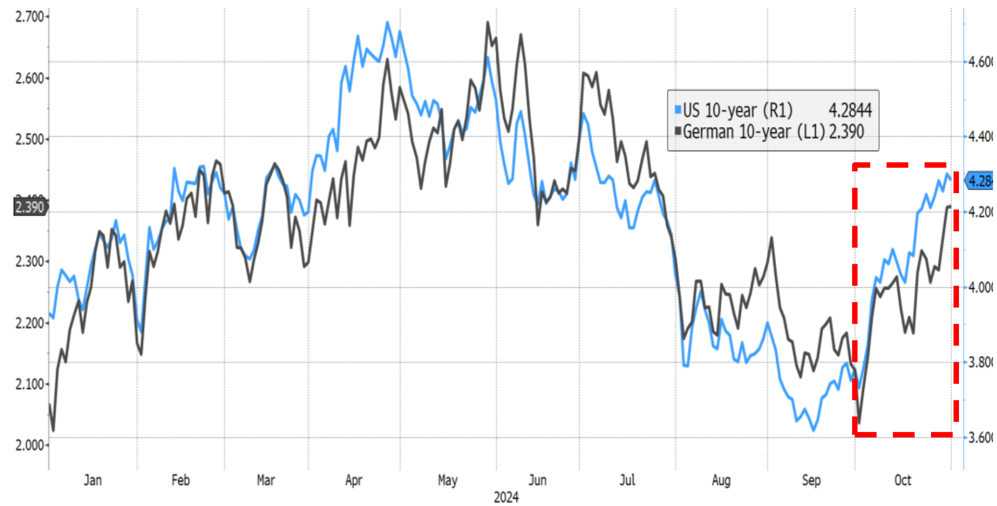
US and EU Treasuries indices posted negative return of -2.5% and -1.0% respectively. The **Bloomberg Global Aggregate USD**, which is the benchmark for developed country investment grade bonds, hedged in US Dollar, declined by -1.4% in October, while the same index unhedged in euros posted a return of -0.6%, highlighting the **outperformance of the US Dollar**.

On the corporate bond markets, credit spreads remained close to their lows across all sectors, **but the duration component weighed on the quality segment**. Based on ICE indices, the $ Investment Grade index posted a return of -2.25% versus -0.4% for the European index. On the high beta front, the $ High Yield index declined by 0.6%, underperforming its euro peer (+0.6%).

Based on ICE indices, in a context of stronger US Dollar and higher US Treasuries yield, **Emerging debt indices posted negative returns:** -2.0% for the $ EM External Debt and -3.9% for the EM local debt.

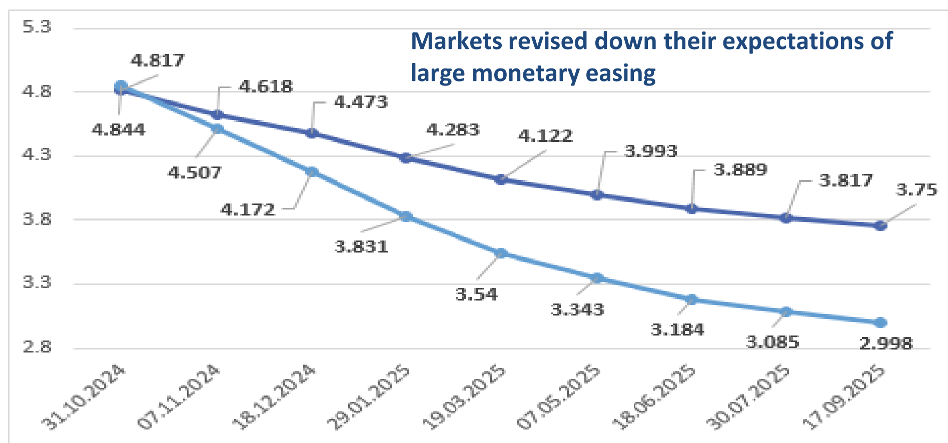
EU High Yield (+7.37%) joined US High Yield (+7.44%) and USD denominated Emerging Markets (+5.8%) as the best performing segments this year.

US & German 10-year benchmark (%)



Source: Bloomberg

Market Expectations for Fed Funds Rates(%)



Source: Bloomberg

Yield to Worst by Rating & Tenor – As of October 31, 2024

US IG & HY Corporates - Yield to Worst

	IG	AAA	AA	A+	A	A-	BBB+	BBB	BBB-	HY	BB+	BB	BB-
3Y	**4.79**	4.41	4.49	4.64	4.67	4.79	4.84	4.87	5.34	**7.33**	5.88	5.85	5.81
5Y	**4.98**	4.48	4.59	4.75	4.79	4.91	4.98	5.04	5.55	**7.33**	5.97	6.17	6.43
7Y	**5.17**	4.71	4.67	4.93	4.98	5.12	5.19	5.24	5.69	**6.90**	6.00	6.10	6.54
10Y	**5.29**	4.68	4.88	5.02	5.09	5.22	5.35	5.44	5.82	**6.59**	6.35	6.29	6.92
> 10Y	**5.57**	4.95	5.22	5.34	5.38	5.43	5.66	5.80	6.38	**7.56**	6.62	7.14	6.9

US IG & HY Corporates - Yield changes

	IG	AAA	AA	A+	A	A-	BBB+	BBB	BBB-	HY	BB+	BB	BB-
3Y	**0.44**	0.51	0.48	0.48	0.47	0.45	0.42	0.43	0.40	**0.07**	0.46	0.29	0.23
5Y	**0.51**	0.53	0.53	0.54	0.52	0.54	0.52	0.50	0.44	**0.31**	0.45	0.39	0.38
7Y	**0.46**	0.54	0.47	0.47	0.48	0.47	0.47	0.44	0.42	**0.40**	0.43	0.43	0.46
10Y	**0.44**	0.47	0.49	0.45	0.44	0.46	0.45	0.44	0.41	**0.36**	0.50	0.35	0.07
> 10Y	**0.37**	0.43	0.39	0.36	0.38	0.37	0.38	0.36	0.29	**0.19**	0.20	0.24	0.06

EU IG & HY Corporates - Yield to Worst

	IG	AAA	AA	A+	A	A-	BBB+	BBB	BBB-	HY	BB+	BB	BB-
3Y	**3.16**	2.76	2.83	3.02	3.02	3.11	3.17	3.33	3.51	**5.86**	3.89	4.27	4.87
5Y	**3.40**	2.79	2.99	3.22	3.26	3.30	3.38	3.58	3.85	**5.47**	4.65	5.00	5.25
7Y	**3.52**	3.03	3.11	3.33	3.45	3.40	3.55	3.80	3.90	**5.29**	4.99	5.46	5.13
10Y	**3.60**	2.98	3.29	3.47	3.48	3.62	3.67	3.81	3.96	**4.43**	4.53		
> 10Y	**3.73**	3.33	3.52	3.55	3.71	3.73	3.91	3.84	3.95	**5.24**			

EU IG & HY Corporates - Yield changes

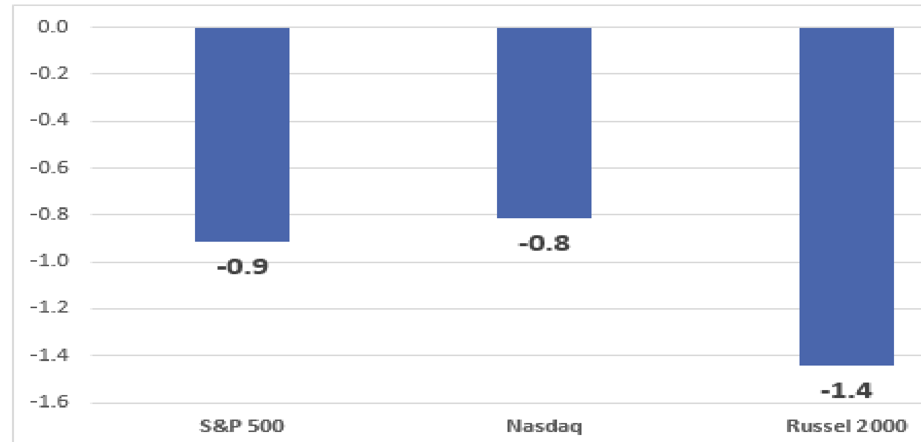
	IG	AAA	AA	A+	A	A-	BBB+	BBB	BBB-	HY	BB+	BB	BB-
3Y	**0.10**	0.22	0.14	0.15	0.11	0.11	0.11	0.07	0.07	**-0.21**	-0.13	-0.22	0.03
5Y	**0.20**	0.19	0.24	0.24	0.19	0.20	0.18	0.20	0.12	**-0.12**	0.03	0.02	0.03
7Y	**0.20**	0.19	0.23	0.20	0.18	0.27	0.18	0.18	0.11	**0.33**	1.05	0.06	0.09
10Y	**0.18**	0.17	0.21	0.20	0.23	0.18	0.18	0.15	0.11	**-0.05**	-0.04		
> 10Y	**0.10**	0.07	0.11	0.10	0.11	0.08	0.09	0.12	0.08	**-0.01**			

Source: ICE indices, CreditSights

- **EQUITIES**

After a stock market's streak of monthly gains**, October has been a difficult month.** Equity markets began October on an upward trend in a context of initial Q3 earnings releases exceeding expectations and decent US macro data but, as geopolitical tensions intensified, the positive tend came to a halt and risk aversion fueled market volatility.
The **MSCI World posted a return of -2%** in October, interrupting a series of five consecutive monthly rise.
The **MSCI Emerging Markets underperformed developed country equities, with a return of -4.3%**, putting an end to a series of eight consecutive months in positive territory.
After a stellar September in terms of performance, the **MSCI China posted a decline of 5.8%.** The MSCI India posted a return of - 7.3%.
US equities outperformed Europe, with the S&P 500 down -0.9% versus -3.3% for the Euro Stoxx 50.
The **Swiss index (SMI) has not been immune, posting negative return of -3.1%.** At the opposite, the **Japanese Nikkei gained +3.1%.**
In the US, the Nasdaq slightly outperformed (-0.8%) while the **small caps index posted negative return of -1.4%.**
By sectors, performance was mixed: **Healthcare (-4.6%), Materials (-3.5%) and Real Estate (-3.3%) were the major detractors of performance,** while Financials (+2.7%) and Communication Services (+1.9%) outperformed. The Energy sector posted slightly positive return at +0.8%
The **US banks index posted a positive return of +6.2%** versus +0.6% for its euro peer.

US Equities(%)



Source: Bloomberg

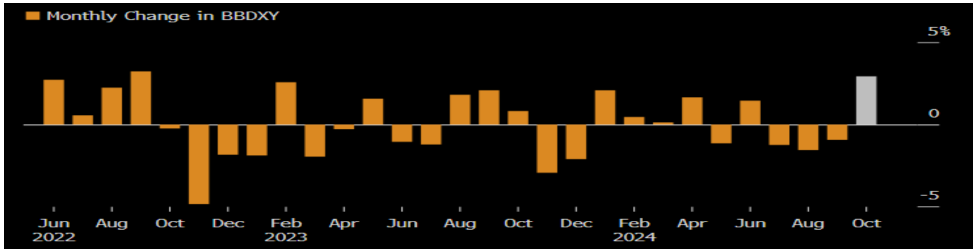
MSCI World ex-USA (%)

Source: Bloomberg

MARKET REVIEW

CURRENCIES

After three consecutive months of underperformance, the **US Dollar outperformed its currencies basket** : +3.2% in October. In a context of resilient US economy and widening of the US premium, the American currency posted **its biggest monthly gain in more than two years**.



The US Dollar gained 2.3% versus the single currency and 5.8% versus Yen. The **euro fell for the first time in four month,** depreciating by 2.3% versus the US Dollar and 0.1% versus the Swiss franc. The indecisive outcome of Japan's election spur the **largest monthly Yen decline in at least a couple of years** (-5.8% versus the US Dollar).

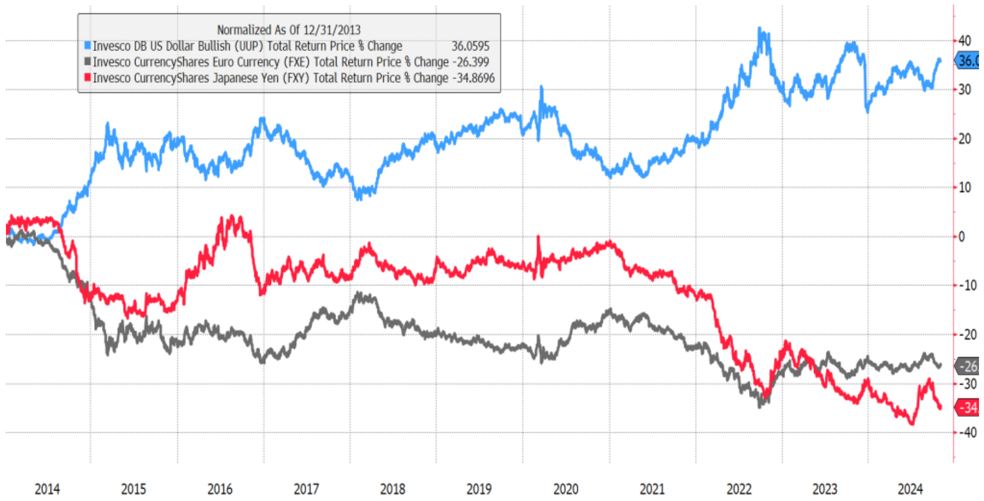
COMMODITIES

Gold closed October higher, breaking the $ 2700 per ounce threshold, up 31.7% year-to-date and +4.2% month-to-date. Silver posted a return of +4.8% in October, up +35.9% year-to-date.

Oil prices were very volatile driven by geopolitics: the WTI reached $78.5, level not seen since mid-August, before receding to $67.2 and closing the month at $69.3.

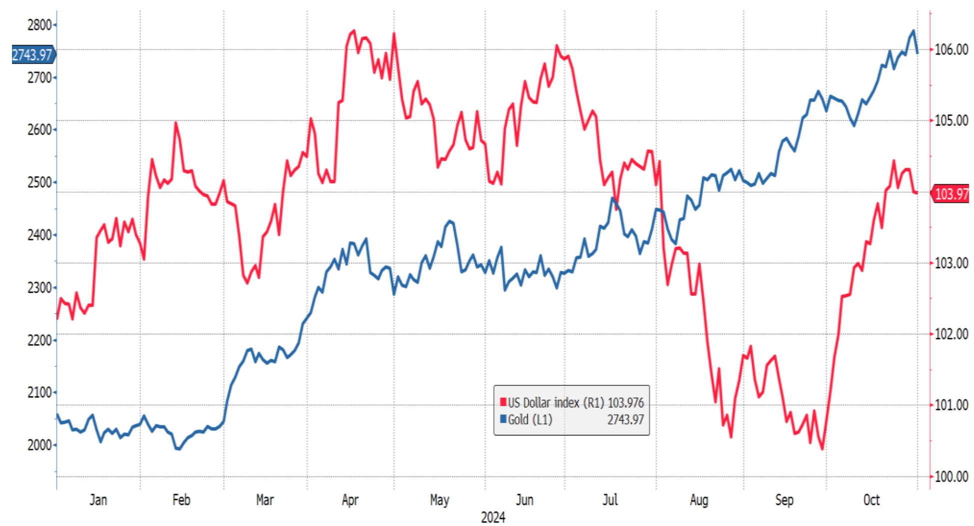
The Bloomberg Commodity index closed October down by 2.2%, led by energy (-4.8%), Agriculture (-4.5%) and Industrial metals (-4.1%). The Precious metals index posted a return of +3.6%. It is worth noting that Palladium posted a return of + 11.6%.

Total Returns over last 10 Years (%)



Source: Bloomberg

Gold (USD)



Source: Bloomberg

MARKET RETURN – As of October 31, 2024

Performances (%) (Local Currency)

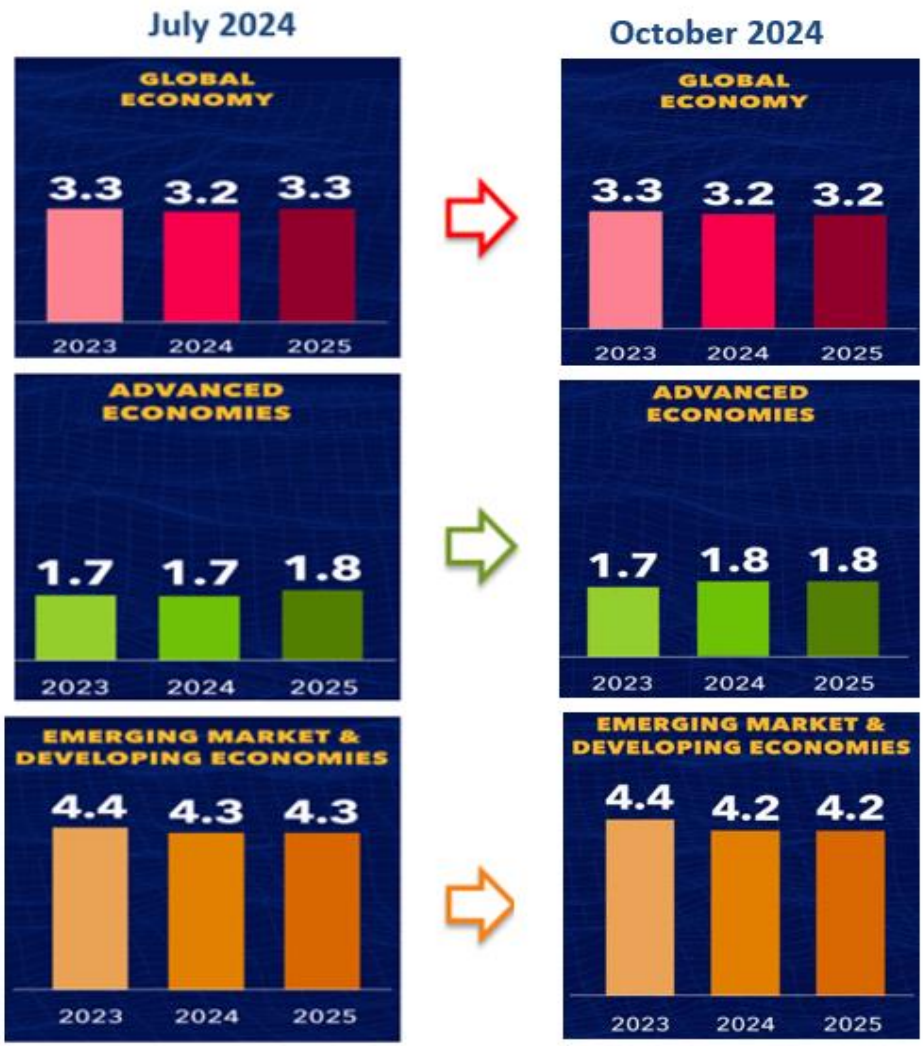
Global Equity	MTD	Q1	Q2	Q3	YTD
MSCI World (USD)	-2.0	9.0	2.2	6.9	15.8
MSCI EM (USD)	-4.3	2.5	6.1	9.4	12.9
MSCI US (USD)	-0.7	10.4	3.9	6.5	19.9
MSCI EMU (EUR)	-3.3	10.4	-1.4	2.7	8.0
MSCI Japan (JPY)	2.3	19.4	0.0	-7.7	14.4
MSCI Japan (USD)	-3.9	11.0	-6.1	6.0	6.5
Developed Market					
S&P 500	-0.9	10.6	4.0	6.4	19.9
Nasdaq	-0.8	8.7	8.5	1.7	18.0
Russel 2000	-1.4	5.2	-3.1	10.4	10.9
Eurostoxx 50	-3.3	12.9	-0.9	1.9	10.2
Nikkei	3.1	21.6	-2.3	-4.4	18.4
SMI	-3.1	6.8	4.4	1.2	9.0
Manificent 7	-0.4	17.1	20.3	4.6	41.4
EMU Small Caps	-5.9	1.5	-2.8	4.8	-2.6
US Small Caps	-1.4	5.2	-3.1	10.4	10.9
EU Banks	0.6	18.7	2.5	4.3	26.3
US Banks	6.2	15.3	0.3	4.2	27.2
Emerging Markets					
MSCI Mexico	-5.0	0.5	-15.5	-3.0	-22.0
MSCI India	-7.3	6.4	9.9	8.4	15.6
MSCI China	-5.8	-2.0	8.2	24.2	22.8
MSCI Taiwan	5.0	17.3	21.7	-2.8	43.0
MSCI Korea	-2.4	6.8	1.3	-11.7	-5.9
MSCI Brazil	-5.5	-5.5	-10.4	6.1	-14.7
MSCI Indonesia	-1.4	8.7	-8.5	6.0	4.7

Fixed Income	MTD	Q1	Q2	Q3	YTD
EU Treasuries	-1.0	-0.7	-1.3	3.9	1.0
US Treasuries	-2.5	-0.9	0.1	4.8	1.4
Bloomberg Global Agg. USD	-1.4	0.3	0.1	4.3	3.3
Bloomberg Global Agg. EUR	-0.6	0.0	-0.3	2.7	1.7
US Investment Grade	-2.2	-0.1	0.1	5.7	3.4
US High Yield	-0.6	1.5	1.1	5.4	7.4
EU Investment Grade	-0.4	0.4	0.1	3.3	3.4
EU High Yield	0.6	1.6	1.5	3.6	7.4
Swiss Corporates	0.4	-0.5	0.6	4.2	4.2
$ EM External Debt	-2.0	1.1	0.3	6.5	5.8
EM Local Debt	-3.9	-1.8	-1.6	8.2	0.7
Commodities					
Gold	4.2	8.3	3.6	14.5	31.7
WTI	1.6	18.2	-3.1	-21.0	-4.4
Industrial Metals	-4.1	-2.0	9.6	1.7	4.8
Agriculture	-4.5	-4.2	-3.5	1.5	-10.5
Energy	-4.8	3.5	1.0	-13.4	-13.3
Currencies					
DXY	3.2	2.2	1.3	-5.0	1.7
EURUSD	-2.3	-2.3	-0.4	3.5	-1.5
EURCHF	-0.1	4.6	-0.9	-2.5	1.1
USDJPY	5.8	7.4	6.7	-12.2	7.9
USDCHF	2.2	7.2	-0.4	-6.3	2.8

Source: Bloomberg

MACRO PICTURE – GLOBAL

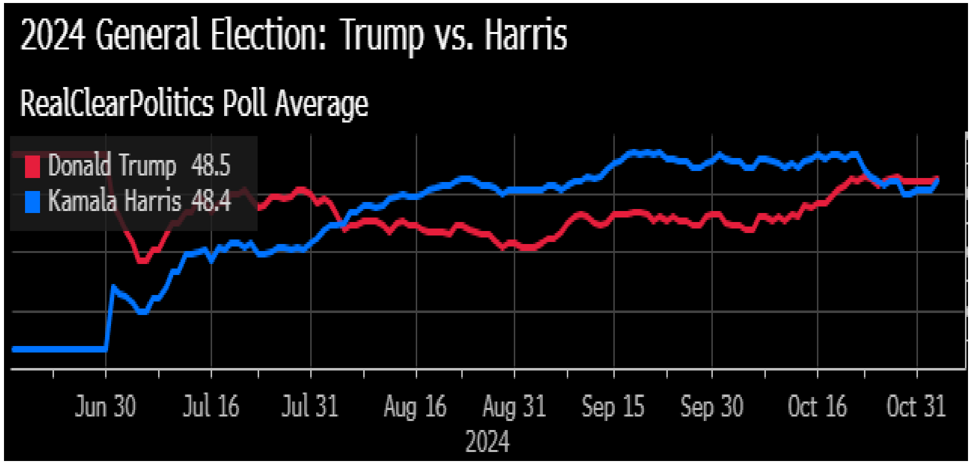
IMF Projections



Bloomberg Consensus Forecasts (YoY, %)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GDP (YoY%)										
US	2.5	3.0	2.5	-2.2	5.8	1.9	2.5	2.6	1.9	2.0
Eurozone	2.6	1.8	1.6	-6.1	6.2	3.3	0.4	0.7	1.2	1.4
UK	2.7	1.4	1.7	-10.4	9.6	4.5	0.1	1.0	1.3	1.5
JP	1.7	0.7	-0.4	-4.2	2.7	1.2	1.7	0.0	1.2	0.9
China	6.9	6.7	6.0	2.2	8.4	3.0	5.2	4.8	4.5	4.2
Switzerland	1.4	2.9	1.2	-2.3	5.5	3.2	0.8	1.4	1.4	1.6
World	3.8	3.6	2.8	-2.7	6.5	3.5	3.2	3.1	3.1	3.1
CPI (YoY%)										
US	2.1	2.5	1.8	1.2	4.7	8.0	4.1	2.9	2.3	2.3
Eurozone	1.5	1.8	1.2	0.3	2.6	8.4	5.5	2.4	2.0	2.0
UK	2.7	2.5	1.8	0.9	2.6	9.1	7.4	2.6	2.3	2.0
JP	0.5	1.0	0.5	0.0	-0.3	2.5	3.3	2.5	2.0	1.7
China	1.6	2.1	2.9	2.5	0.9	2.0	0.2	0.5	1.3	1.6
Switzerland	0.5	0.9	0.4	-0.7	0.6	2.8	2.2	1.2	1.0	1.0
World	3.3	3.6	3.5	3.2	4.7	8.7	6.8	4.5	3.4	3.2
Unemployment (%)										
US	4.4	3.9	3.7	8.1	5.4	3.6	3.6	4.1	4.3	4.2
Eurozone	9.1	8.2	7.6	8.0	7.8	6.7	6.6	6.5	6.5	6.3
UK	4.4	4.1	3.9	4.6	4.7	3.9	4.0	4.3	4.4	4.5
JP	2.8	2.4	2.4	2.8	2.8	2.6	2.6	2.5	2.5	2.4
China		4.9	5.2	5.2	5.1	5.5	5.2	5.1	5.1	5.0
Switzerland	3.1	2.5	2.3	3.1	3.0	2.2	2.0	2.4	2.4	2.4

US ELECTIONS – WHO IS AHEAD IN THE RACE?



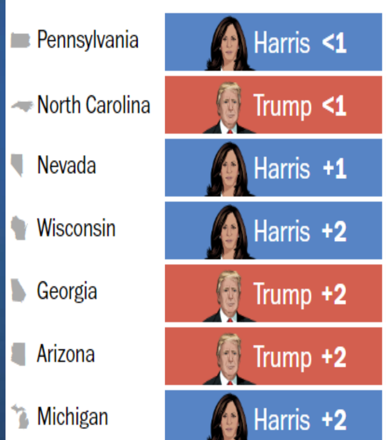
Source: Bloomberg

Number of electors per state

STATE	ELECTORS	STATE	ELECTORS
Alabama	9	Montana	4
Alaska	3	Nebraska	5
Arizona	11	Nevada	6
Arkansas	6	New Hampshire	4
California	54	New Jersey	14
Colorado	10	New Mexico	5
Connecticut	7	New York	28
Delaware	3	North Carolina	16
Florida	30	North Dakota	3
Georgia	16	Ohio	17
Hawaii	4	Oklahoma	7
Idaho	4	Oregon	8
Illinois	19	Pennsylvania	19
Indiana	11	Rhode Island	4
Iowa	6	South Carolina	9
Kansas	6	South Dakota	3
Kentucky	8	Tennessee	11
Louisiana	8	Texas	40
Maine	4	Utah	6
Maryland	10	Vermont	3
Massachusetts	11	Virginia	13
Michigan	15	Washington	12
Minnesota	10	West Virginia	4
Mississippi	6	Wisconsin	10
Missouri	10	Washington, D.C.	3

TOTAL: 538 ELECTORS

2024 Swing States

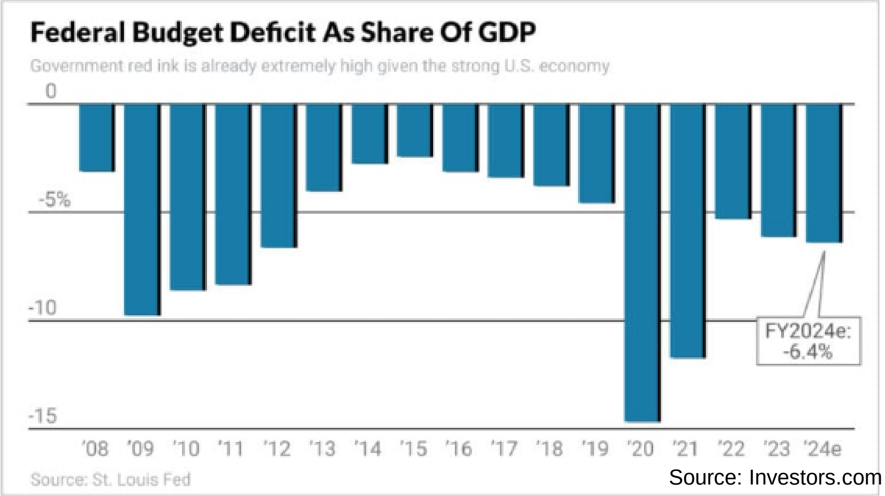


Source: The Washington post

- **On November 5, Americans will elect their 47th President** and the polls are suggesting a very close race between the two candidates. The **likelihood of a cohabitation** remains a plausible scenario.
- **2 radically different programs**: 1/ Harris is pursuing a demand-side policy by developing infrastructures, reducing income disparities and a social policy of redistribution, 2/ Trump is pursuing a supply-side policy by lowering the tax burden on businesses and the richest individuals, while protecting the US economy through greater tariff protection. **No matter the outcome, elevated government spending is anticipated to persist.**
- The upcoming election could lead to significant moves in either direction. A close result will induce **uncertainty/volatility/weakness** in the equity markets.
- Budget deficits will continue to widen, inducing more frequent shutdowns of the Federal Administration and requiring **higher risk premium on bonds.**
- **A Republican sweep might lead to deregulation and lower taxes:** Positive for equities, especially Financials, Consumer discretionary, Oil, Technology and bearish for bonds. Risk = trade war with China and the impact on international companies (Industrials, Tech and renewable energy suppliers).
- **A Democratic hold could result in policies that support a lower interest rate environment.** Policy continuity; Negative for domestic profit based companies due to Tax hikes, weakness of the US Dollar.
- With candidates needing **270 of the 538 electoral votes to win**, and given the **polarization of the US politics**, the outcome will be significantly influenced by a **handful of crucial competitive states (Swing States).**

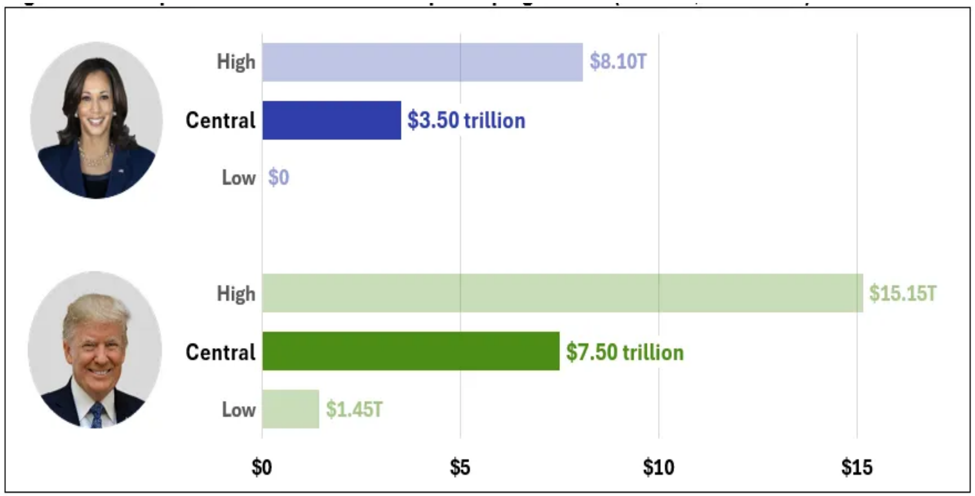
US ELECTIONS – FISCAL IMPACT OF EACH CANDIDATES

- **The next US President will have significant fiscal challenges:** record debt levels, structural deficits and surging interest payments.
- Nevertheless, we have **no clear view about how the candidates will address the rising debt burden,** except that both would likely further increase deficit and debt.



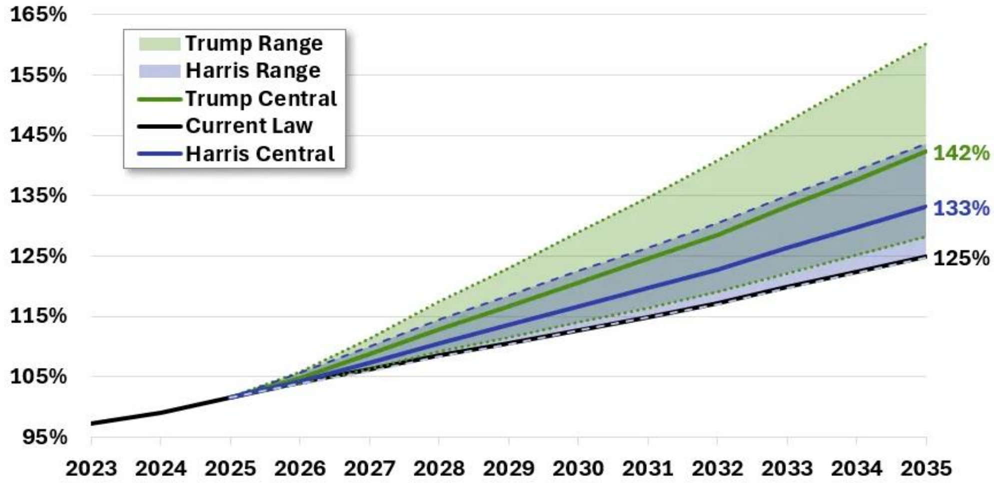
Source: Investors.com

Fiscal Impact of the Harris & Trump Campaign Plans (trillions, 2026 – 2035)



Source: CRFB

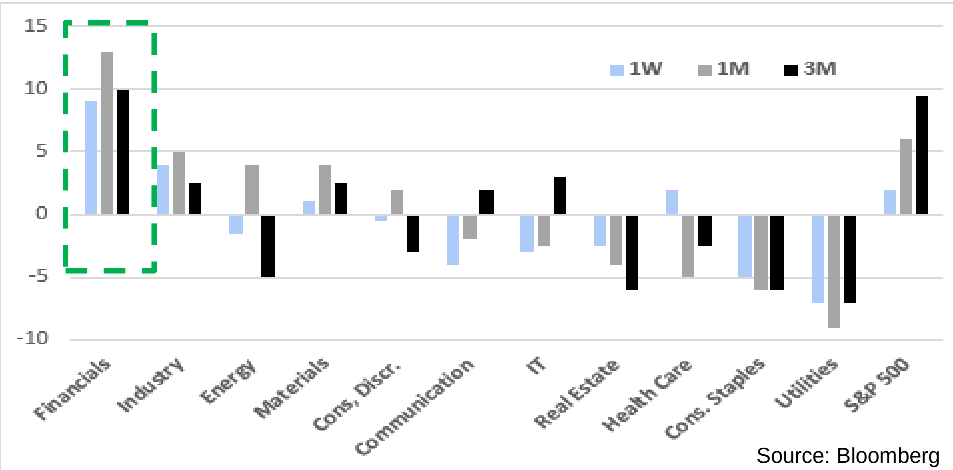
Debt as a percent of GDP



Source: CRFB

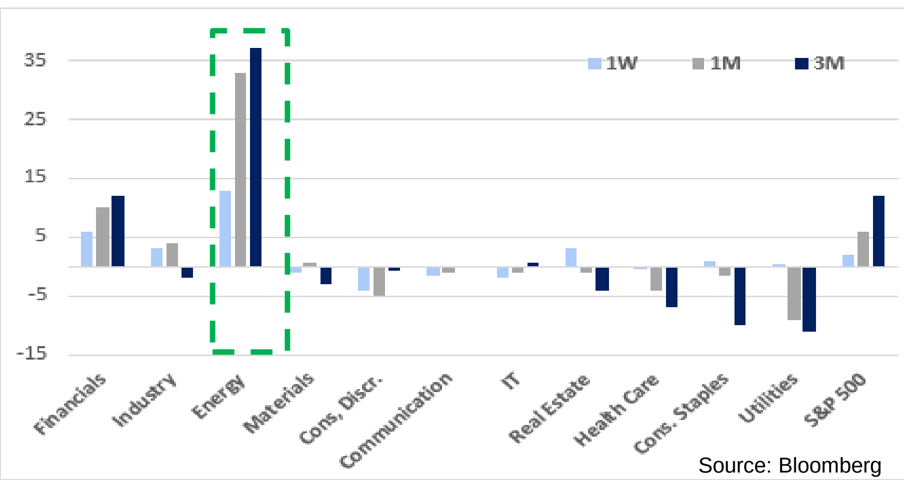
US ELECTIONS – HISTORICAL MARKET IMPACTS

S&P 500 - Sector performance after 2016 election (%)

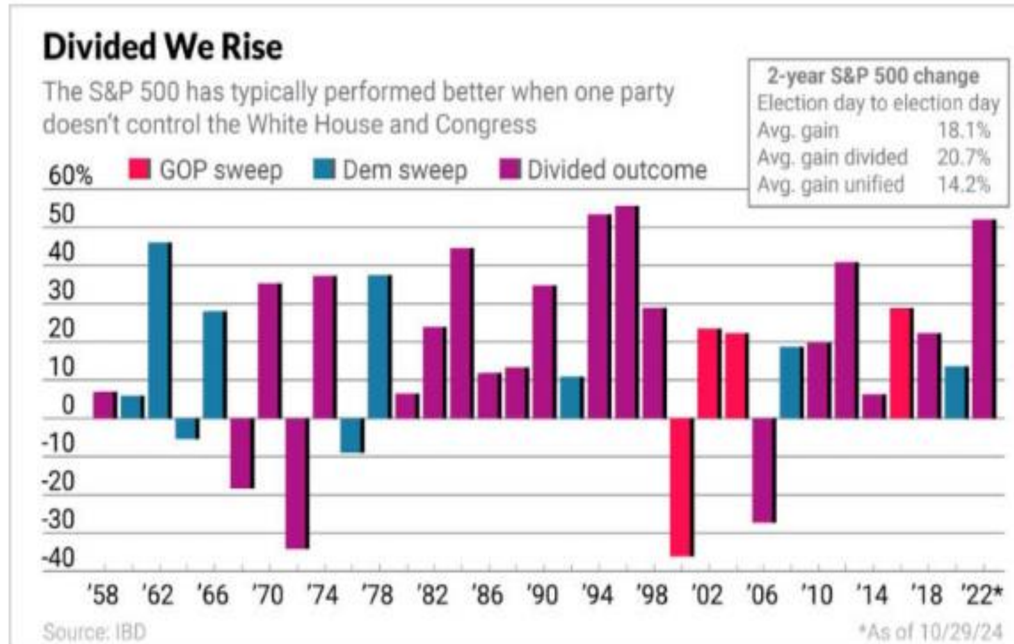


Source: Bloomberg

S&P 500 - Sector performance after 2020 election (%)



Source: Bloomberg



Source: Investors.com

US ELECTIONS – HISTORICAL MARKET IMPACTS (2)

Performance on Election day and the following day since 1928

Year	Date	S&P 500 - Change in % Election Day	S&P 500 - Change in % Day after	Winner	Winner (Party)	President
1928	06.11.1928	1,17%	-0,49%	Incumbent	Republicans	Hoover
1932	08.11.1932	*	-4,42%	Challenger	Democrats	FDR
1936	03.11.1936	*	1,51%	Incumbent	Democrats	FDR
1940	05.11.1940	*	-3,32%	Incumbent	Democrats	FDR
1944	07.11.1944	*	-0,15%	Incumbent	Democrats	FDR
1948	02.11.1948	*	-4,61%	Incumbent	Democrats	Truman
1952	04.11.1952	*	0,28%	Challenger	Republicans	Eisenhower
1956	06.11.1956	*	-1,03%	Incumbent	Republicans	Eisenhower
1960	08.11.1960	*	0,44%	Challenger	Democrats	Kennedy
1964	03.11.1964	*	-0,05%	Incumbent	Democrats	Johnson
1968	05.11.1968	*	0,16%	Challenger	Republicans	Nixon
1972	07.11.1972	*	-0,55%	Incumbent	Republicans	Nixon
1976	02.11.1976	*	-1,14%	Challenger	Democrats	Carter
1980	04.11.1980	*	1,77%	Challenger	Republicans	Reagan
1984	06.11.1984	1,09%	-0,73%	Incumbent	Republicans	Reagan
1988	08.11.1988	0,45%	-0,66%	Incumbent	Republicans	Bush Sr.
1992	03.11.1992	-0,67%	-0,67%	Challenger	Democrats	Clinton
1996	05.11.1996	1,05%	1,46%	Incumbent	Democrats	Clinton
2000	07.11.2000	-0,02%	-1,58%	Challenger	Republicans	Bush Jr.
2004	02.11.2004	0,01%	1,12%	Incumbent	Republicans	Bush Jr.
2008	04.11.2008	4,08%	-5,27%	Challenger	Democrats	Obama
2012	06.11.2012	0,79%	-2,37%	Incumbent	Democrats	Obama
2016	08.11.2016	0,38%	1,11%	Challenger	Republicans	Trump
2020	03.11.2020	1,78%	2,20%	Challenger	Democrats	Biden
2024	05.11.2024	?	?	?	?	?
	Average	0,92%	-0,71%			
	Hitrate - %	77%	65%			

Source: LSEG Datastream/Bouhmidi

US ELECTIONS – SECTOR WINNERS & LOSERS

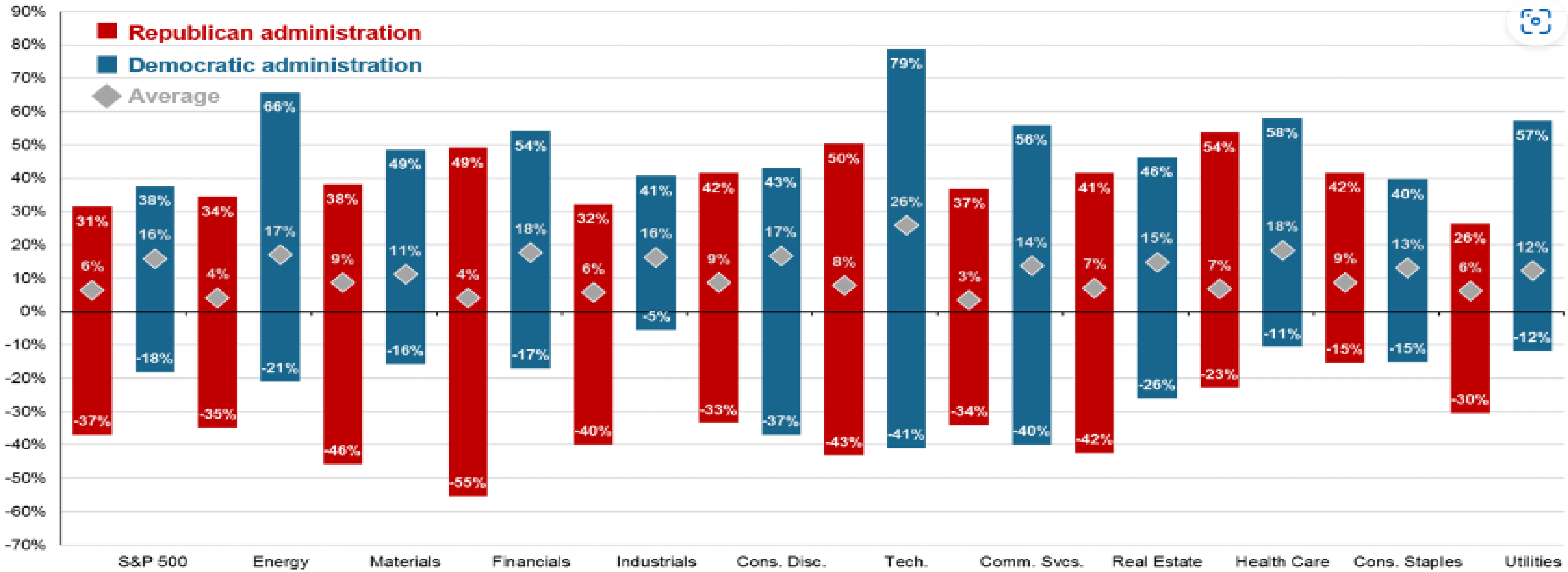
Depending on who wins the White House and the composition of Congress

	Potential Sector Impact of 2024 Election			
	Trump Wins		Harris Wins	
Corporate Sector	**Republican Congress**	**Split Congress**	**Democratic Congress**	**Split Congress**
Autos	**Mixed** • Fuel standards relaxed (+) • Elevated tariff risk (-)	**Mixed** • Fuel standards relaxed (+) • Elevated tariff risk (-)	**Mixed** • EV credit preserved (+) • Fuel standards stricter (-)	**Mixed** • EV credit preserved (+) • Fuel standards stricter (-)
Consumer / Retail	**Mixed** • Full extension of Trump tax cuts with few-to-no offsets (+) • Elevated tariff risk (-)	**Mixed** • Extension of Trump tax cuts with SALT compromise (+) • Elevated tariff risk (-)	**Mixed** • Part extension of Trump tax cuts / bigger SALT/ CTC (+) • Increase in corp. tax rate (-)	**Mixed** • Part extension of Trump tax cuts / bigger SALT (+) • Risk of corp. tax rate increase (-)
Defense	**Positive** • Trump has indicated he wants “record” defense spending (+) • No filibuster-proof majority (-)	**Positive** • Incrementally more defense spending (+); Democrats may insist on equal non-defense (-)	**Positive** • Likely continued support for Ukraine, Israel, China (+) • Progressives may limit (-)	**Positive** • Likely continued support for Ukraine and defense (+) • Progressives may limit (-)
Energy: Oil / Gas / Pipelines	**Positive** • Permitting reform (+) • Rollback of LNG export pause, drilling restrictions lifted (+)	**Positive** • Permitting reform (+) • Rollback of LNG export pause, drilling restrictions lifted (+)	**Negative** • Continuation of restrictions on drilling; LNG unknown (-) • Less friendly regulators (-)	**Mixed** • Continuation of restrictions (-) • Chances of permitting reform (+) • Oversight of nominees (+)
Energy: Renewables	**Negative** • IRA headline risk; EV, solar, and wind subsidies at risk (-) • Regulatory risk (-)	**Mixed** • IRA largely preserved, although some tweaks possible (+) • Regulatory risk (-)	**Positive** • IRA preserved (+) • No regulatory risk (+)	**Positive** • IRA preserved (+) • No regulatory risk (+)
Financials	**Positive** • Softening of Basel 3 rules (+) • Friendly regulators (+)	**Positive** • Softening of Basel 3 rules (+) • Friendly regulators (+)	**Negative** • Tougher final Basel 3 rule (-) • Increase in corp. tax rate (-)	**Negative** • Tough final Basel 3 rule (-) • Risk of corp. tax rate increase (-)
Healthcare/ Hospitals	**Negative** • Obamacare subsidies at risk (-) • ACA headline risk (-)	**Mixed** • Obamacare preserved (+) • ACA subsidies at-risk	**Modest Positive** • ACA subsides expanded (+) • Increase in corp. tax rate (-)	**Modest Positive** • Obamacare preserved (+) • ACA subsidies continued (+)
Technology/Media	**Modest Negative** • Regulatory/headline risk (-) • Hawkish on China/export controls (-)	**Modest Negative** • Regulatory/headline risk (-) • Hawkish on China/export controls (-)	**Modest Negative** • FTC risks continue (-) • Export controls (-) • Increase in corp. tax rate (-)	**Modest Negative** • FTC risks continue (-) • Export controls (-) • Risk of corp. tax rate increase (-)

Source: PImco

S&P 500 and sector performance dispersion by Presidential Administration

1990-2023, calendar year total returns, maximum, minimum and average returns



Source: White House, FactSet, J.P. Morgan Asset Management. Due to data constraints, real estate return data begins in 2002. Data are as of December 31, 2023.

Source: JP Morgan

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