

GLOBAL MARKET SQUARE



Trump's Victory Sparks Wall Street Rally Amid Hopes for Economic Expansion, and Europe and Asia Show Caution.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European markets closed with mixed results as investors put the U.S. election behind us. Wall Street saw the Dow Jones rise 1,508.05 points; the S&P 500 rose 146.29 points, and the Nasdaq rose 544.29, close at record highs after Donald Trump was declared the winner and will return to the White House, getting 292 electoral votes to secure the presidency. The decisive result alleviates the possibility of a contested or uncertain outcome, reducing market ambiguity and driving a favorable risk-on sentiment. The Senate has already been called for the Republicans with 52 Senate seats, and the House remains undecided. The latest report had the Republicans ahead 200 to 183 by the Democrats with 218 seats needed. The Republicans are 18 seats away from the majority, and it would be unusual for the party that won the presidential race not to secure the House.

European markets closed lower due to concerns over high interest rates, weak global growth signals, and geopolitical tensions, which weigh on investor sentiment. Asian markets also showed mixed to negative performance, with Chinese stocks facing pressure on economic concerns. At the same time, Japan's Nikkei held relatively steady amid a weaker yen, though overall sentiment was cautious across the region.

The Trump Tsunami

Over recent months, Trump's electoral prospects have correlated with higher Treasury yields, a stronger U.S. dollar, and gains in cyclical sectors. Following his projected win, these areas are experiencing the sharpest movements. The combination of proposed tax cuts, deregulation, and tariffs under a Republican-led government is expected to bolster short-term economic growth. Still, it may fuel inflation, increase federal debt, and increase interest rates. Small-cap stocks are particularly benefiting, up 5.5% on growth optimism, while Treasury bonds face pressure with the 10-year yield reaching a four-month high amid inflation and fiscal debt concerns.

We compare the market results the day after the elections in 2016, 2020, and 2024 using the S&P 500:

- **2016 Trump 1 Day After The Elections:** The S&P 500 posted a return of 1.11%.
- **2020 Biden 1 Day After The Elections:** The S&P 500 posted a return of 2.20%.
- **2024 Trump 1 Day After The Elections:** The S&P 500 posted a return of 3.79%.

When comparing President Trump's 2016 results return of 1.11% versus President Trump's 2024 results return of 3.79%, the increase is **241.44%**.

In the days ahead, investors will likely pivot to examining how Trump's policy agenda might unfold, with Congress's composition playing a critical role.

Solid economic fundamentals remain a cornerstone — Although it may take time for post-election uncertainties to fully clear, the focus will likely return to core drivers like economic growth, corporate earnings, and Fed policy. These factors remain largely favorable. Despite widespread recession

predictions, the U.S. economy has continued to expand robustly. While a moderate slowdown is possible, key indicators are resilient: incomes are rising, job creation is steady, and consumer finances are healthy. Additionally, credit conditions have stabilized, with loan growth showing signs of improvement. This foundation supports projected S&P 500 earnings growth from 0.5% in 2023 to 9% this year and potentially 14% in 2025. While forecasts for 2025 may be optimistic, an upward trend could sustain the ongoing bull market in its third year. With inflation moderating, the Fed is positioned to gradually reduce its restrictive stance, potentially cutting rates through 2025, including a likely cut this Thursday. This combination of growth, earnings gains, and decreasing rates supports the possibility of a "soft landing" for the economy.

Expanding market breadth and tactical bond opportunities amid debt concerns — Given solid fundamentals and removing election-related uncertainty, we maintain a positive outlook on equities. Potential tax cuts and deregulation could further strengthen the trend of broadening market leadership, which has started to materialize since the third quarter.

The Final Word: From Uncertainty to Dubiety

As election-related uncertainties fade, market focus returns to economic fundamentals and policy direction. With robust U.S. growth metrics, easing inflation, and potential Fed rate cuts ahead, the path forward suggests cautious optimism balanced by geopolitical and fiscal realities. Yet, electing Trump has introduced an element of dubiety as investors weigh the administration's policy trajectory and potential shifts in Congress. This added layer of skepticism reflects unknowns in future policy actions and the unpredictability around implementation and international reception, which will shape the next market phase.

Key Economic Data:

- **Canada Ivey PMI:** rose to 53.10, up from 48.20 last month, increasing 10.17% from last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 506.50, down 3.03 points or 0.59%.
- **FTSE 100:** Closed at 8,166.68, down 5.71 points or 0.070%.
- **DAX Index:** Closed at 19,036.99, down 219.28 points or 1.19%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,221.88, up 1,508.05 points or 3.57%.
- **S&P 500:** closed at 5,929.04, up 146.29 points or 2.53%.
- **Nasdaq Composite:** closed at 18,983.47, up 544.29 points or 2.95%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,551.39, up 28.55 points or 0.81%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,778.21, up 87.93 points or 1.55%.
- **U.S. Treasury 10-year note:** closed 4.42%.
- **U.S. Treasury 2-year note:** closed at 4.31%.



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Trump

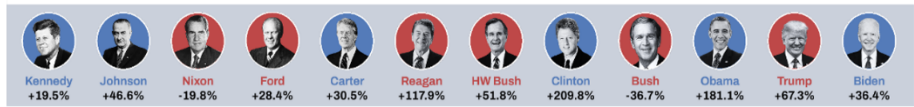
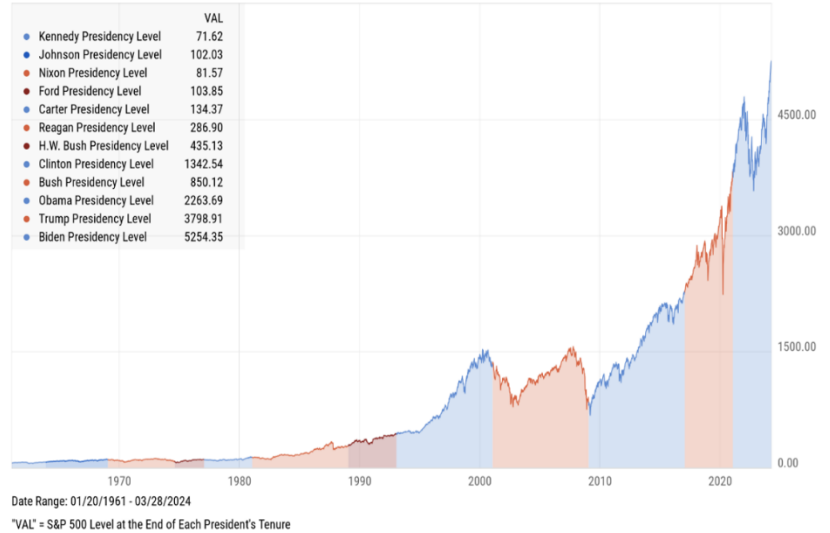
Biden

S&P 500 Performance:

Day after Election Day	1.11% 11/09/2016	2.20% 11/04/2020
~2 Months After Election Day (Day after Election through Inauguration Day)	6.16% 11/09/2016 - 1/20/2017	14.33% 11/04/2020 - 1/20/2021

How did markets perform under different presidents?

S&P 500 Performance Throughout U.S. Presidencies

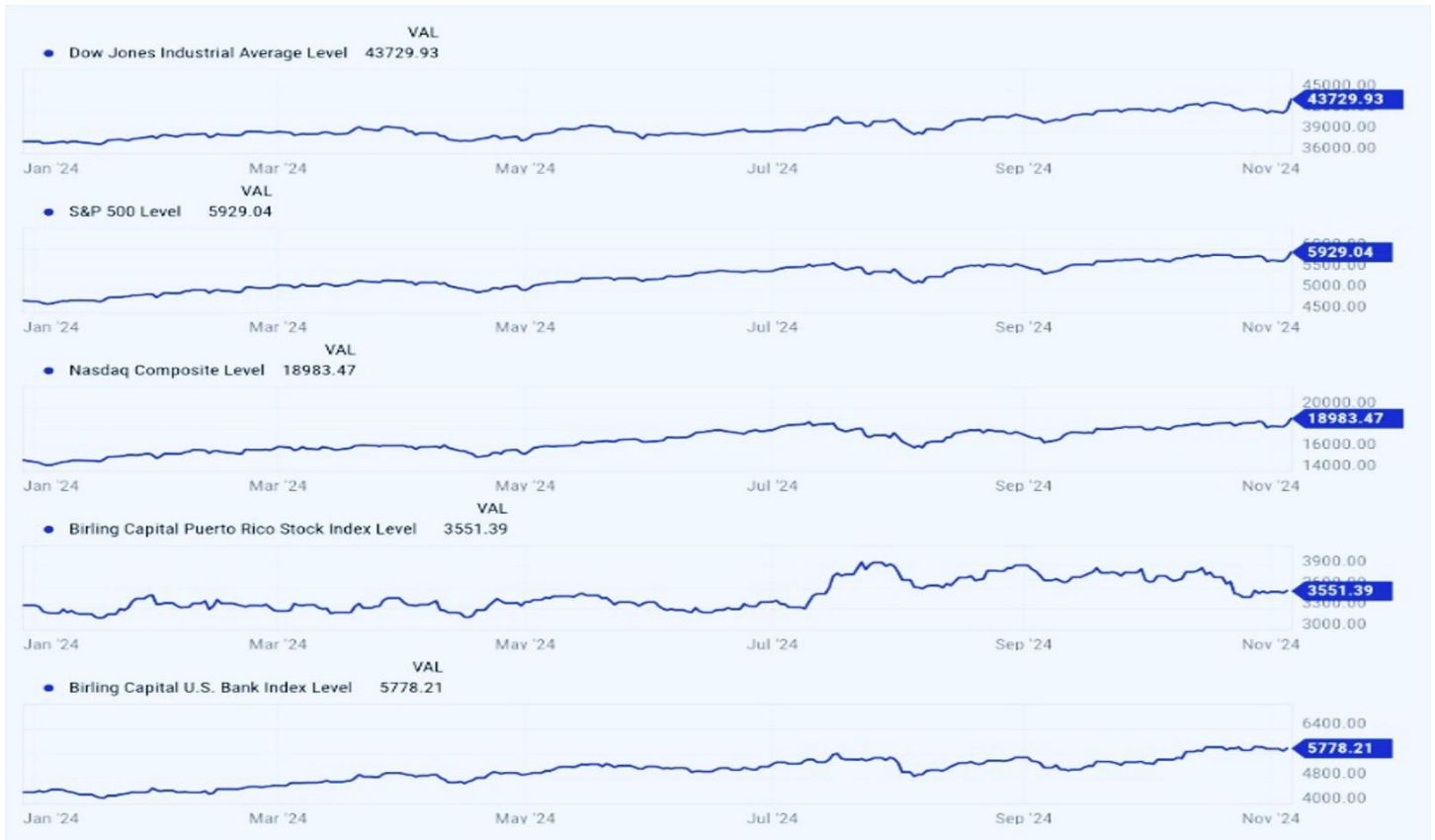


Since John F. Kennedy's inauguration in 1961, the S&P 500 has seen negative returns during only two presidencies: those of Richard Nixon and George W. Bush.



Dow Jones, S&P 500, Nasdaq Composite, Birling PR Stock Index & Birling US Bank Index YTD Returns 11.06.24





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