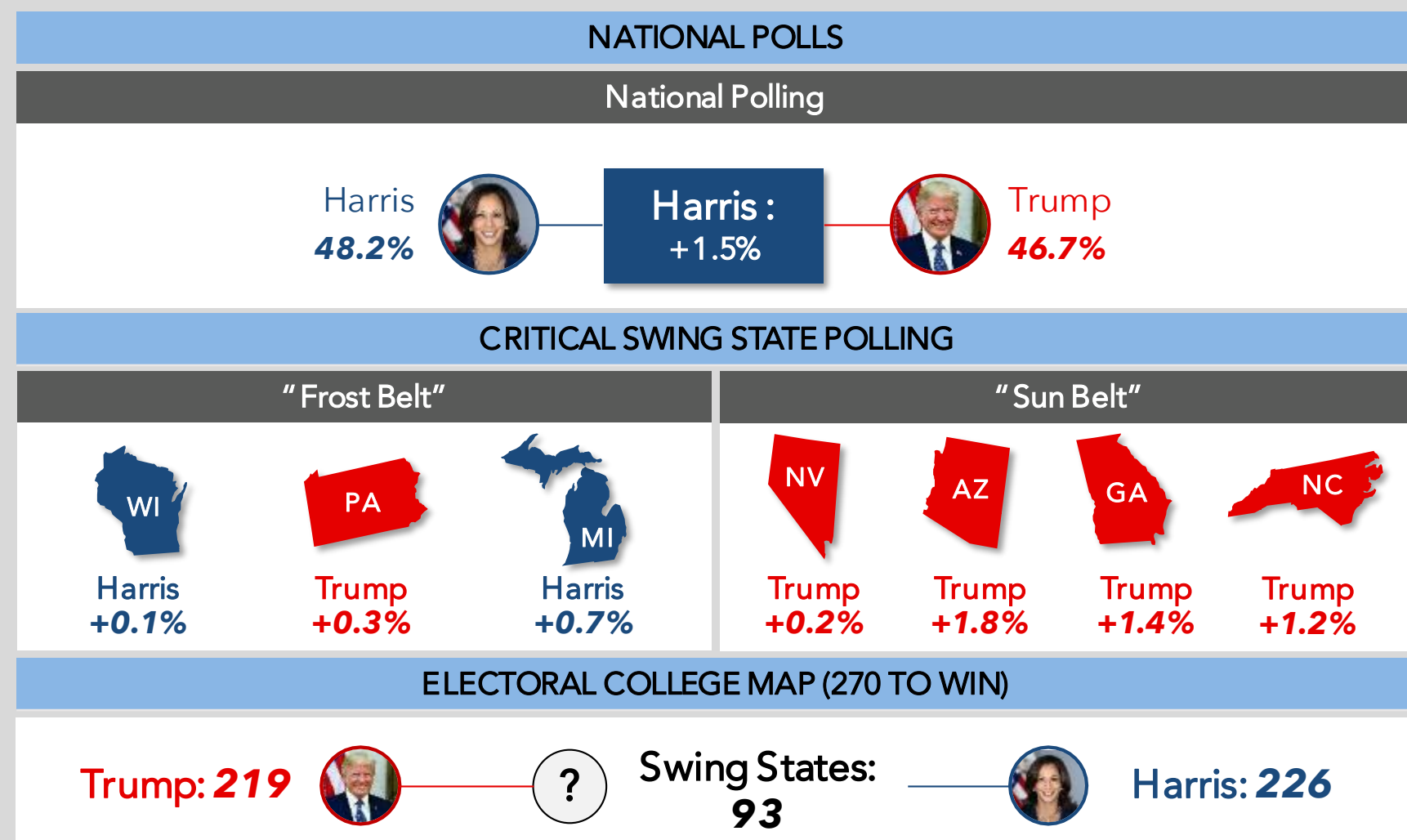


Chart of the Day



The 2024 US Presidential will be held on Tuesday, November 5th, exactly one week from today. Both nationally, and in the seven key swing states that matter most, aggregate polls currently stand well within the margin of error. In our view, the race remains "too close to call" with conviction. This will be a "turnout" election.



Polling averages for swing states since President Biden's withdrawal on July 21

Momentum shift toward Kamala Harris

Momentum shift toward Donald Trump

State	July 21 Biden Withdraws	Aug 1	Aug 15	Aug 31	Sep 10 Trump/Harris Debate	Sep 17	Sep 24	Oct 1	Oct 8	Oct 15	Oct 29
National	+3.2%	+1.2%	+2.8%	+3.2%	+2.4%	+3.0%	+2.5%	+2.7%	+2.6%	+2.4%	Harris +1.5%
WI	+2.3%	+1.2%	+0.2%	+3.1%	+2.4%	+2.9%	+1.9%	+1.7%	+1.5%	+0.6%	Harris +0.1%
PA	+4.4%	+0.3%	+2.4%	+1.1%	+0.5%	+0.7%	+1.2%	+0.6%	+0.4%	+0.7%	Trump +0.3%
MI	+2.4%	+1.7%	+2.9%	+2.3%	+1.7%	+1.8%	+2.4%	+1.9%	+1.7%	+0.8%	Harris +0.7%
NV	+5.8%	+0.5%	Tie	+0.6%	+0.1%	+0.6%	+0.3%	+1.0%	+0.9%	+0.5%	Trump +0.2%
AZ	+5.5%	+2.4%	+1.0%	+0.1%	+1.0%	+0.4%	+1.2%	+1.5%	+1.2%	+1.6%	Trump +1.8%
GA	+5.9%	+1.0%	+0.1%	+0.4%	+0.9%	+0.4%	+1.3%	+1.2%	+1.1%	+1.1%	Trump +1.4%
NC	+6.9%	+1.0%	+0.5%	+0.5%	Tie	+0.2%	+0.5%	+0.6%	+0.9%	+1.0%	Trump +1.2%

US Election Now a Driver of Markets

For the first time all year, the 2024 US election has now become a driver of markets. As polls have tightened sharply over the last month, markets have begun to price the "Trump Trade," most notably evident in a steepening of the yield curve (long end selling off) and a stronger US Dollar. The primary tenets of former President Trump's policy prescription - expansive fiscal policy, trade wars and tighter immigration - are generally viewed by markets as inflationary.

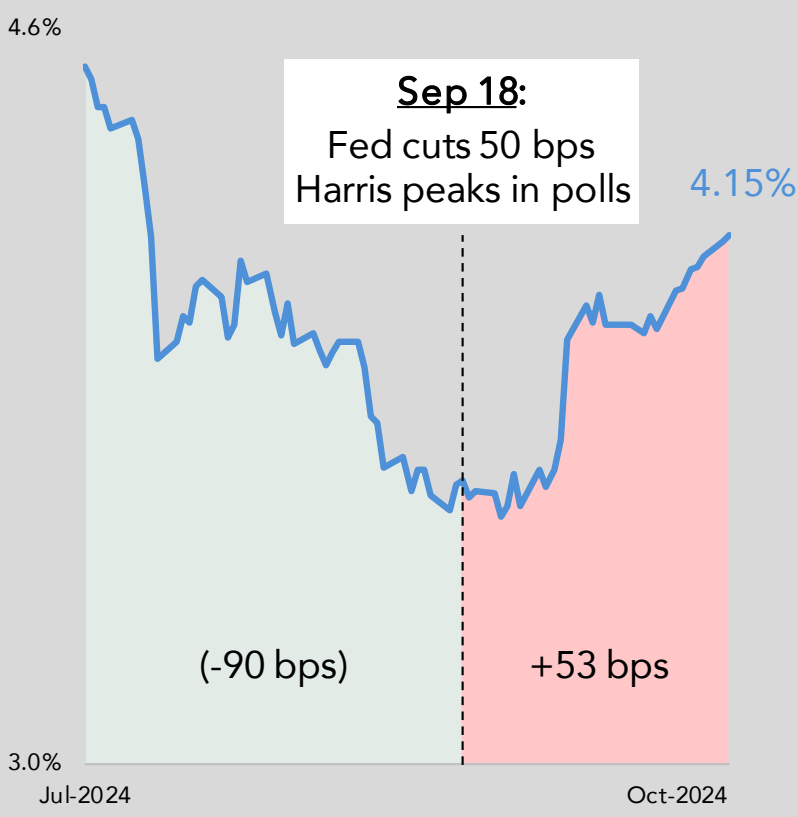
Primary elements of the "Trump Trade" evident since late September

	Yield Curve Steepening	<ul style="list-style-type: none"> Long-end selling off Repricing 2025 Fed rate cuts
	USD Strengthening Trade	<ul style="list-style-type: none"> Stronger USD Index Weaker RMB, Mex Peso, Euro, Yen, EMFX Higher RMB & EMFX volatility
	Strength in "Trump Trade" Sectors	<ul style="list-style-type: none"> Traditional energy (oil & gas) Financials Defense Domestic manufacturing Infrastructure spending
	Geopolitical and US election hedges	<ul style="list-style-type: none"> Gold Defensives (i.e., utilities, healthcare, consumer staples)

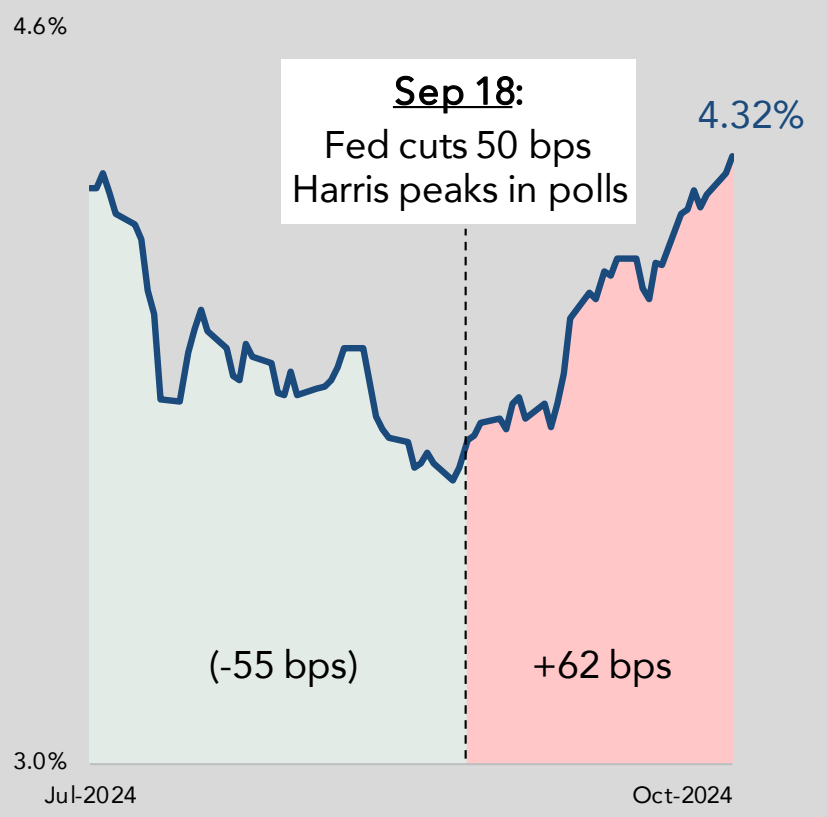
The Trump Trade: Yield Curve Steepening

With former President Trump tightening the gap in polls since late September, the UST yield curve has steepened in anticipation of more expansionary fiscal policy led by tax cuts and increased spending.

2 year UST



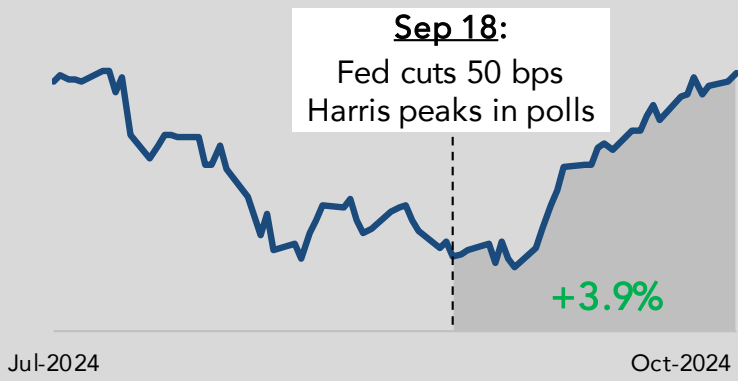
10 year UST



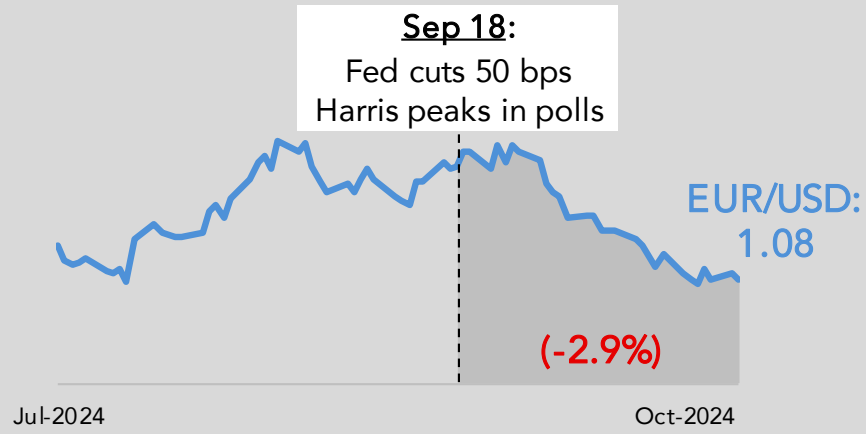
The Trump Trade: USD Strengthening

Even with the Fed easing and the US election outcome uncertain, the US Dollar has strengthened over the last month on the increased probability of "Trump trade wars." As evident in 2018-19, the Trump trade wars precipitate USD strengthening by virtue of: (1) safe-haven flows; (2) upward pressure on US inflation; (3) higher resilience of less export dependent US economy; and (4) global central bank policy pivots in response to the US tariffs (rate cuts, currency depreciation).

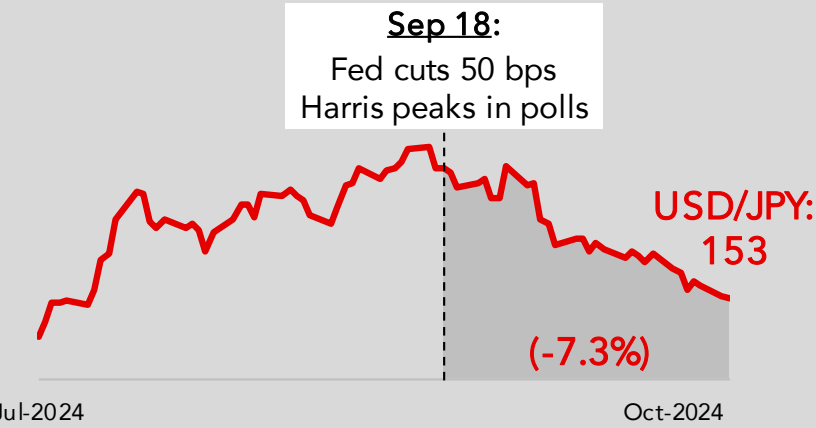
USD index



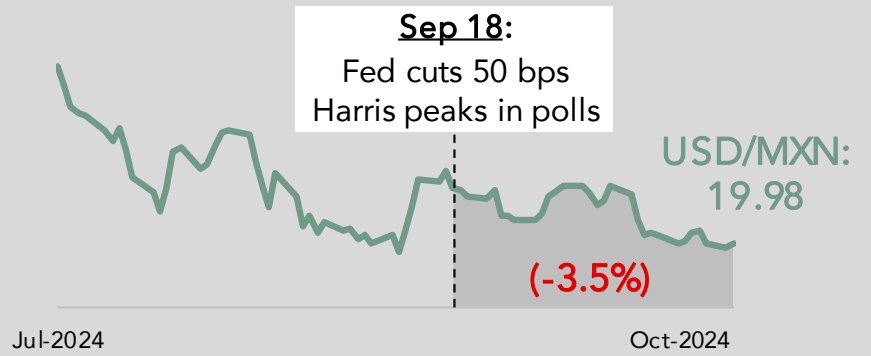
Euro vs. USD



Yen vs. USD



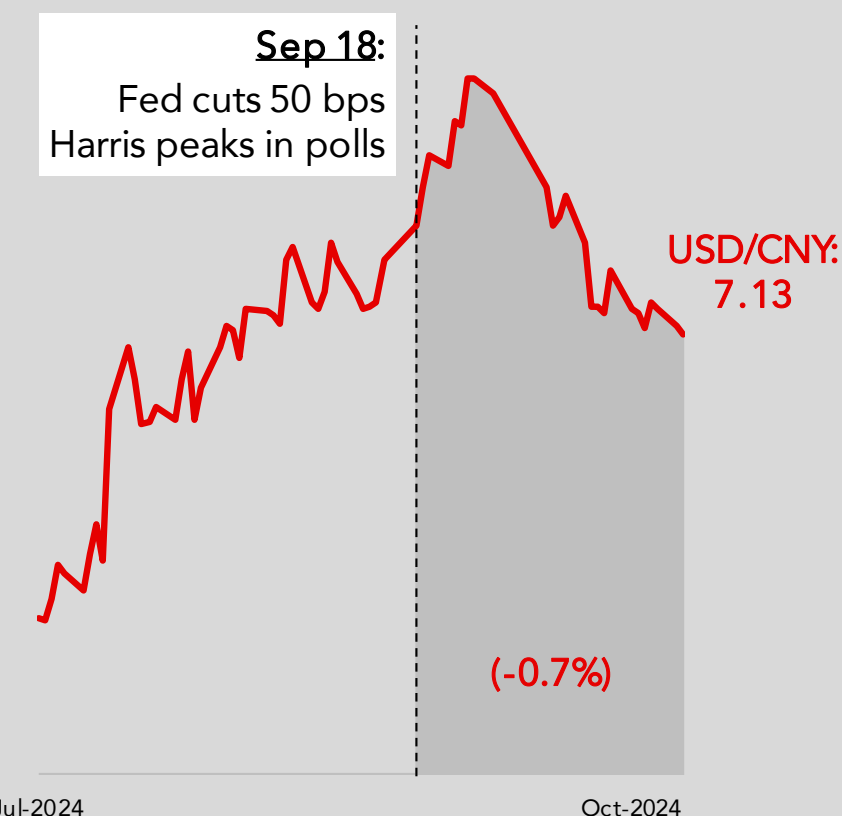
Mexican Peso vs. USD



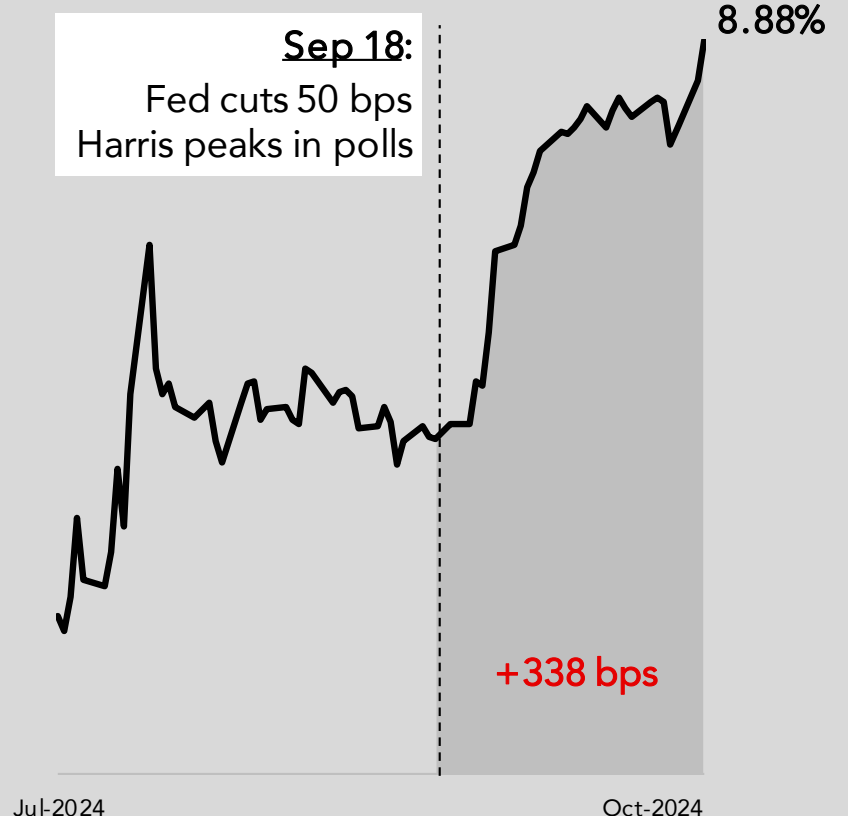
The Trump Trade: USD Strengthening

Former US President Donald Trump, and his key trade policy architect Robert Lighthizer, have adopted a policy prescription that essentially views China as an "existential threat" to the US economy. The prospect of higher tariffs (60%), enforcement penalties from the 2019 trade agreement and the possible revocation of China's MFN status have already begun to impact RMB currency and volatility markets.

CNY vs. USD



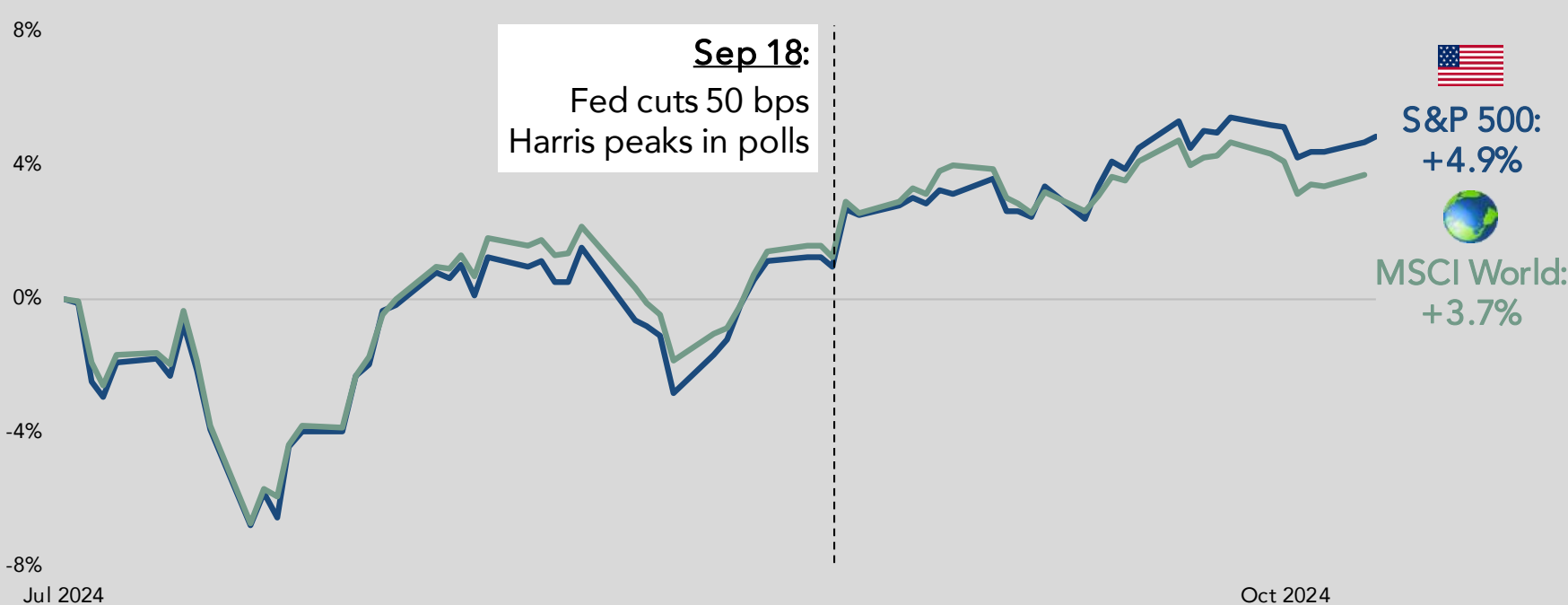
USD / offshore yuan volatility



The Trump Trade: US Stocks Outperform Global Stocks

One of the primary tenets of the so called "Trump trade" is that US stocks outperform global stocks as a result of: (1) the short term positive impact for equities of larger tax cuts passing through to earnings; and (2) the greater relative resilience of the US economy to "trade wars". To be sure, the Fed's 50 bps rate cut in mid September has also been an important part of recent US outperformance.

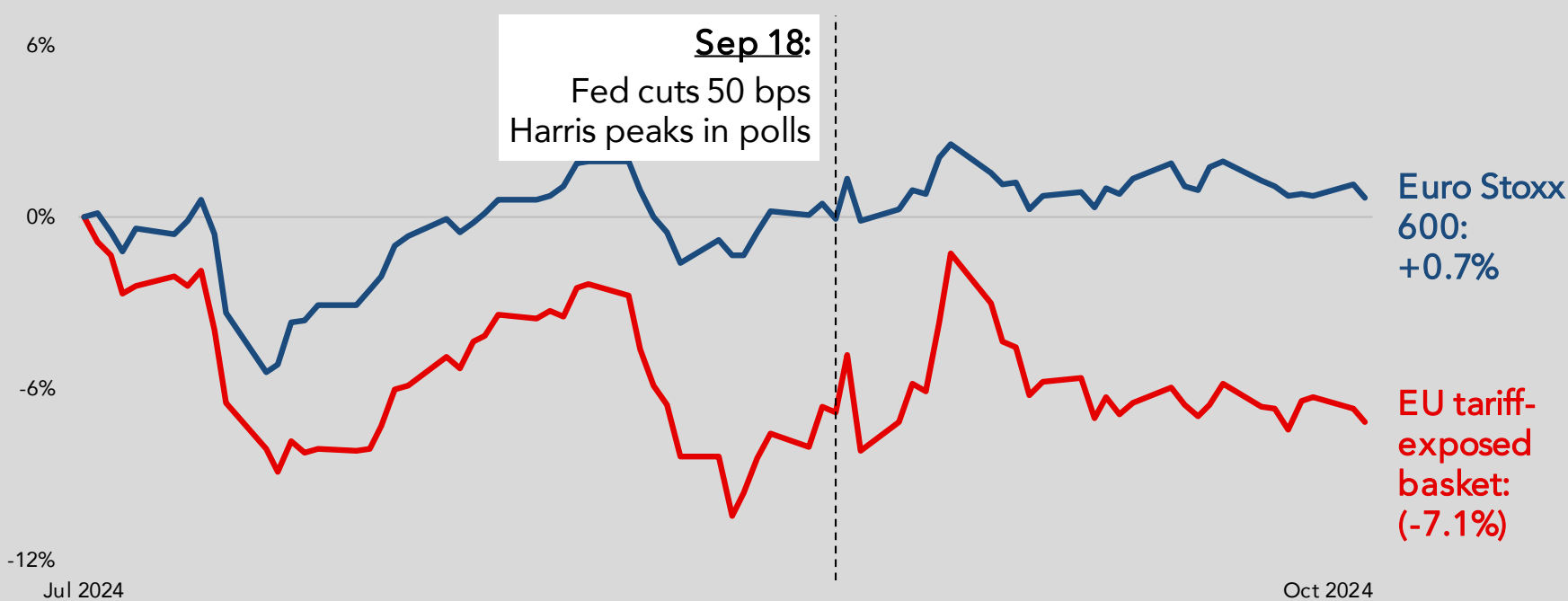
S&P 500 vs. MSCI World since July 21



The Trump Trade: Europe's Export-Driven Economy

European export sensitive stocks, led by auto and luxury goods companies, have sharply underperformed broader indices as the probability of a "Trump trade war" has ebbed and flowed in recent months. Notably, we would expect the impact of a potential Trump trade war to impact allies and adversaries alike, as it did in 2018-19. Europe would be particularly vulnerable given the exposure of its economy to global trade, global growth and China.

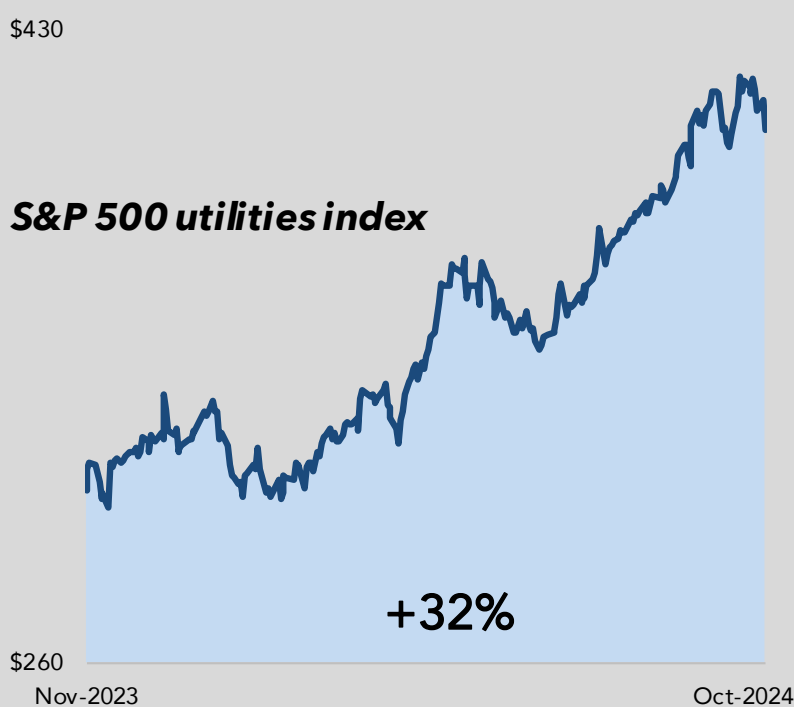
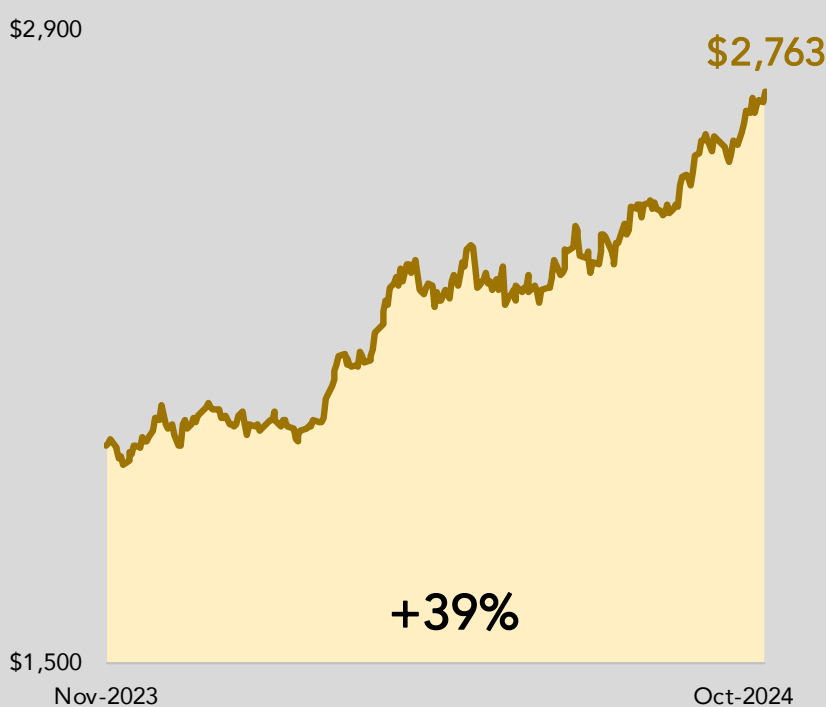
Euro Stoxx 600 vs. European tariff-exposed basket since July 21



Geopolitical and US Election Hedging

To dampen the volatility associated with geopolitical risk and US election uncertainty, gold and defensive stocks (i.e., utilities) provide investors with a hedge for financial and risk assets. Bank and financial stocks are also a sector that may perform well under both a Trump or Harris administration.

Gold



Source: (1-2) FiveThirtyEight Polling Average. Data as of October 29, 2024. Nevada polling data for August 1 is August 10 since first data available. North Carolina polling data for August 1 is August 12 since first data available. (4-15) Bloomberg. Data as of October 29, 2024. JPY and MXN graphed vs. USD to show depreciation. CNY graphed vs. USD to show depreciation. Volatility is USD/offshore CNH 1 month at the money implied volatility. EU tariff-exposed basket is GS EU Tariffs Exposed. Includes European companies expected to be negatively impacted by the implementation of tariffs on US imports.

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"Macro stability isn't everything, but without it, you have nothing."