

Harris

Fiscal policy

- Corporate tax cuts reversed, possible tax hikes
- Increased benefits spending and industrial subsidies.
- Defense spending likely to be maintained

Trade policy

- Multilateralism with allies
- Targeted measures against China (likely non-tariff based)

Industrial Policy

- Continued support for reshoring or friendshoring manufacturing.
- Continued support for green policies

Immigration

- Supportive - positive for continued job growth

Market Effect

- Slightly inflationary, Headwind for American sovereign bonds
- Positive for global growth, green transition theme
- Inconclusive on equities, probably a slight headwind

Democrat Congress

Fiscal policy

- Corporate tax cuts reversed, spending curtailed
- Coupled with tariff income likely reduces deficit

Trade policy

- America first policy - Combative with China and allies alike
- More tariff based - adds to inflationary pressures

Industrial Policy

- Continued support for onshoring or nearshoring manufacturing.
- Green transition targeted policies likely not extended

Immigration

- Reduced reflecting negatively on the labour market but to a lesser extent than in a clean Republican sweep

Market Effect

- Less inflationary, yield volatility depending on levels of fiscal brinkmanship
- Slight tailwind for sovereign bonds
- Probably slightly negative for equities due to some fiscal consolidation and trade risk

Trump

Fiscal policy

- Unlikely to have major changes to taxes.
- Spending likely to decrease

Trade policy

- Multilateralism with allies, targeted measures against China (likely non-tariff based)

Industrial Policy

- Continued support for reshoring or friendshoring manufacturing.
- Continued support for green policies but with lower spending levels

Immigration

- Supportive but some decline likely

Market Effect

- Yield volatility depending on levels of fiscal brinkmanship
- Slight tailwind for sovereign bonds
- Inconclusive on equities, probably a slight headwind

Republican Congress

Fiscal policy

- Corporate tax cuts extended. Other tax cuts possible
- Decreased spending on social welfare programs.
- Possible increase in defense spending

Trade policy

- America first policy - Combative with China and allies alike
- More tariff based - adds to inflationary pressures but will offset some of the fiscal expansion

Industrial Policy

- Continued support for onshoring or nearshoring manufacturing.
- Industrial support maintained but redirected away from green transition

Immigration

- Negative for job growth and likely to increase inflationary pressures

Market Effect

- Slightly inflationary, Upward pressure on yields,
- Likely positive for equities but retaliatory trade measures and inflation reacceleration causing the Fed to delay rate cuts are downside risks
- Weak Dollar policy