



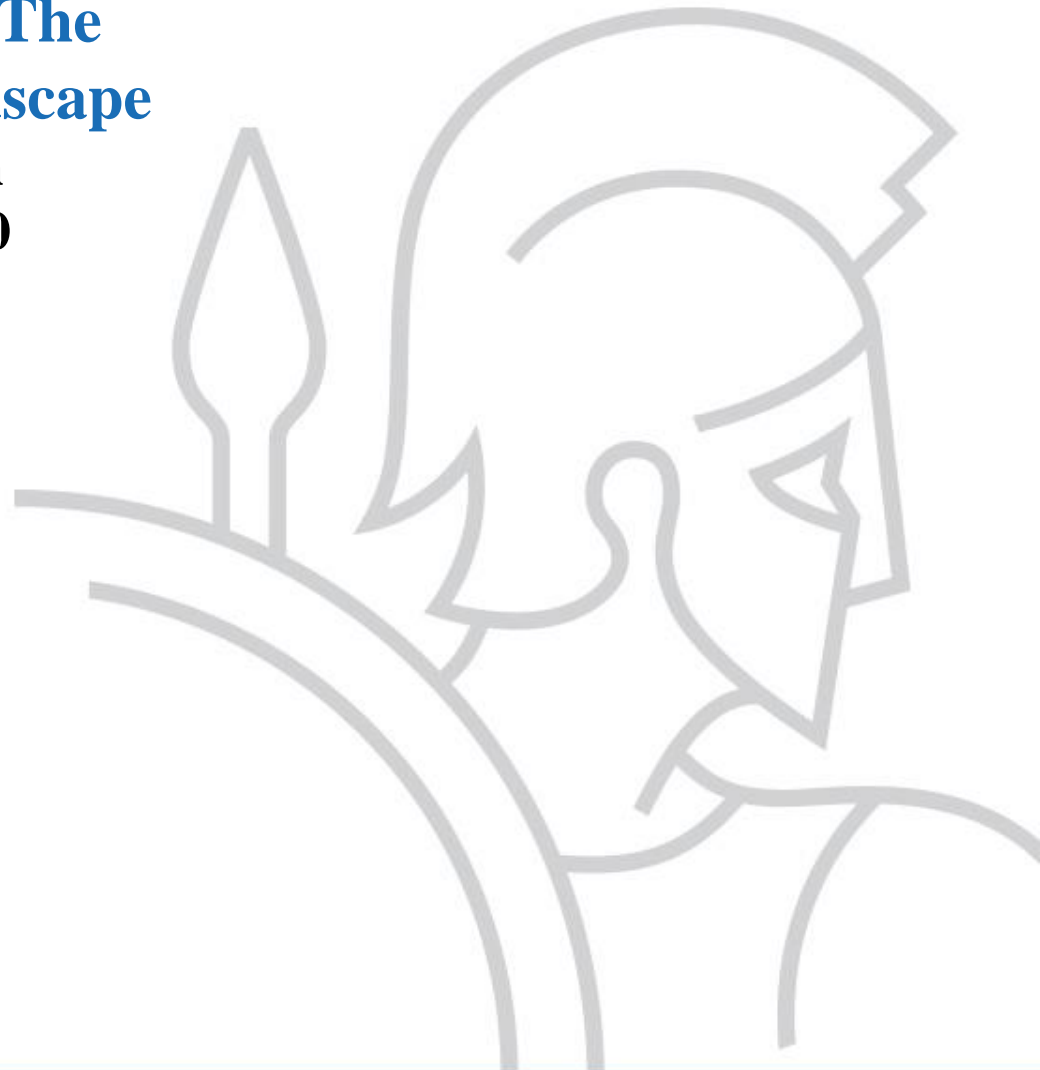
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Washington & The Investment Landscape

Daniel Clifton
February 2020

Macro Research

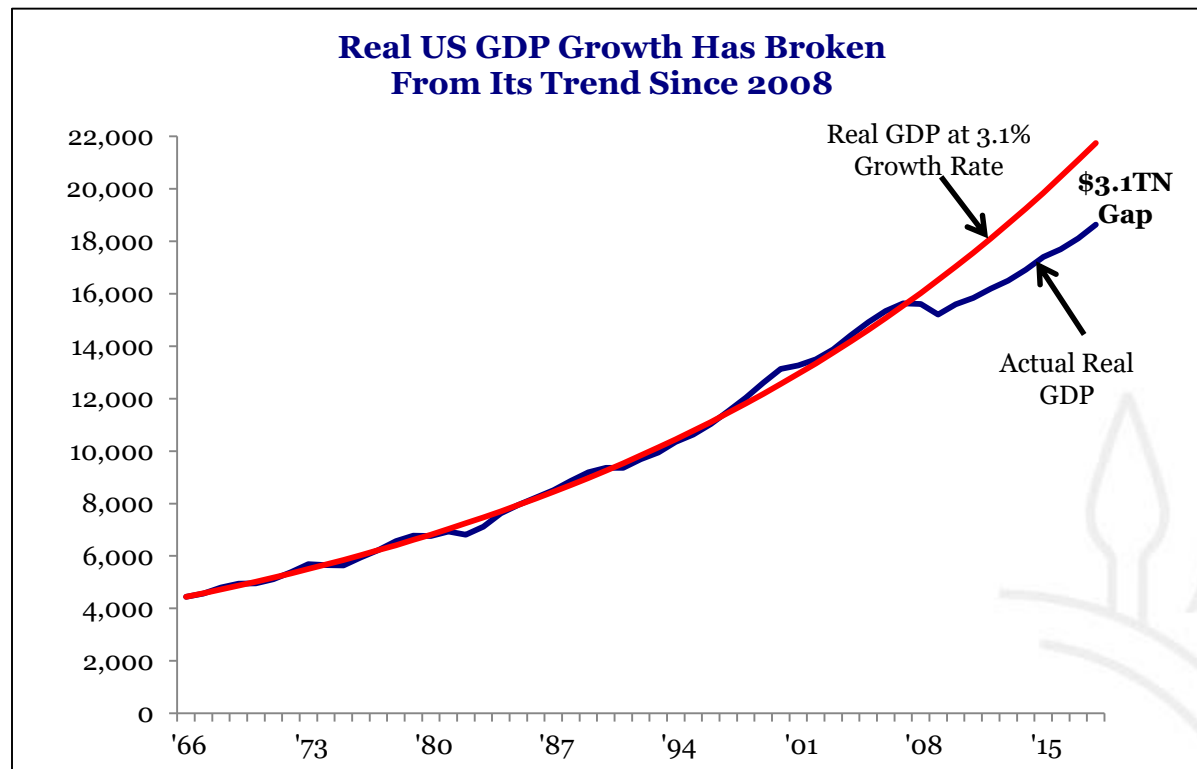
Investment Strategy
Economics
Policy Research
Quantitative Research
Technical Research
Fixed Income Research
Industry Surveys
Bespoke Research
Conferences
Sales & Trading





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Economic Volatility Is Translating Into Political Volatility



Source: Bureau of Economic Analysis, Strategas



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Voters Have Removed The Party In Power In 6 of the Past 7 Elections





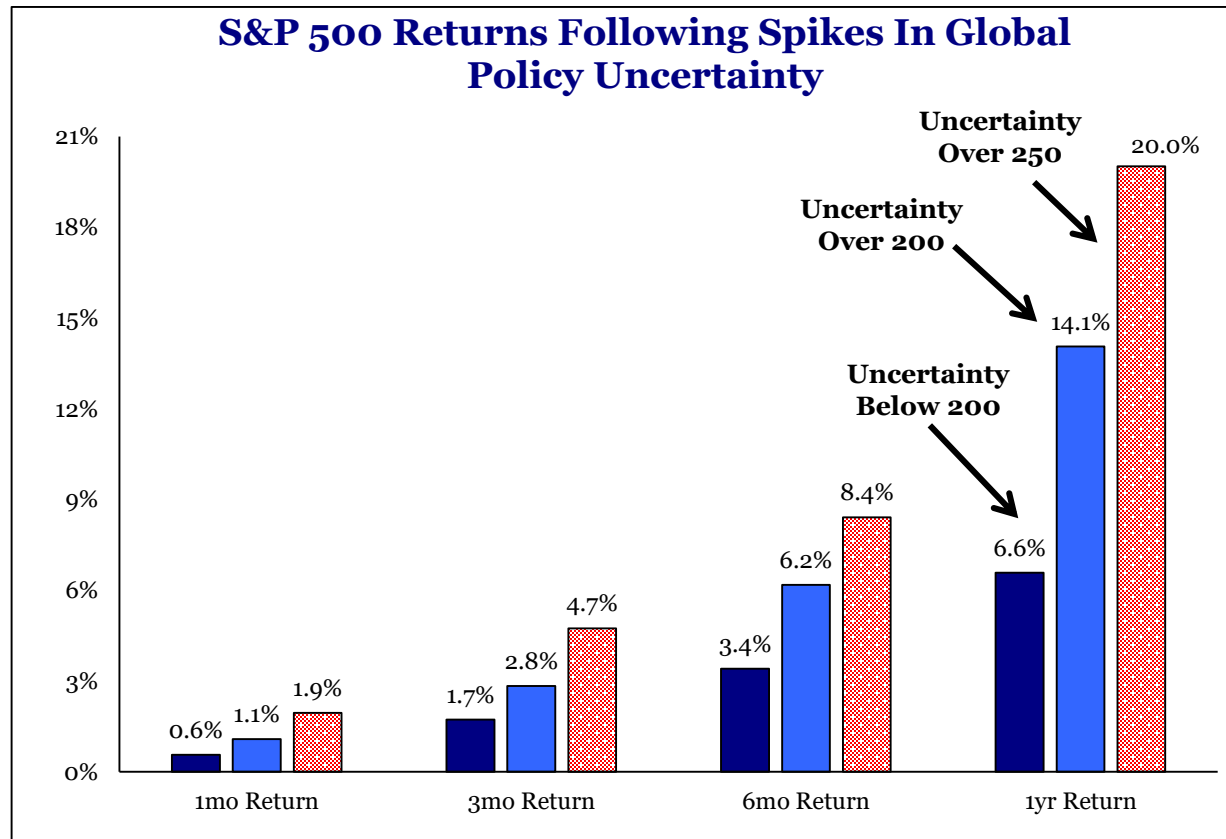
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Populism & Nationalism Continues To Grow Across The Globe...





...More Uncertainty: But Uncertainty Has Been Good For Stocks





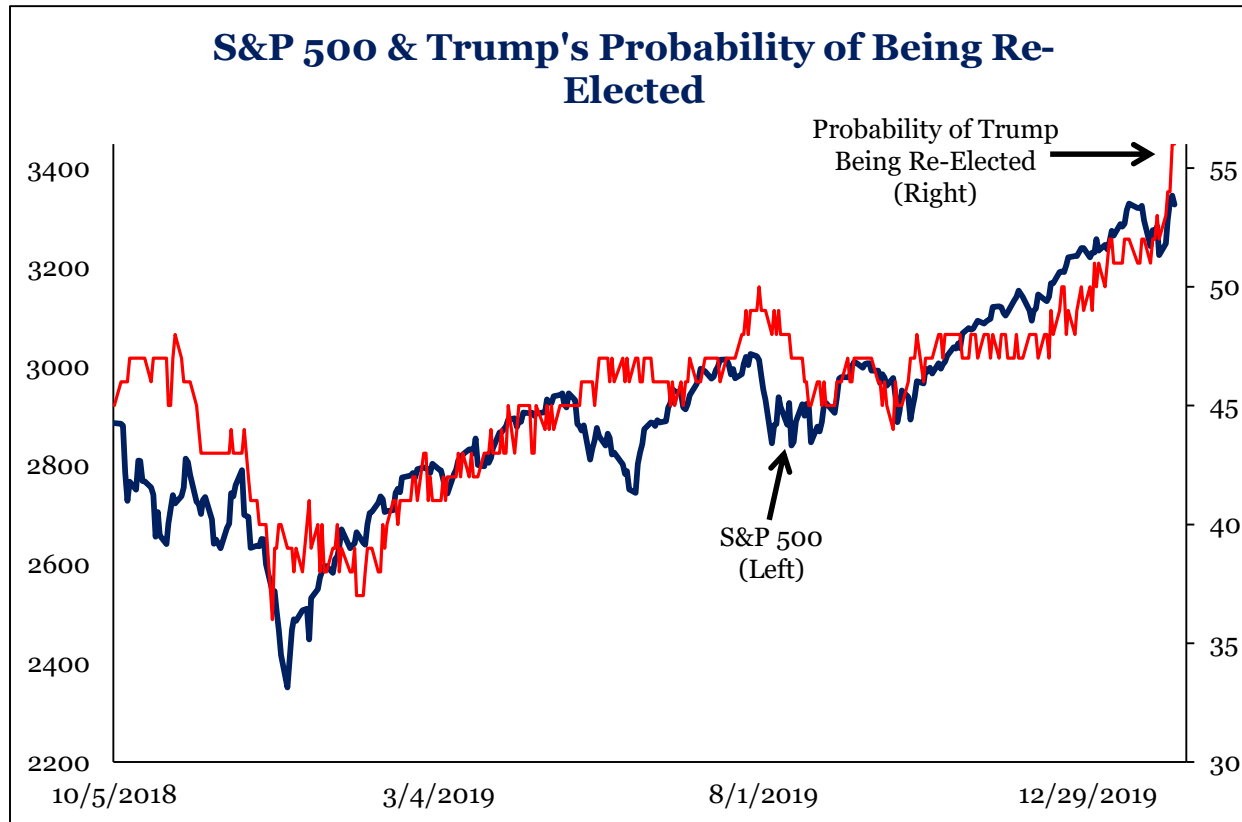
Recessions Kill American Presidencies

No Recession Two Years Before Re-Election				Recession Two Years Before Re-Election		
President	Recession?	Re-Elected?		President	Recession?	Re-Elected?
Obama	No	Yes		Bush I	Yes	No
Bush II	No	Yes		Carter	Yes	No
Clinton	No	Yes		Ford	Yes	No
Reagan	No	Yes		Hoover	Yes	No
Nixon	No	Yes		Coolidge	Yes	Yes
LBJ	No	Yes		Taft	Yes	No
Eisenhower	No	Yes				
Truman	No	Yes				
FDR	No	Yes				
FDR	No	Yes				
FDR	No	Yes				
Wilson	No	Yes				



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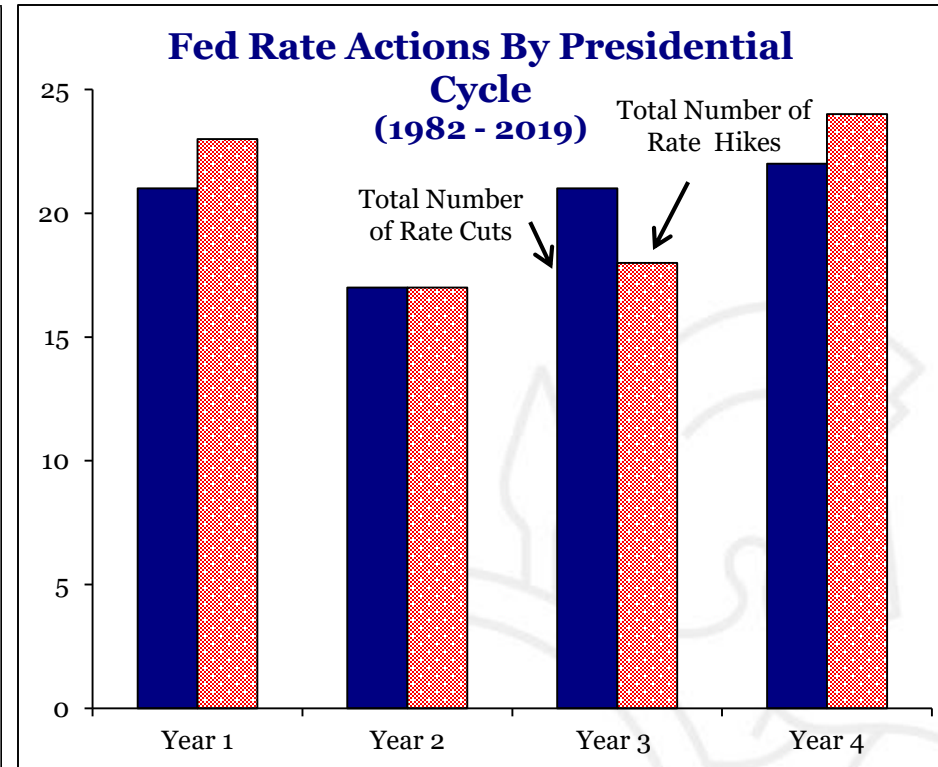
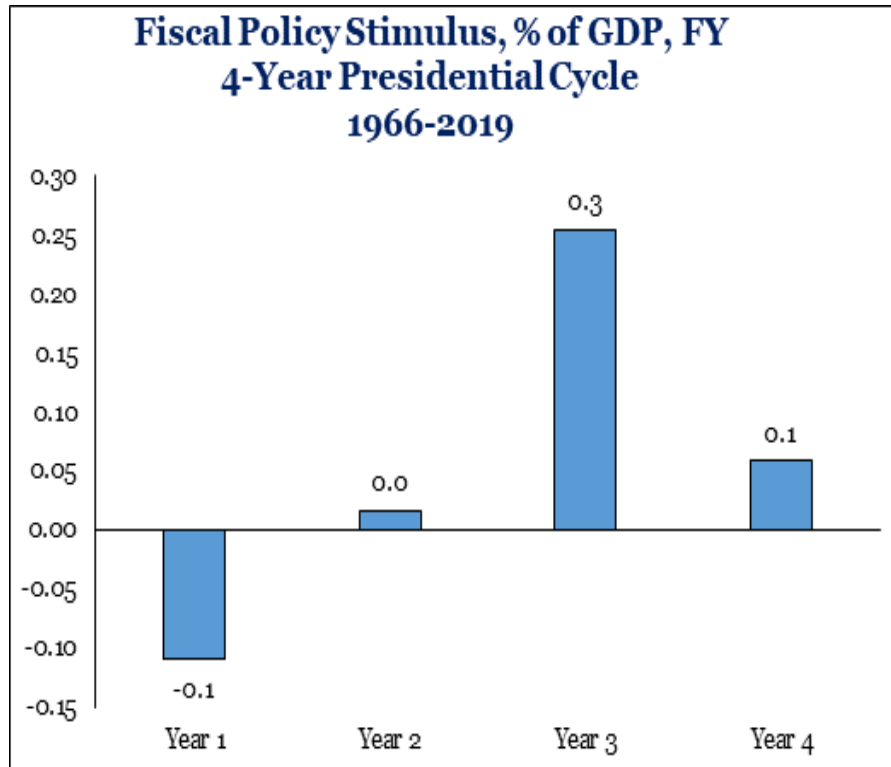
Trump's Favorite Chart: Going For Growth In 2020





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Presidents Stimulate The Economy In The Year Ahead of Their Election

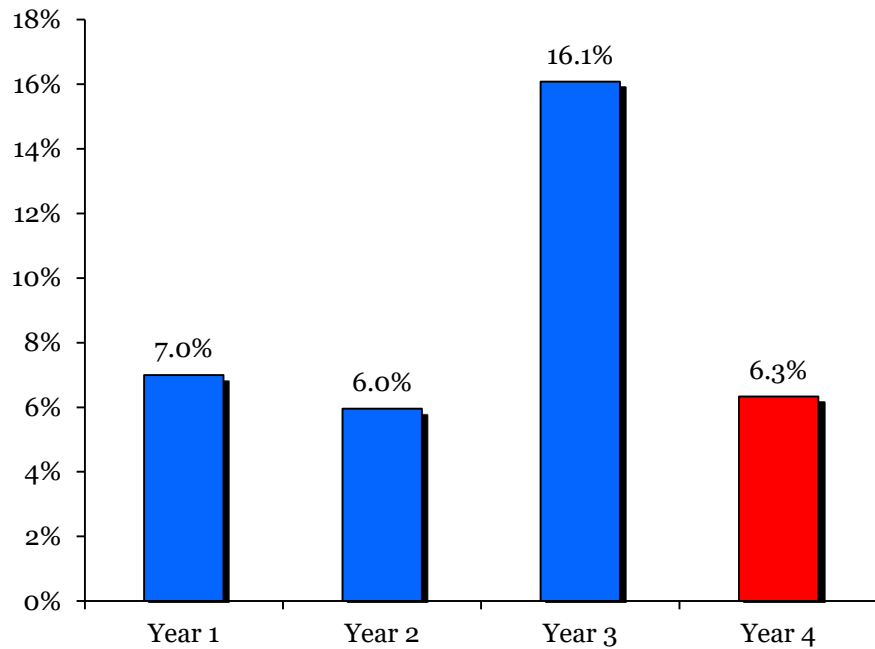




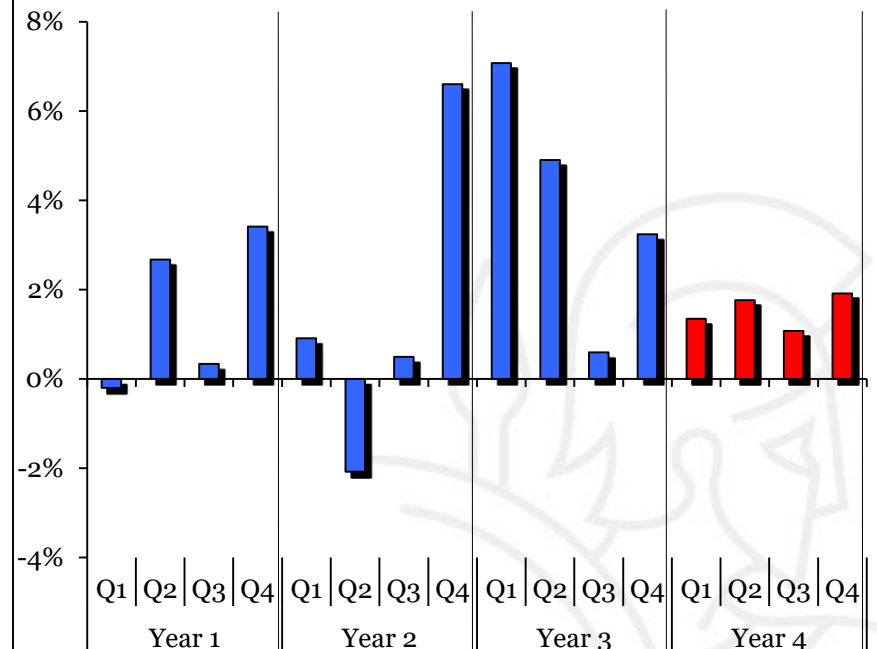
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Stimulus Has Served As A Cushion To Deal With Election Noise

**S&P 500 Price Returns By
Presidential Cycle
(CY, 1948 - 2018)**



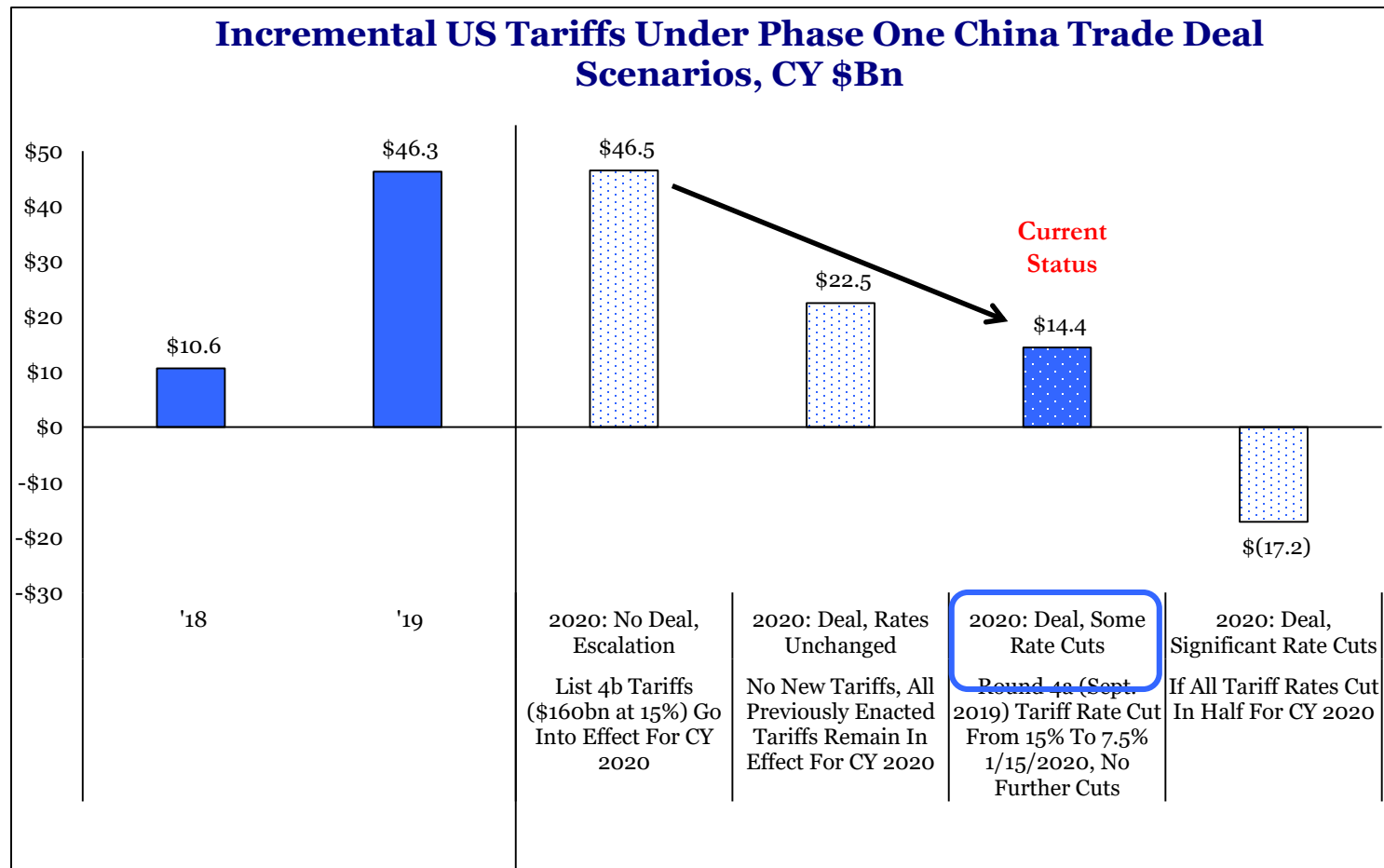
**Quarterly S&P 500 Price Returns
By Presidential Cycle
(1950 - 2018)**





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Big Pivot By Trump On Trade Policy





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Potential Gains From The Trade Deal Are Halted From Coronavirus





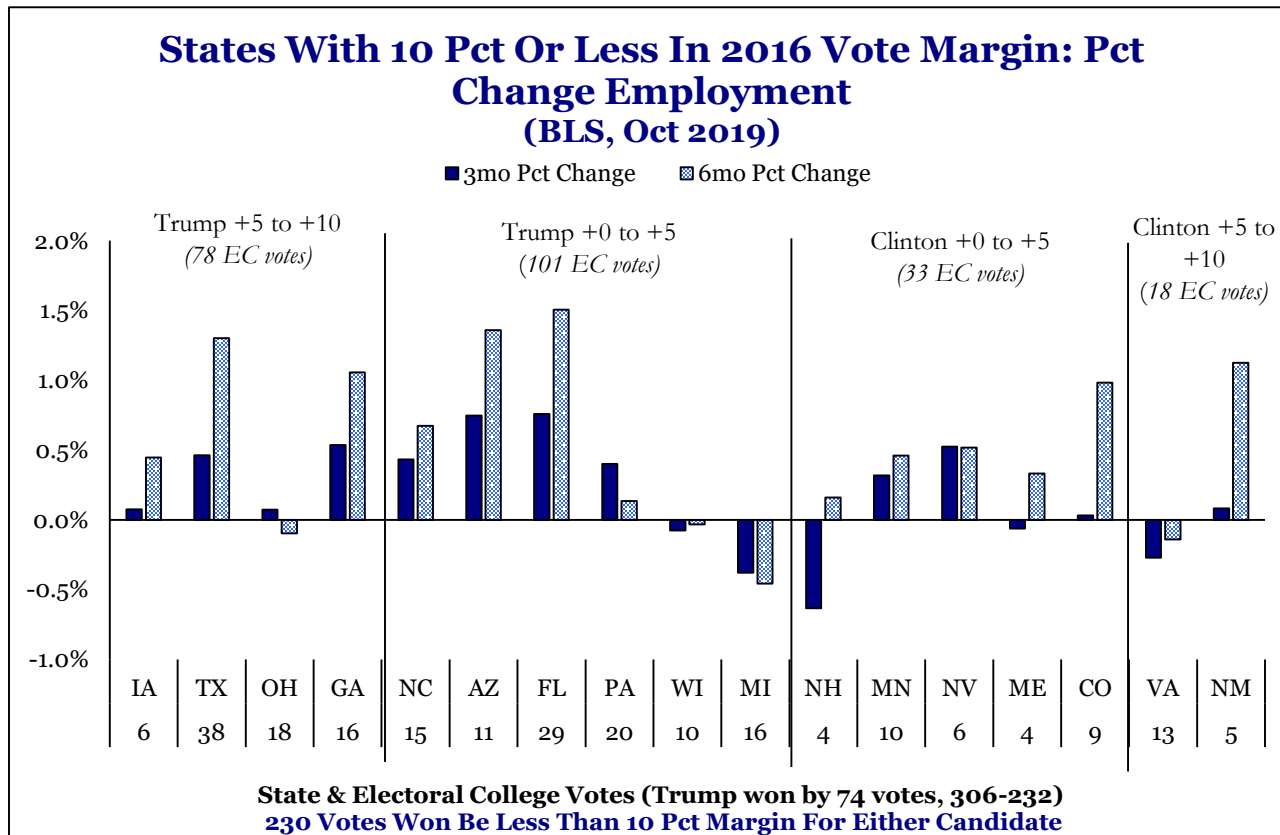
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Potential Gains From The Trade Deal Are Halted From Coronavirus





Slowing Manufacturing Jobs Led To a US-China Trade Deal Compromise

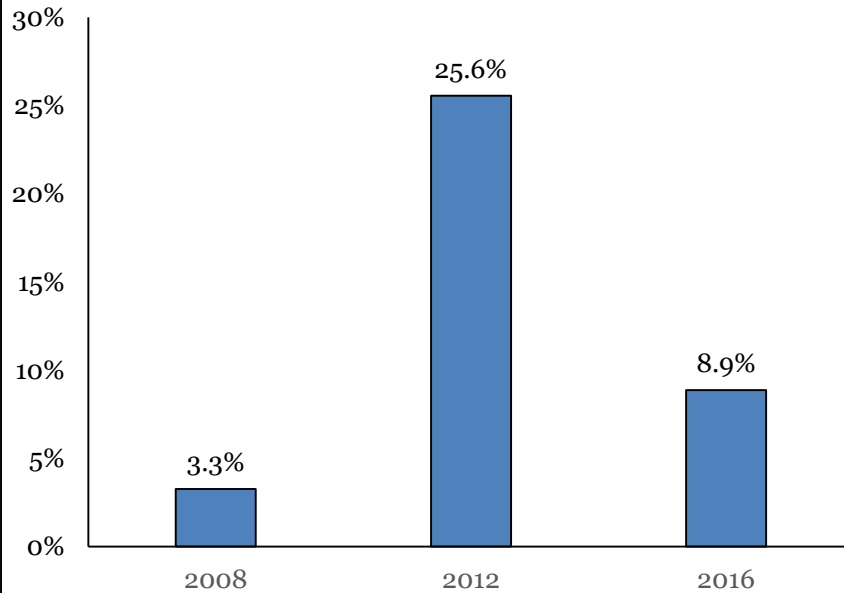




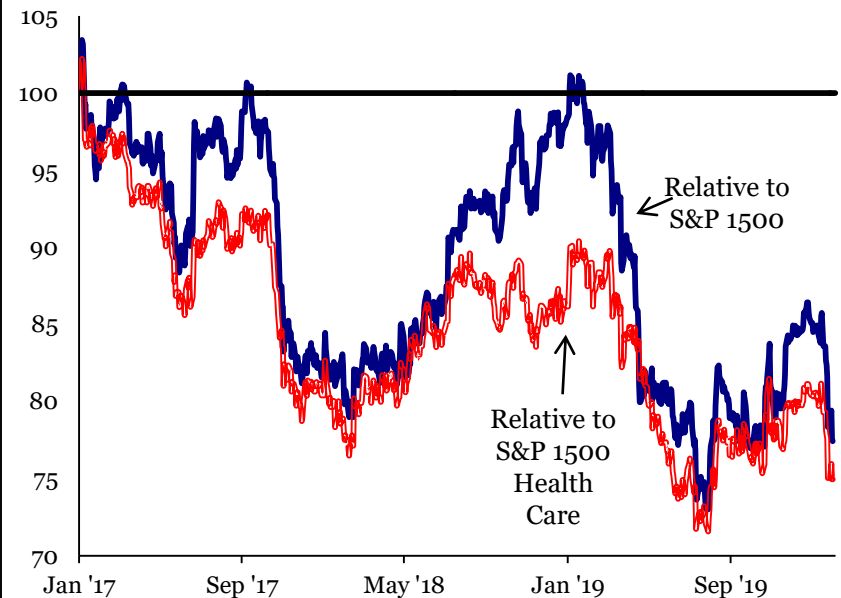
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Other Election Year Policy Issues

**Strategas Infrastructure Basket Return
Above The S&P 500, 1 Year Ahead of
Presidential Election**



**Strategas' Part B Basket Relative to
the S&P 1500 & S&P 1500 Health
Care
(100 = 12/31/2016)**





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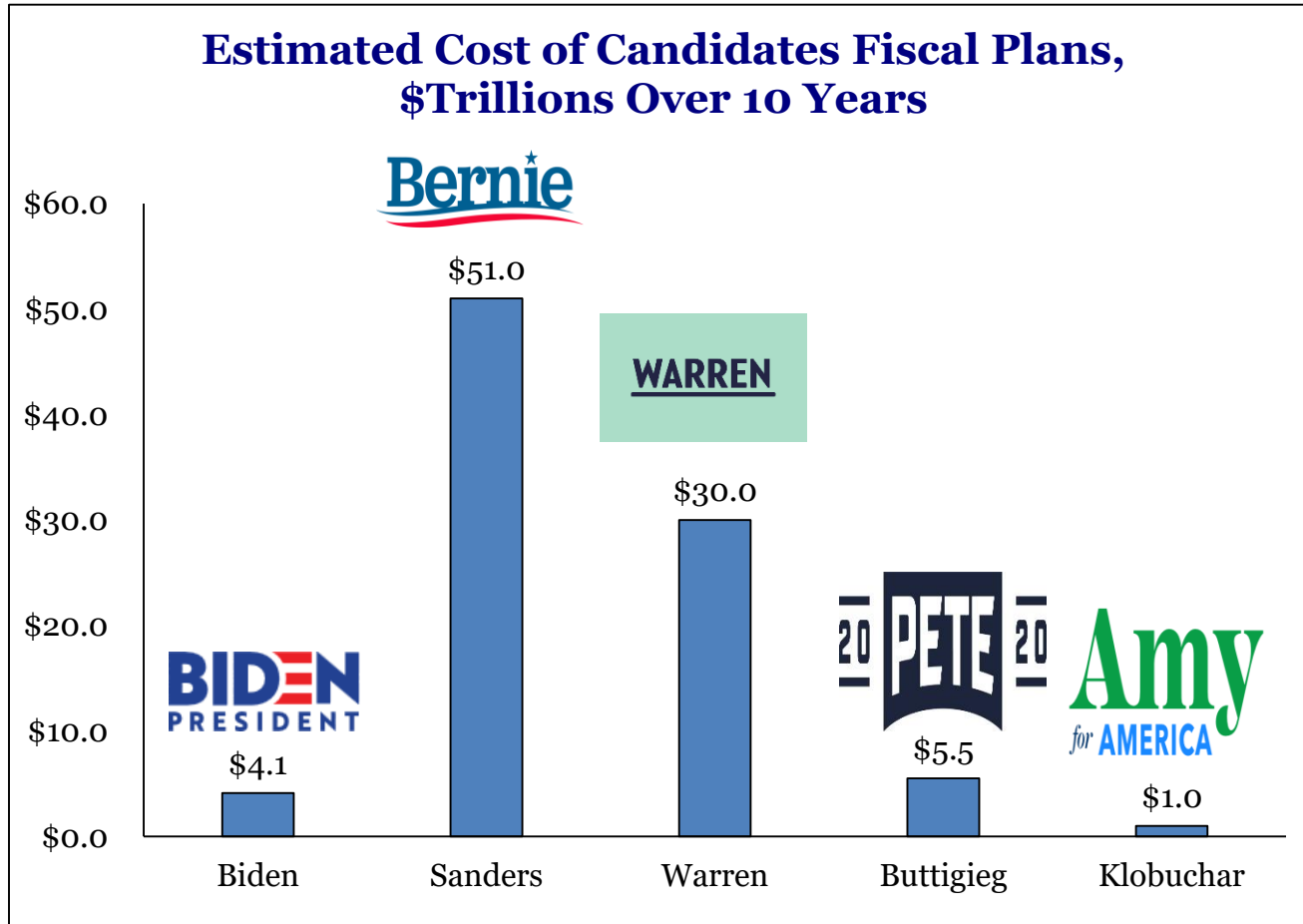
Which Candidate The Democrats Select Will Matter





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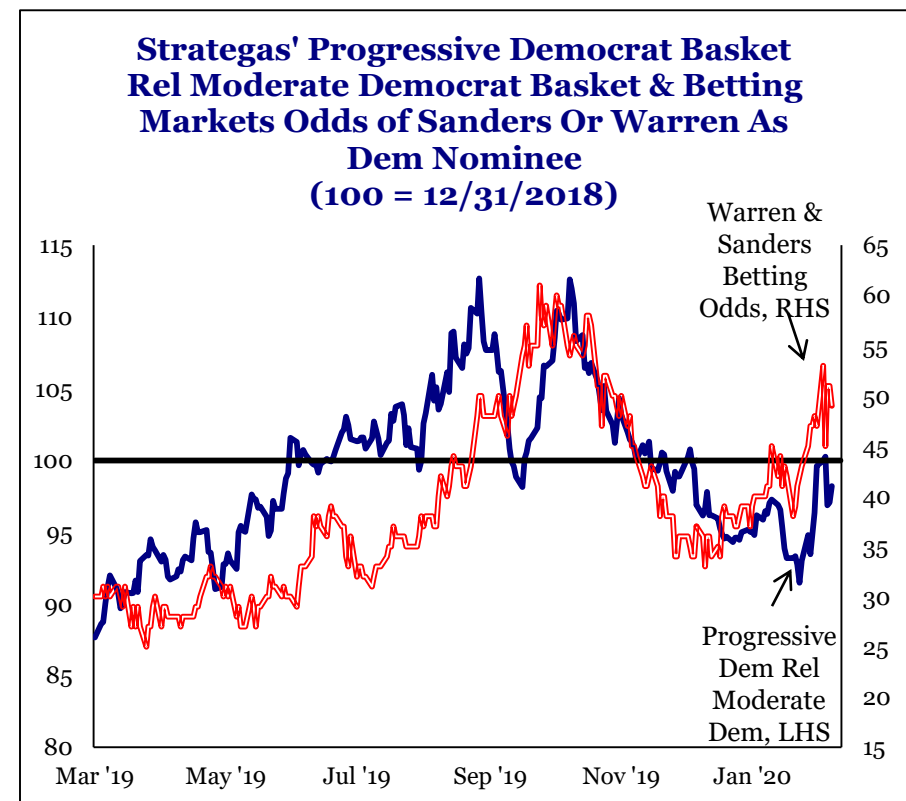
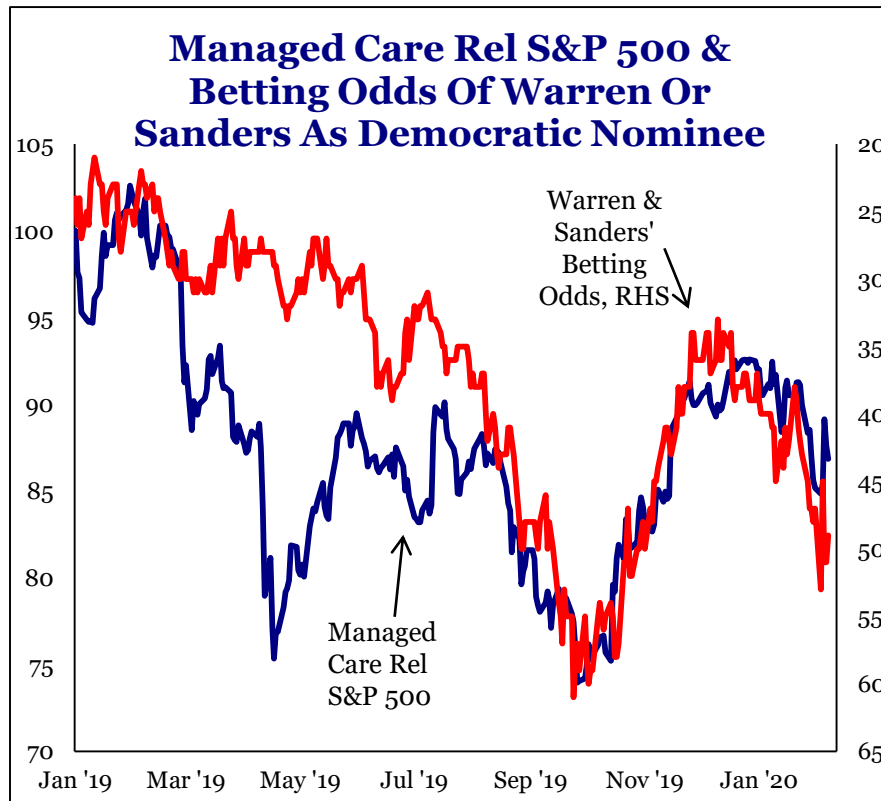
Spending Plans Vary By Candidate





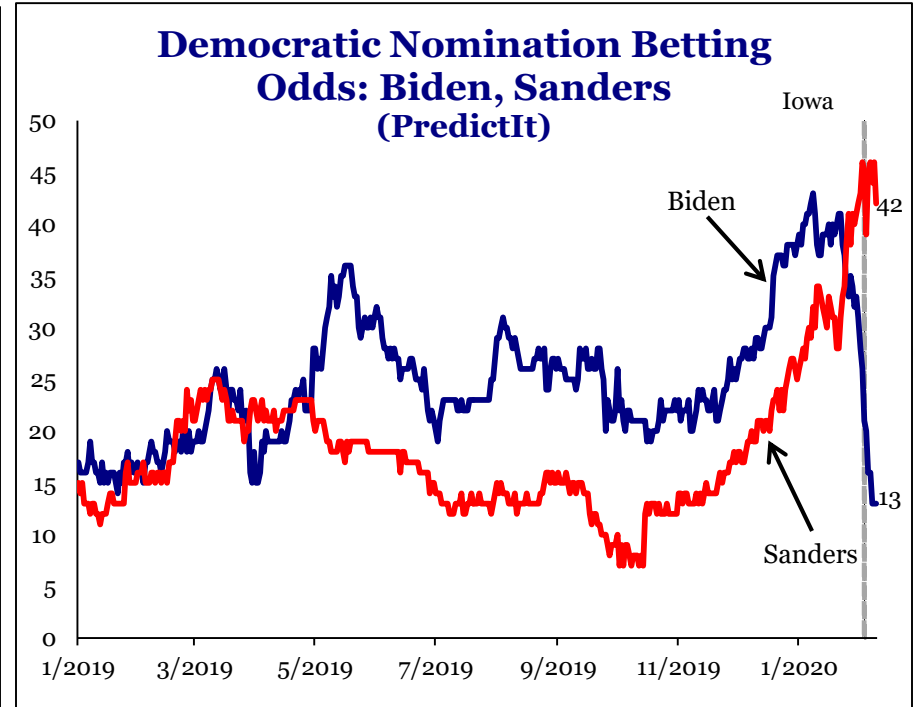
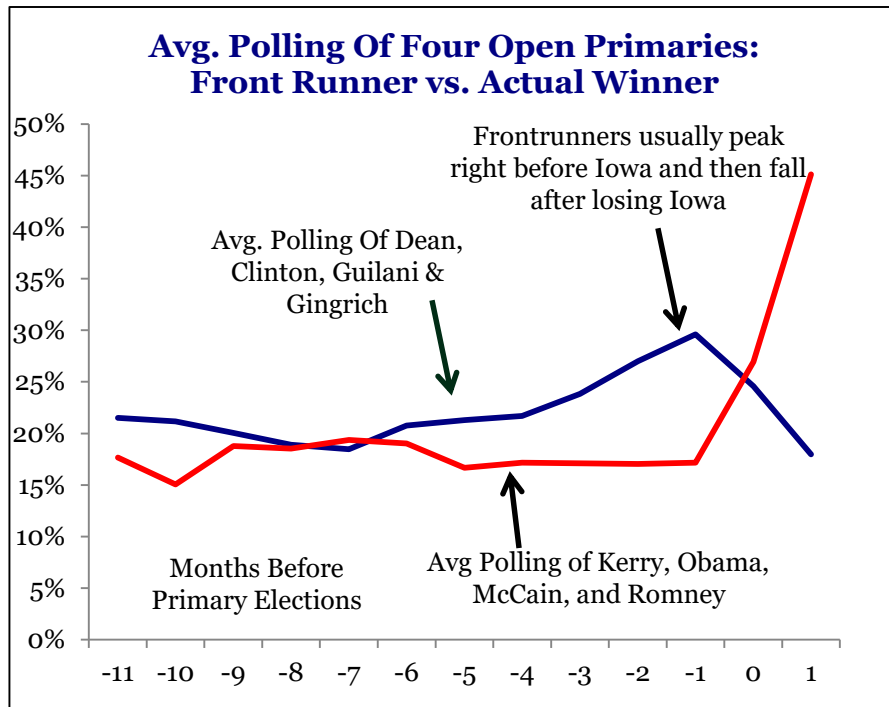
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Primary Election Already Impacting Election Sensitive Stocks





Iowa Is Notorious For Stopping National Front Runners

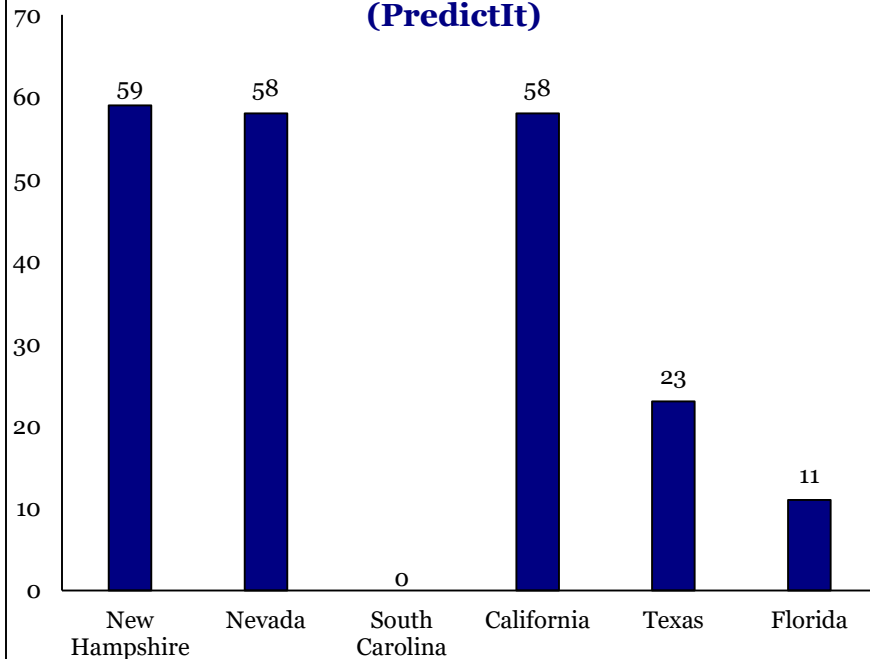




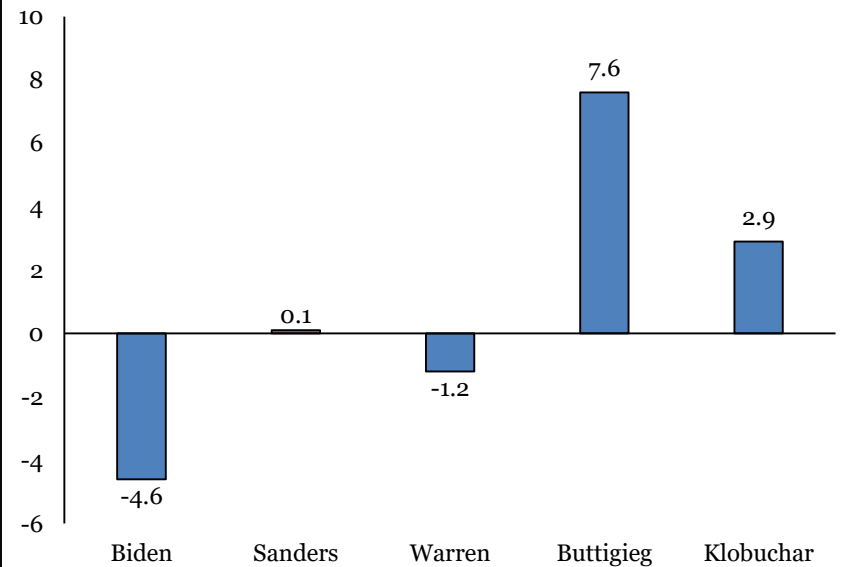
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Betting Odds Favor Sanders To Win, Mayor Pete & Amy K. Rising

**Bernie Sanders' Lead In Betting Odds
(PredictIt)**

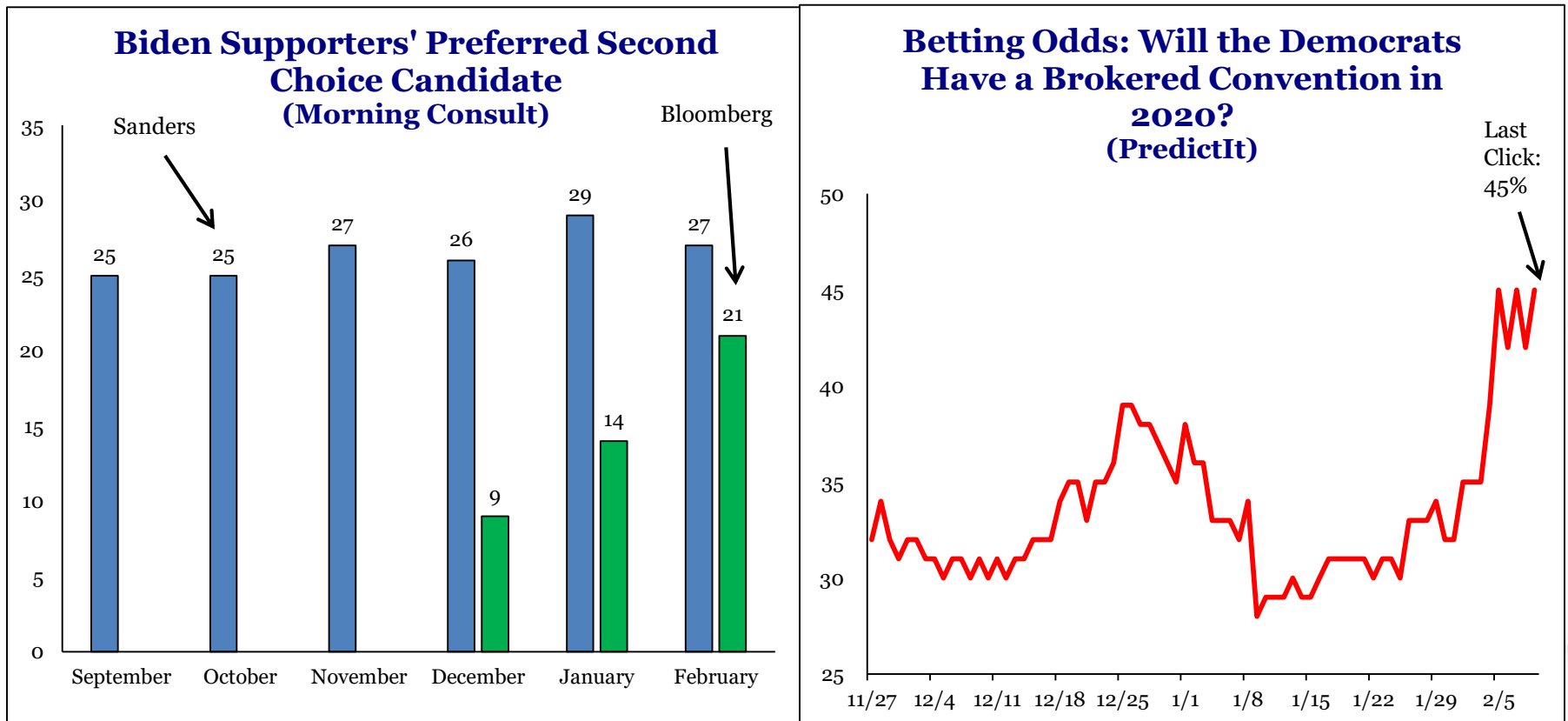


**Change In New Hampshire Polling
Average, Pre- and Post-Iowa
Caucus
(RCP)**



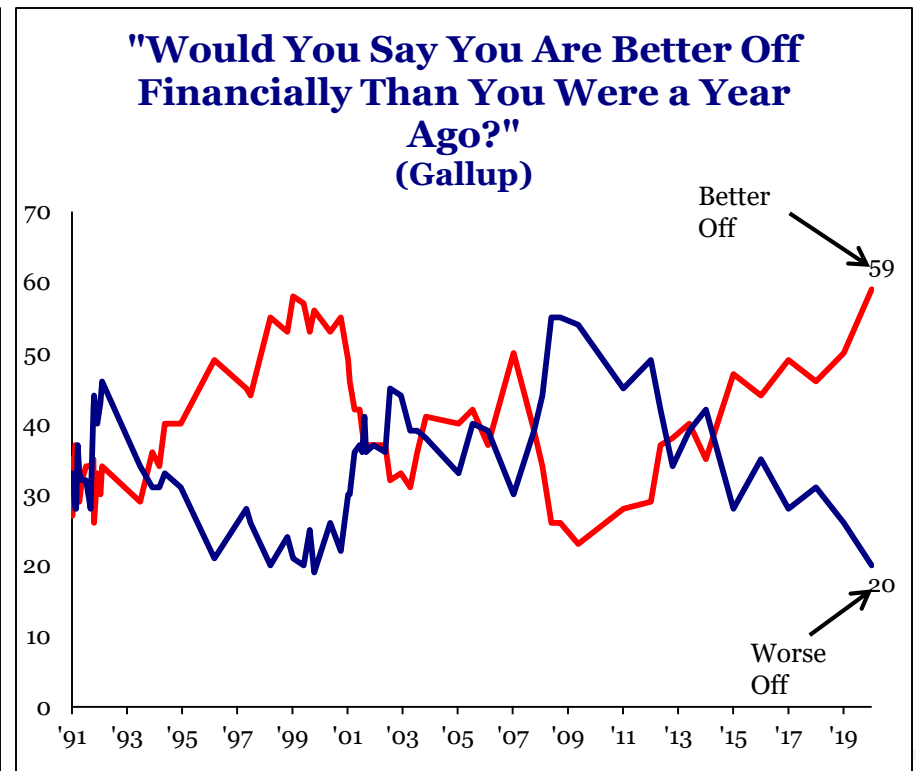
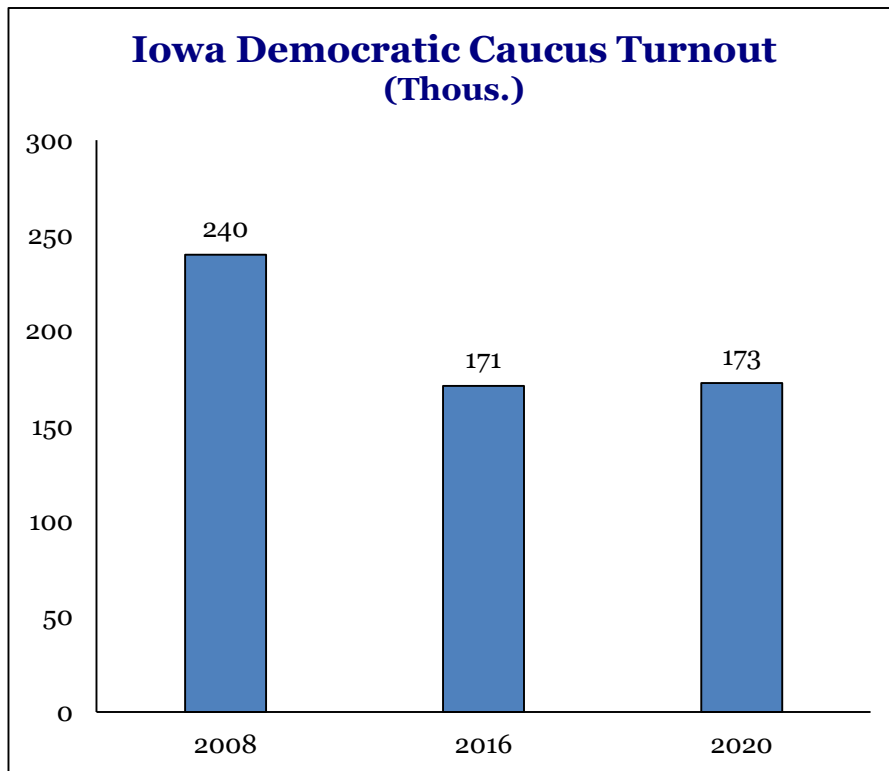


Bloomberg Enters The Race Soon: Brokered Convention Possible?





Soft Iowa Turnout For Democrats Raises Concerns of Enthusiasm

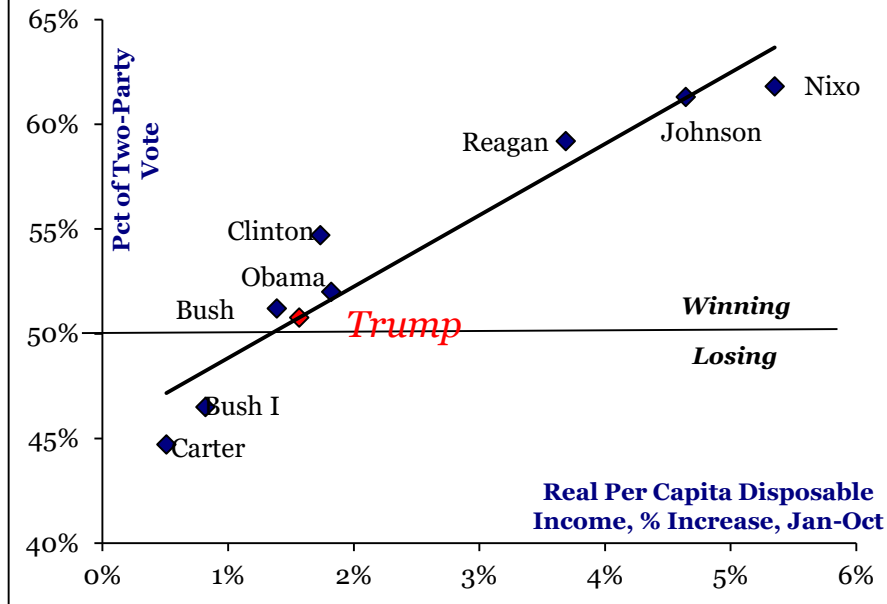




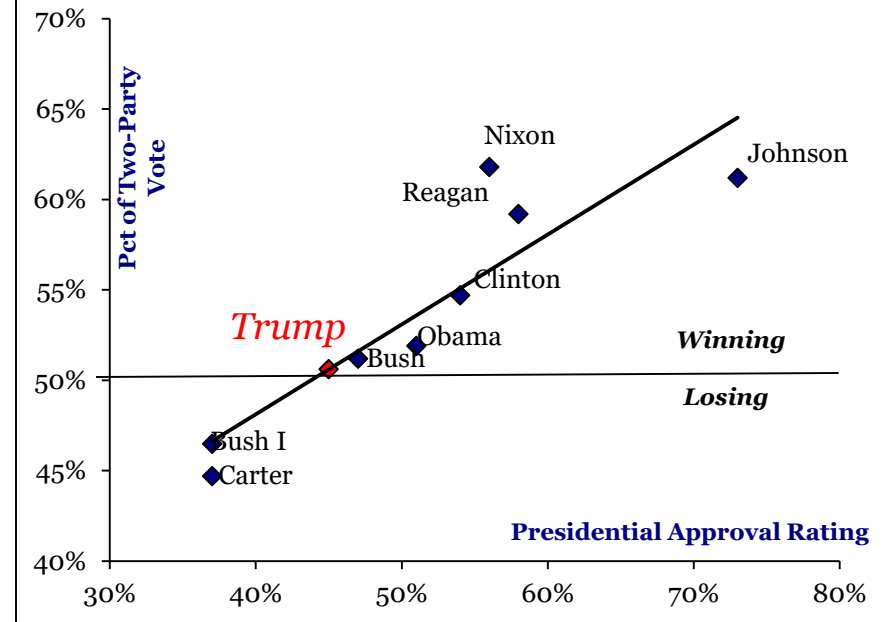
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Income & Approval Rating Today Suggests Trump Narrowly Wins

Real Per Capita Disposable Income Growth & President's Re-Election Share Of The Two-Party Vote



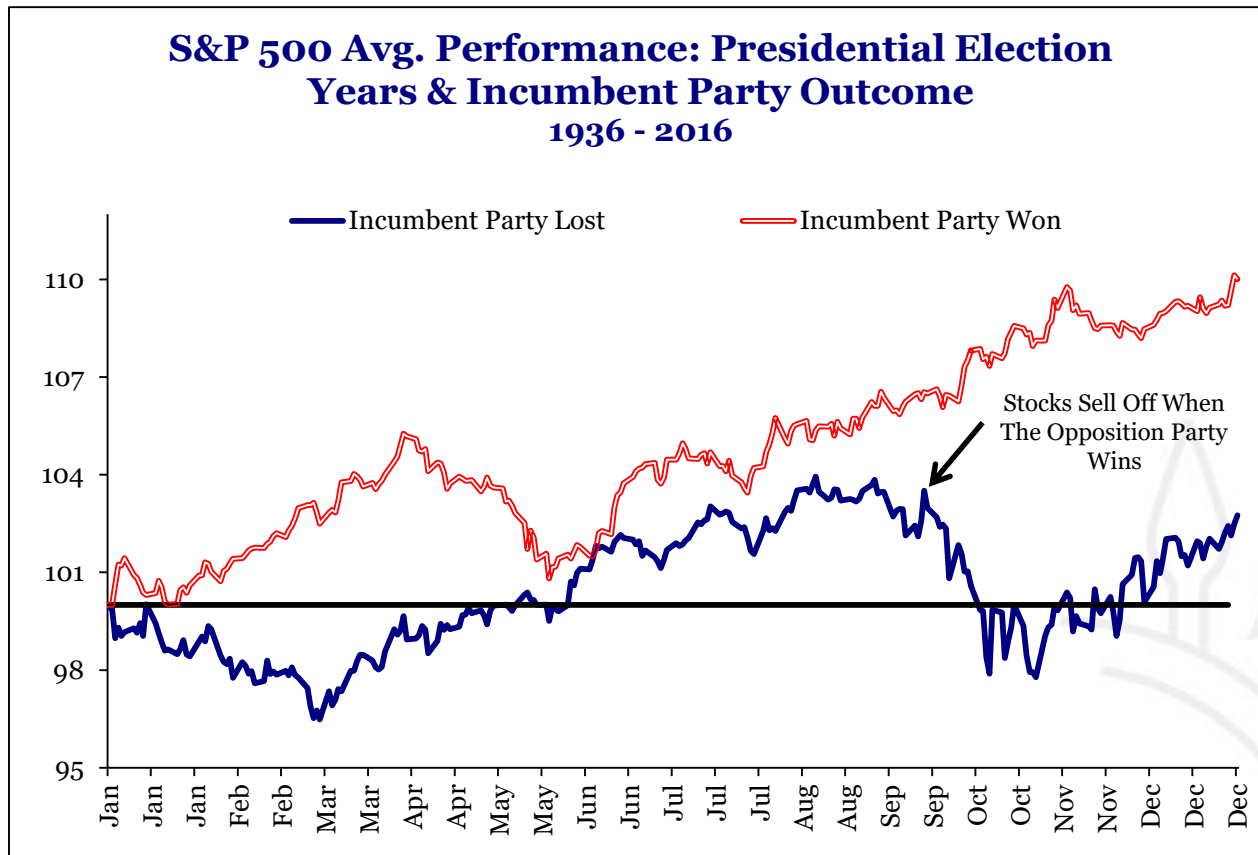
Presidential Approval Rating & President's Re-Election Share Of Two-Party Vote





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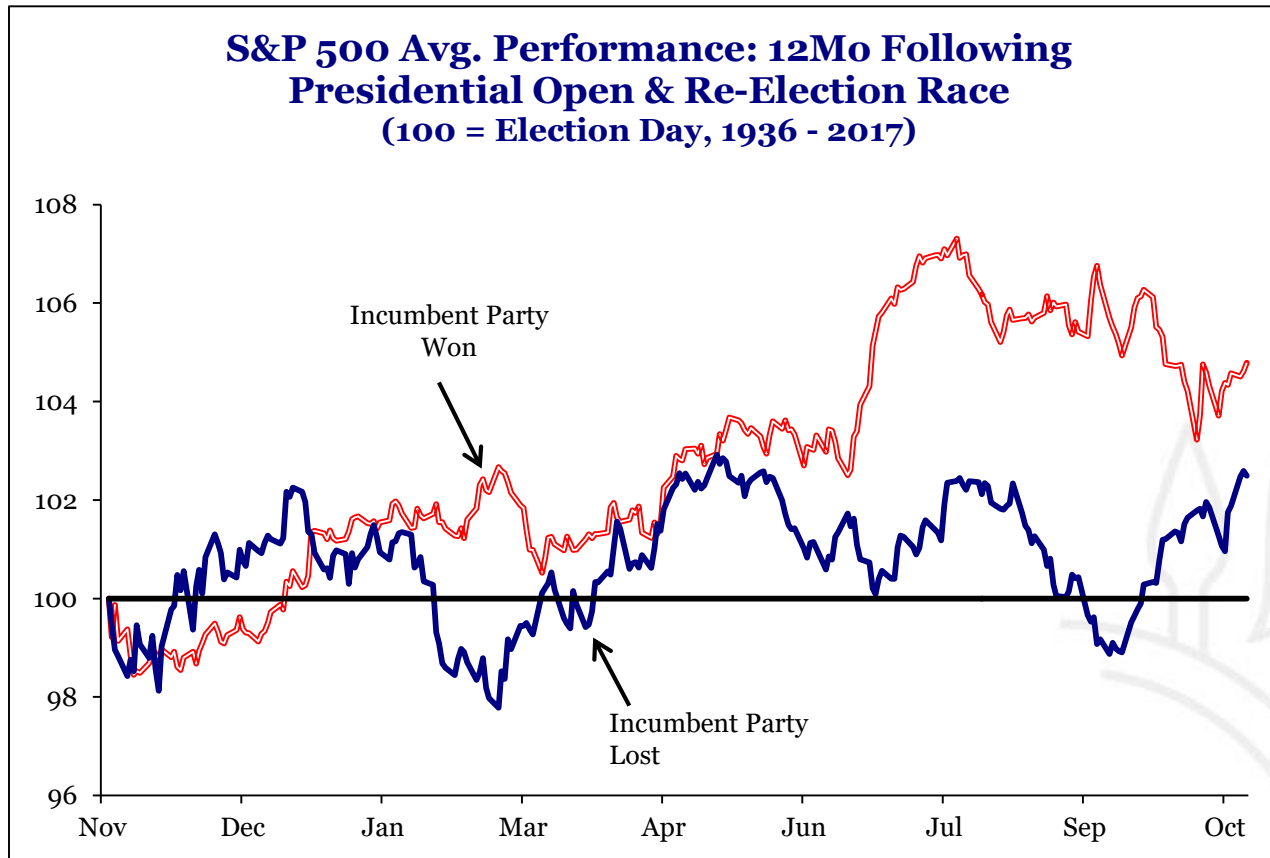
The S&P 500 Has Predicted Every Election Since '84, 87% Since '28





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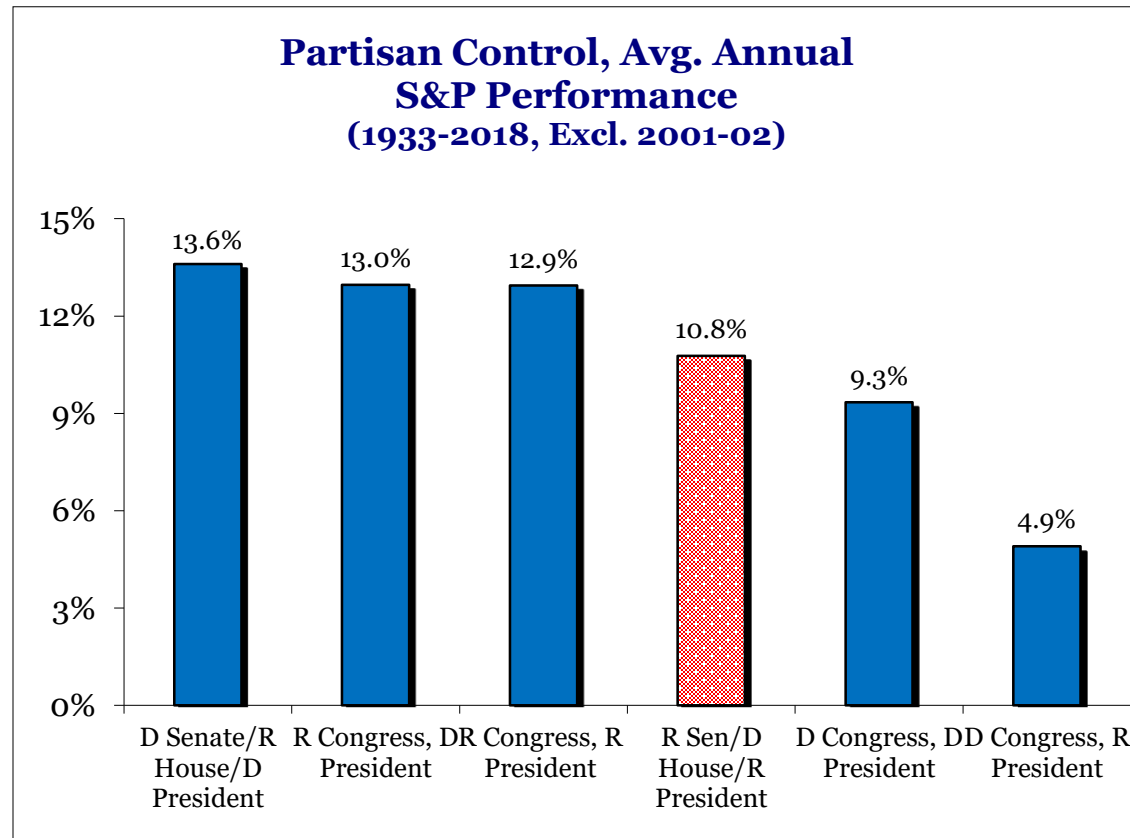
Stocks Have Increased Post-Election Regardless of Party





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Markets Are Not Partisan But Congressional Races Will Matter

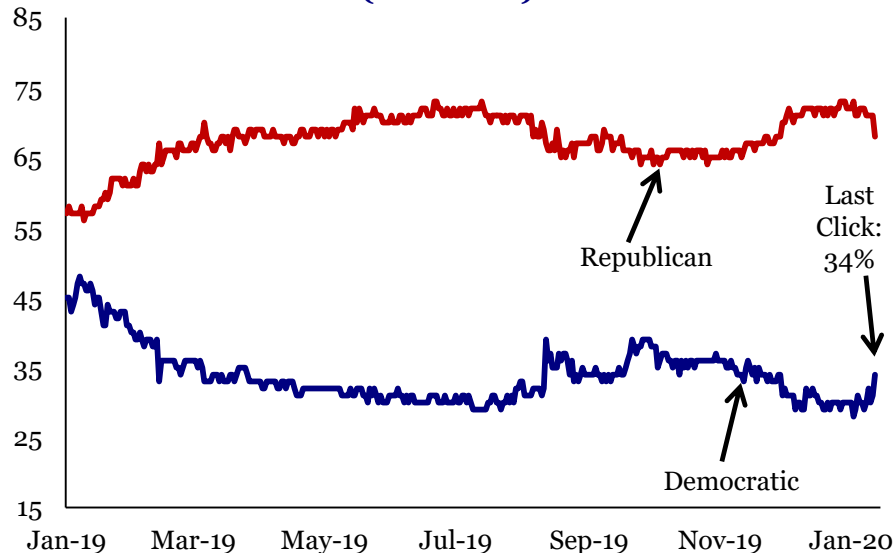




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Senate Races Will Matter For Stocks

Betting Odds: Which Party Will Control The Senate After 2020 Election? (PredictIt)



2020 Senate Election Ratings

(The Cook Political Report)

Lean Democratic	Toss Up	Lean Republican
Peters (MI)	Jones (AL)	Tillis (NC)
	McSally (AZ)	Roberts (KS)
	Gardner (CO)	
	Collins (ME)	

Also keep an eye on the Georgia Senate races (there are two this year). We expect at least one race to be moved to competitive shortly.



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Appendix: Important Disclosures

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