



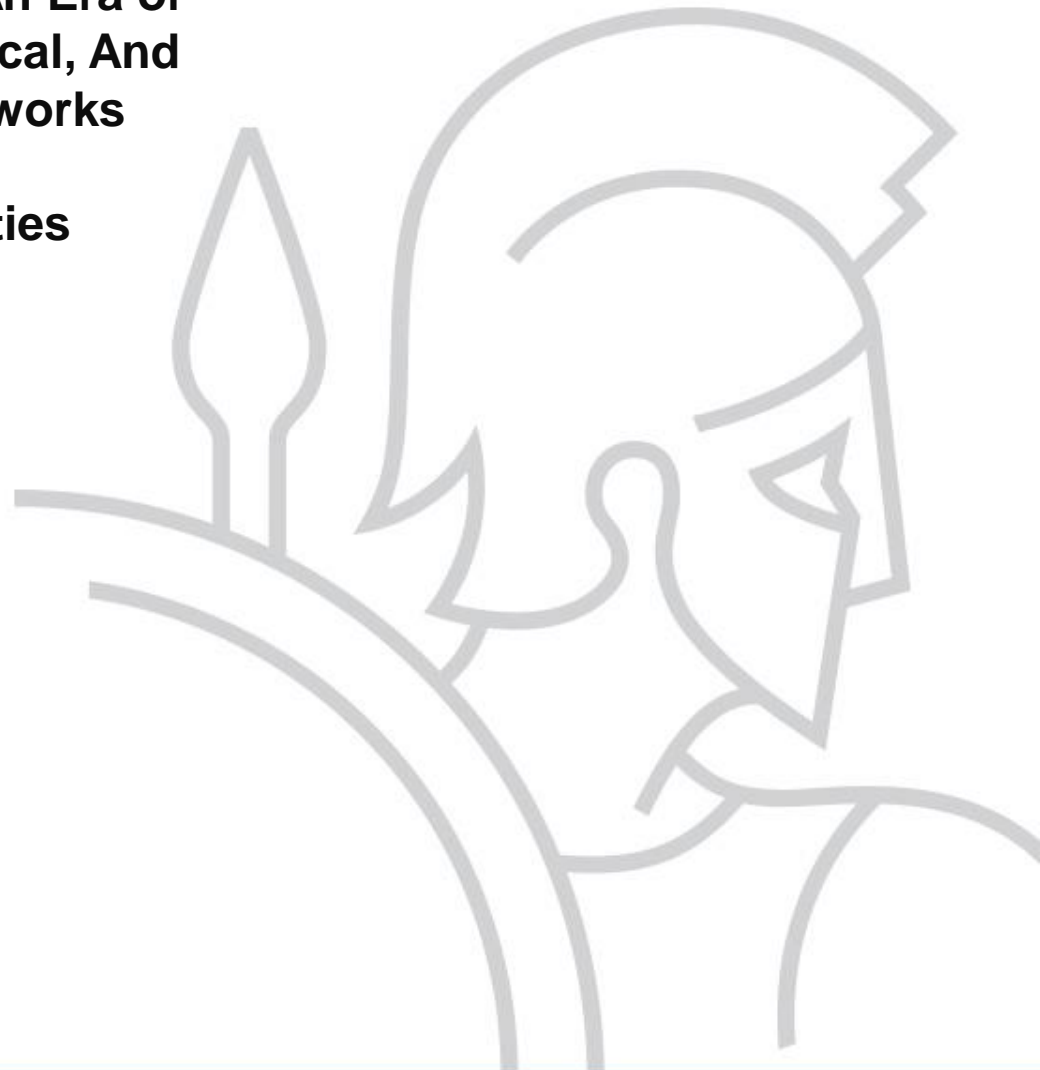
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The 2024 Election In An Era of Shifting Monetary, Fiscal, And Geopolitical Frameworks

**Daniel Clifton
Strategas Securities
May 2024**

Macro Research

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



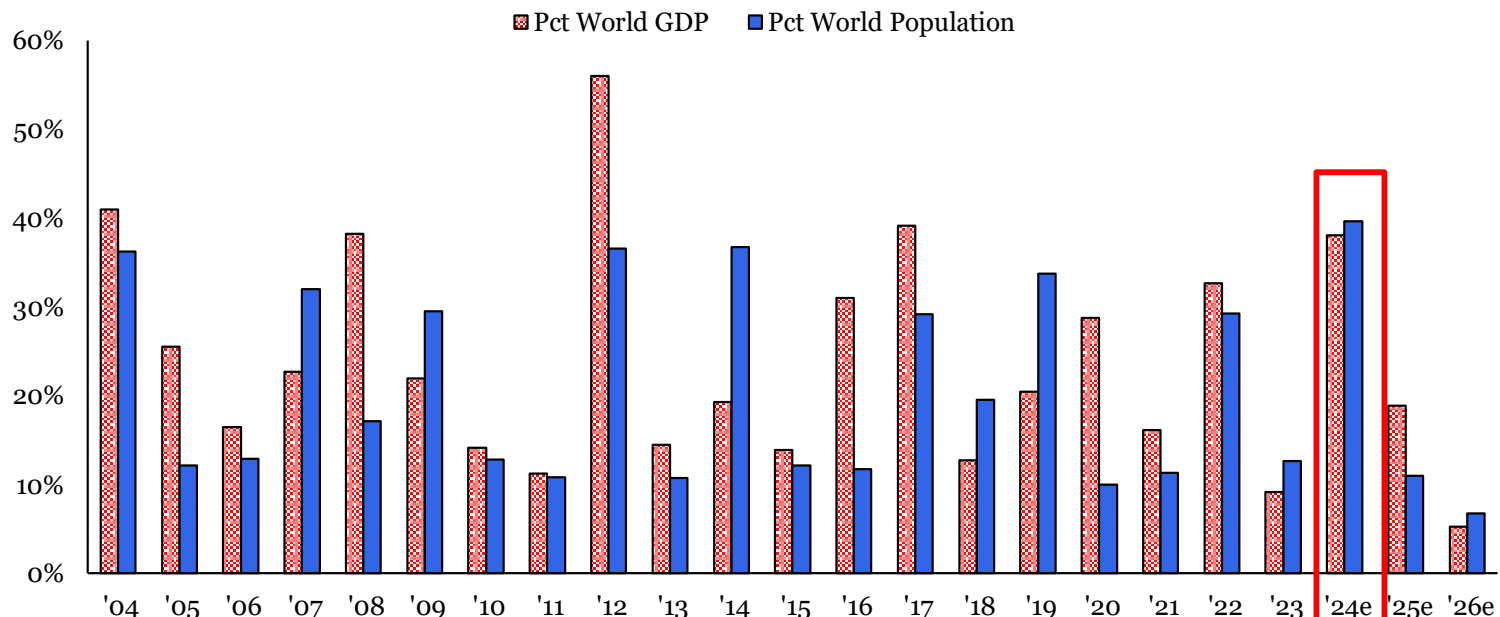


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“The Largest Election Year In World History”

Countries With Federal Elections By Year As Pct World GDP & Population

(\$GDP; Strategas; 2023-2026 Uses IMF GDP & Population Estimates)



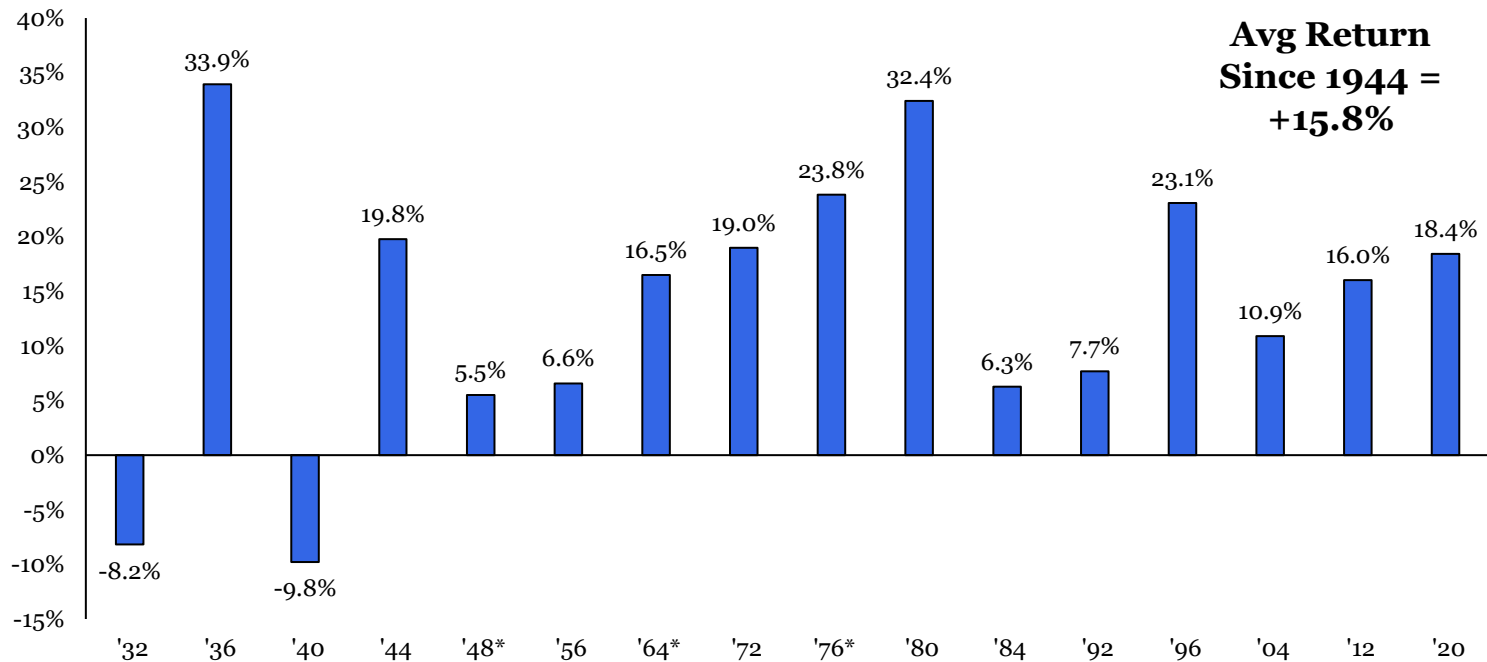
*In most instances, for those countries with parliamentary republics or semipresidential systems, the general elections are counted rather than the presidential elections. Exceptions were made in clear instances of presidential power superseding prime minister power



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The S&P 500 Has Increased In 13 Straight Presidential Re-Election Years

S&P 500 Total Return In Election Years With Incumbent President Running For Re-Election

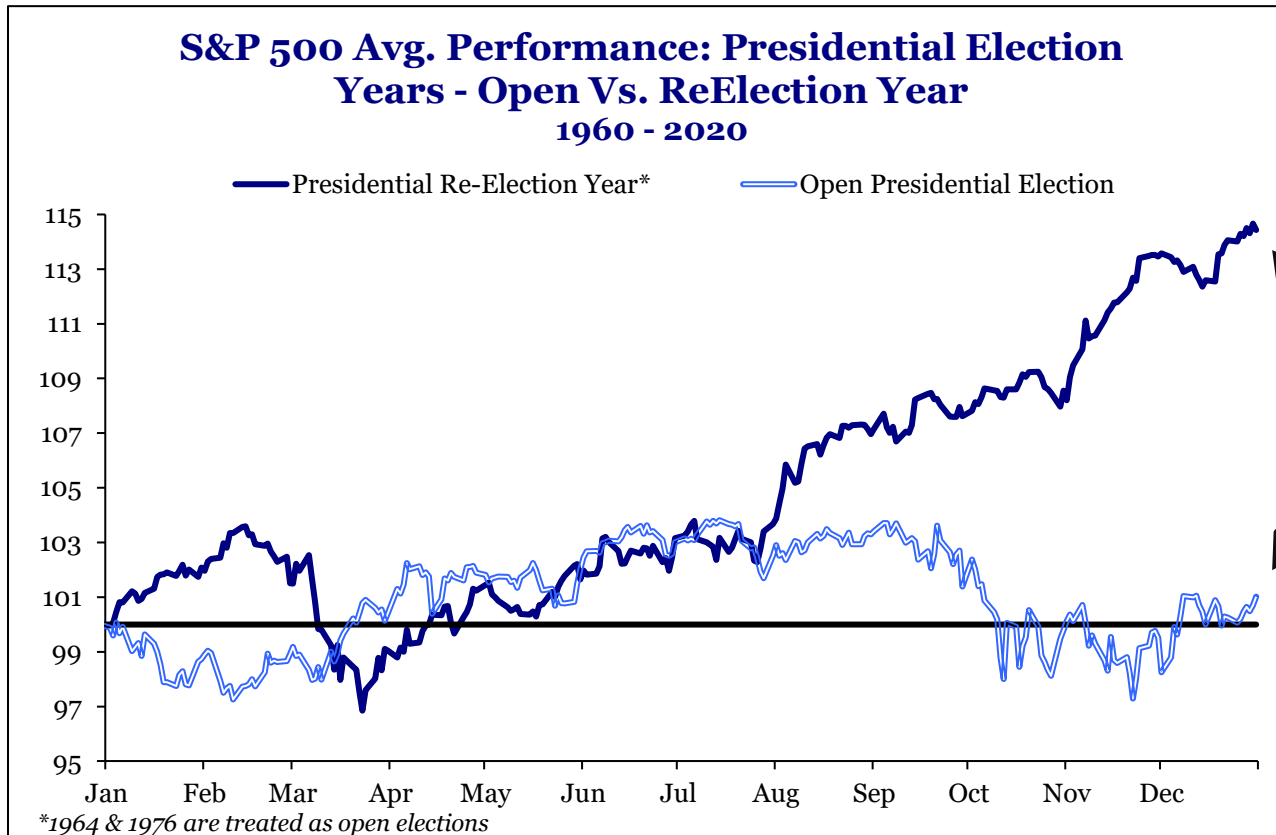


*In 1948 Truman assumed office after FDR's death and sought another term; 1964 Johnson assumed office after JFK death and sought another term; 1976 Ford assumed office after



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S&P 500 Performs 13% Better In Re-Elections Compared To Open Election



**13% Difference
Between Re-
Election &
Open
Presidential
Election Years**



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Recessions Have Been A Determining Factor For Presidential Re-Elections

No Recession Two Years Before Re-Election

President	Recession?	Re-Elected?
Obama	No	Yes
Bush II	No	Yes
Clinton	No	Yes
Reagan	No	Yes
Nixon	No	Yes
LBJ	No	Yes
Eisenhower	No	Yes
Truman	No	Yes
FDR	No	Yes
FDR	No	Yes
FDR	No	Yes

Recession Two Years Before Re-Election

President	Recession?	Re-Elected?
Trump	Yes	No
Bush I	Yes	No
Carter	Yes	No
Ford	Yes	No
Hoover	Yes	No
Taft	Yes	No



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President Biden Is Employing Several Tools To Cushion The US Economy

- ✓ **More Borrowing On The Short End Of The Treasury Curve To Pump Liquidity Into US Financial Markets**
- ✓ **Expectations For Multiple Interest Rate Cuts From The Fed, QT Slowing/Ending In 2024**
- ✓ **US-China Ceasefire To Minimize Geopolitical Disruption**
- ✓ **Oil Production At Record Highs To Keep Gasoline Prices Low**
- ✓ **Fiscal Spending For Infrastructure Related Items Hits In 2024**
- ✓ **Student Loan Cut Scheduled For July 1, 2024, Income Driven Repayment Programs**
- ✓ **New Second Loan Mortgage Proposal**



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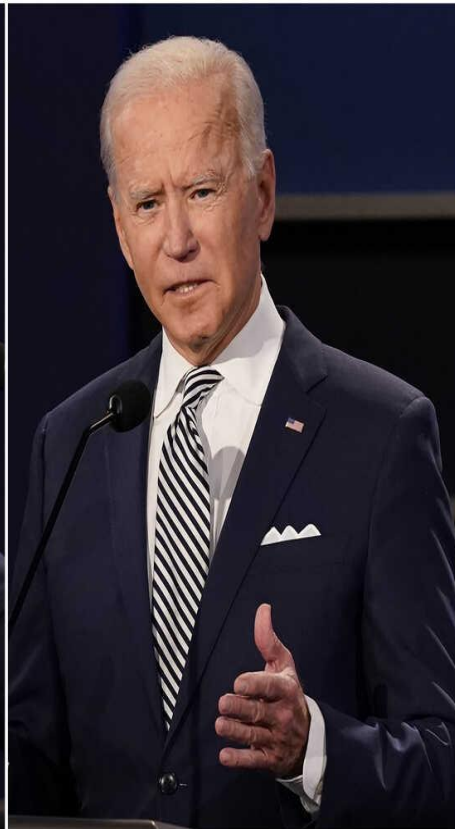
Election 2024



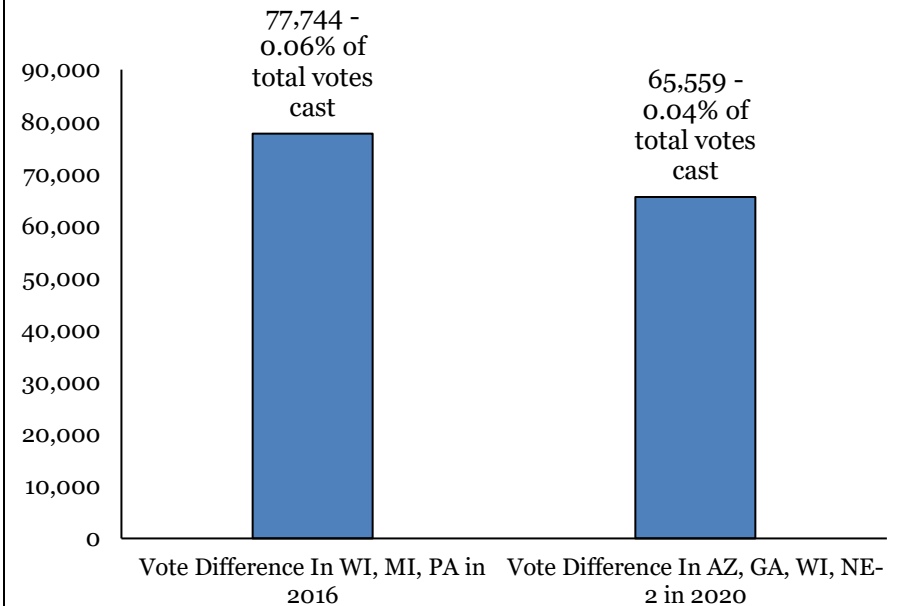


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America Is A 50-50 Country



**Tipping Point States Vote Difference,
2016 vs. 2020**

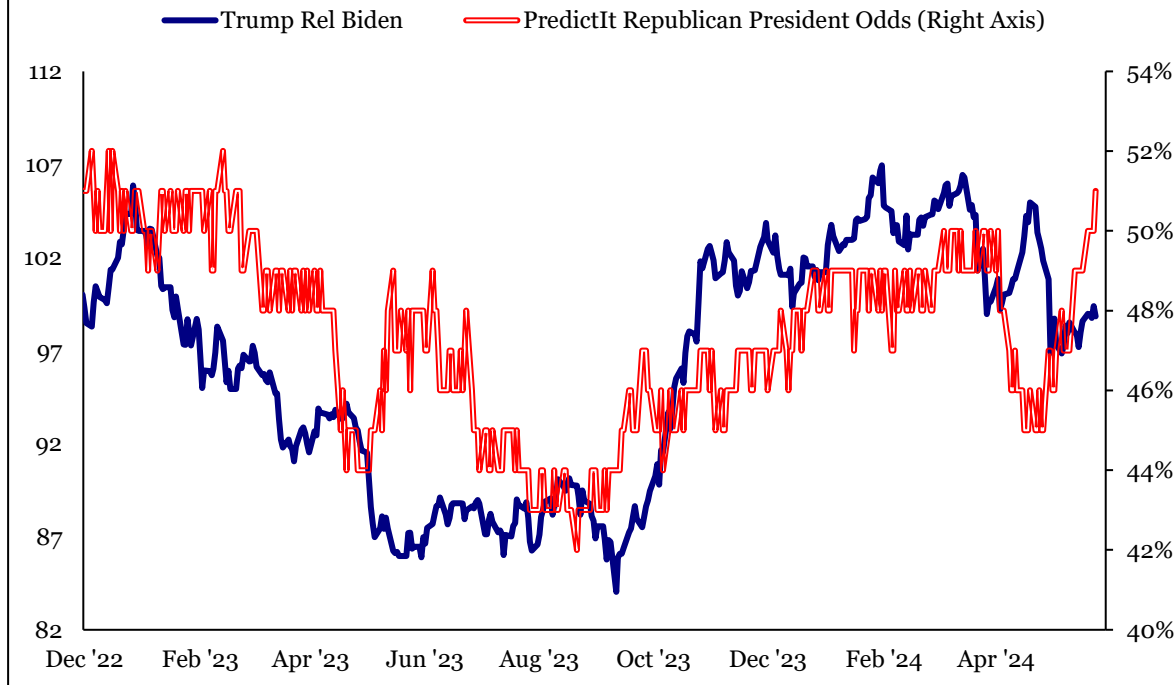




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Equity Market Is Giving Biden & Trump 50-50 Odds At This Point

Strategas' Trump Portfolio Relative To Biden Portfolio & Odds Of A Republican President



Investors Are Struggling To Price Three Specific Factors This Election Cycle:

1. Trump's Legal Issues
2. Biden's Health
3. Impact of 3rd Parties



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Framework For Analyzing The 2024 Election

**Campaign
Narrative**



Which Is It?:

- Retrospective Referendum
- Prospective Choice

**Economic
Outlook**



Trajectory:

- Jobs/Inflation
- Real Per Capita Disposable Income

Swing States



State By State

- State Economy
- Social Policy
- Demographics

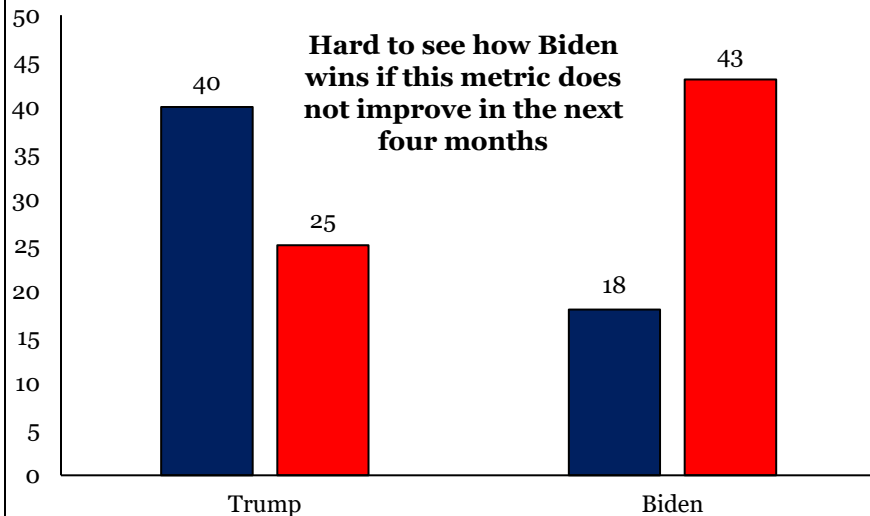


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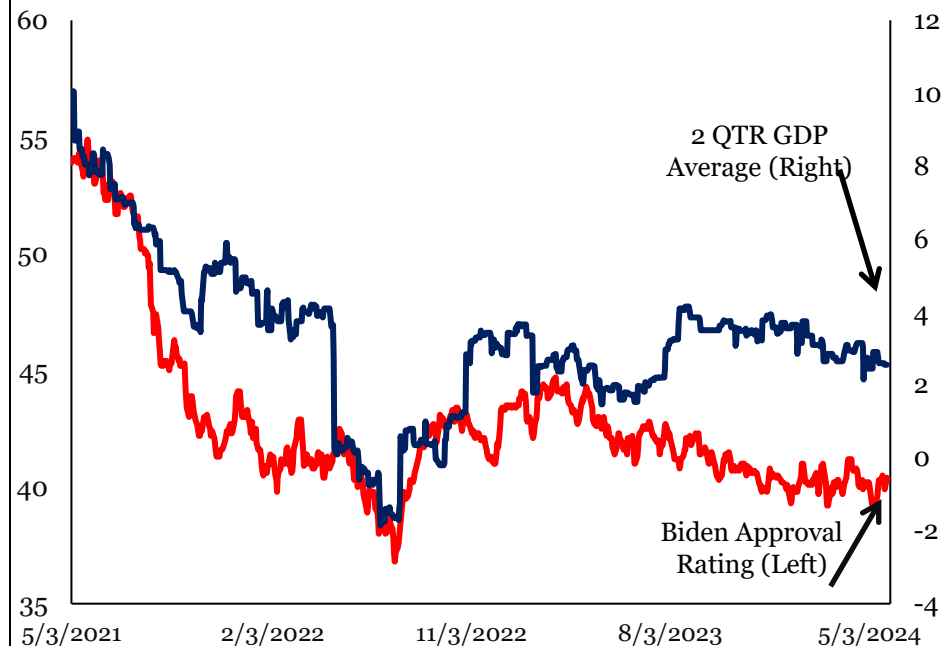
Biden Is Trying To Change The Race From A Referendum To A Choice

**How Have Trump's/Biden's Policies
Affected You Personally?
(NYT/Siena College Poll)**

■ Helped You Personally ■ Hurt You Personally



**President Biden Approval Rating &
2QTR GDP Average**



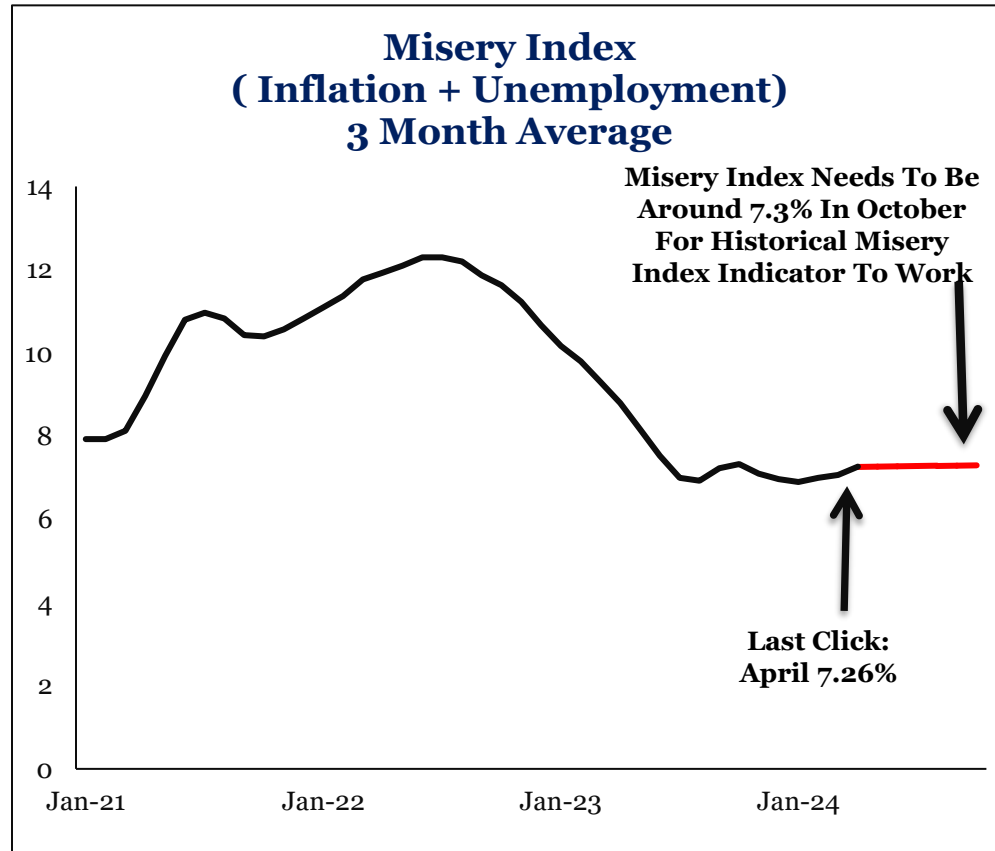


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Misery Index Has Predicted 15 Of The Past 16 Presidential Elections

Misery Index & Presidential Elections

	October Level (3-month Rolling)	Y/Y	Incumbent Party
October-84	11.7	-2.20%	Won
October-88	9.6	-7.40%	Won
October-92	10.6	2.90%	Lost
October-96	8.1	-1.20%	Won
October-00	7.4	11.00%	Lost
October-04	8.2	0.00%	Won
October-08	10.9	46.60%	Lost
October-12	9.9	-22.10%	Won
October-16	6.3	22.60%	Lost
October-20	8.97	69.20%	Lost
February-24	7.26	-17.42%	Last Click

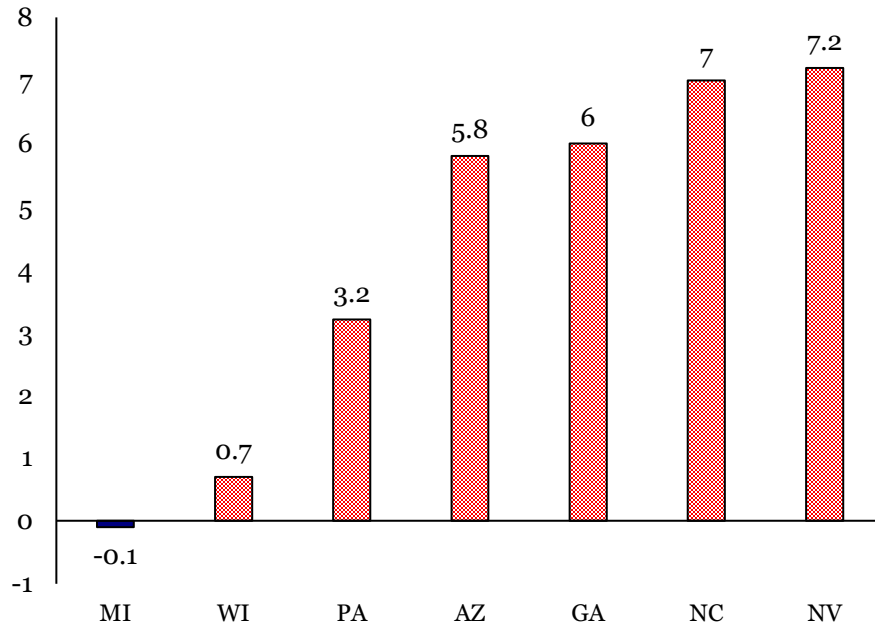




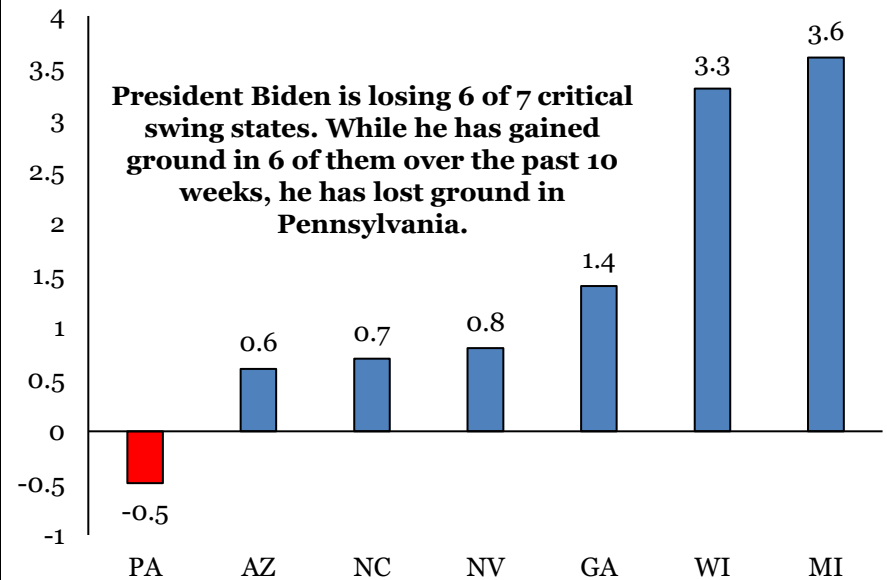
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Biden Is Making Progress In Swing States But Still Losing In 6 of 7 States

Trump Lead Over Biden In Swing State Polls, In 5-Way Race (RCP Average)



Net Swing In Biden's Polling Last 10 Weeks, Mag 7 Swing States, 5-Way Race (RCP Average, as of 5/27/24)



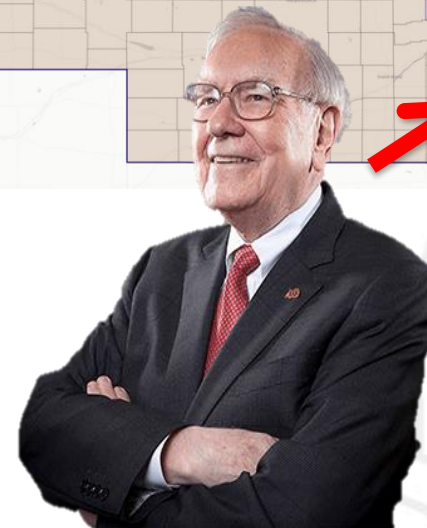
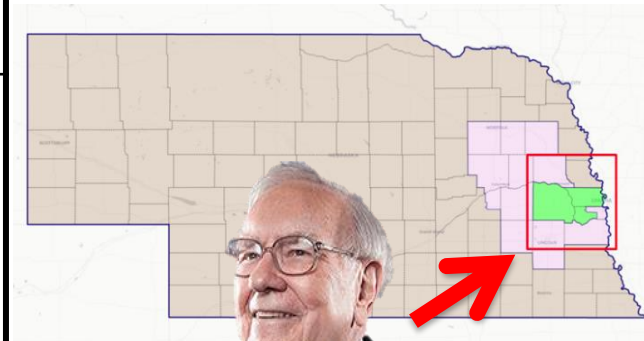


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269-269 Could Happen...Really

Biden Electoral College Votes		Trump Electoral College Votes	
Safe Seats	191	Safe Seats	121
Likely Seats	30	Likely Seats	97
<u>Lean & Toss-Ups</u>		<u>Lean & Toss-Ups</u>	
MI	15	AZ	11
NH	4	GA	16
PA	19	ME-02	1
WI	10	NE-02 (Lean D)	1
		Nevada	6
		NC	16
Total Votes	269	Total Votes	269

Sources: Strategas





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Priorities For The Next President



Six Major Policy Issues Separate Biden & Trump

1. Trade
2. Foreign Policy
3. Taxes
4. Budget
5. Regulation
6. Immigration

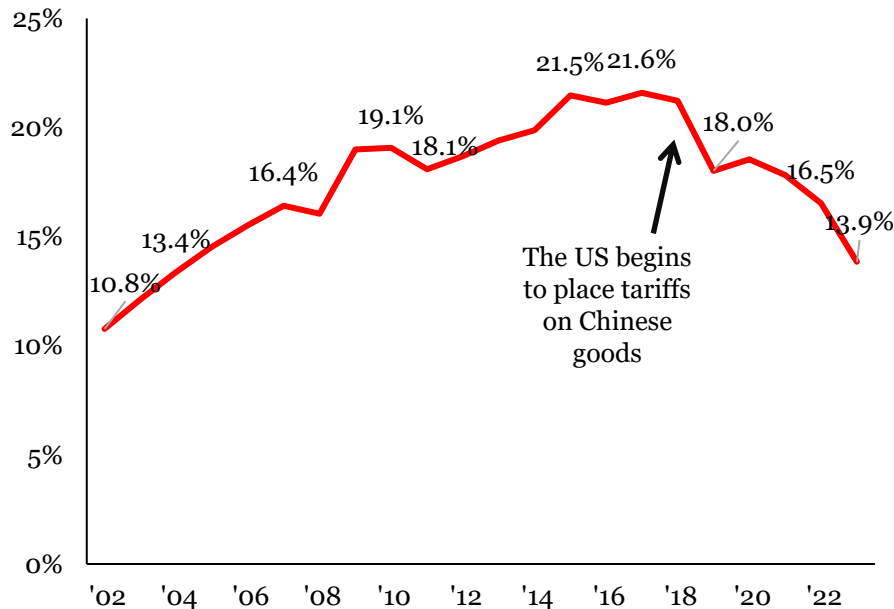




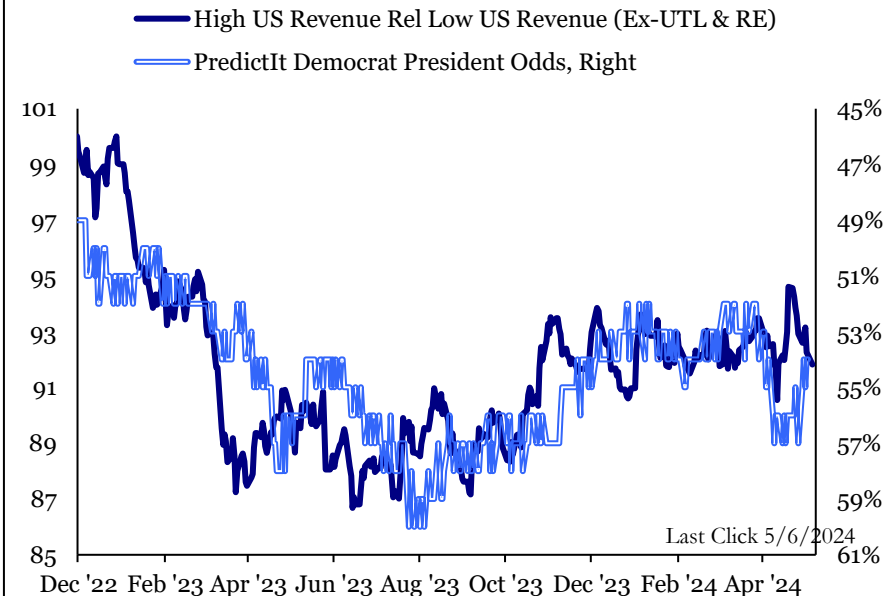
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US Election Is A Referendum On The Speed Of De-Globalization

**US Imports From China,
% Of Total Imports
(US Census)**



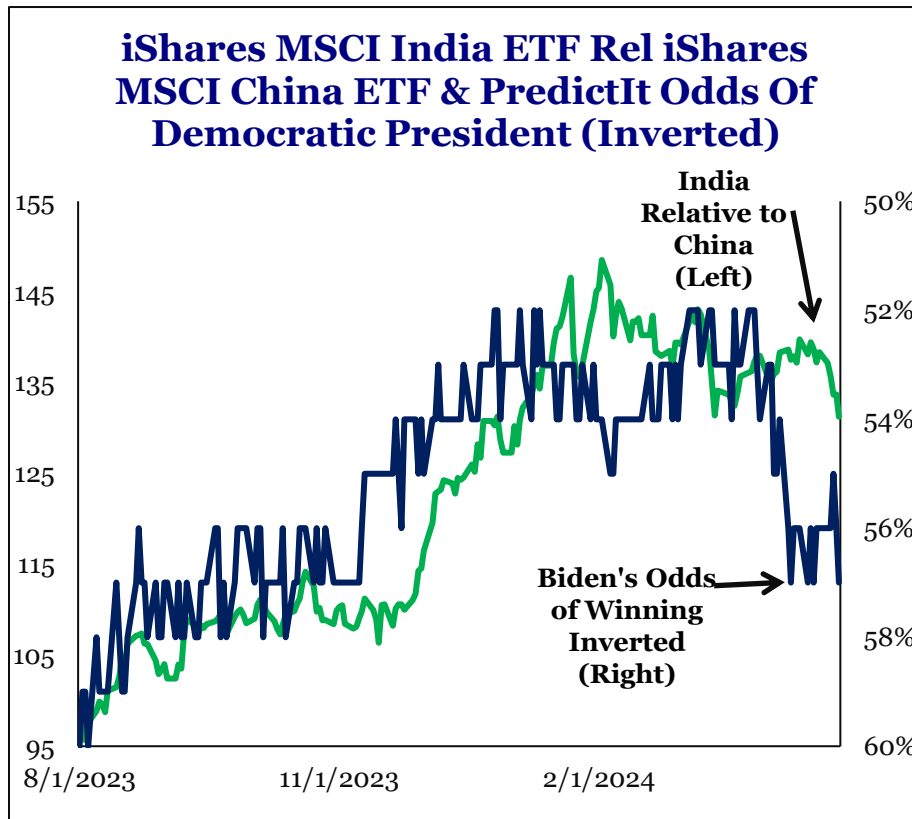
**S&P 500 High US Revenue Exposure
Rel Low US Exposure & Democratic
Presidency Betting Odds (Inverted)**





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China, India & Mexico Are At The Heart Of This De-Globalization View

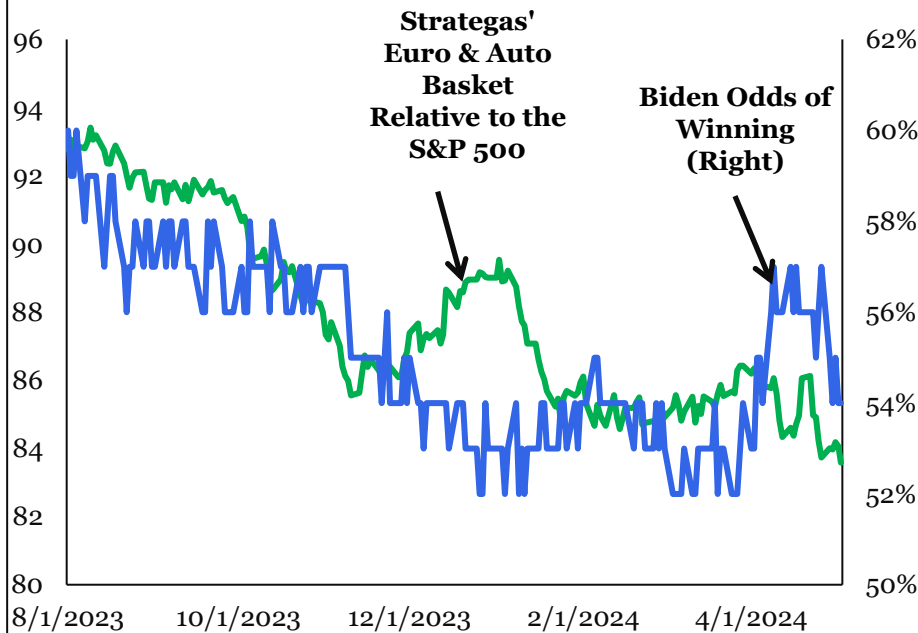




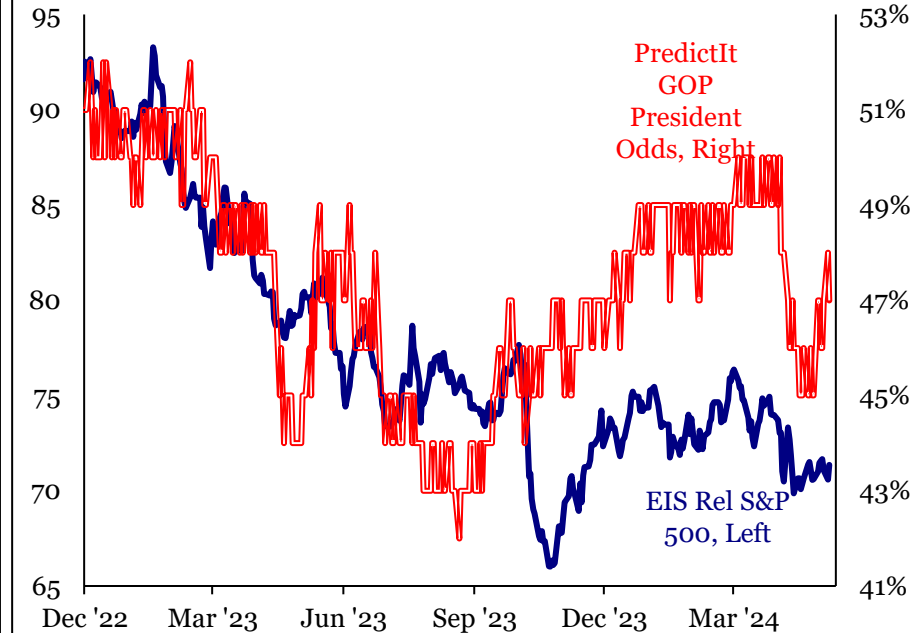
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Europe & Middle East Have Different Views of the Presidential Race

**Strategas' Euro & Auto Issues Basket
Relative to the S&P 500 & PredictIt
Odds Of Democratic President**



**iShares MSCI Israel Rel S&P 500 &
PredictIt Odds Of Republican
President**



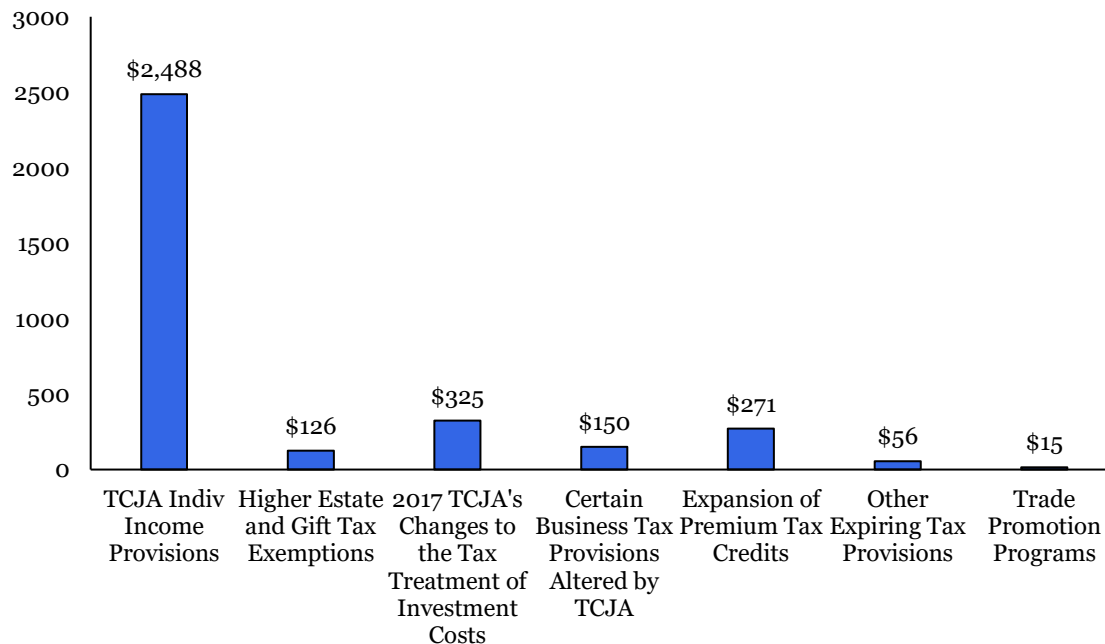


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2025 Could Be The Largest Year For Tax Policy Since 1913

2024-2033 Cost Of Extending Expiring Tax & Trade Provisions, \$Bn

(CBO May 2023, Budgetary Effects Of Extending Certain Revenue Provisions, FY)

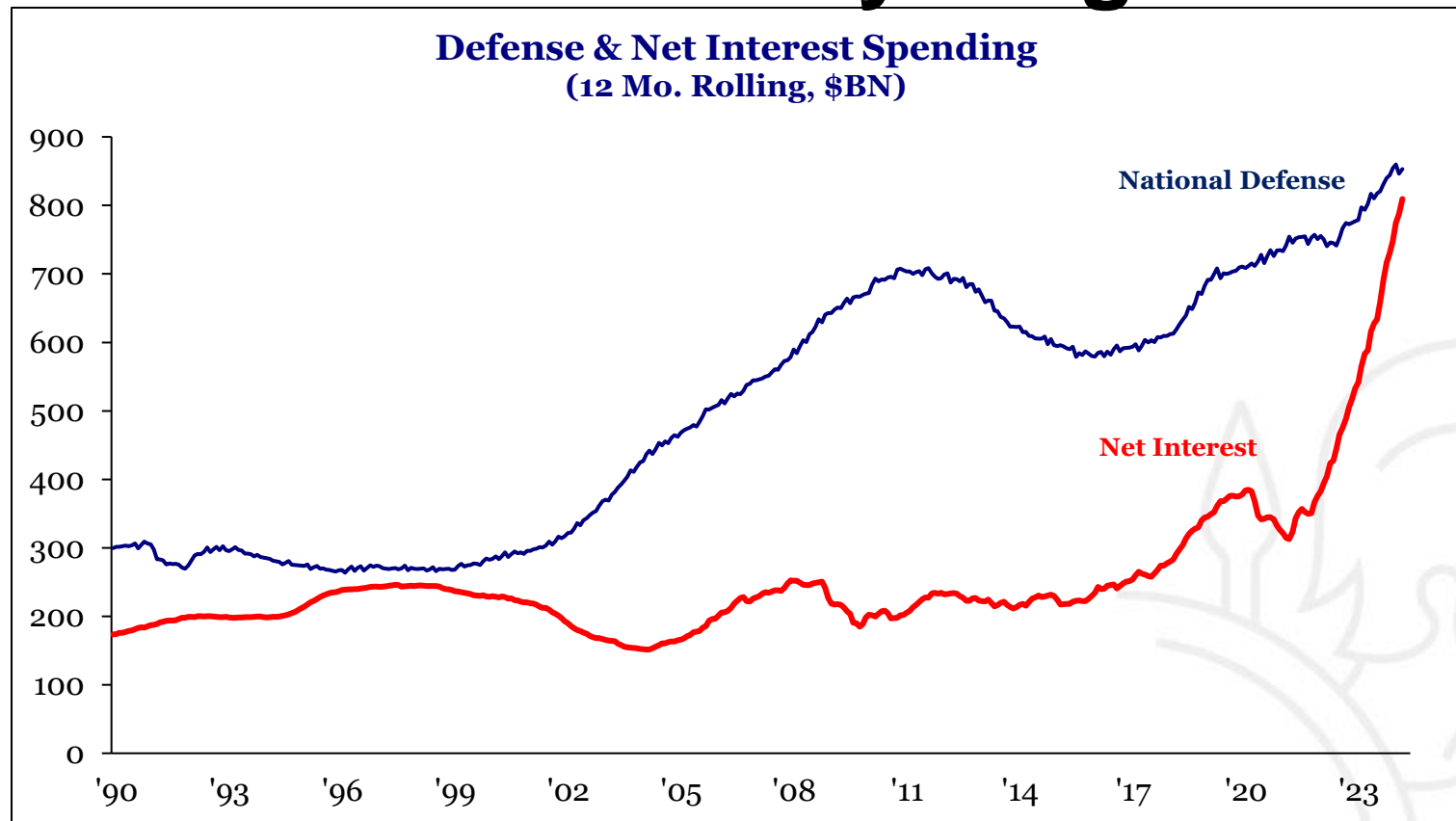


- Expiring individual tax provisions from the Tax Cuts and Jobs Act
- Expiring tax provisions for small businesses
- Affordable Care Act subsidies
- The Global Minimum Tax
- The Inflation Reduction Act's Energy Tax Provisions
- Housing tax policy
- Cryptocurrency tax policy



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Congress Needs To Extend A Lot of Tax Cuts With A Very Large Deficit



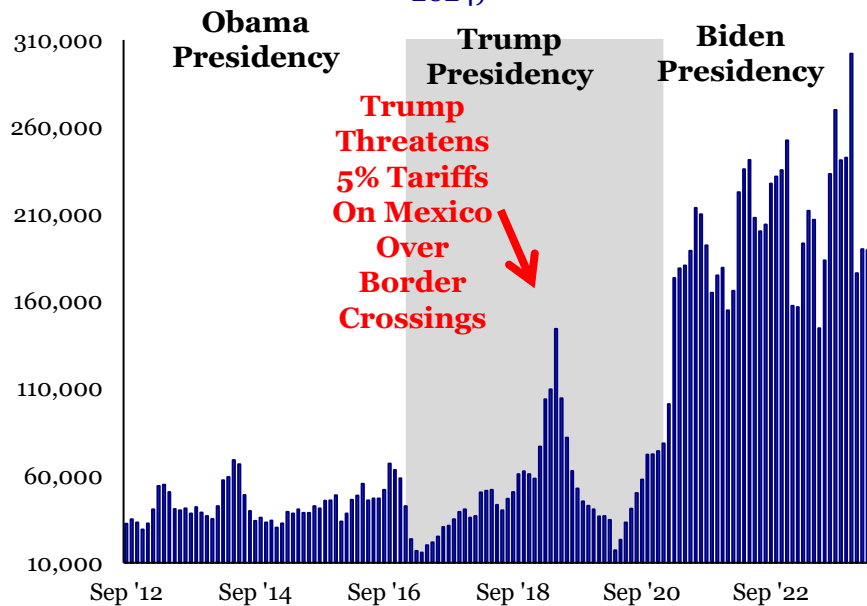


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Immigration & Energy Policy Will Loom Large In 2025 As Well

Southwest Border Total Encounters, Monthly

(US Customs & Border Protection, FY, As Of March 2024)



Weekly U.S. Field Production of Crude Oil (Million Barrels per Day)

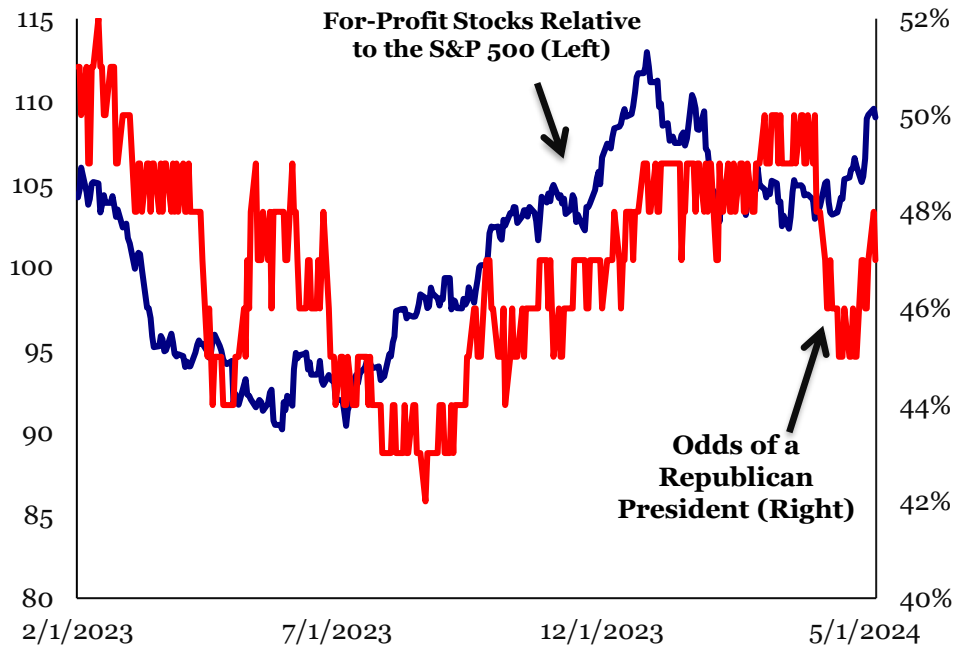




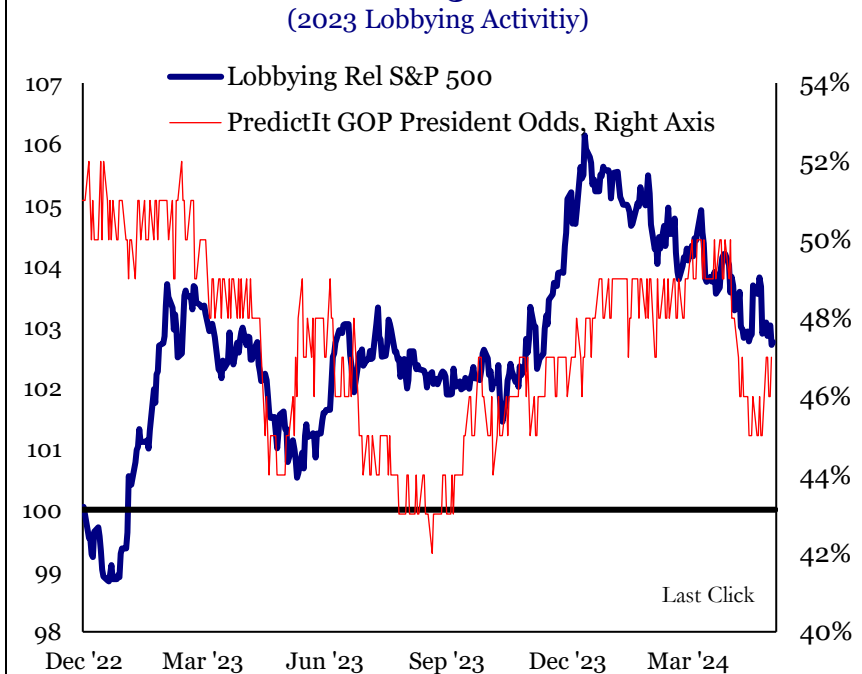
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Stock Market Will View Trump As More De-Regulatory In His Approach

Strategas' For Profit Basket Relative to the S&P 500 & Odds of a Republican President



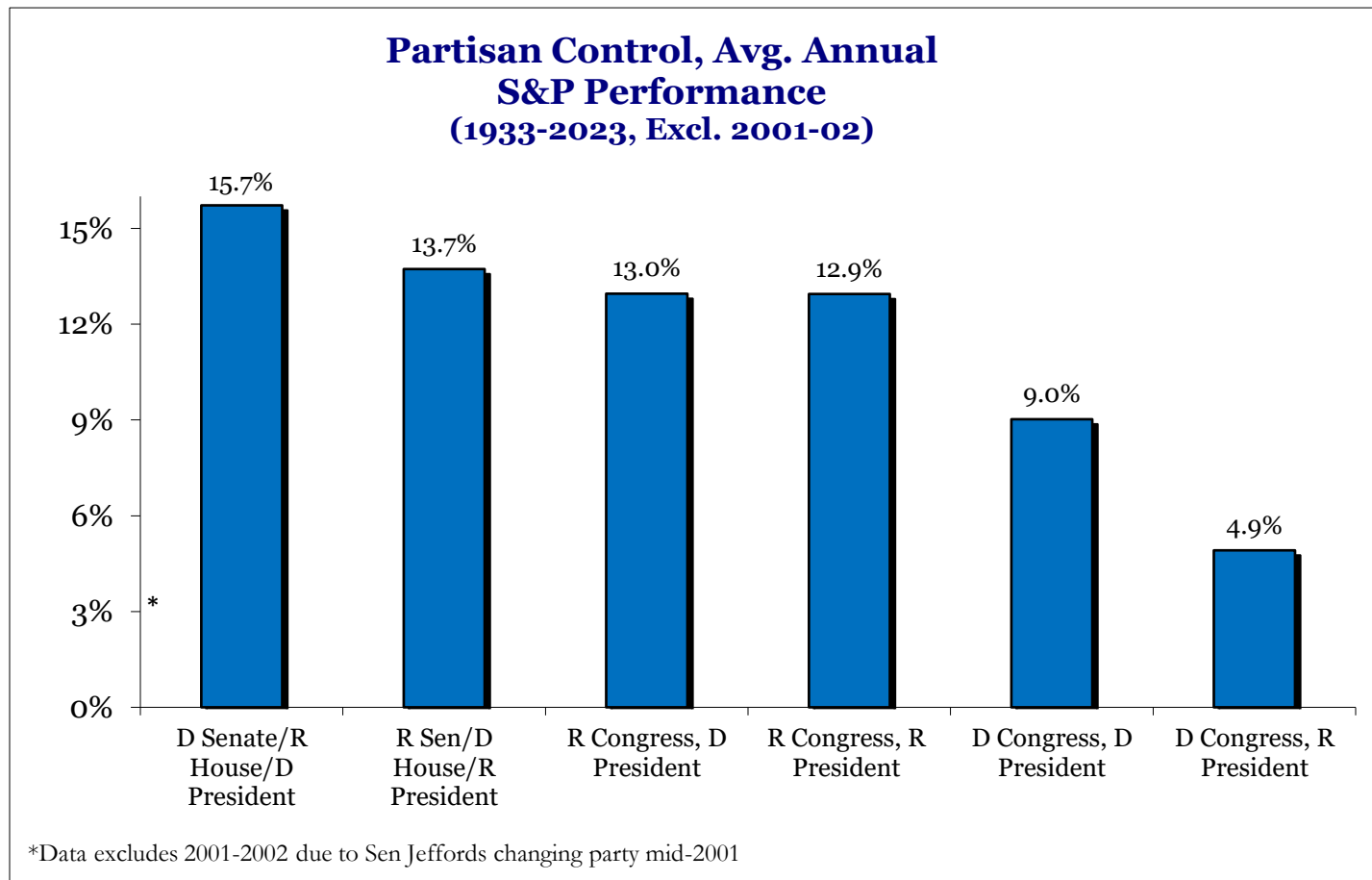
S&P 500 Companies Lobbying On Artificial Intelligence Relative To S&P 500
(2023 Lobbying Activity)





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Reminder: Stocks Are Not Partisan





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