

Markets React To Post Election Results - Domestic Equity Overview

The S&P 500 Index had its best post-election day in history, rising 2.5% on November 6th. The expectation of deregulation and low corporate taxes drove stocks higher as election results fueled equity prices higher.

Equity indices struggled in October as uncertainty surrounding the outcome of the election and the fate of taxes for corporations lingered throughout the month. Only three of the eleven sectors of the S&P 500 Index were positive for the month. Historically, higher tax rates for corporations can lead to decreased earnings and capital investment.

U.S. equities remain supported with tepid economic expansion and broadening earnings across all sectors, yet uncertainties surrounding the current budget deficit, trade, and the dollar may not be resolved until after the elected administration takes office.

Sources: S&P, Dow Jones, Reuters, Bloomberg

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