

Market Reaction To Election Results and How To Interpret Them - Political & Fiscal Policy Overview

Trump's second term as President is not expected to mimic his first term. Things have changed and major events have reshaped the nation and the financial landscape since Trump's first term when he came into office in 2017. Some of the primary developments and events since then have been the pandemic, the invasion of Ukraine by Russia, the conflict in the Middle East, an expanding global trade war, inflation, rising rates, and a larger federal deficit.

What Trump Has Proposed For His Second Term:

Full Extension of the Tax Cuts & Jobs Act (TCJA) Due to Expire at the end of 2025

Eliminate Tax on Tips

Eliminate Tax on Social Security

Eliminate Tax on Overtime Pay

New Deductions For Car-Loan Interest

New Deductions For Home Generators

Special Tax Rate For Domestic Manufacturers

Restore the State & Local Tax Deduction, or SALT, which Republicans capped at \$10,000 in 2017 (congressional Republicans would likely try to raise the SALT cap to at least \$20,000).

Impose a 10% tariff on all imports, with a 60% tariff on Chinese imports

Deregulation of Various Industries

Weaker Dollar To Expand U.S. Exports Abroad

Historically, deregulation has positively impacted regional banks by easing lending guidelines and allowing for more loans. Deregulation has also benefited energy and utility companies by allowing them to expand and build new or improve existing facilities, as well as seek and acquire additional fuel reserves. Tariffs have historically been considered inflationary, yet any newly imposed or modified tariffs will need to be approved by Congress.

What policies are actually approved and enacted by Congress can differ from campaign rhetoric and what was proposed on the campaign trail, so any market reactions to the election results and prior to the actual passage of legislations, may not be indicative of where markets could be headed in the longer term.

Sources: <https://www.donaldjtrump.com/platform>, <https://www.donaldjtrump.com/issues>

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