

US Election 2024: How would it affect the markets?

EQUITY STRATEGY TEAM

01 OCTOBER 2024

TRADING MATTERS SERIES:
NEWS FOCUS

The summary and impact of a major news event

Historical view of the US stock market performance during election year

The current presidential race remains highly contentious, with daily news outlets providing extensive coverage of the Democratic nominee, Vice President Kamala Harris, and the Republican nominee, former President Donald Trump. Polls indicate a closely contested race, particularly in battleground states where neither side seems to hold a significant advantage.¹

Election years have been favourable for the US stock market, with the S&P 500 index experiencing growth in nearly every election year since 1960.¹ The only exceptions were in 2000 and 2008, when the dotcom bust and the great financial crisis occurred, respectively.¹ Recent election cycles have shown even more promising results. In the past three election years, the benchmark index saw a minimum increase of 10%.¹

What if Democrats win the election?

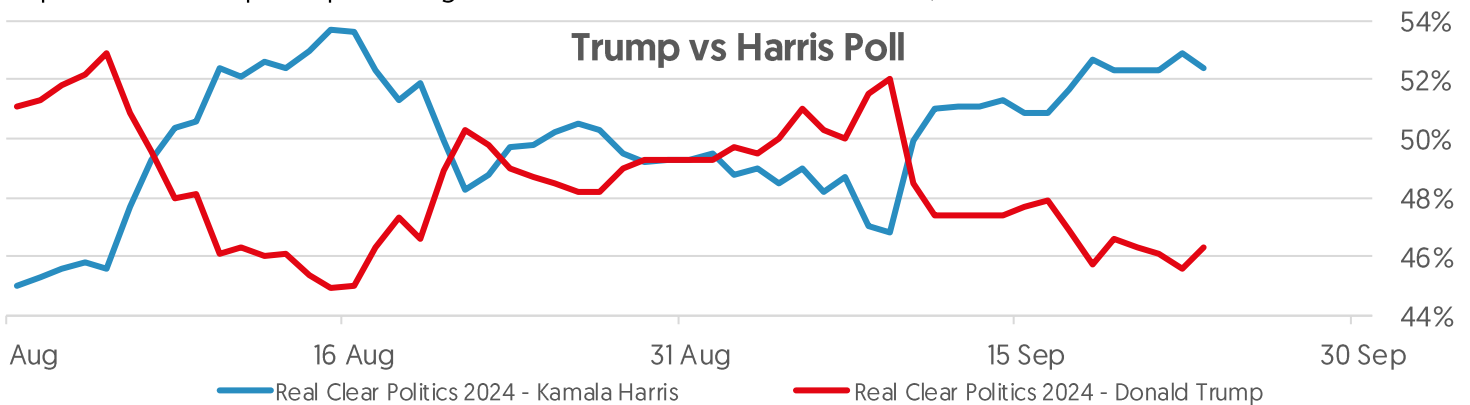
Kamala Harris's victory is expected to have a positive impact on various industries, such as renewable energy companies, electric vehicle (EV) manufacturers, and utilities.¹ One major advantage of a Harris administration is the belief that she could avoid a trade war with China, in contrast to Trump's more aggressive approach to trade and tariffs.¹ The Democratic Party's support for clean energy means that a Harris win would be welcomed by the entire group, including electric vehicle manufacturers, EV charging network operators, suppliers, and battery makers. Additionally, solar stocks have a likelihood to thrive under Harris's leadership.¹

The financial sector may not fare as well, as a Harris administration is likely to maintain strict regulations, including higher capital requirements for banks and continued pressure on credit card fee income.¹ Furthermore, drugmakers may face regulatory scrutiny, as Harris has proposed a USD 2,000 annual cap on out-of-pocket costs for prescription drugs.¹

What if Republicans win the election?

Traditional energy companies, such as those involved in oil and natural gas, are expected to benefit from a Donald Trump's victory as he is committed to reducing restrictions on domestic oil production.¹ In general, defense stocks are also anticipated to perform well under a Republican win, as defense spending is likely to be a top priority for the party.¹ Consequently, gunmakers' stocks tend to rise.¹

On the other hand, clean energy and EV companies that have thrived under Biden's policies may face challenges under Trump, as he has expressed intentions to completely reverse Biden's EV policy. If tax credits for EV buyers were eliminated, both EV companies and battery manufacturers would be particularly vulnerable.¹ Moreover, companies heavily reliant on revenue from China may experience disruptions if trade tensions escalate.² Industries that could be notably affected include chipmakers, materials companies, automobile manufacturers, and industrial firms.²



Source: Real Clear Politics, Bloomberg, extracted on 23 Sep 2024

Historical data indicates that regardless of the occupant of the White House, equities generally experience an upward trend.³ Looking at the S&P 500's average annual price return since 1945, it shows an 11% gain under Democratic administrations and a 7% increase under Republican administrations.³



If Democrats win the election.....

Below are the US stocks based on Market Capitalisation

Top 10 stocks that focus on Renewable Energy sector

Ticker	Name	Market Cap (USD)	Price (USD)	Earning Announcement Date	Analysts' Consensus 12M Target Price (USD)	Potential returns from Analyst Consensus	Dividend Yield
NEE US	NEXTERA ENERGY INC	174.31B	84.82	24/10/2024	87.53	3.19%	2.43%
FSLR US	FIRST SOLAR INC	26.68B	249.28	31/10/2024	288.39	15.69%	N/A
ENPH US	ENPHASE ENERGY INC	15.84B	117.00	25/10/2024	127.27	8.78%	N/A
GNRC US	GENERAC HOLDINGS INC	8.80B	146.24	01/11/2024	157.75	7.87%	N/A
CWEN US	CLEARWAY ENERGY INC-C	5.89B	29.92	01/11/2024	33.78	12.89%	5.58%
NXT US	NEXTRACKER INC-CLA	5.36B	36.85	25/10/2024	59.96	62.73%	N/A
RUN US	SUNRUN INC	4.23B	18.91	01/11/2024	22.25	17.67%	N/A
HASI US	HA SUSTAINABLE INFRASTRUCTURE	4.07B	34.89	01/11/2024	38.69	10.90%	4.76%
FLNC US	FLUENCE ENERGY INC	3.95B	21.88	29/11/2024	27.33	24.92%	N/A
AY US	ATLANTICA SUSTAINABLE	2.56B	22.02	08/11/2024	22.20	0.82%	8.08%

Top 10 stocks that focus on Healthcare sector

Ticker	Name	Market Cap (USD)	Price (USD)	Earning Announcement Date	Analysts' Consensus 12M Target Price (USD)	Potential returns from Analyst Consensus	Dividend Yield
LLY US	ELI LILLY & CO	872.99B	918.52	30/10/2024	994.51	8.27%	0.57%
UNH US	UNITEDHEALTH GROUP INC	529.50B	573.41	15/10/2024	621.96	8.47%	1.46%
JNJ US	JOHNSON & JOHNSON	392.91B	163.22	15/10/2024	171.17	4.87%	3.04%
ABBV US	ABBVIE INC	342.37B	193.83	28/10/2024	197.67	1.98%	3.20%
MRK US	MERCK & CO. INC.	293.10B	115.63	31/10/2024	139.35	20.51%	2.66%
TMO US	THERMO FISHER SCIENTIFIC	233.15B	610.35	25/10/2024	652.69	6.94%	0.26%
ABT US	ABBOTT LABORATORIES	199.76B	114.81	18/10/2024	124.63	8.55%	1.92%
DHR US	DANAHER CORP	197.27B	273.15	22/10/2024	288.78	5.72%	0.40%
AMGN US	AMGEN INC	180.33B	335.61	30/10/2024	329.92	-1.70%	2.68%
ISRG US	INTUITIVE SURGICAL INC	173.79B	489.07	17/10/2024	486.00	-0.63%	N/A

Top 10 stocks that focus on Electric Vehicle sector

Ticker	Name	Market Cap (USD)	Price (USD)	Earning Announcement Date	Analysts' Consensus 12M Target Price (USD)	Potential returns from Analyst Consensus	Dividend Yield
TSLA US	TESLA INC	798.66B	250.00	18/10/2024	216.40	-13.44%	N/A
LI US	LI AUTO INC - ADR	23.55B	22.20	08/11/2024	26.95	21.40%	N/A
APTIV US	APTIV PLC	19.02B	71.56	01/11/2024	93.92	31.24%	N/A
RIVN US	RIVIAN AUTOMOTIVE INC	12.01B	11.91	07/11/2024	17.36	45.76%	N/A
NIO US	NIO INC - ADR	11.10B	5.32	05/12/2024	6.44	21.01%	N/A
SQM US	QUIMICA Y MINERA CHIL ADR	10.50B	37.88	20/11/2024	56.80	49.94%	2.34%
ALB US	ALBEMARLE CORP	10.43B	88.71	01/11/2024	113.30	27.71%	1.83%
XPEV US	XPENG INC - ADR	9.07B	9.56	15/11/2024	10.22	6.95%	N/A
VFS US	VINFAST AUTO LTD	8.42B	3.60	04/10/2024	5.50	52.78%	N/A
LCID US	LUCID GROUP INC	8.02B	3.46	07/11/2024	3.04	-12.28%	N/A



If Republicans win the election.....

Below are the US stocks based on Market Capitalisation

Top 10 stocks that focus on Oil & Gas sector

Ticker	Name	Market Cap [USD]	Price [USD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [USD]	Potential returns from Analyst Consensus	Dividend Yield
XOM US	EXXON MOBIL CORP	521.41B	117.36	28/10/2024	130.44	11.15%	3.24%
CVX US	CHEVRON CORP	269.84B	147.54	28/10/2024	172.83	17.14%	4.42%
COP US	CONOCOPHILLIPS	127.38B	109.69	31/10/2024	135.74	23.75%	2.84%
EOG US	EOG RESOURCES INC	72.63B	127.73	01/11/2024	144.10	12.81%	2.85%
EPD US	ENTERPRISE PRODUCTS PARTNERS	63.92B	29.45	31/10/2024	33.53	13.84%	7.13%
SLB US	SCHLUMBERGER LTD	60.91B	42.90	21/10/2024	64.06	49.31%	2.56%
WMB US	WILLIAMS COS INC	56.34B	46.22	01/11/2024	45.70	-1.13%	4.11%
ET US	ENERGY TRANSFER LP	55.71B	16.28	01/11/2024	19.44	19.39%	7.86%
OKE US	ONEOK INC	55.64B	95.27	31/10/2024	94.94	-0.34%	4.16%
MPC US	MARATHON PETROLEUM	54.96B	164.22	05/11/2024	179.53	9.32%	2.01%

Top 10 stocks that focus on Defense sector

Ticker	Name	Market Cap [USD]	Price [USD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [USD]	Potential returns from Analyst Consensus	Dividend Yield
RTX US	RTX CORP	159.99B	120.27	24/10/2024	121.00	0.61%	2.10%
LMT US	LOCKHEED MARTIN CORP	138.37B	580.51	17/10/2024	556.50	-4.14%	2.17%
GD US	GENERAL DYNAMICS CORP	84.66B	308.09	25/10/2024	321.92	4.49%	1.84%
NOC US	NORTHROP GRUMMAN CORP	77.97B	533.14	24/10/2024	523.96	-1.72%	1.55%
LHX US	L3HARRIS TECHNOLOGIES INC	45.10B	237.73	25/10/2024	258.18	8.60%	1.95%
AXON US	AXON ENTERPRISE INC	29.77B	393.94	07/11/2024	387.43	-1.65%	N/A
CW US	CURTISS-WRIGHT CORP	12.72B	332.22	01/11/2024	311.80	-6.15%	0.25%
HII US	HUNTINGTON INGALLS INDUSTRIE	10.51B	268.13	01/11/2024	287.69	7.30%	1.94%
DRS US	LEONARDO DRS INC	7.54B	28.58	01/11/2024	30.86	7.97%	N/A
AVAV US	AEROVIRONMENT INC	5.77B	204.50	05/12/2024	227.00	11.00%	N/A

Top 10 stocks that focus on Banking sector

Ticker	Name	Market Cap [USD]	Price [USD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [USD]	Potential returns from Analyst Consensus	Dividend Yield
JPM US	JPMORGAN CHASE & CO	601.58B	211.44	11/10/2024	222.25	5.11%	2.36%
BAC US	BANK OF AMERICA CORP	309.37B	39.87	15/10/2024	45.54	14.22%	2.61%
WFC US	WELLS FARGO & CO	187.58B	55.11	11/10/2024	63.99	16.12%	2.90%
C US	CITIGROUP INC	119.39B	62.58	15/10/2024	72.21	15.39%	3.58%
PNC US	PNC FINANCIAL SERVICES GROUP	73.57B	185.09	15/10/2024	190.05	2.68%	3.46%
NU US	NU HOLDINGS LTD/CAYMAN ISL-A	70.35B	14.69	14/11/2024	14.38	-2.14%	N/A
USB US	US BANCORP	71.57B	45.86	16/10/2024	49.46	7.84%	4.36%
TFC US	TRUIST FINANCIAL CORP	56.50B	42.19	17/10/2024	46.81	10.96%	4.93%
MTB US	M & T BANK CORP	29.66B	177.62	17/10/2024	187.24	5.41%	3.04%
FITB US	FIFTH THIRD BANCORP	28.99B	42.84	18/10/2024	44.34	3.50%	3.45%

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