

Trump election win signals big U.S. policy shift

BlackRock®

Former President Donald Trump has won the U.S. presidency, with Republicans retaking control of the Senate. Control of the House of Representatives – where Republicans currently hold a narrow majority – is yet undecided. Control of the House would give a second Trump administration broader powers to enact its tax, energy, trade and regulatory agenda. S&P 500 futures jumped over 2% to a record high, while the U.S. dollar rallied and U.S. bond yields jumped. We stay overweight U.S. stocks and keep our preference for the U.S. over Europe.

We focus on coming changes in fiscal policy, trade, immigration, energy, regulation – and expect a very different approach to foreign policy. Republican control of Congress is key for Trump to extend expiring Tax Cuts and Jobs Act provisions. He is likely to propose new cuts, potentially including corporate taxes. Congressional budget procedures allow deficit increases over the next decade, likely meaning persistent budget deficits – one factor we think will push up long-term Treasury yields.

On trade, Trump has proposed a wide range of tariffs, including 60% on China and 10-20% universal tariffs. He will likely make this an early priority, yet implementation is uncertain. This protectionist stance could reinforce geopolitical and economic fragmentation, a structural factor we see keeping inflation higher in the medium term. A reduction in legal immigration could impact the labor market.

Trump's win likely means some deregulation, including rolling back banking regulations, though big tech may remain a bipartisan antitrust focus. Under Trump, we see Republicans aiming to boost energy production – though U.S. oil and gas output has already hit all-time highs, and ramping up production takes time. Scaling back parts of the Inflation Reduction Act, like electric vehicle credits, is on the agenda, but full repeal seems unlikely, in our view. We expect Trump will pursue permitting reform to expand energy infrastructure.

In the near term, we see U.S. equities supported by solid economic and corporate earnings growth, political clarity and Federal Reserve rate cuts. Longer term, much depends on how much of Trump's agenda is enacted. We think energy, financial and tech sectors can benefit, partly from deregulation. We see multiple factors, including supply constraints like an aging workforce, keeping inflation above pre-pandemic levels. Higher-for-longer inflation and policy rates could eventually challenge risk sentiment. We are neutral long-term U.S. Treasuries and prefer medium-term maturities and some quality credit for income – but expect yields to rise over time as investors seek more compensation for the risk of holding bonds.

Key views

A Trump win opens the door for tax cuts, deregulation and tougher trade policy. House control is key.

Elevated budget deficits are one factor we see pushing up inflation and long-term Treasury yields over time.

We stay risk-on in U.S. equities, supported by solid growth and earnings. Yet sticky inflation and higher-for-longer interest rates could eventually challenge risk sentiment.

Bulletin

November 2024

**BlackRock
Investment
Institute**

BlackRock Investment Institute

The BlackRock Investment Institute (BII) leverages the firm's expertise and generates proprietary research to provide insights on macroeconomics, sustainable investing, geopolitics and portfolio construction to help BlackRock's portfolio managers and clients navigate financial markets. BII offers strategic and tactical market views, publications and digital tools that are underpinned by proprietary research

General disclosure: This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. This material may contain estimates and forward-looking statements, which may include forecasts and do not represent a guarantee of future performance. This information is not intended to be complete or exhaustive and no representations or warranties, either express or implied, are made regarding the accuracy or completeness of the information contained herein. The opinions expressed are as of November 2024 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

In the **U.S. and Canada**, this material is intended for public distribution. In the **European Economic Area** (EEA): this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded. In **Italy**, for information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in Italian. In the **UK and Non-European Economic Area** (EEA) countries: this is Issued by BlackRock Advisors (UK) Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL, Tel: +44 (0)20 7743 3000. Registered in England and Wales No. 00796793. For your protection, calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. In **Switzerland**: This document is marketing material. For investors in **Israel**: BlackRock Investment Management (UK) Limited is not licensed under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder. In **South Africa**, please be advised that BlackRock Investment Management (UK) Limited is an authorized financial services provider with the South African Financial Services Board, FSP No. 43288. In the **DIFC**, this material can be distributed in and from the Dubai International Financial Centre (DIFC) by BlackRock Advisors (UK) Limited – Dubai Branch which is regulated by the Dubai Financial Services Authority (DFSA). BlackRock Advisors (UK) Limited – Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit 06/07, Level 1, Al Fattan Currency House, DIFC, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738). In the **Kingdom of Saudi Arabia**, issued in the Kingdom of Saudi Arabia (KSA) by BlackRock Saudi Arabia (BSA), authorised and regulated by the Capital Market Authority (CMA), License No. 18-192-30. Registered under the laws of KSA. Registered office: 29th floor, Olaya Towers – Tower B, 3074 Prince Mohammed bin Abdulaziz St., Olaya District, Riyadh 12213 – 8022, KSA, Tel: +966 11 838 3600. The information contained within is intended strictly for Sophisticated Investors as defined in the CMA Implementing Regulations. Neither the CMA or any other authority or regulator located in KSA has approved this information. The information contained within, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Any distribution, by whatever means, of the information within and related material to persons other than those referred to above is strictly prohibited. In the **United Arab Emirates** is only intended for - natural Qualified Investor as defined by the Securities and Commodities Authority (SCA) Chairman Decision No. 3/R.M. of 2017 concerning Promoting and Introducing Regulations. Neither the DFSA or any other authority or regulator located in the GCC or MENA region has approved this information. In the **State of Kuwait**, those who meet the description of a Professional Client as defined under the Kuwait Capital Markets Law and its Executive Bylaws. In the **Sultanate of Oman**, to sophisticated institutions who have experience in investing in local and international securities, are financially solvent and have knowledge of the risks associated with investing in securities. In **Qatar**, for distribution with pre-selected institutional investors or high net worth investors. In the **Kingdom of Bahrain**, to Central Bank of Bahrain (CBB) Category 1 or Category 2 licensed investment firms, CBB licensed banks or those who would meet the description of an Expert Investor or Accredited Investors as defined in the CBB Rulebook. The information contained in this document, does not constitute and should not be construed as an offer of, invitation, inducement or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. In **Singapore**, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore. In **Hong Kong**, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. In **South Korea**, this material is for distribution to the Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations). In **Taiwan**, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600. In **Japan**, this is issued by BlackRock Japan, Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No 375, Association Memberships: Japan Investment Advisers Association, the Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association.) For Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act). In **Australia**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. In **China**, this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services. For **Other APAC Countries**, this material is issued for Institutional Investors only (or professional/sophisticated/qualified investors, as such term may apply in local jurisdictions). In **Latin America**, no securities regulator within Latin America has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at www.blackrock.com/mx.

©2024 BlackRock, Inc. All Rights Reserved. **BLACKROCK**, **BLACKROCKSOLUTIONS**, and **iSHARES** are trademarks of BlackRock, Inc. or its affiliates All other trademarks are those of their respective owners.