



Post-Election Implications

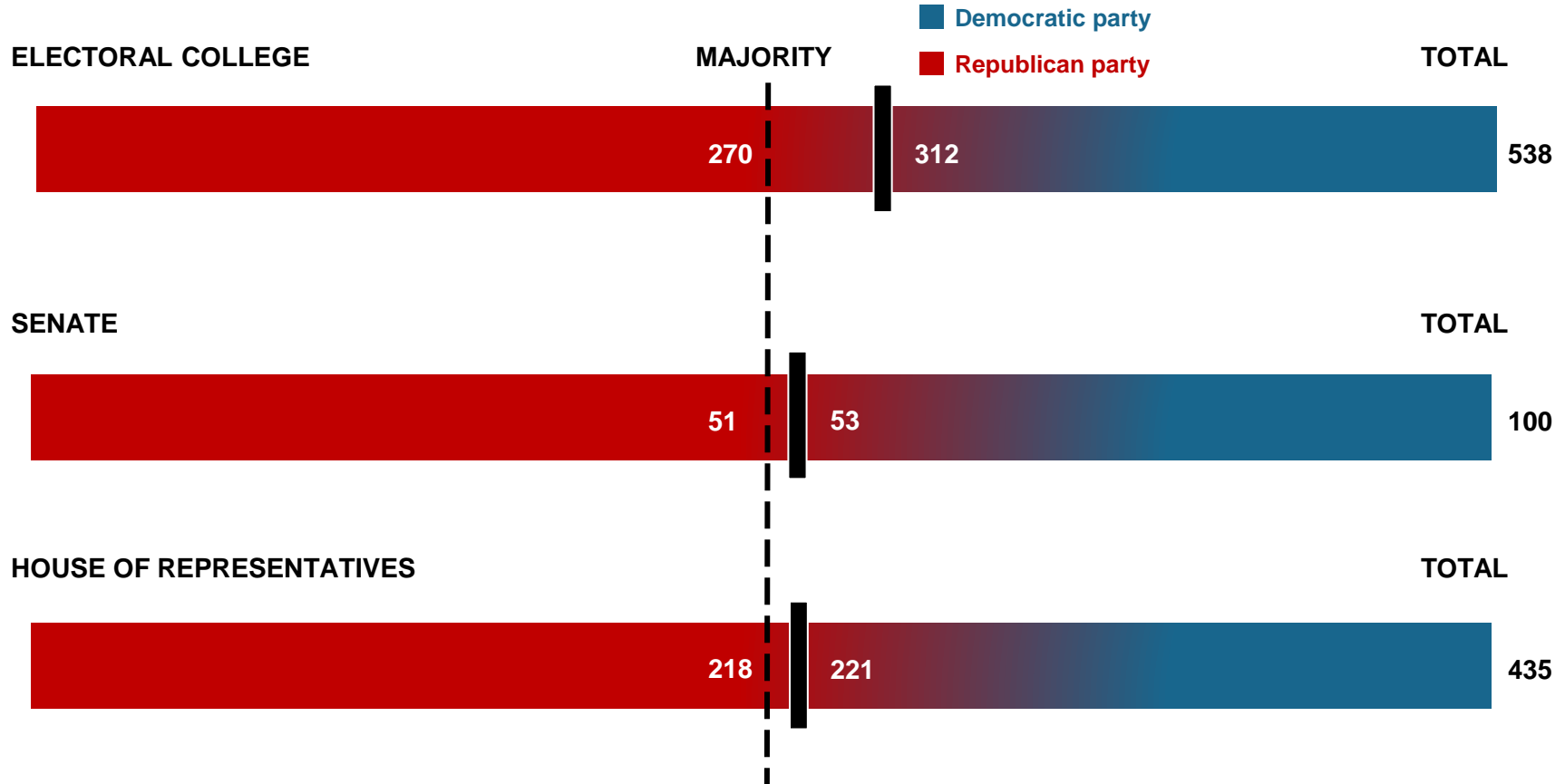
November 2024





A Republican sweep suggests significant policy changes ahead.

Votes or seats in the Electoral College, Senate, and House of Representatives



Source: 270twin, J.P. Morgan Asset Management. The Senate and House seats are estimated based on current tabulation of votes in uncalled states (5 House seats and 1 Senate seat). Data are as of November 15, 2024.



United States: Potential policy impact



	Policy Proposal	Potential Economic Impact
Taxes	Extend 2017 Tax Cuts and Jobs Act. Corporate tax rate reduction from 21% to 15% for companies producing goods domestically. Exempt tips, Social Security benefits and overtime pay from income taxes.	<ul style="list-style-type: none"> • Increase deficits by \$5T+ (by 2035) • Boost earnings from corporate tax cut • Boost consumption from exemption measures
Trade	10% universal tariff and 60% tariff on Chinese imports.	<ul style="list-style-type: none"> • Reduce deficit by \$2.7T (by 2035) • Provoke retaliatory tariffs that could slow growth • Inflationary due to higher cost of imports
Immigration	Increased funding and military presence at the border. Reductions in visas granted. Deportation of unauthorized immigrants.	<ul style="list-style-type: none"> • Decrease labor supply • Upward pressure on wages • Stabilize strain on local gov. budgets due to increased migrants
Energy	Greater domestic production of oil and gas. Roll back some environmental regulations and incentives. Remove certain subsidies (EV, renewables) but full repeal of Inflation Reduction Act unlikely.	<ul style="list-style-type: none"> • Increase oil and gas capex and supply • Decrease oil prices
Defense	Commitment to NATO* and Ukraine likely to diminish.	<ul style="list-style-type: none"> • Europe and other allies to ramp up defense capabilities and spending
Health care	Full repeal of ACA** unlikely. Continue efforts on price transparency and lowering drug costs.	<ul style="list-style-type: none"> • Potential impact subject to policies pursued
Regulation	Broad deregulation, particularly for energy and banks (Basel III, Dodd-Frank). Mixed approach to Big Tech. Reduce environmental and health regulations.	<ul style="list-style-type: none"> • Ease lending standards and costs

Source: Committee for a Responsible Federal Budget, J.P. Morgan Asset Management. Commentary is for illustrative purposes only and is not intended as a comprehensive guide to policy positions. Policy guidance is subject to change. All figures are in U.S. dollars. *NATO refers to North Atlantic Treaty Organization. **ACA refers to Affordable Care Act.

Guide to the Markets – Asia. Data reflect most recently available as of 31/12/24.



The TCJA could be fully extended along with additional tax reduction measures

Tax Proposals

- **Personal income taxes:** Extend Tax Cuts and Jobs Act (TCJA) top tax rate reduction from 39.6 to 37%
- **Corporate taxes:** Lower tax rate further from 21% to 15% for domestic producers
- **SALT:** Raise or sunset the cap on state/local taxes that are deductible on federal returns
- **Estate taxes:** Extend TCJA provisions
- **Capital gains:** Unaffected by TCJA
- **Eliminate taxes on Social Security benefits, overtime pay, and income earned from tips** for all individuals.
- **Extend the business tax provisions** of the TCJA, making permanent the 100% bonus depreciation that was available for the first five years of TCJA.
- **Auto loans:** Create deduction for auto loan interest

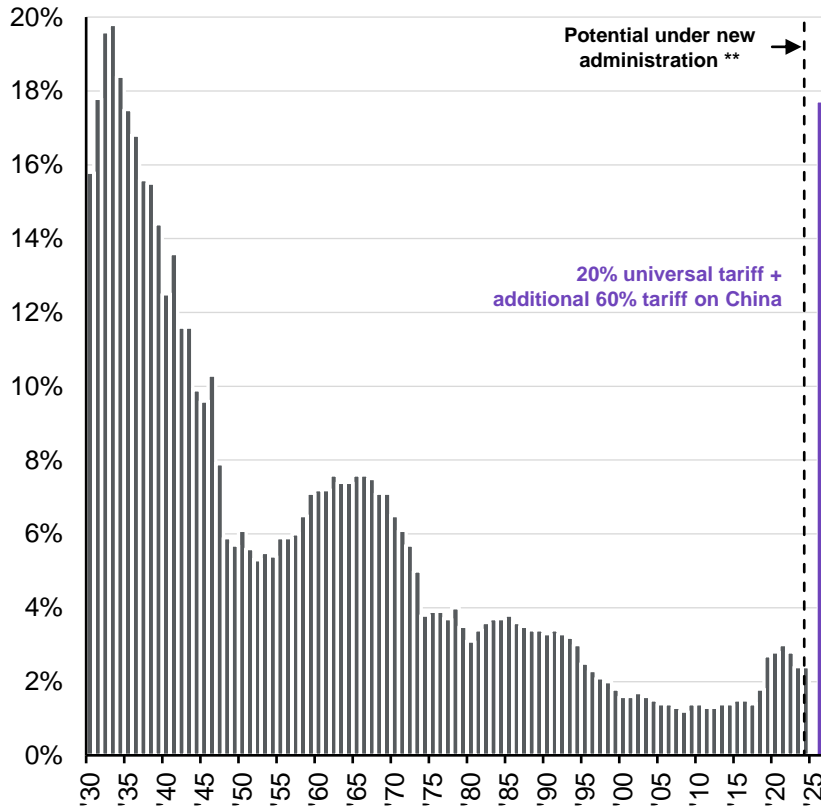


Tariff impact on global trade

Global economy

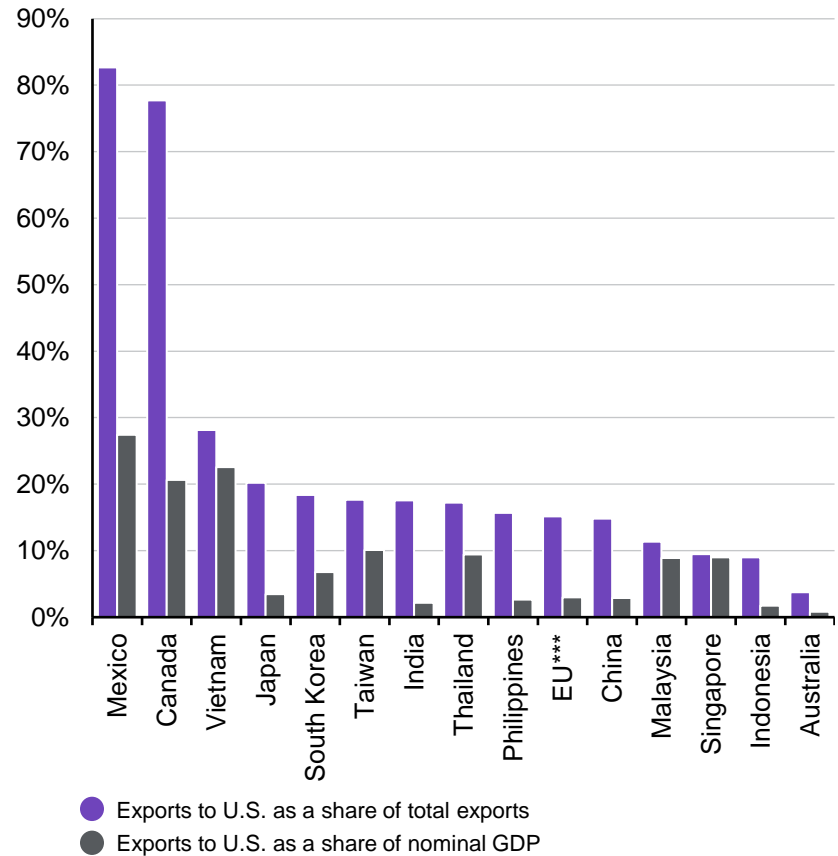
Average tariff rate on U.S. goods imports for consumption*

Duties collected / value of total imports for consumption



Exposure to U.S. trade

2023



Source: Tax Foundation, United States International Trade Commission, U.S. Department of Commerce, J.P. Morgan Asset Management. *Imports for consumption: goods brought into an economy for direct use or sale in the domestic market. Includes all current official revisions for 2010-2020 as of July 2021. **Estimate is by the Tax Foundation as of October 2024. May not be updated as of the latest announcements regarding tariffs and U.S. trade policy and is subject to change. Forecasts are based on current data and assumptions about future economic conditions. Actual results may differ materially due to changes in economic, market and other conditions. ***EU represents European Union, with total exports excluding intra-EU trade.

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Immigration reform could impact labor supply and put upward pressure on wages

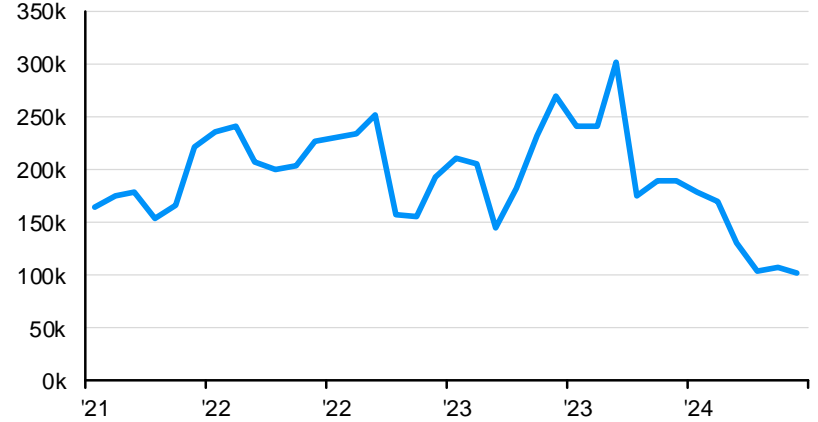
Immigrant visas issued

March 2017 through September 2024



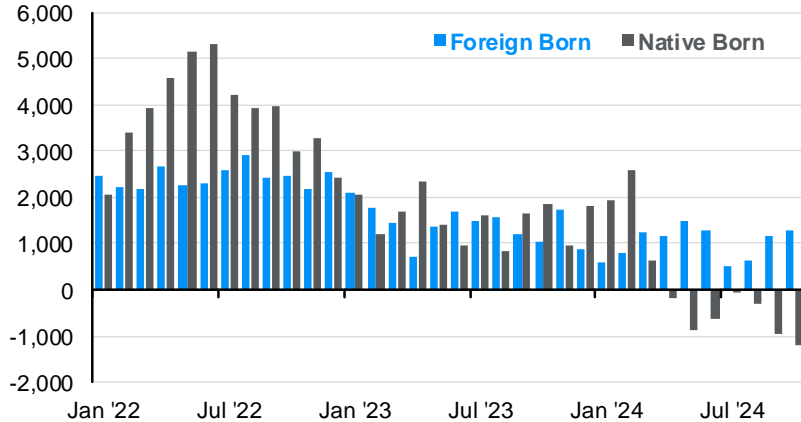
Southwest land border encounters

October 2017 through September 2024



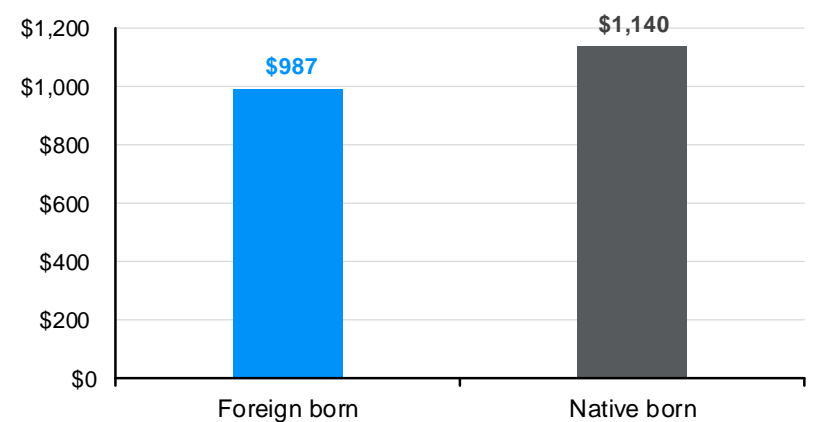
Employment growth by nativity

Year-over-year difference



Median weekly wages

2023



Source: BLS, U.S. Customs and Border Protection, U.S. Department of State, J.P. Morgan Asset Management U.S. Department of State (TRHS), Immigration Naturalization Service. Google encounters at the southwestern border. BLS (Median wages by nativity). Data are as of November 15, 2024.

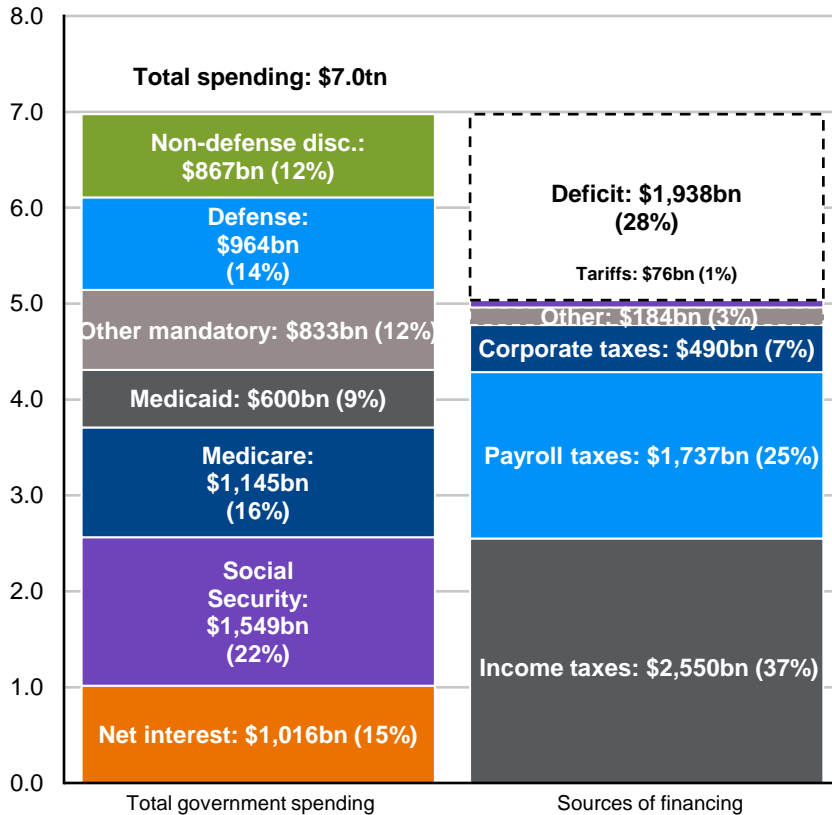


United States: Federal finances

Global economy

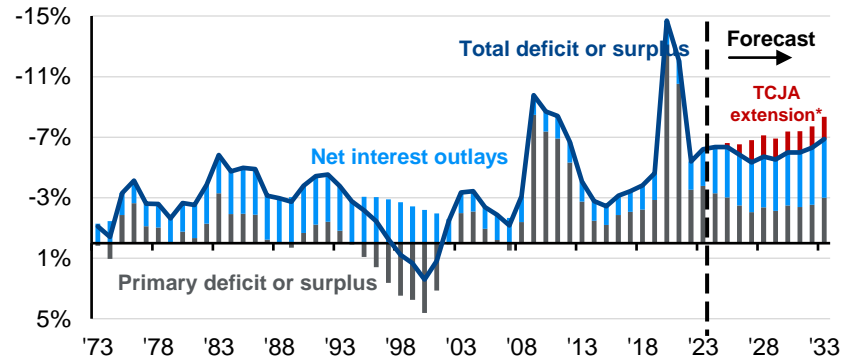
The 2025 federal budget

USD trillions



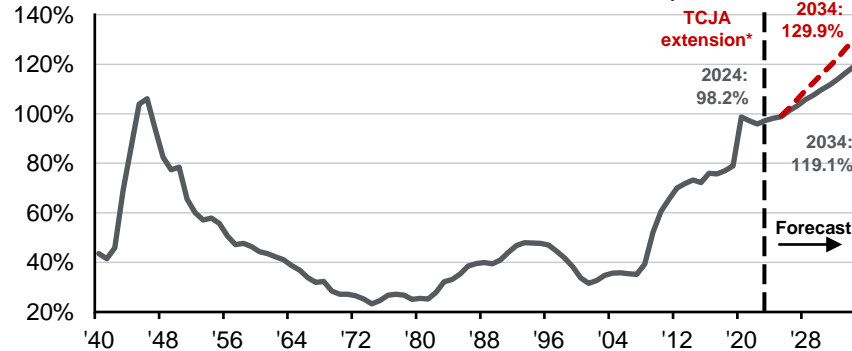
Federal deficit and net interest outlays

Share of GDP, 1973-2034, CBO Baseline Forecast, inverted



Federal net debt (accumulated deficits)

Share of GDP, 1940-2034, CBO Baseline Forecast, end of fiscal year



Source: CBO, Treasury Department, J.P. Morgan Asset Management; (Left) Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA. Estimates are from the Congressional Budget Office (CBO) June 2024 An Update to the Budget Outlook: 2024 to 2034. Total government spending and sources of financing reflect actual data for fiscal year 2024 sourced from the September 2024 Final Monthly Treasury Statement. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. All CBO estimates are adjusted by JPMAM to reflect GDP revisions resulting from the 2024 annual update of the National Economic Accounts. *TCJA refers to Tax Cuts and Jobs Act. Adjusted by JPMAM to include estimates from the CBO May 2024 report "Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues" on the extension of TCJA provisions. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

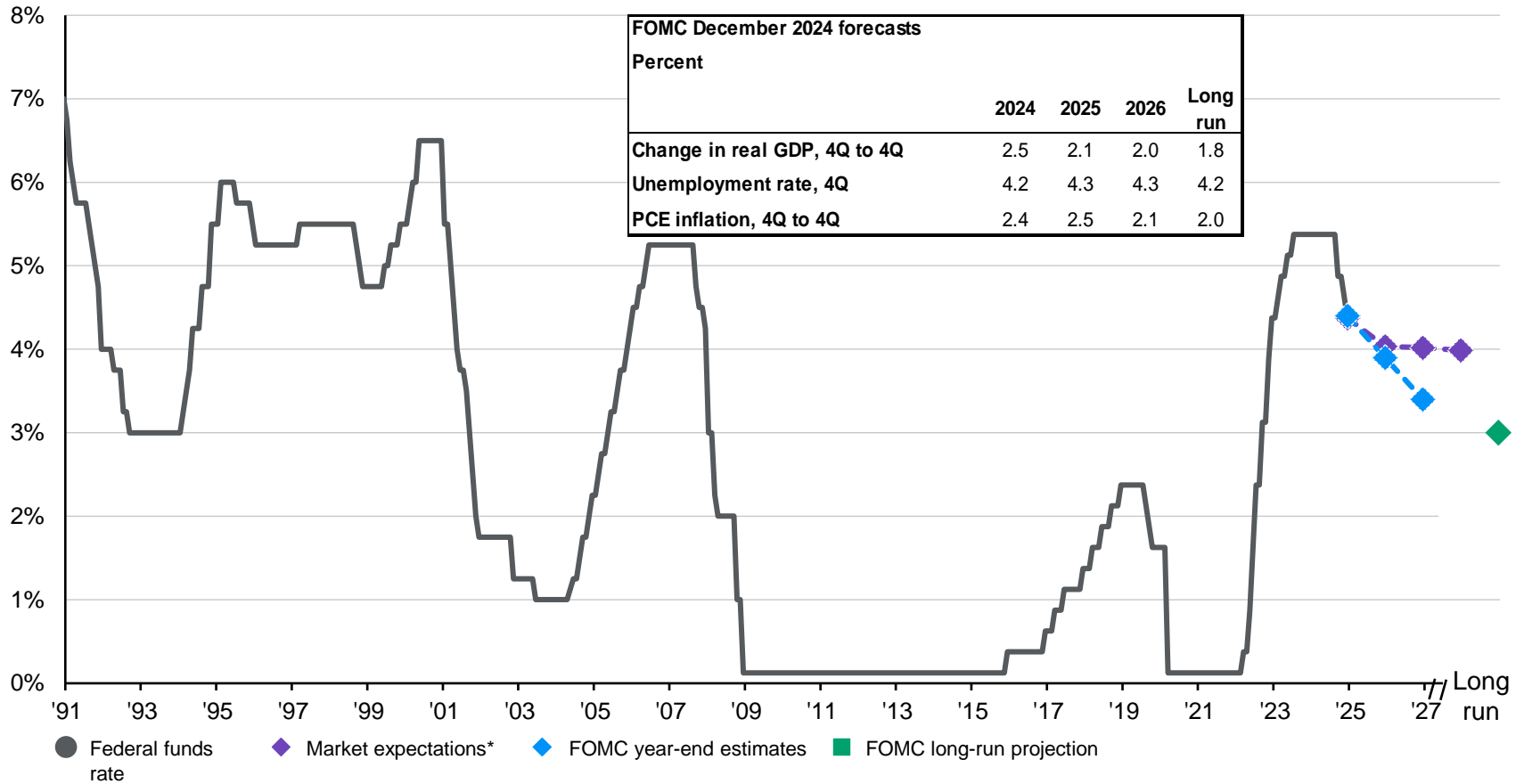


United States: Monetary policy

Global economy

Federal funds rate expectations

Market expectations for the fed funds rate



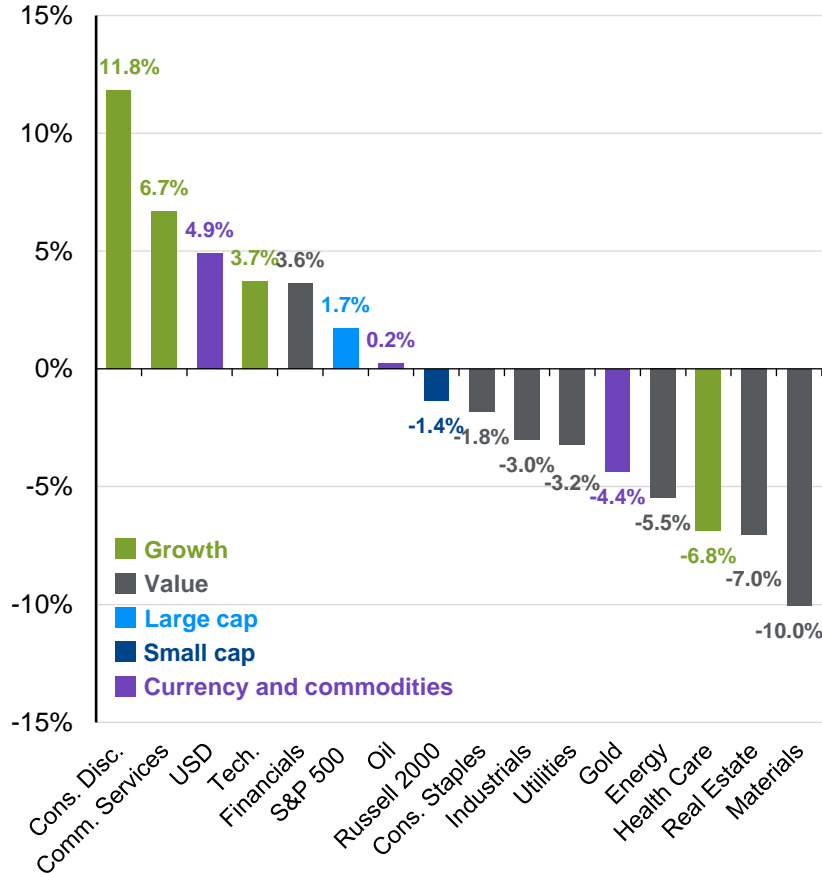
Source: Bloomberg, FactSet, U.S. Federal Reserve, J.P. Morgan Asset Management. *Market expectations are based on overnight index swap rates. Federal Reserve projections shown are the median estimates of Federal Open Market Committee (FOMC) participants. Guide to the Markets – Asia. Data reflect most recently available as of 31/12/24.



Equity and bond markets are sending mixed signals

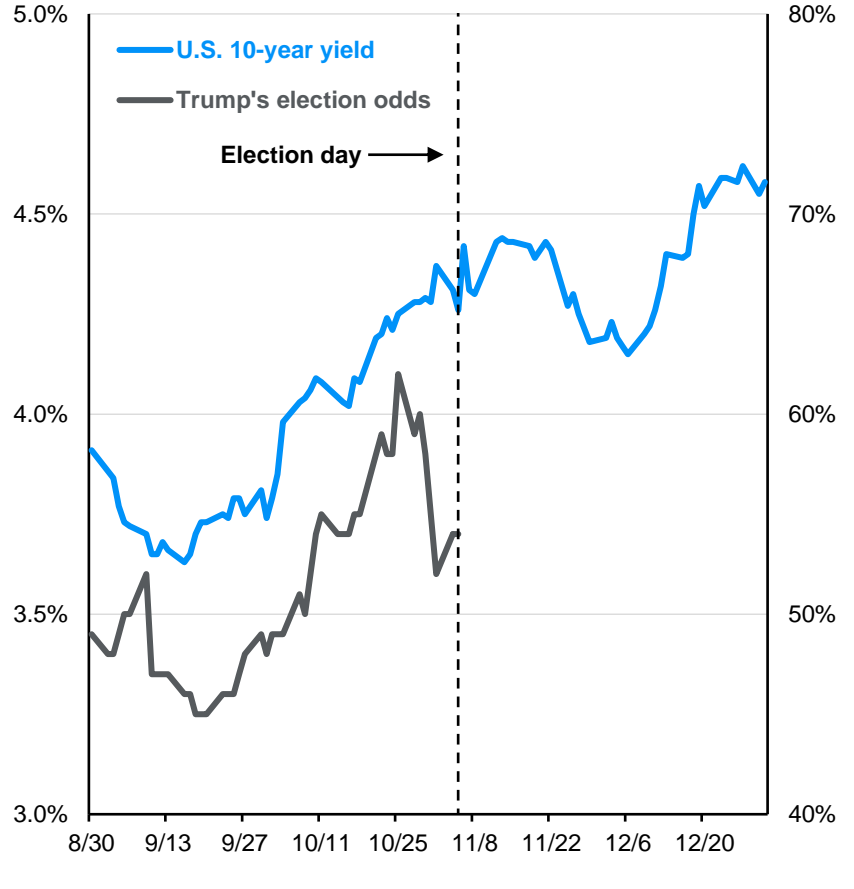
Performance since election day

Price return



U.S. 10-year Treasury yield and election odds

Since 8/30/2024

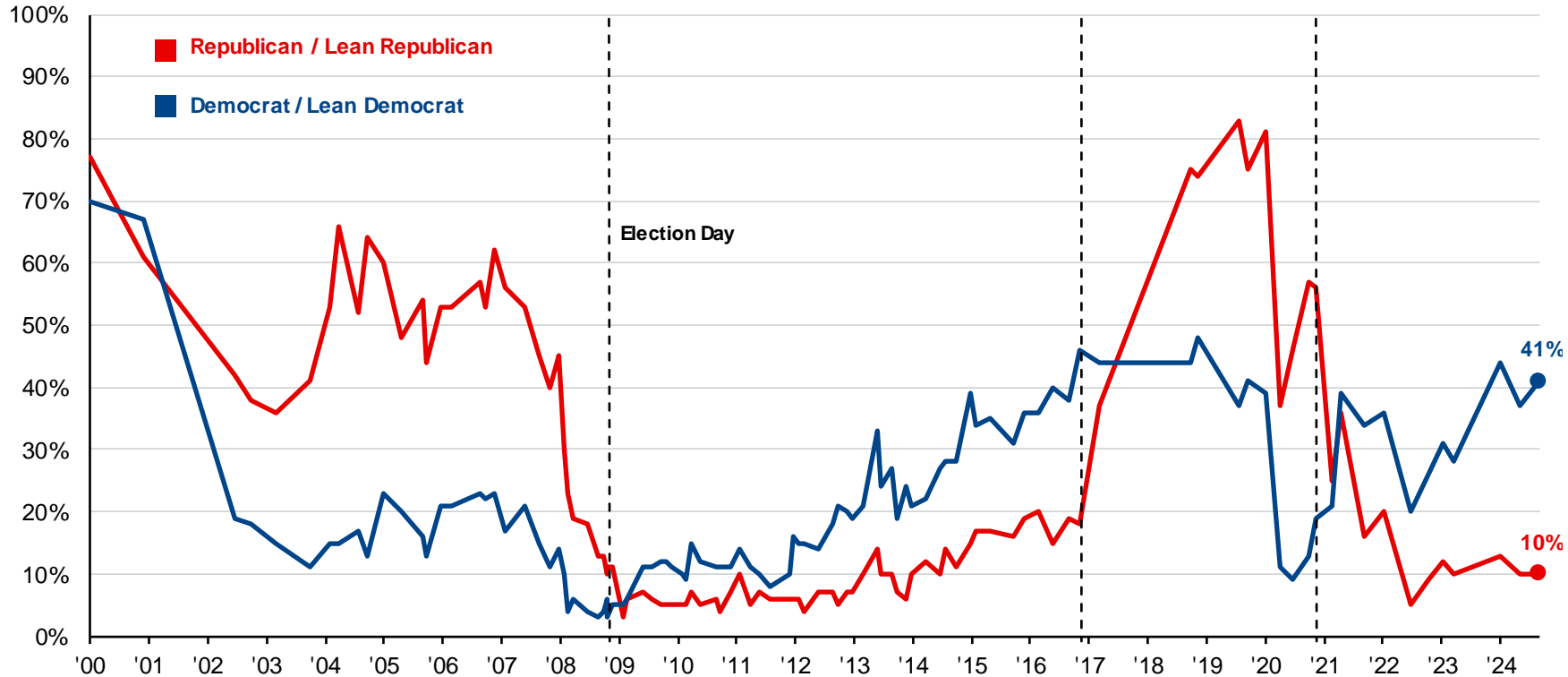


Source: Bloomberg, FactSet, Predictit, J.P. Morgan Asset Management. Data are as of December 31, 2024.



Don't let how you feel about politics overrule how you think about investing

Percentage of Republicans and Democrats who rate national economic conditions as excellent or good



Administration	Bush	Obama	Trump	Biden
Dates in office	Jan '01 – Jan '09	Jan '09 – Jan '17	Jan '17 – Jan '21	Jan '21 – Today
S&P 500 return	-4.5%	16.3%	16.0%	12.7%
Real GDP growth	1.9%	2.2%	1.8%	3.0%

Source: Pew Research Center, J.P. Morgan Asset Management. The survey was last conducted in September 2024, "White Protestants and Catholics support Trump, but voters in other U.S. religious groups prefer Harris." Pew Research Center asks the question: "Thinking about the nation's economy, How would you rate economic conditions in this country today... as excellent, good, only fair, or poor?". S&P 500 returns are average annualized total returns between presidential inauguration dates and are updated monthly. Real GDP growth are average annualized GDP growth rates.
Data are as of November 15, 2024.



Policy agendas can have little bearing on sector performance

Traditional and renewable energy performance

Indexed to 100 on 1/20/2017



Source: FactSet, J.P. Morgan Asset Management. Data are as of November 15, 2024.

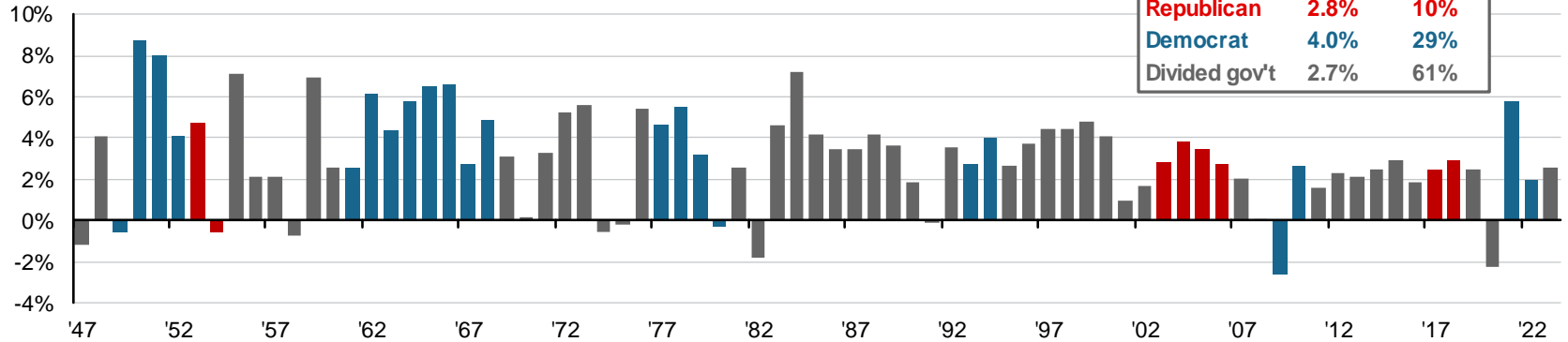


The economy and markets tend to fare well under all government configurations

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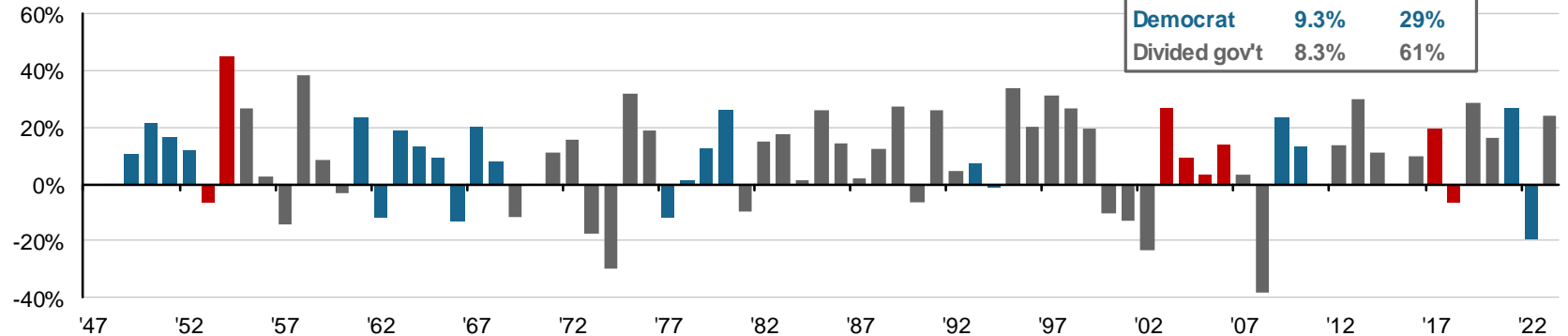
Real GDP

Year-over-year % change, annual



S&P 500 Price Index

Calendar year returns



Investing Principles

Source: BEA, Standard & Poor's, FactSet, J.P. Morgan Asset Management. Data is calendar year. Data are as of November 15, 2024.



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