

TAILWINDS

2016 US. Presidential Election: As the dust settles

ELECTION WINNER

Election results have come in and Donald Trump is set to be the 45th President of the United States. At the onset of this election, there were 16 candidates that included Ted Cruz, John Kasich, Jeb Bush and Marco Rubio. Yet after 597 days filled with countless headlines, political gaffes and midnight tweets, the American people have followed a recent global trend and voted to elect a political outsider.

With the spotlight now shining solely on Trump, he will officially be sworn into office on January 20th, 2017. As typical with most party changes in the White House, expect his first order of business to involve initiating a number of executive actions in an effort to undo some Obama administration policies. Trump will then likely turn to Congress and request the delivery of bills that align with his platform. With Congress reluctant to run counter to the will of the people, a president's first year in office is usually the best time to implement key agenda items. Finally, Trump will be looking to fill Justice Antonin Scalia's seat on the Supreme Court.

If the divisiveness of the past few years is any predictor of the future, Trump will need to work across the aisle if he intends to implement any major policy changes.

SECTOR IMPLICATIONS

In regards to the market, investors should expect that corporate tax reform, trade, development of domestic energy and defense spending will be most dramatically impacted by Trump's victory. However, the full implementation of policies in these areas will rely on gaining democratic votes and a functioning congress.

TAILWINDS		
Theme	Notes	Sector
Defense	Trump is seeking to boost the Defense budget by 15% to combat global threats.	Aerospace & Defense
Infrastructure	Besides building the wall, infrastructure spending will likely increase but be limited by deficit spending.	Building Materials & Construction
Energy	Renewed support for fossil fuel development and US energy independence.	Oil & Gas, Coal, MLPs
Health Care	Pressures from Democrat's drug pricing agenda have been relieved.	Pharma & Biotech
Consumer Discretionary	Democrat's agenda for increasing the minimum wage to \$15/hr have materially decreased.	Restaurants & Retail
Financials	Decrease in regulation and lifting systemically important designation for regional banks.	Banks & Asset Managers

HEADWINDS		
Theme	Notes	Sector
Energy	The Clean Power Plan will most likely not be implemented and environmental regulations are likely be relaxed. Expect energy pipeline projects to be restarted at the expense of rail companies.	Renewables, Clean Energy, Rails
Health Care	A Republican government will look to replace Obamacare which could lower subsidies for health insurers and limit the number of individuals with insurance.	Health Insurers & Hospitals
Trade	Through executive action, Trump could impose tariffs and financial sanctions and classify countries as “currency manipulators.”	Multi-Nationals, Exporters

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Source: Strategas Research Partners, LLC. 2016 Election & Policy Handbook. <https://www.strategasrp.com>. November 2016.

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