

Macro Economics

Overall Strategy

Overweight

U.S. Elections: Historic rematch continues to heat up as Trump leads polls

What's Happening

As the second half of 2024 begins, all eyes are on the 2024 U.S. elections which will happen in November. Markets ponder how a second term for current U.S. President Joe Biden or former U.S. President Donald Trump would look like. For the latter, some analysts anticipate a focus on protectionist policies (*refer to page 2*) like imposition of import tariffs. Moreover, deregulation and a reduced emphasis on environmental policies are expected. These factors could potentially escalate trade tensions and result in heightened financial markets volatility.

'Intense' and stark differences on key issues were exposed in the first and recently concluded U.S. presidential debate between Biden and Trump. Major topics of discussion included ongoing legal challenges faced by Trump, the Biden administration's response to COVID-19, and election integrity. Following the debate which put Biden in a weak spot amid his apparent poor performance, polls suggested broadening gap between him and Trump, with the latter leading. Albeit an extreme scenario, some news outlets even mentioned the possibility of the Democratic Party replacing Biden as the frontrunner.

Moving Forward

With calls mounting for U.S. President Joe Biden to step aside as the Democratic Party candidate following his poor performance in the recent presidential debate, U.S. Vice President Kamala Harris and names of other prominent Democrats start to float. However, there is only one Democrat who can beat Trump according to recent polls – former First Lady Michelle Obama whose likelihood of running for president remains highly unlikely as of this writing. If Biden steps down before the 19-22 August 2024 Democratic National Convention, the party may nominate another candidate. Meanwhile, former President Donald Trump will likely be officially nominated at the Republican National Convention on 15-18 July 2024.

Sources: Bloomberg, CNBC, CLSA, Reuters, ABC News Internet Ventures, Economic Intelligence Unit

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Figure 1: General election polling average as of 9 July 2024

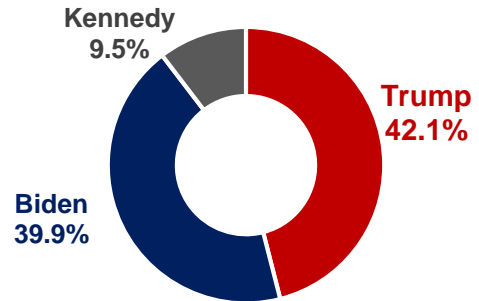
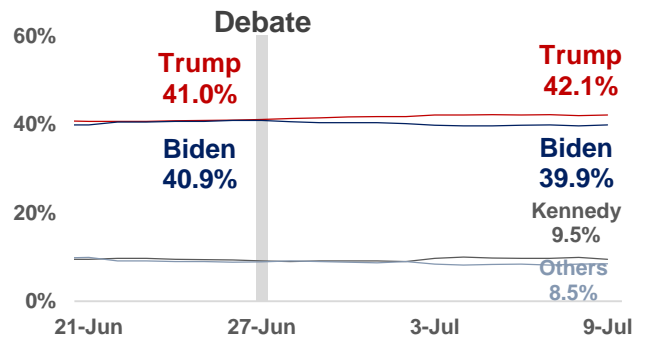


Figure 2: Trump's lead widened post-debate



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Table 1. Summary of Policies



	Trump Administration	Biden Administration
Taxes	Trump plans to remove the Inflation Reduction Act (IRA) by repealing its clean industry tax credits. Across-the-board tax cuts would also be discussed further, potentially taking the corporate tax rate to 15% from 21%.	Biden seeks to raise taxes on corporations and high-income households, as proposed during his first term, and would want to allow Trump's 2017 tax cuts to expire in 2025.
Tariff and Trade War	Trump plans to impose a 10% tariff on all U.S. imports in an effort to protect U.S. manufacturing workers and narrow the nation's trade gap.	Biden recently imposed targeted tariff increases, such as a 100% levy on Chinese electric vehicles (EVs) and solar panels.
Support for Ukraine	Trump could completely withdraw support for Ukraine. In recent years, he has shown distaste for prolonged overseas military engagements and a tolerance for Russian aggression.	Biden will likely continue to show support for Ukraine, but waning public support for continued U.S. engagement along with domestic funding pressures could limit the amount of financial and military support.
Immigration	Trump will likely support measures that will reduce all migrant flows, such as tighter control of migrant arrivals (including the likely re-imposition of the Muslim travel ban) along with increased funding for border-wall protection.	Biden may focus on formalizing and opening channels for legal migration. He is expected to toughen controls on illegal migration and introduce more restrictive asylum procedures.

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