



## **A HIGH-INTENSITY NOVEMBER. HOW ARE THE FINANCIAL MARKETS REACTING?**

This month of November 2024 is full of important events that will have an impact on the medium and long term in many contexts, both economic and political.

Donald Trump, 78 years old, has recently been elected President of the United States of America for the second time.

This is divisive news, not only in America, known for being a highly polarized country (politically and more), but also for the rest of the world, which, against the backdrop of deep geopolitical tensions in Europe as well as in the Middle East, does not know how to interpret the U.S. vote and cannot even clearly imagine what policies the tycoon will implement in the near future.

There is only one certain fact: Donald Trump is an unpredictable man, not only in politics, but in economics as well and this is not necessarily a good thing.

### **The markets and Donald Trump**

Recently, Wall Street, traditionally in support of the Republicans, welcomed the election of the forty-seventh American president with enthusiastic clamor. The Dow Jones Industrial Average soared to a record high, closing up more than 1,500 points on Wednesday after Trump won the presidential election over Vice President Kamala Harris. Meanwhile, the Nasdaq and S&P 500 rose each by more than 2% on Wednesday to hit new highs.

Investors perceive Trump as more favorable to business interests, especially in terms of cutting taxes and regulations.

As reported by several U.S. media, investors are particularly embracing the so-called "Trump trade", buying up stocks and other assets that they expect to do well under Trump's second presidency. In fact, businesses have complained about what they see as excessive regulations of their activities from the Biden administration and its strong enforcement of antitrust law. Donald Trump is now expected to loosen those restrictions.

### **What about inflation**

According to political analysts, the inflation issue, which has gripped the U.S. and the entire world in recent years, was central to voters' decision in favor of Donald Trump.

Despite the fact that, numbers in hand, inflation is almost completely tamed (U.S. inflation is currently at 2.4%, very close to the 2% target) and the Fed has once again cut interest rates by 25 basis points, setting them in the range of 4.50 - 4.75%, the tycoon's continuous attacks on the Biden administration on the inflation issue have paid off in the secrecy of the ballot box.

### **How to invest in November?**

The financial markets appear to be thrilled and continually rising, invigorated by the Republican victory and the further interest rate cut announced by the chair of the Federal Reserve Jerome Powell.

The only flaw seems to be the excessive volatility that we should be careful about.



Nonetheless, on the corporate front within the S&P 500, 170 companies reported earnings recently and 75% of S&P 500 firms communicated better-than-expected earnings for the quarter.

Analysts recommend remaining selective and balanced in investments, continuing to favor the *Magnificent Seven*, whose robust earnings helped lift the overall outcome of the earnings season.

In general, U.S. stocks are recommended, among which we can mention *The Vita Coco Company (COCO)*, *Live Nation Entertainment (LYV)*, *Full Truck Alliance Co. (YMM)* and *Yelp (YELP)* which appear to have great growth potential.

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