



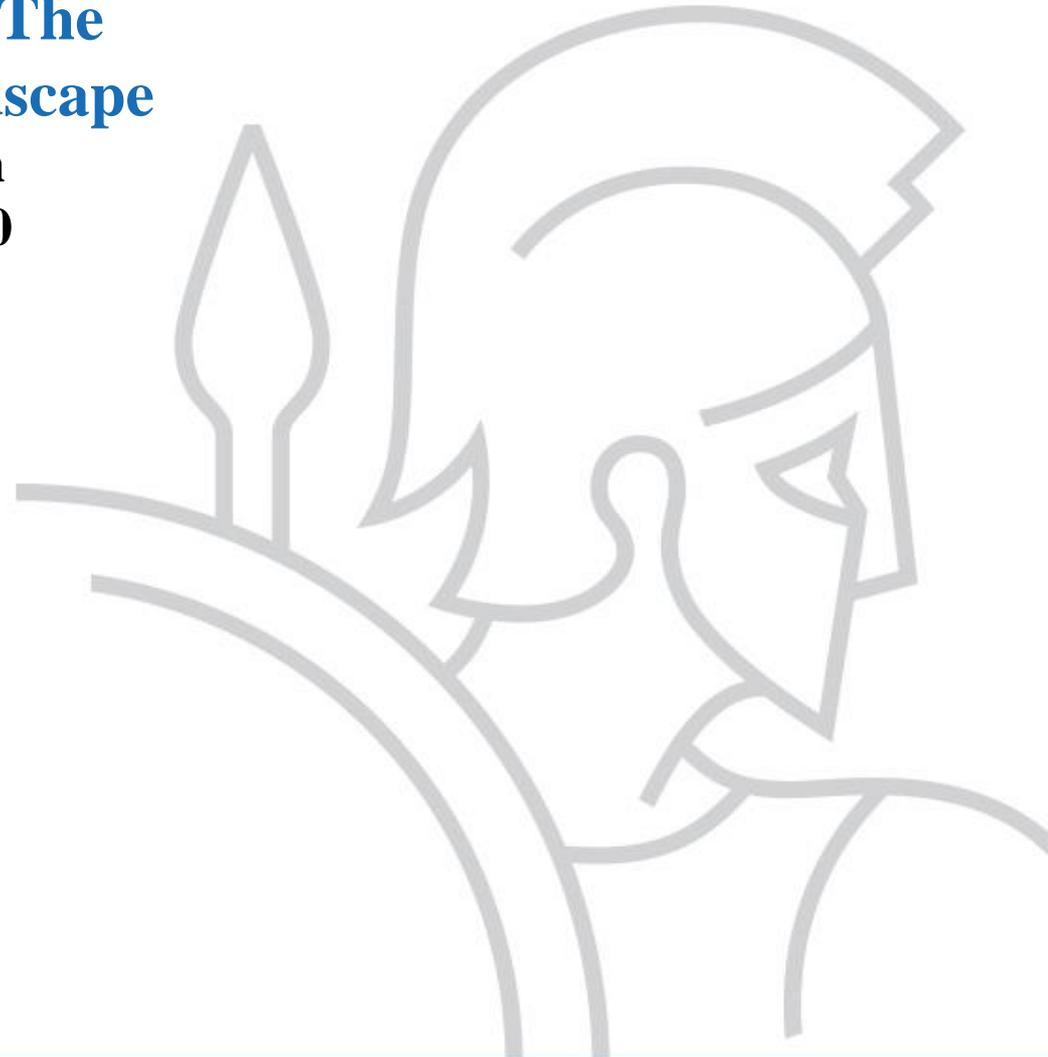
STRATEGAS

# Washington & The Investment Landscape

**Daniel Clifton**  
**February 2020**

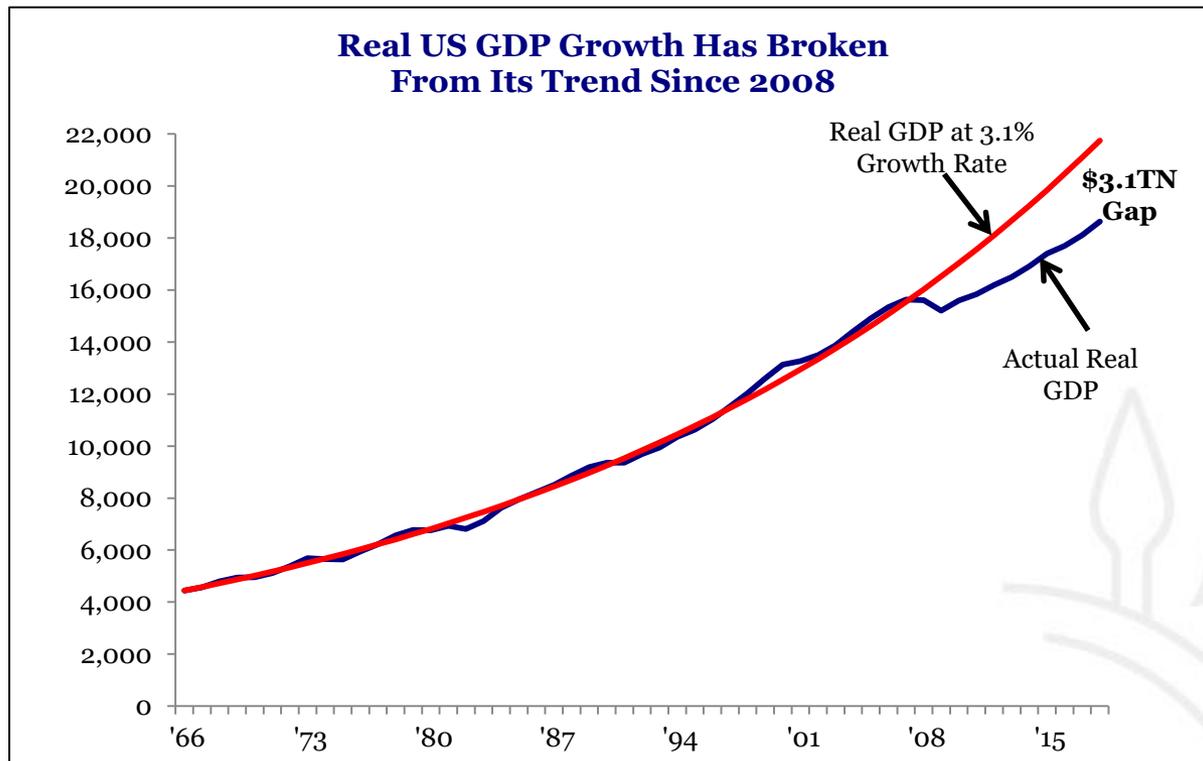
## Macro Research

- Investment Strategy
- Economics
- Policy Research
- Quantitative Research
- Technical Research
- Fixed Income Research
- Industry Surveys
- Bespoke Research
- Conferences
- Sales & Trading





# Economic Volatility Is Translating Into Political Volatility



Source: Bureau of Economic Analysis, Strategas



# Voters Have Removed The Party In Power In 6 of the Past 7 Elections





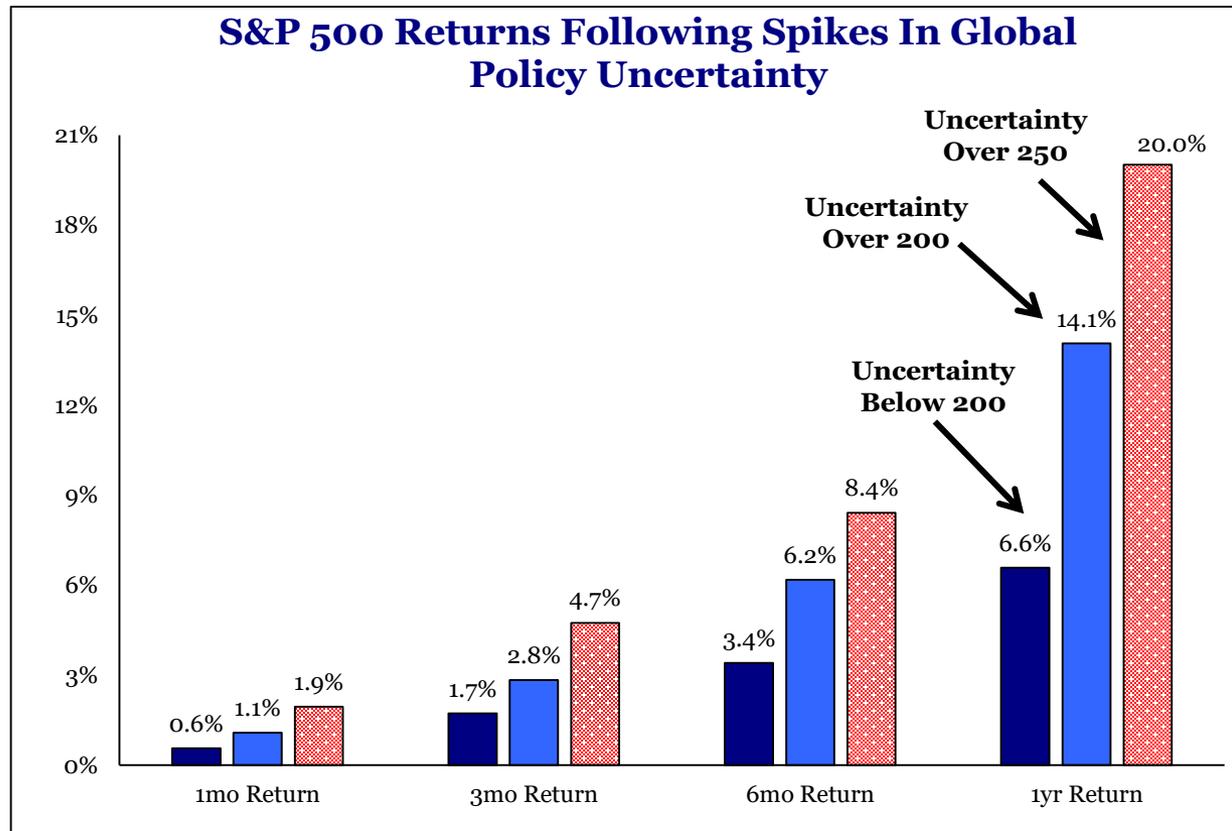
STRATEGAS

# Populism & Nationalism Continues To Grow Across The Globe...





# ...More Uncertainty: But Uncertainty Has Been Good For Stocks



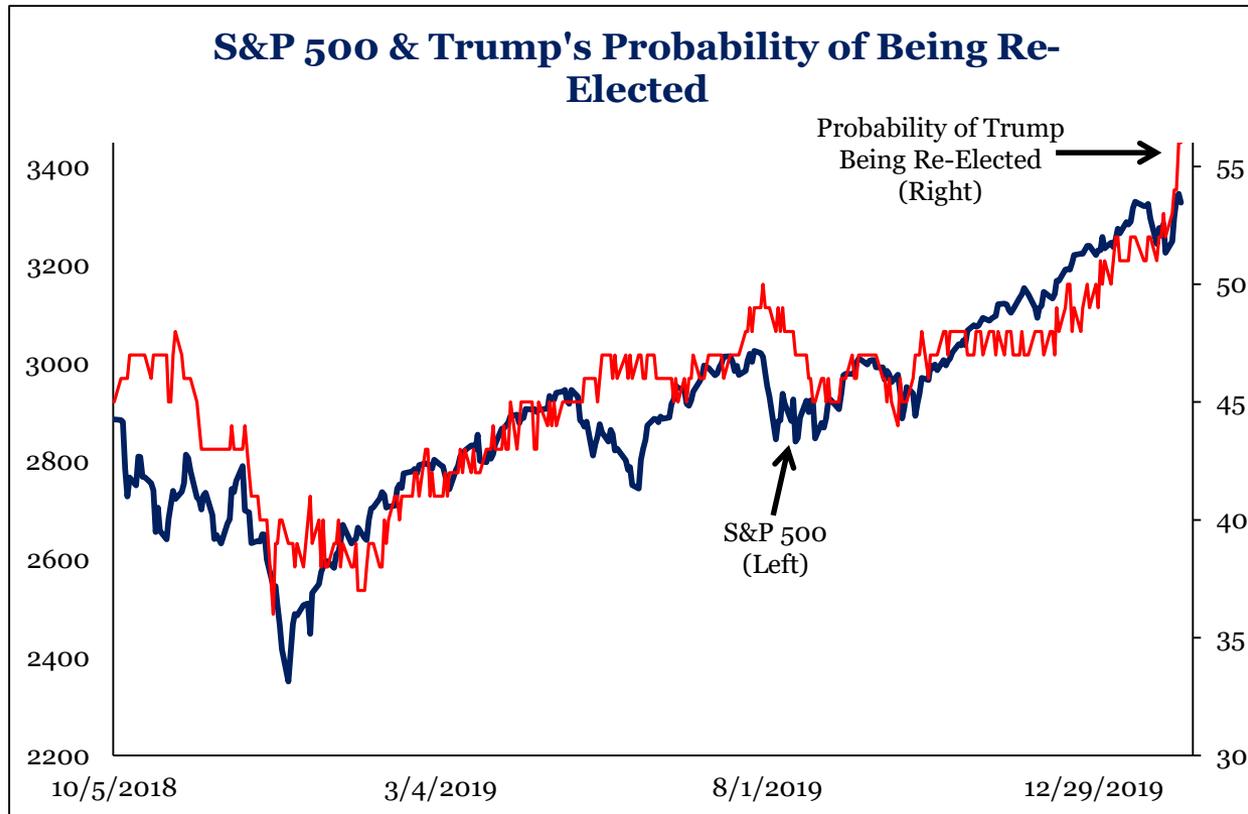


# Recessions Kill American Presidencies

No Recession Two Years Before Re-Election				Recession Two Years Before Re-Election		
President	Recession?	Re-Elected?		President	Recession?	Re-Elected?
Obama	No	Yes		Bush I	Yes	No
Bush II	No	Yes		Carter	Yes	No
Clinton	No	Yes		Ford	Yes	No
Reagan	No	Yes		Hoover	Yes	No
Nixon	No	Yes		Coolidge	Yes	Yes
LBJ	No	Yes		Taft	Yes	No
Eisenhower	No	Yes				
Truman	No	Yes				
FDR	No	Yes				
FDR	No	Yes				
FDR	No	Yes				
Wilson	No	Yes				

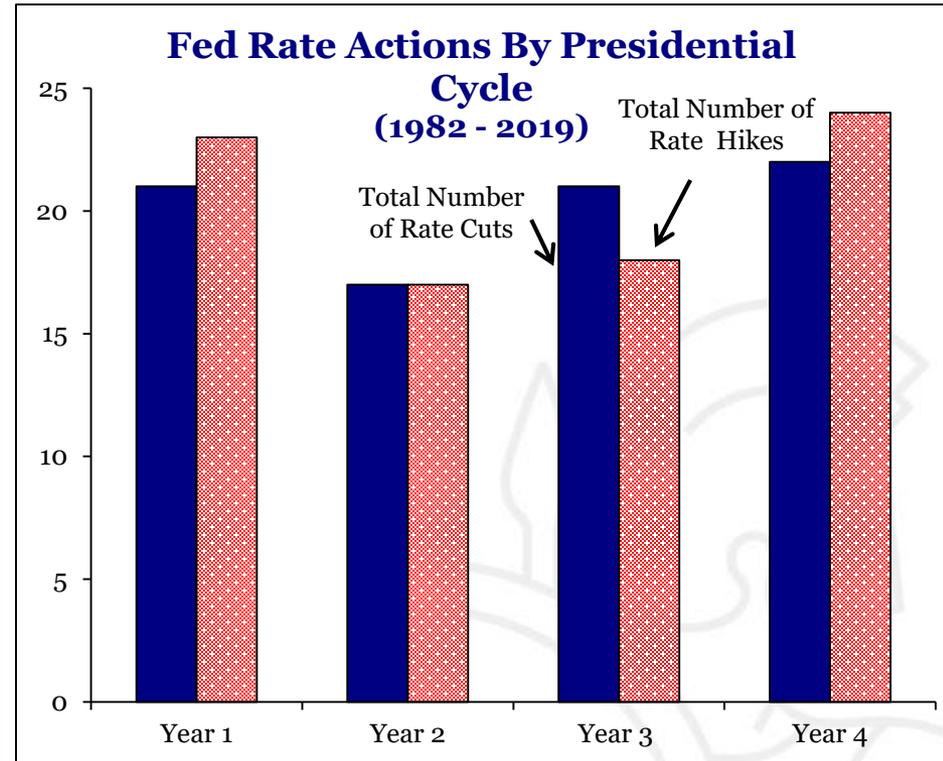
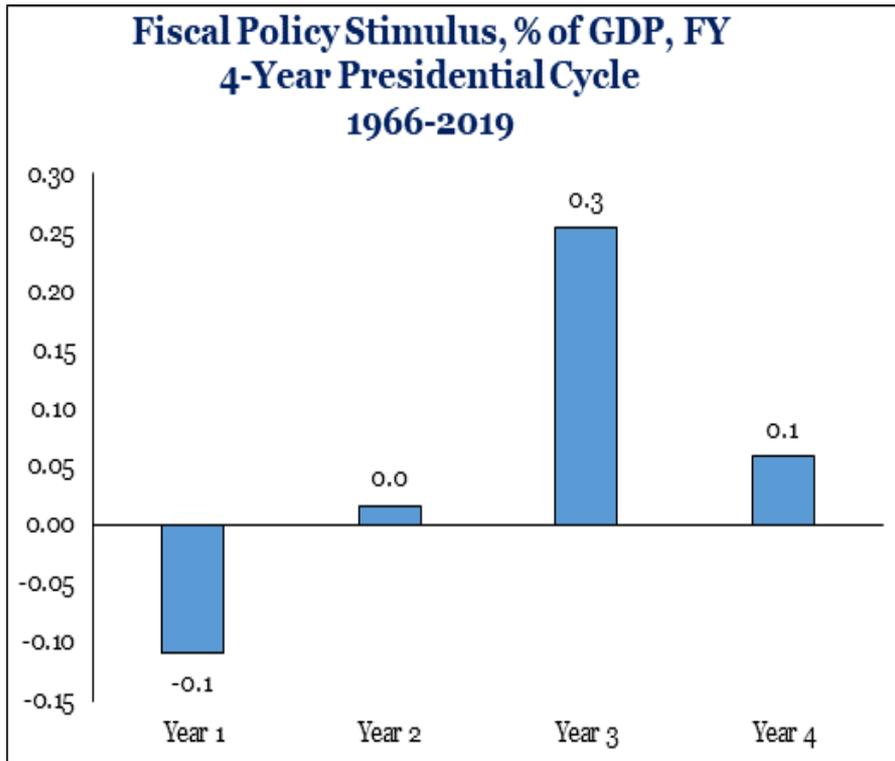


# Trump's Favorite Chart: Going For Growth In 2020



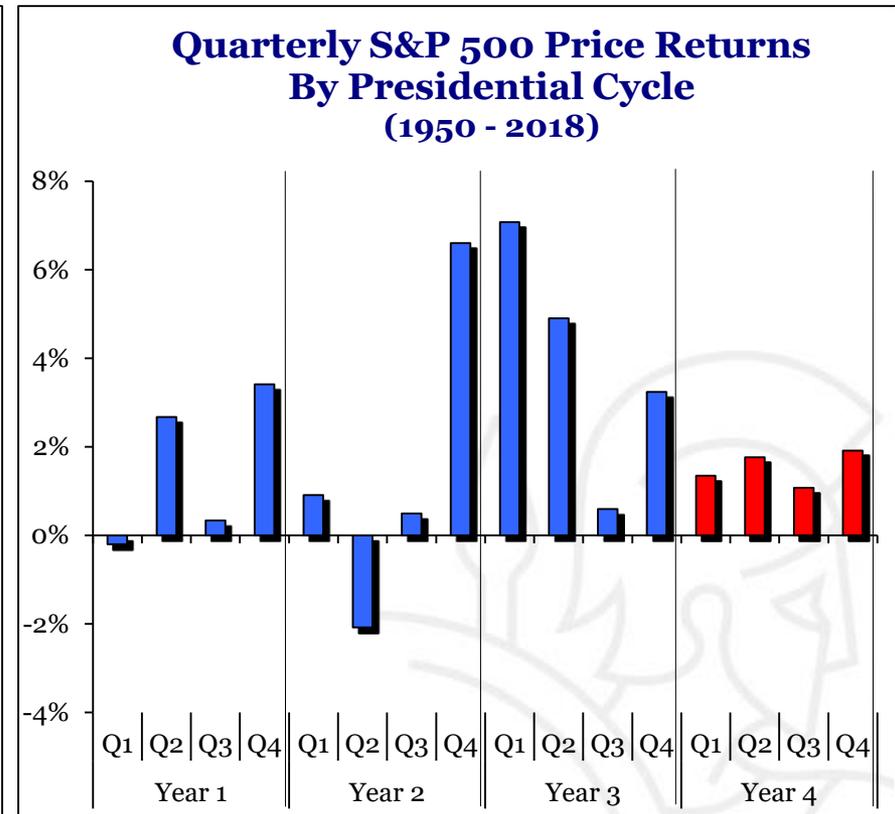
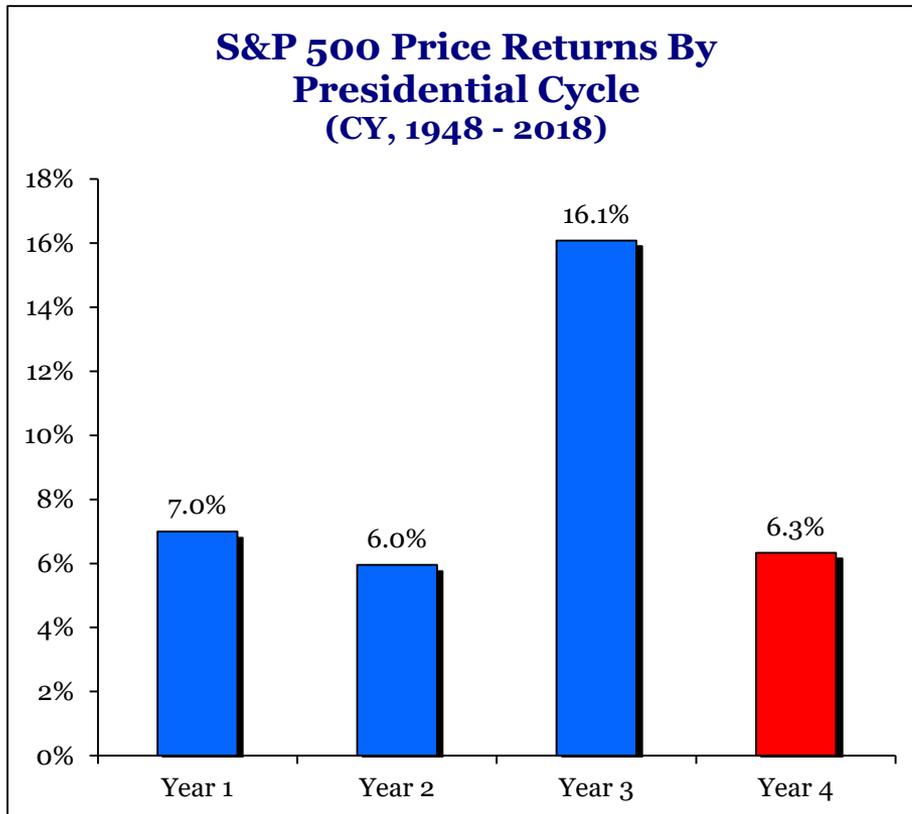


# Presidents Stimulate The Economy In The Year Ahead of Their Election



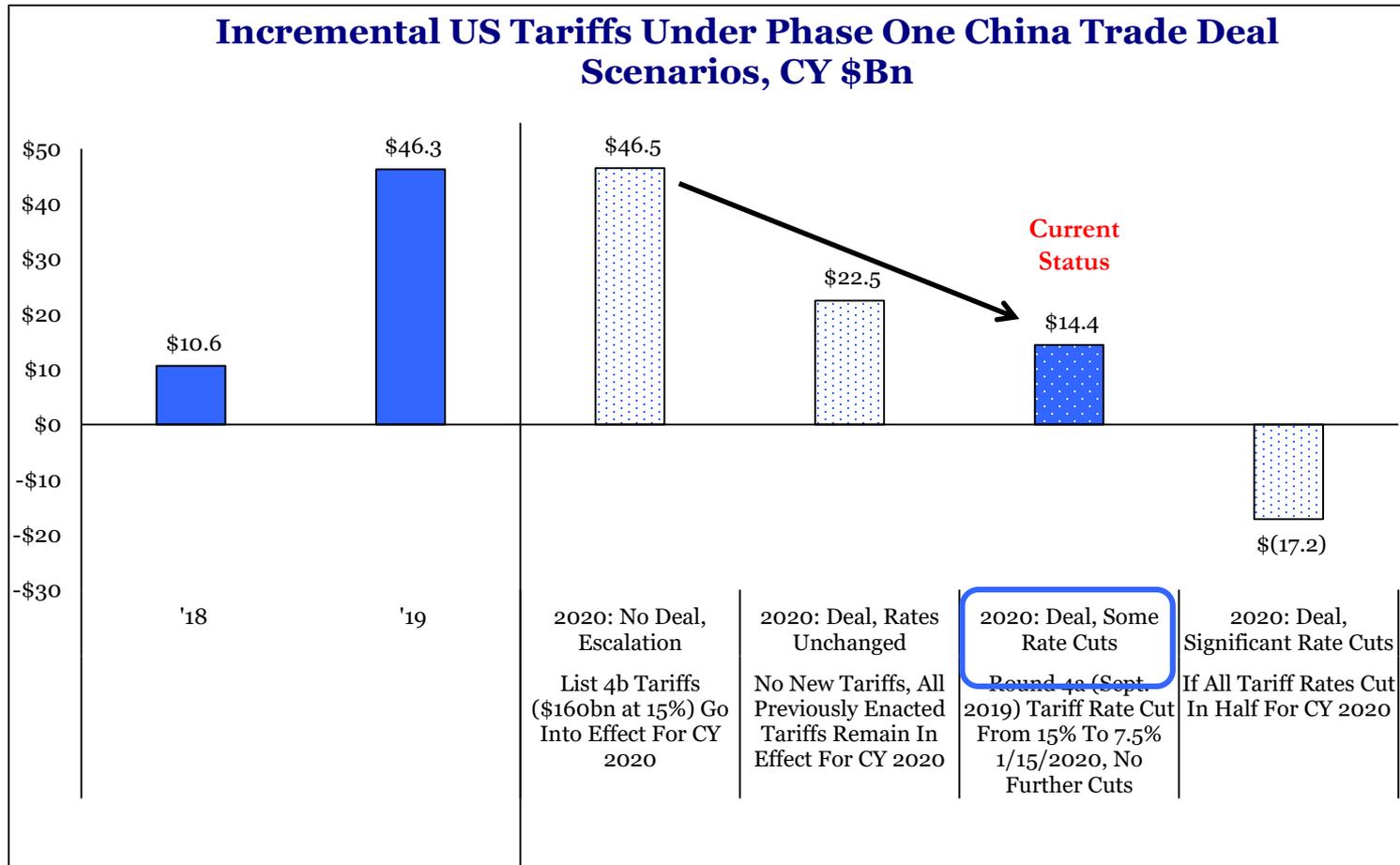


# Stimulus Has Served As A Cushion To Deal With Election Noise



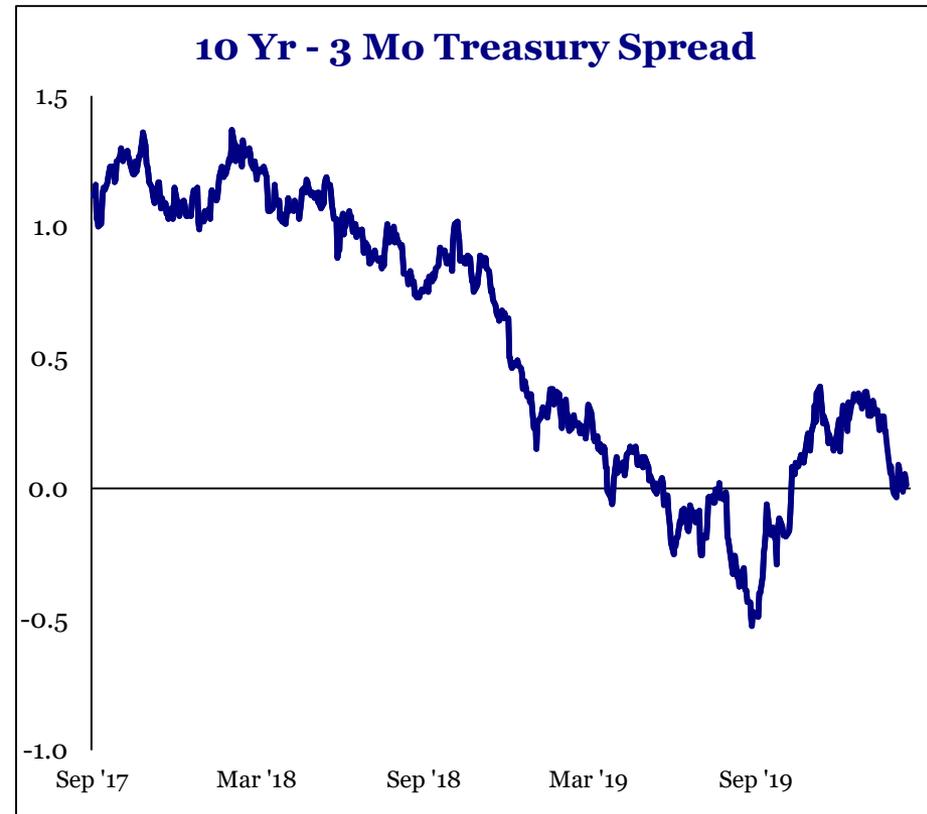
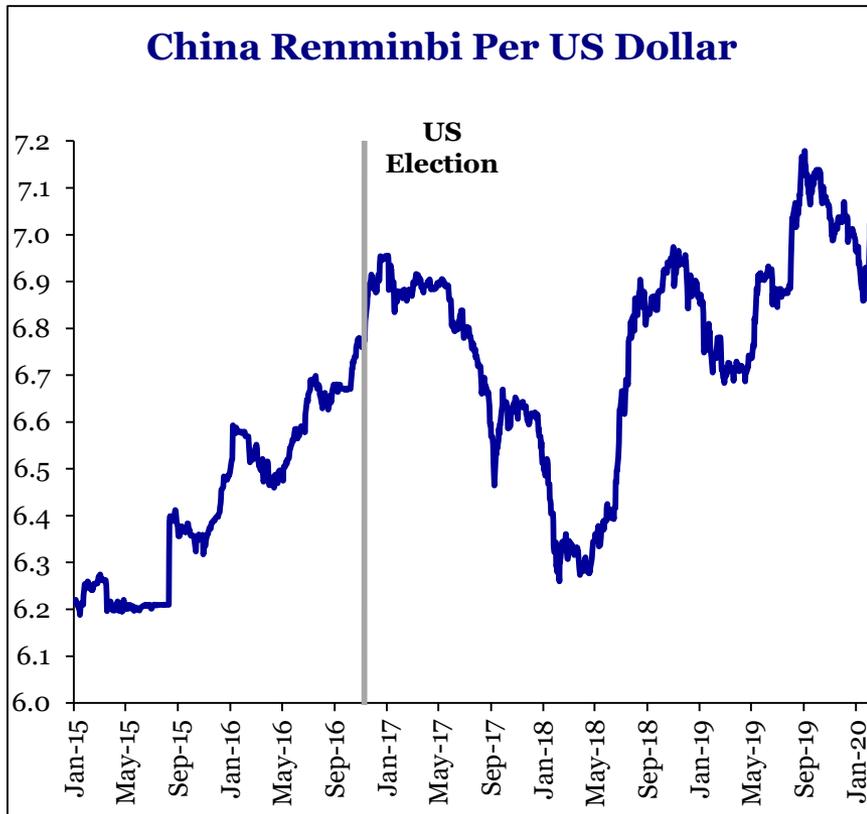


# Big Pivot By Trump On Trade Policy





# Potential Gains From The Trade Deal Are Halted From Coronavirus



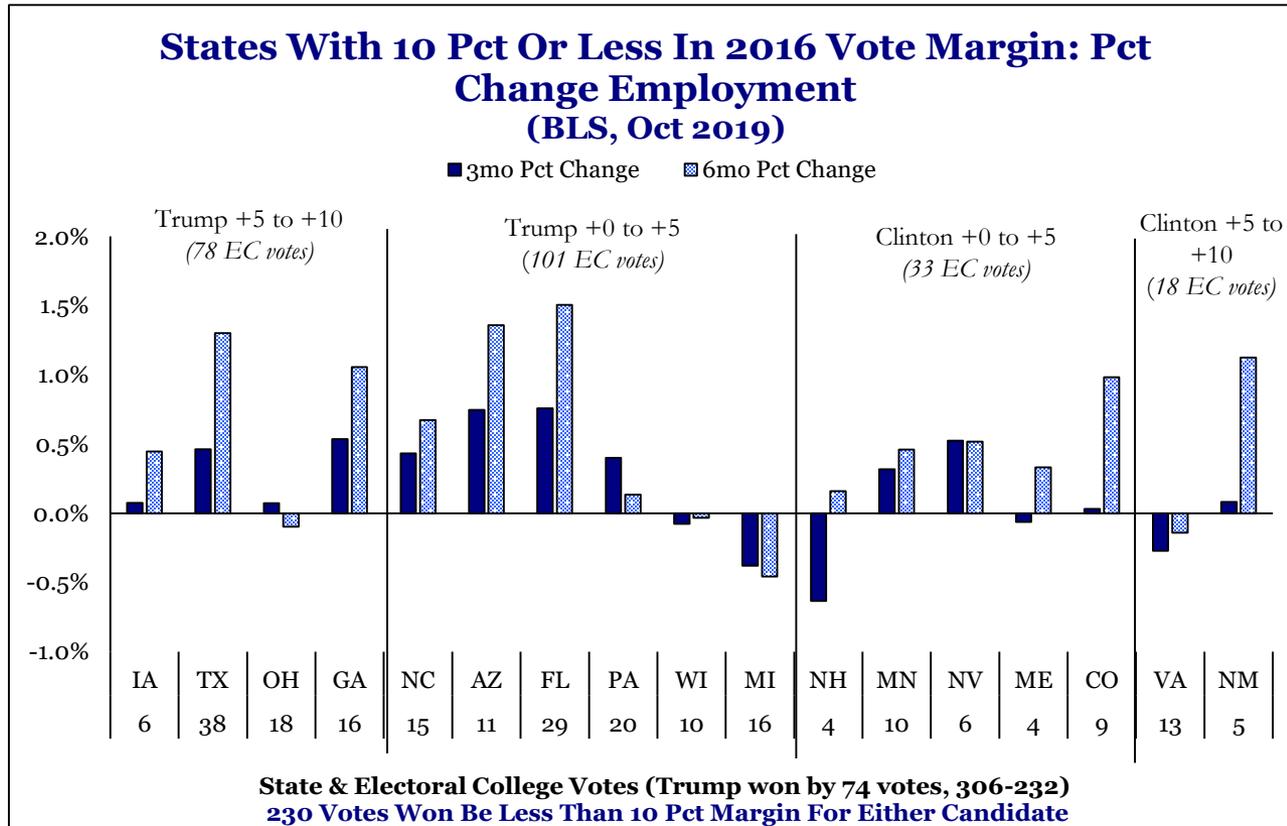


# Potential Gains From The Trade Deal Are Halted From Coronavirus





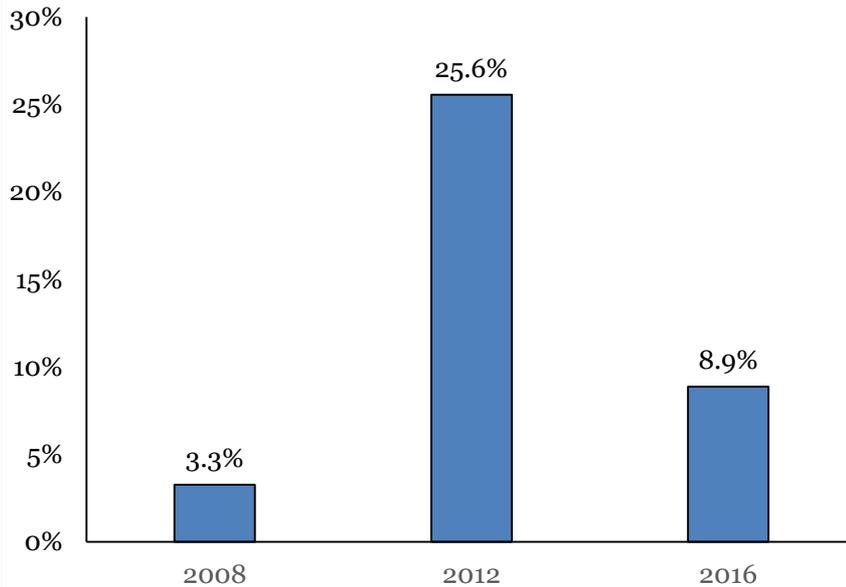
# Slowing Manufacturing Jobs Led To a US-China Trade Deal Compromise



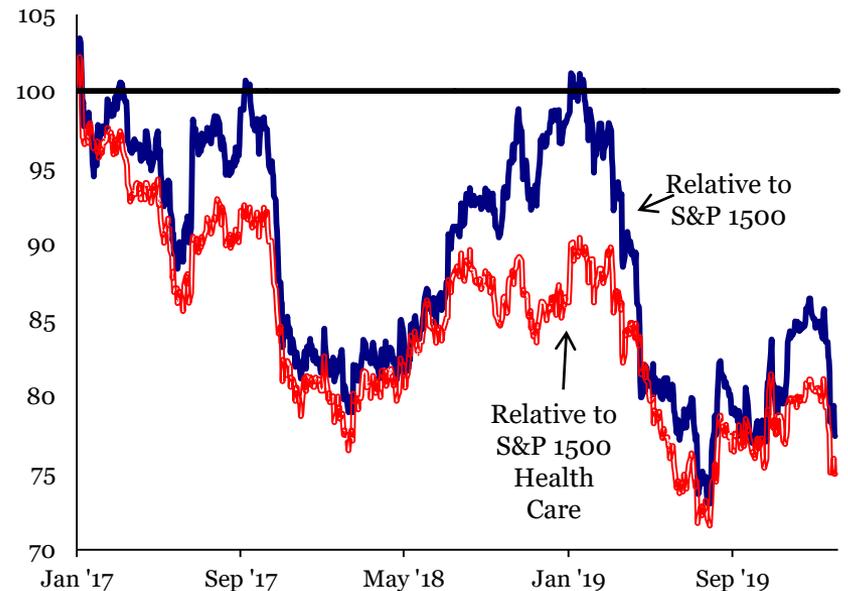


# Other Election Year Policy Issues

**Strategas Infrastructure Basket Return Above The S&P 500, 1 Year Ahead of Presidential Election**



**Strategas' Part B Basket Relative to the S&P 1500 & S&P 1500 Health Care**  
(100 = 12/31/2016)





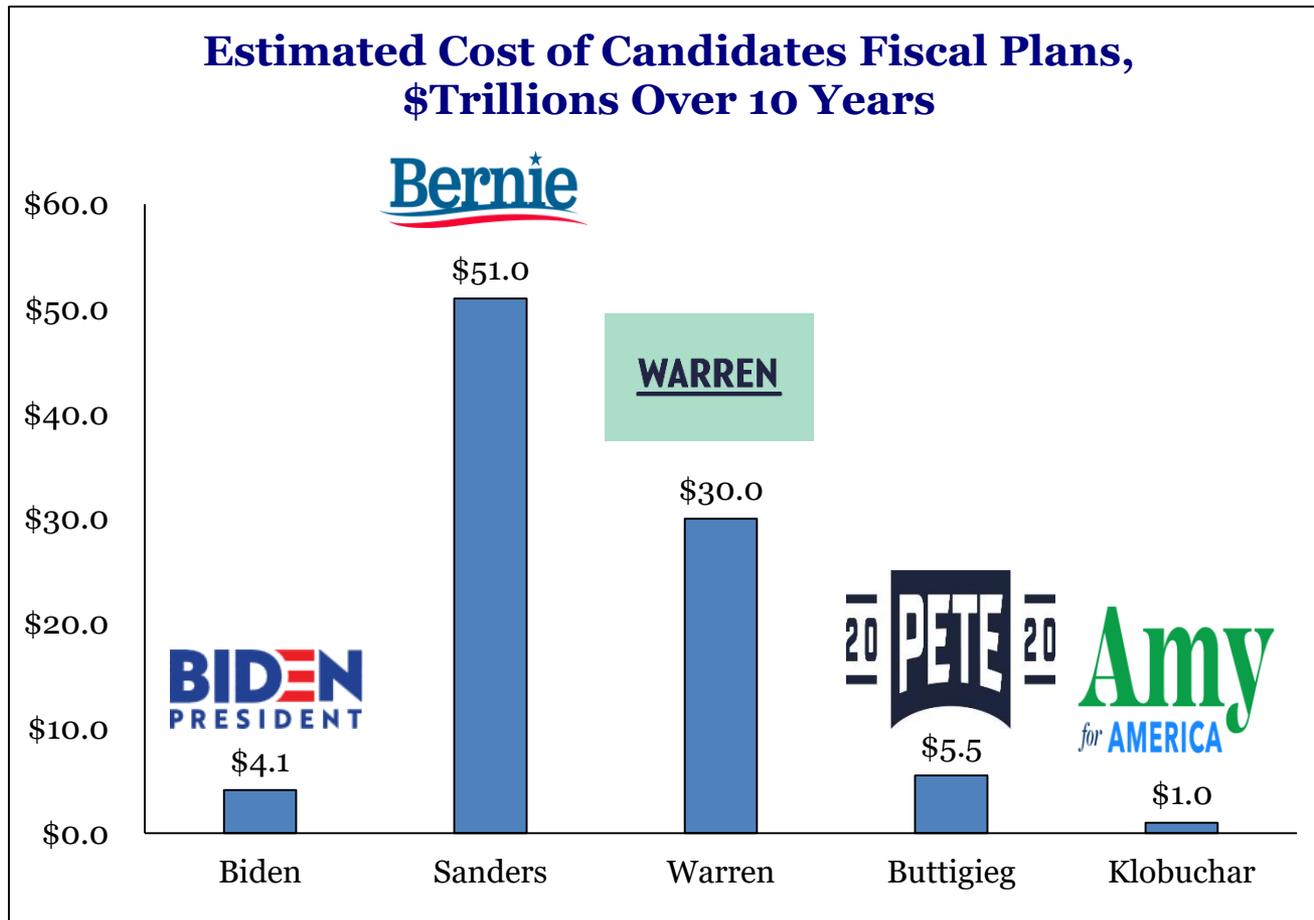
STRATEGAS

# Which Candidate The Democrats Select Will Matter



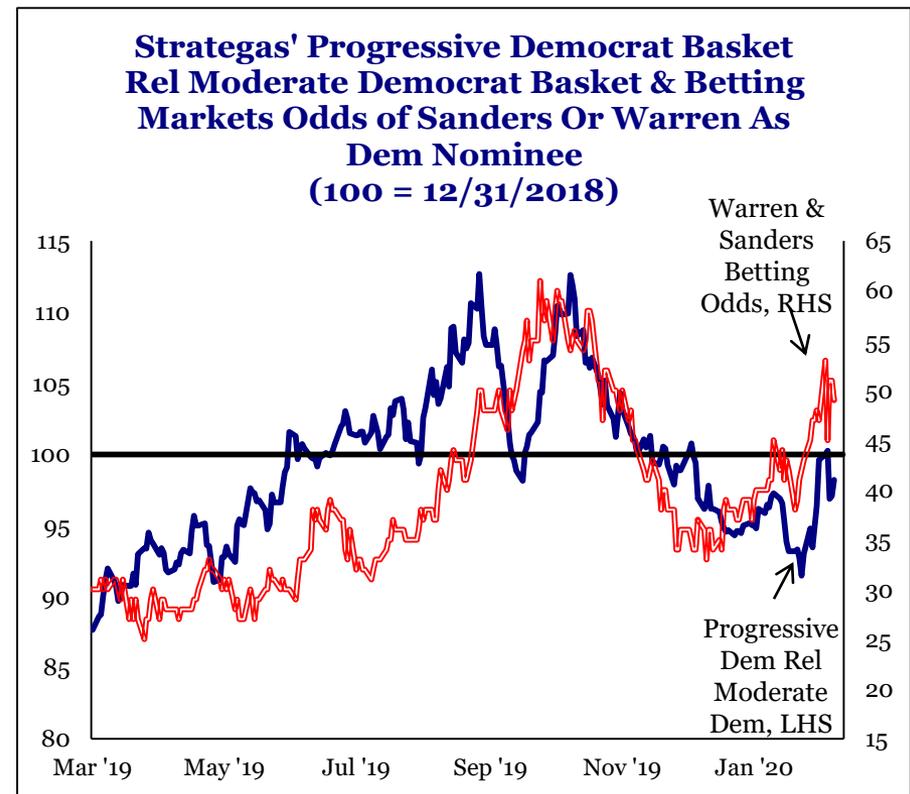
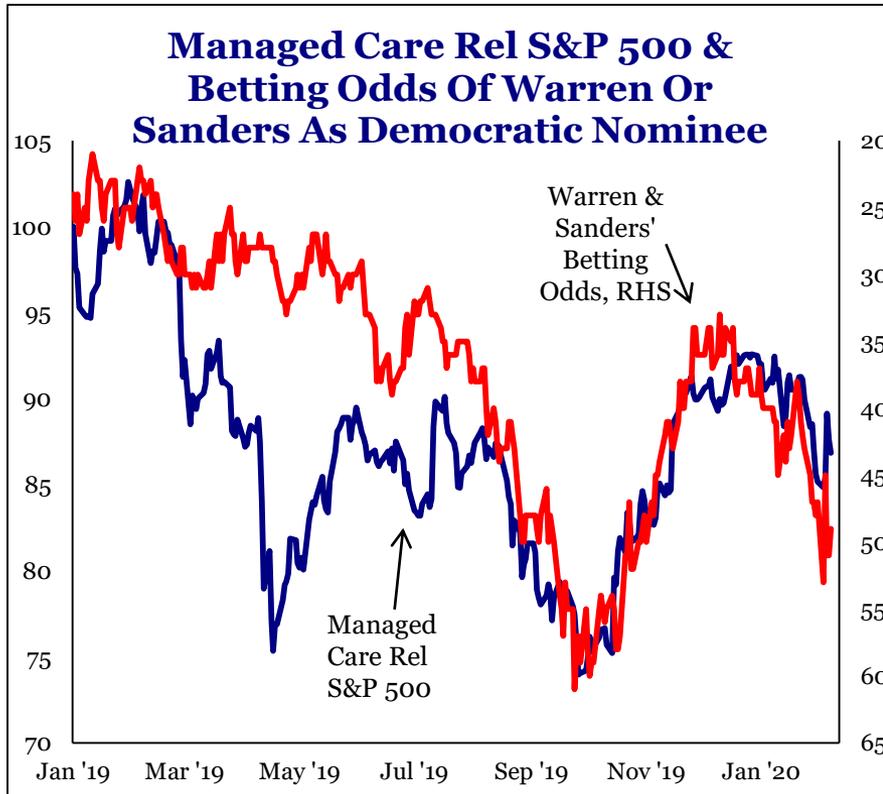


# Spending Plans Vary By Candidate



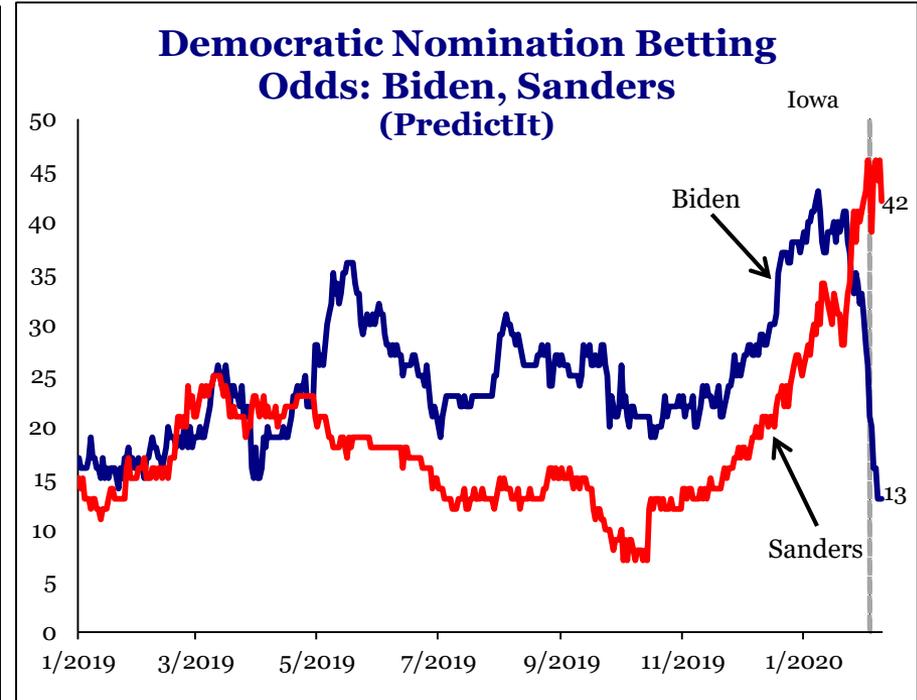
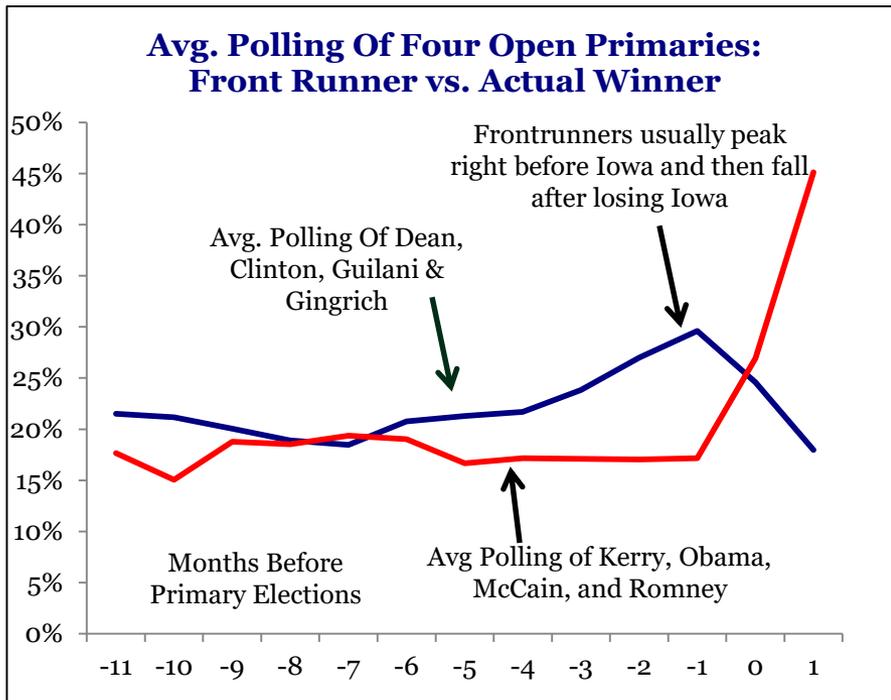


# Primary Election Already Impacting Election Sensitive Stocks



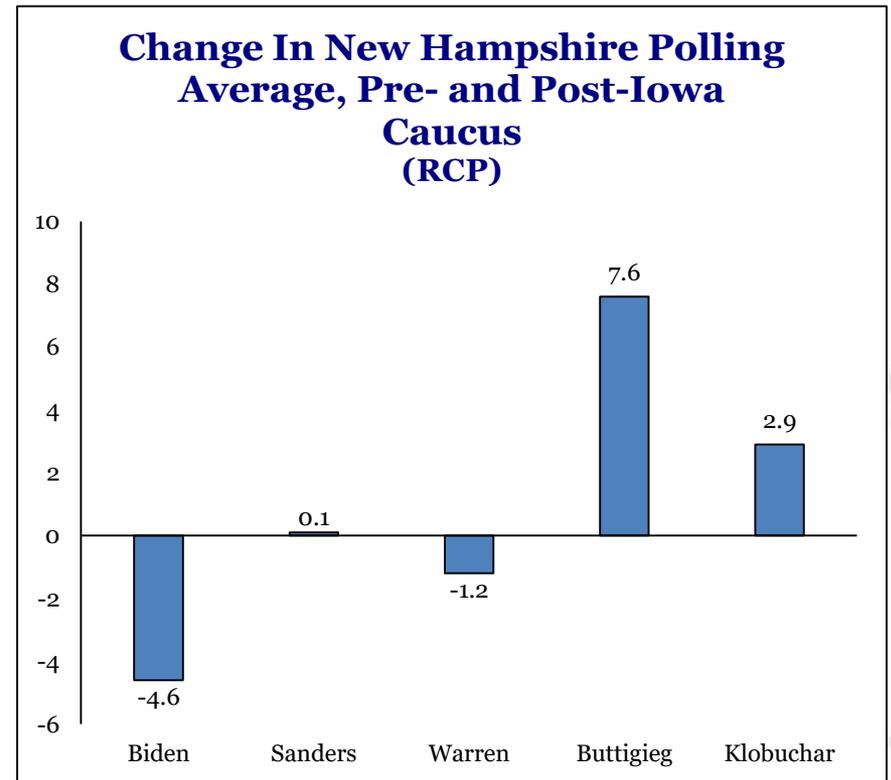
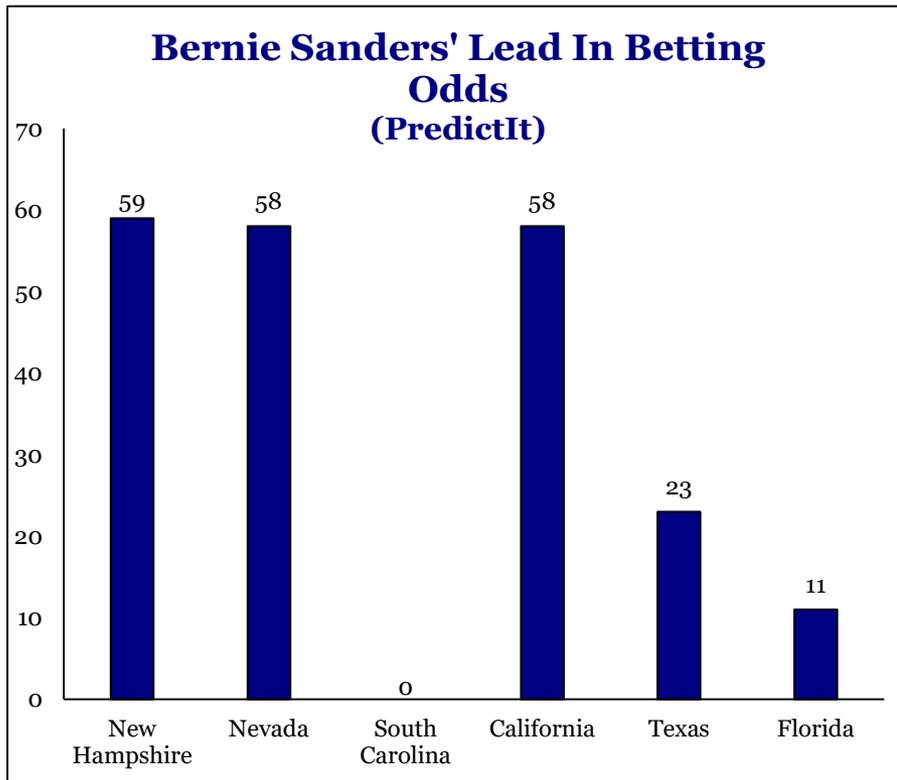


# Iowa Is Notorious For Stopping National Front Runners



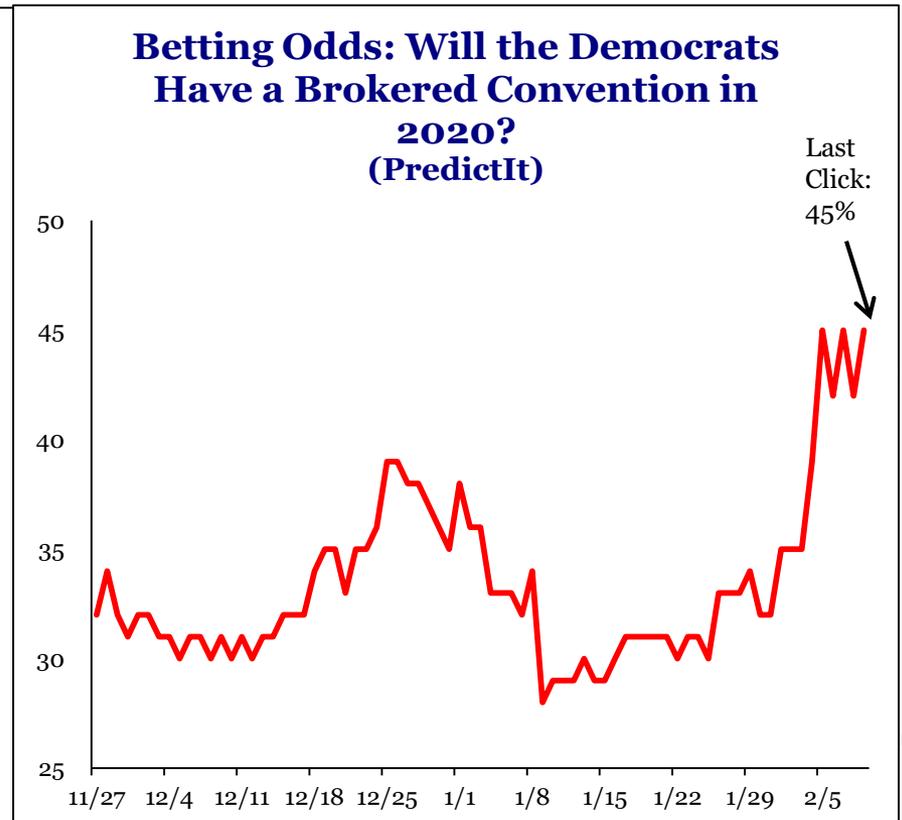
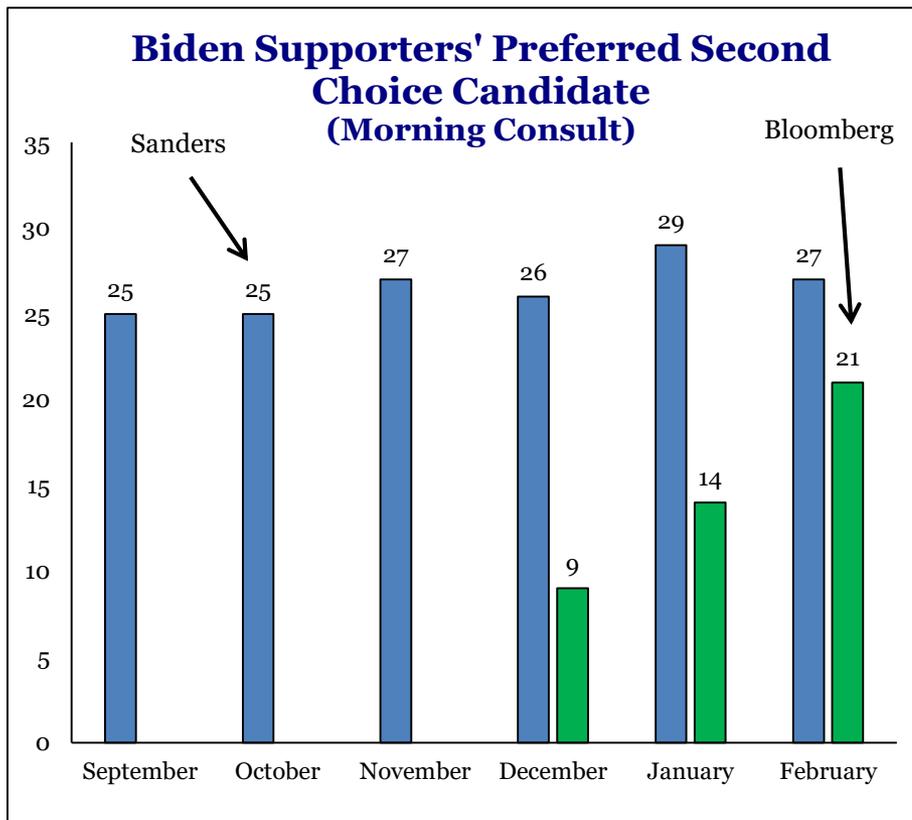


# Betting Odds Favor Sanders To Win, Mayor Pete & Amy K. Rising



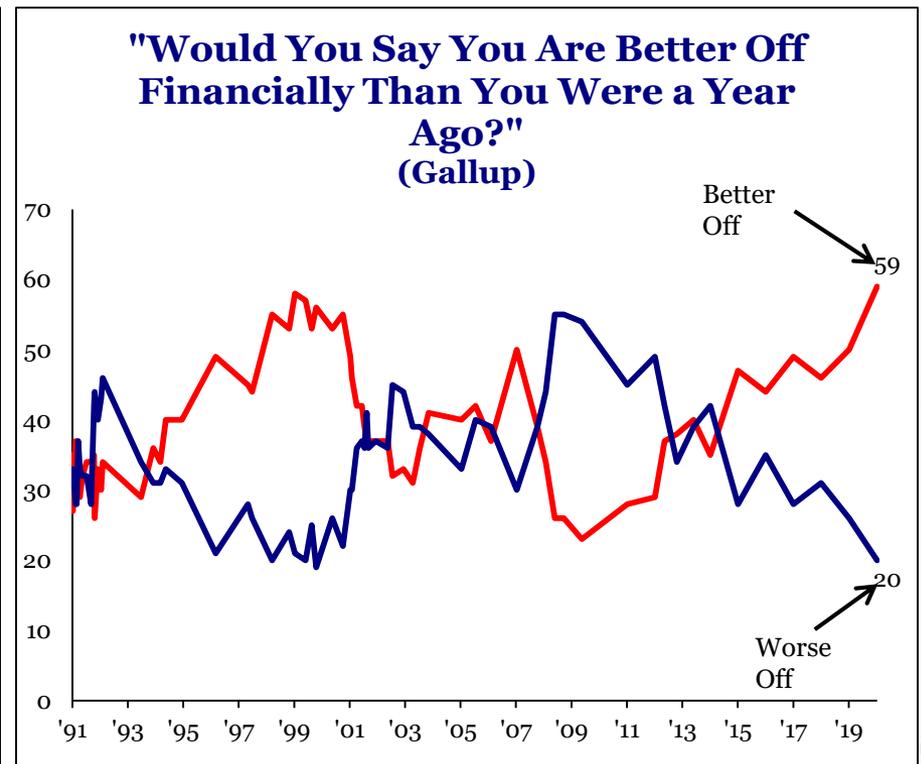
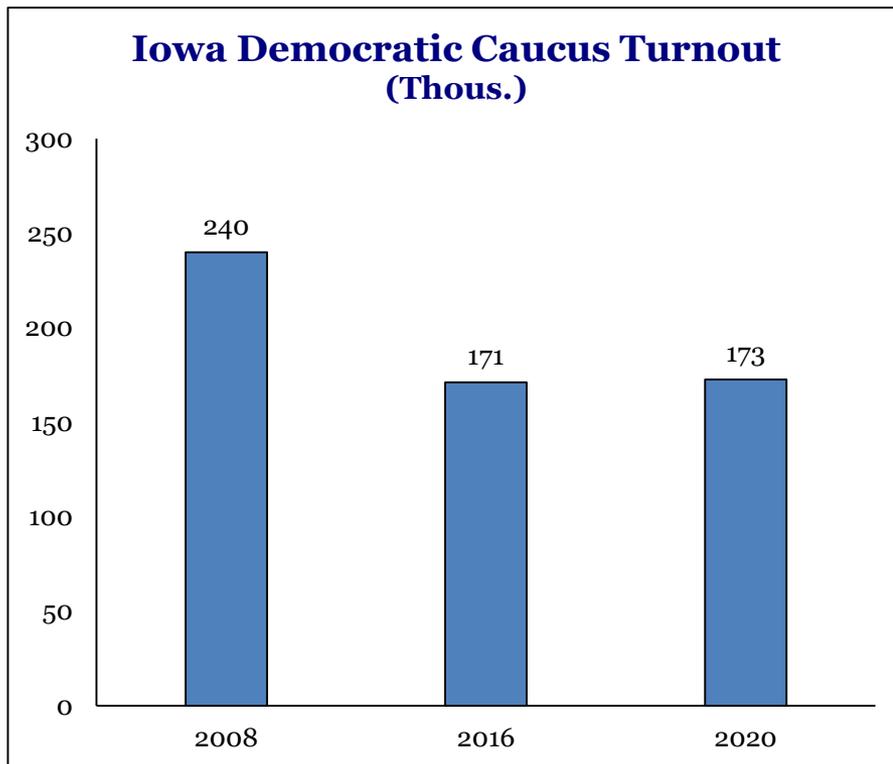


# Bloomberg Enters The Race Soon: Brokered Convention Possible?



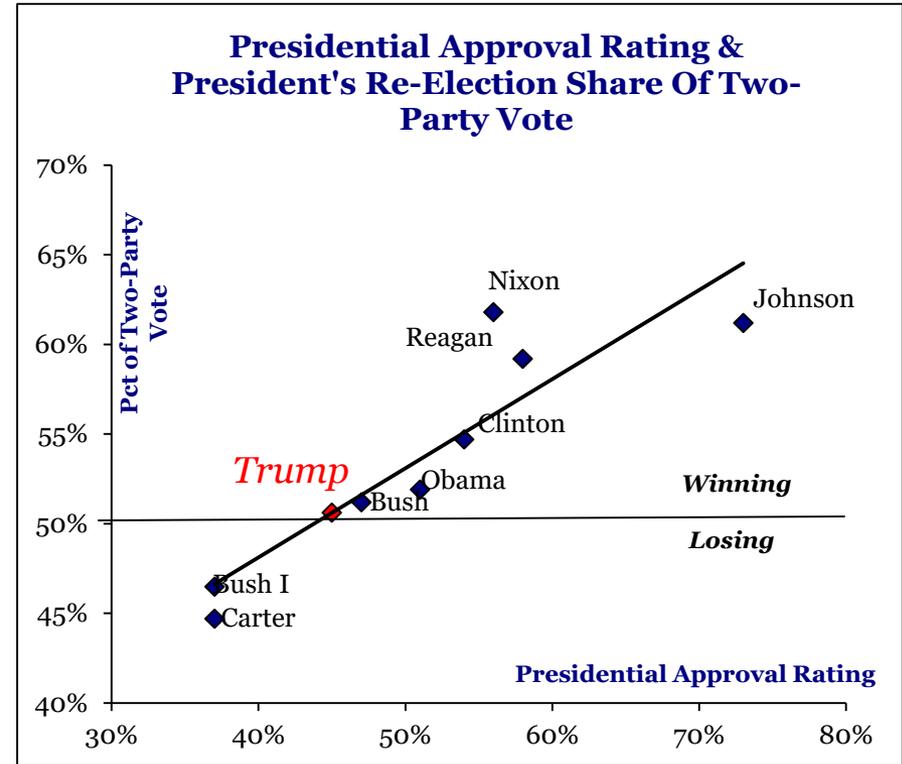
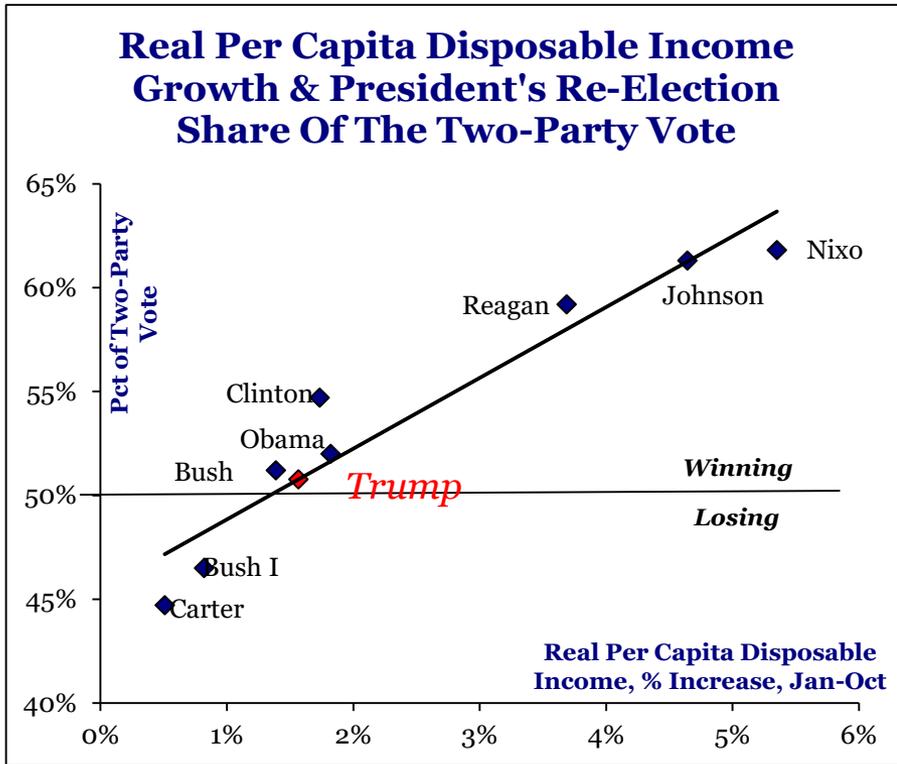


# Soft Iowa Turnout For Democrats Raises Concerns of Enthusiasm



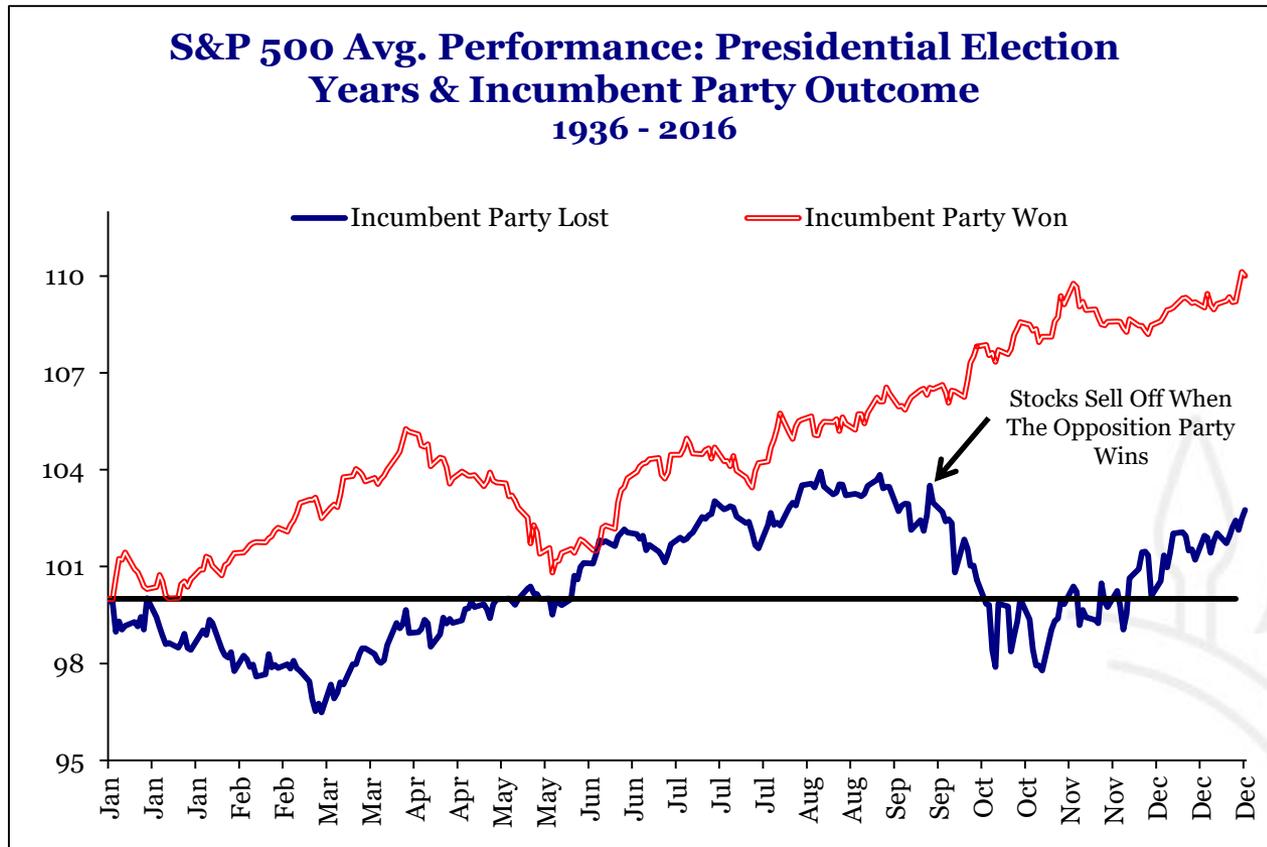


# Income & Approval Rating Today Suggests Trump Narrowly Wins



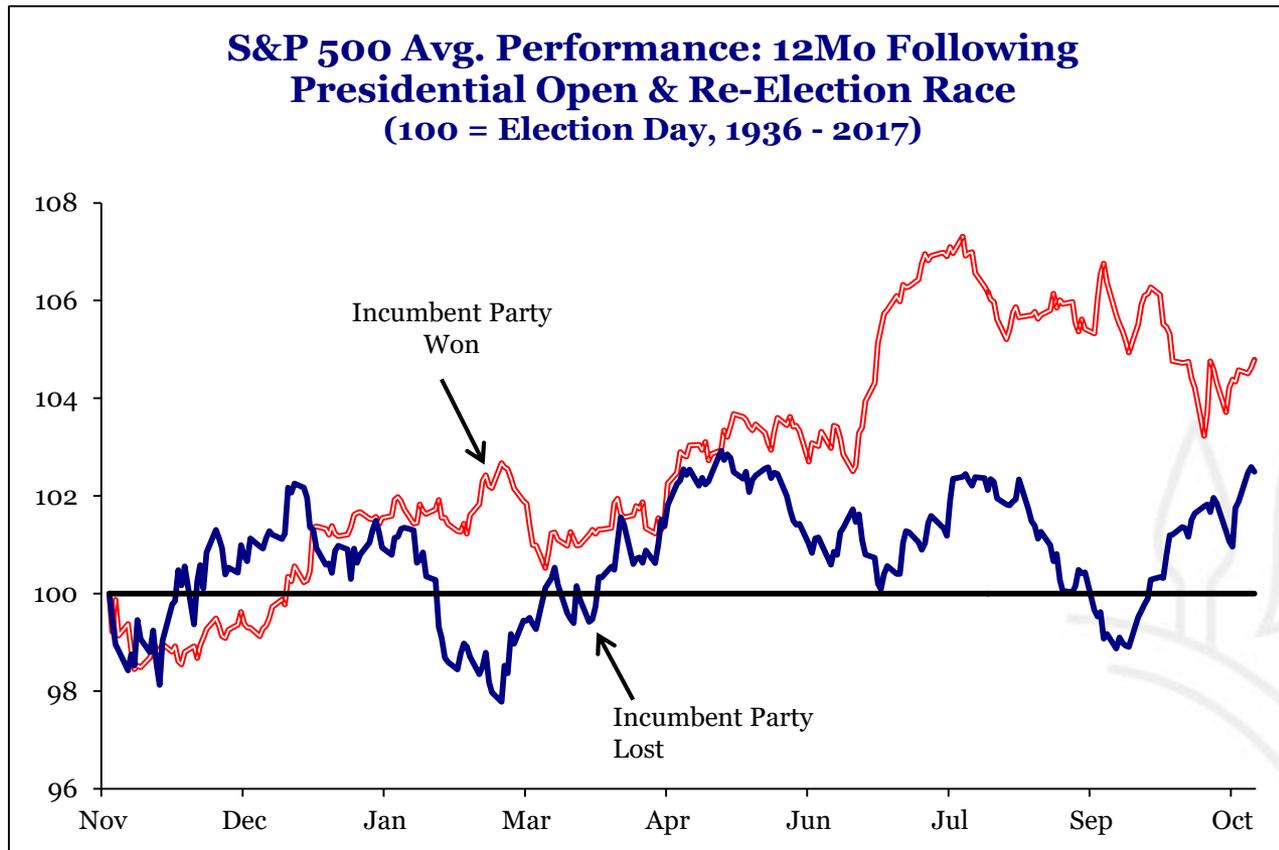


# The S&P 500 Has Predicted Every Election Since '84, 87% Since '28



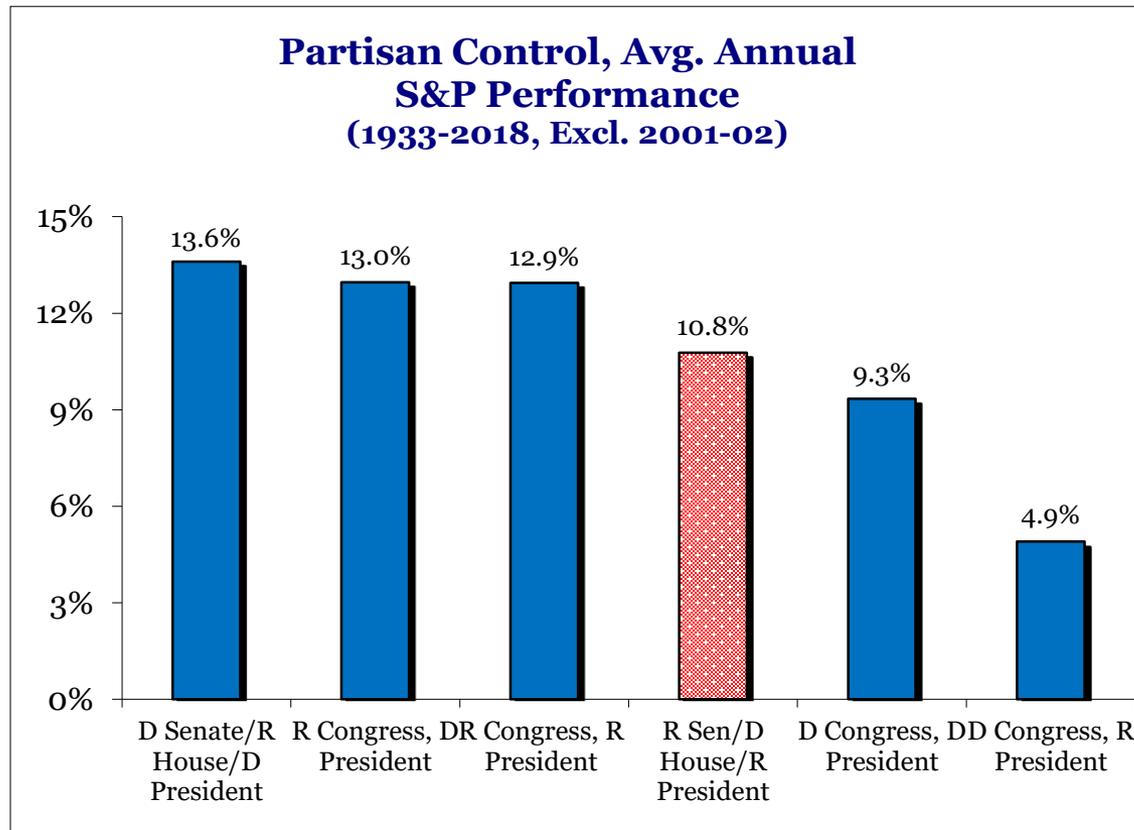


# Stocks Have Increased Post-Election Regardless of Party





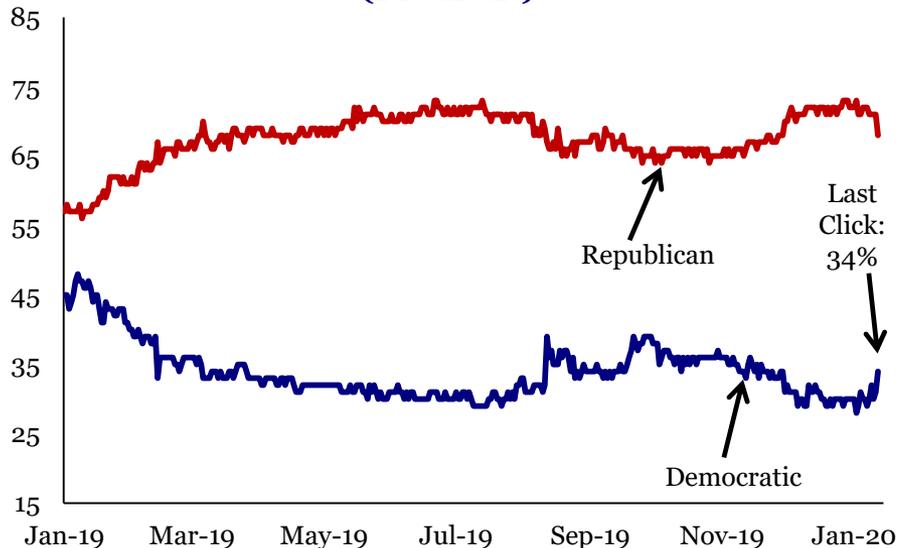
# Markets Are Not Partisan But Congressional Races Will Matter





# Senate Races Will Matter For Stocks

**Betting Odds: Which Party Will Control The Senate After 2020 Election? (PredictIt)**



## 2020 Senate Election Ratings

(The Cook Political Report)

Lean Democratic	Toss Up	Lean Republican
Peters (MI)	Jones (AL)	Tillis (NC)
	McSally (AZ)	Roberts (KS)
	Gardner (CO)	
	Collins (ME)	

Also keep an eye on the Georgia Senate races (there are two this year). We expect at least one race to be moved to competitive shortly.



# Appendix: Important Disclosures

This communication was prepared by Strategas Securities, LLC (“we” or “us”) and is intended for institutional investors only. Recipients of this communication may not distribute it to others without our express prior consent. This communication is provided for informational purposes only and is not an offer, recommendation or solicitation to buy or sell any security. This communication does not constitute, nor should it be regarded as, investment research or a research report or securities recommendation and it does not provide information reasonably sufficient upon which to base an investment decision. This is not a complete analysis of every material fact regarding any company, industry or security. Additional analysis would be required to make an investment decision. This communication is not based on the investment objectives, strategies, goals, financial circumstances, needs or risk tolerance of any particular client and is not presented as suitable to any other particular client. The intended recipients of this communication are presumed to be capable of conducting their own analysis, risk evaluation, and decision-making regarding their investments. For investors subject to MiFID II (European Directive 2014/65/EU and related Delegated Directives): We classify the intended recipients of this communication as “professional clients” or “eligible counterparties” with the meaning of MiFID II and the rules of the UK Financial Conduct Authority. The contents of this report are not provided on an independent basis and are not “investment advice” or “personal recommendations” within the meaning of MiFID II and the rules of the UK Financial Conduct Authority.

The information in this communication has been obtained from sources we consider to be reliable, but we cannot guarantee its accuracy. The information is current only as of the date of this communication and we do not undertake to update or revise such information following such date. To the extent that any securities or their issuers are included in this communication, we do not undertake to provide any information about such securities or their issuers in the future. We do not follow, cover or provide any fundamental or technical analyses, investment ratings, price targets, financial models or other guidance on any particular securities or companies. Further, to the extent that any securities or their issuers are included in this communication, each person responsible for the content included in this communication certifies that any views expressed with respect to such securities or their issuers accurately reflect his or her personal views about the same and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this communication. This communication is provided on a “where is, as is” basis, and we expressly disclaim any liability for any losses or other consequences of any person’s use of or reliance on the information contained in this communication.

Strategas Securities, LLC is affiliated with Robert W. Baird & Co. Incorporated (“Baird”), a broker-dealer and FINRA member firm, although the two firms conduct separate and distinct businesses. A complete listing of all applicable disclosures pertaining to Baird with respect to any individual companies mentioned in this communication can be accessed at

<http://www.rwbaird.com/research-insights/research/coverage/third-party-research-disclosures.aspx>. You can also

call 1-800-792-2473 or write: Robert W. Baird & Co., PWM Research & Analytics, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.



# STRATEGAS

DISCLAIMER: The model investment portfolios discussed in this report have been developed and maintained by Strategas Securities, LLC. Strategas Securities licenses the portfolios to its affiliate, Strategas Asset Management, LLC, an investment adviser, which either provides the model portfolios to other managers with investment discretion, or manages client accounts directly in a manner that tracks the composition of one or more of the model portfolios. Strategas Securities does not selectively distribute its research reports to any particular customer or class of customers – including its affiliates – in advance of other customers that are entitled to receive the report.

---

## NEW YORK

52 Vanderbilt Avenue

8th Floor

New York, NY 10017

United States

(212) 906-0130

(212) 906-131 fax

## WASHINGTON, DC

1775 I Street, NW

Suite 420

Washington, DC 20006

(202) 223-7644

(202) 223-7647 fax

## COLUMBUS, OHIO

88 E. Broad Street

Suite 1180

Columbus, OH 43215

(614) 221-6680

---

[info@strategasrp.com](mailto:info@strategasrp.com)