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The world is divided among democracies, where people determine their leaders; dictatorships, where one-man rule determines economic policies; and everything in between, leading to continuous political turmoil. This interactive exhibit offers more in-depth insight into the 2024 Global Elections Super-Cycle.



Election Shake-Ups 2024: Global Power Shifts and Market Implications

On June 27th, the first debate leading up to U.S. national elections may have damaged the chances that the current president will get re-elected. This potential change in leadership could produce a turnaround in many of the policies implemented by our current leader over the past three years. Those decisions could dramatically impact the direction of the U.S. economy and financial markets. However, we are not alone. According to Time magazine, "Globally, more voters than ever in history will head to the polls as at least 64 countries plus the European Union—representing a combined population of about 49% of the people in the world—are meant to hold national elections, the results of which, will prove consequential for years to come."

In addition to the U.S., many of the world's leaders will be threatened at the ballot box this year. In the United Kingdom, the long-term leadership of the Conservative party is threatened by a Labor party leading in the polls as the election is scheduled for July 4th. French President Emmanuel Macron has called for a snap election to determine whether the majority want him to remain in power. The outlook is questionable since the French stock market has fallen over 7% since that announcement! Prime Minister Justin Trudeau is on shaky ground in Canada after losing a safe seat in Toronto-St Paul's. According to Reuters, "Spain's center-right People's Party came out on top in Sunday's European election, garnering 22 seats out of the 61 allocated to the country, and dealing a blow to the Socialist-led government of Prime Minister Pedro Sanchez."

The outcome of recent elections may also have implications for the global economy. The election of Javier Milei, a free-market politician, is radically changing the economic policies in that country. Looking back, a report by CNN said that "India's transformative yet divisive Prime Minister Narendra Modi declared victory in national elections on Tuesday evening, but his goal of winning an unassailable majority was left in tatters after voters delivered a shock result that reduced the extent of his party's grip on power." Over the weekend, the national election in Iran resulted in a face-off between the reformer candidate and a hardliner. This outcome could have important implications for peace in the Middle East.

On the other hand, the recent election of Claudia Sheinbaum, the first female and Jewish president of Mexico, has committed to continuing the socialist policies of the previous president, Lopez Obrador.

Most of the global electorate seems to be opting for political change. To the extent that such change makes a difference, global investors will be challenged, as elections have consequences.

"If you put the federal government in charge of the Sahara Desert, in 5-years there'd be a shortage of sand."

- Milton Friedman

Market Commentary

June continued the equity market advance for large-cap stocks dominated by a few technology companies. The rally has not been broad-based as mid-and small-cap stocks declined for the month. Large-cap stocks finished up the first half with a gain of 15.3% on a total return basis, and the rally over the past twelve months has been a very respectable 24.6%. Bonds continued to decline, putting the loss on long-term U.S. Treasuries, as measured by the BofA 10+ U.S. Treasury Index, at 5.1% over the past year. Across the pond in Europe and the UK, equities did not fare well for the month, with large caps losing less than mid-and small caps and all finishing down. Asian stocks posted gains for the most part, with Taiwan leading the way, bringing the year-to-date return to double digits. The U.S. dollar remained strong mainly on the back of the weakest Japanese yen in 40 years.

According to the 2023 Global Traffic Scorecard, New York City has been named the world's most congested urban area for the second year, incurring an estimated \$9.1 billion in lost time. The typical NYC motorist lost 101 hours to traffic, the highest among nearly 1,000 global cities.