

# Decoding U.S. Election Outcomes: Credit Sector Winners and Losers

While the macro market impact of a Trump or Harris victory is unclear, there will invariably be clearer winners and losers as it relates to credit sectors. We've conducted a high-level analysis of the policy environment for various corporate sectors, taking into account the candidates' statements about their agendas so far and the likely makeup of Congress. The future policy environment will be one factor in terms of how these credit sectors fare.

## Key Takeaways:

- Defense, traditional energy, and financial services will likely perform well if Trump wins
- Defense, renewable energy, and hospitals will likely benefit under a Harris administration
- The technology and media sectors may face headwinds regardless of whether Trump or Harris is elected
- The picture is more mixed for the automotive and consumer/retail sectors, influenced by a range of factors

## Potential Sector Impact of 2024 U.S. Presidential Election

Corporate Sector	TRUMP WINS		HARRIS WINS	
	Republican Congress	Split Congress	Democratic Congress	Split Congress
<b>Autos</b>	<b>Mixed</b> • Fuel standards relaxed (+) • Elevated tariff risk (-)	<b>Mixed</b> • Fuel standards relaxed (+) • Elevated tariff risk (-)	<b>Mixed</b> • EV credit preserved (+) • Fuel standards stricter (-)	<b>Mixed</b> • EV credit preserved (+) • Fuel standards stricter (-)
<b>Consumer / Retail</b>	<b>Mixed</b> • Full extension of Trump tax cuts with few-to-no offsets (+) • Elevated tariff risk (-)	<b>Mixed</b> • Extension of Trump tax cuts with SALT compromise (+) • Elevated tariff risk (-)	<b>Mixed</b> • Part extension of Trump tax cuts/bigger SALT/ CTC (+) • Increase in corp. tax rate (-)	<b>Mixed</b> • Part extension of Trump tax cuts / bigger SALT (+) • Risk of corp. tax rate increase (-)
<b>Defense</b>	<b>Modest Positive</b> • Trump has indicated he wants "record" defense spending (+) • No filibuster-proof majority (-)	<b>Modest Positive</b> • Incrementally more defense spending (+); Democrats may insist on equal non-defense (-)	<b>Modest Positive</b> • Likely continued support for Ukraine and defense (+) • Progressives may limit (-)	<b>Modest Positive</b> • Likely continued support for Ukraine and defense (+) • Progressives/Rs may limit (-)
<b>Energy: Oil / Gas / Pipelines</b>	<b>Positive</b> • Permitting reform (+) • Rollback of LNG export pause, drilling restrictions lifted (+)	<b>Positive</b> • Permitting reform (+) • Rollback of LNG export pause, drilling restrictions lifted (+)	<b>Negative</b> • Continuation of restrictions on drilling; LNG unknown (-) • Less friendly regulators (-)	<b>Mixed</b> • Continuation of restrictions (-) • Chances of permitting reform (+) • Oversight of nominees (+)
<b>Energy: Renewables</b>	<b>Negative</b> • IRA headline risk; EV, solar, and wind subsidies at risk (-) • Regulatory risk (-)	<b>Mixed</b> • IRA largely preserved, although some tweaks possible (+) • Regulatory risk (-)	<b>Positive</b> • IRA preserved (+) • No regulatory risk (+)	<b>Positive</b> • IRA preserved (+) • No regulatory risk (+)
<b>Financials</b>	<b>Positive</b> • Pause of Basel 3 rules (+) • Friendly regulators (+)	<b>Positive</b> • Softening of Basel 3 rule (+) • Friendly regulators (+)	<b>Negative</b> • Tougher final Basel 3 rule (-) • Increase in corp. tax rate (-)	<b>Negative</b> • Tougher final Basel 3 rule (-) • Risk of corp. tax rate increase (-)
<b>Healthcare/ Hospitals</b>	<b>Negative</b> • Obamacare subsidies at risk (-) • ACA headline risk (-)	<b>Modest Positive</b> • Obamacare preserved (+)	<b>Modest Positive</b> • ACA subsidies expanded (+) • Increase in corp. tax rate (-)	<b>Mixed</b> • Obamacare preserved (+) • Risk of corp. tax rate increase (-)
<b>Technology/Media</b>	<b>Mostly Negative</b> • Regulatory/headline risk (-) • Hawkish on China/export controls	<b>Mostly Negative</b> • Regulatory/headline risk (-) • Hawkish on China (-)	<b>Mostly Negative</b> • Continuation of Harris 1.0 (-) • Hawkish on China (-) • Increase in corp. tax rate (-)	<b>Mostly Negative</b> • Continuation of Harris 1.0 (-) • Hawkish on China (-) • Risk of corp. tax rate increase (-)

Source: PIMCO

For illustrative purposes only

**All investments** contain risk and may lose value. Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. **Equities** may decline in value due to both real and perceived general market, economic, and industry conditions. **Commodities** contain heightened risk including market, political, regulatory, and natural conditions, and may not be appropriate for all investors.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Individual investors should contact their own financial professional to determine the most appropriate investment options for their financial situation. This is not an offer to any person in any jurisdiction where unlawful or unauthorized. | **Pacific Investment Management Company LLC**, 650 Newport Center Drive, Newport Beach, CA 92660 is regulated by the United States Securities and Exchange Commission. | **PIMCO Europe Ltd (Company No. 2604517, 11 Baker Street, London W1U 3AH, United Kingdom)** is authorised and regulated by the Financial Conduct Authority (FCA) (12 Endeavour Square, London E20 1JN) in the UK. The services provided by PIMCO Europe Ltd are not available to retail investors, who should not rely on this communication but contact their financial adviser. | **PIMCO Europe GmbH (Company No. 192083, Seidlstr. 24-24a, 80335 Munich, Germany)**, **PIMCO Europe GmbH Italian Branch (Company No. 10005170963, via Turati nn. 25/27 (angolo via Cavaliere n. 4), 20121 Milano, Italy)**, **PIMCO Europe GmbH Irish Branch (Company No. 909462, 57B Harcourt Street Dublin D02 F721, Ireland)**, **PIMCO Europe GmbH UK Branch (Company No. FC037712, 11 Baker Street, London W1U 3AH, UK)**, **PIMCO Europe GmbH Spanish Branch (N.I.F. W2765338E, Paseo de la Castellana 43, Oficina 05-111, 28046 Madrid, Spain)** and **PIMCO Europe GmbH French Branch (Company No. 918745621 R.C.S. Paris, 50-52 Boulevard Haussmann, 75009 Paris, France)** are authorised and regulated by the German Federal Financial Supervisory Authority (BaFin) (Marie-Curie-Str. 24-28, 60439 Frankfurt am Main) in Germany in accordance with Section 15 of the German Securities Institutions Act (WpIG). The Italian Branch, Irish Branch, UK Branch, Spanish Branch and French Branch are additionally supervised by: (1) Italian Branch: the Commissione Nazionale per le Società e la Borsa (CONSOB) (Giovanni Battista Martini, 3 - 00198 Rome) in accordance with Article 27 of the Italian Consolidated Financial Act; (2) Irish Branch: the Central Bank of Ireland (New Wapping Street, North Wall Quay, Dublin 1 D01 F7X3) in accordance with Regulation 43 of the European Union (Markets in Financial Instruments) Regulations 2017, as amended; (3) UK Branch: the Financial Conduct Authority (FCA) (12 Endeavour Square, London E20 1JN); (4) Spanish Branch: the Comisión Nacional del Mercado de Valores (CNMV) (Edison, 4, 28006 Madrid) in accordance with obligations stipulated in articles 168 and 203 to 224, as well as obligations contained in Title V, Section I of the Law on the Securities Market (LSM) and in articles 111, 114 and 117 of Royal Decree 217/2008, respectively and (5) French Branch: ACPR/Banque de France (4 Place de Budapest, CS 92459, 75436 Paris Cedex 09) in accordance with Art. 35 of Directive 2014/65/EU on markets in financial instruments and under the surveillance of ACPR and AMF. The services provided by PIMCO Europe GmbH are available only to professional clients as defined in Section 67 para. 2 German Securities Trading Act (WpHG). They are not available to individual investors, who should not rely on this communication. | **PIMCO (Schweiz) GmbH (registered in Switzerland, Company No. CH-020.4.038.582-2, Brandschenkestrasse 41 Zurich 8002, Switzerland)**. The services provided by PIMCO (Schweiz) GmbH are not available to retail investors, who should not rely on this communication but contact their financial adviser. | **PIMCO Asia Pte Ltd** (8 Marina View, #30-01, Asia Square Tower 1, Singapore 018960, Registration No. 199804652K) is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence and an exempt financial adviser. The asset management services and investment products are not available to persons where provision of such services and products is unauthorised. | **PIMCO Asia Limited** (Suite 2201, 22nd Floor, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong) is licensed by the Securities and Futures Commission for Types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance. PIMCO Asia Limited is registered as a cross-border discretionary investment manager with the Financial Supervisory Commission of Korea (Registration No. 08-02-307). The asset management services and investment products are not available to persons where provision of such services and products is unauthorised. | **PIMCO Investment Management (Shanghai) Limited**. Office address: Suite 7204, Shanghai Tower, 479 Lujiazui Ring Road, Pudong, Shanghai 200120, China (Unified social credit code: 91310115MA1K41MU72) is registered with Asset Management Association of China as Private Fund Manager (Registration No. P1071502, Type: Other). | **PIMCO Australia Pty Ltd** ABN 54 084 280 508, AFSL 246862. This publication has been prepared without taking into account the objectives, financial situation or needs of investors. Before making an investment decision, investors should obtain professional advice and consider whether the information contained herein is appropriate having regard to their objectives, financial situation and needs. To the extent it involves Pacific Investment Management Co LLC (PIMCO LLC) providing financial services to wholesale clients, PIMCO LLC is exempt from the requirement to hold an Australian financial services licence in respect of financial services provided to wholesale clients in Australia. PIMCO LLC is regulated by the Securities and Exchange Commission under US laws, which differ from Australian laws. | **PIMCO Japan Ltd**, Financial Instruments Business Registration Number is Director of Kanto Local Finance Bureau (Financial Instruments Firm) No. 382. PIMCO Japan Ltd is a member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and Type II Financial Instruments Firms Association. All investments contain risk. There is no guarantee that the principal amount of the investment will be preserved, or that a certain return will be realized; the investment could suffer a loss. All profits and losses incur to the investor. The amounts, maximum amounts and calculation methodologies of each type of fee and expense and their total amounts will vary depending on the investment strategy, the status of investment performance, period of management and outstanding balance of assets and thus such fees and expenses cannot be set forth herein. | **PIMCO Taiwan Limited** is an independently operated and managed company. The reference number of business license of the company approved by the competent authority is (112) Jin Guan Tou Gu Xin Zi No. 015. The registered address of the company is 40F., No.68, Sec. 5, Zhongxiao East Rd., Xinyi District, Taipei City 110, Taiwan (R.O.C.), and the telephone number is +886 2 8729-5500. | **PIMCO Canada Corp.** (199 Bay Street, Suite 2050, Commerce Court Station, P.O. Box 363, Toronto, ON, M5L 1G2) services and products may only be available in certain provinces or territories of Canada and only through dealers authorized for that purpose. | **Note to Readers in Colombia:** This document is provided through the representative office of Pacific Investment Management Company LLC located at Carrera 7 No. 71-52 TB Piso 9, Bogota D.C. (Promoción y oferta de los negocios y servicios del mercado de valores por parte de Pacific Investment Management Company LLC, representada en Colombia.). **Note to Readers in Brazil:** PIMCO Latin America Administradora de Carteiras Ltda. Av. Brg. Faria Lima, 3477 Itaim Bibi, São Paulo - SP 04538-132 Brazil. **Note to Readers in Argentina:** This document may be provided through the representative office of PIMCO Global Advisors LLC AVENIDA CORRIENTES, 299, Buenos Aires, Argentina. | No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a trademark of Allianz Asset Management of America LLC in the United States and throughout the world. ©2024, PIMCO.