



# PKB's Market Espresso

Short. Rich. Strong.

# US Elections

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As time goes by **Trump's victory** in the US election is **becoming more and more certain** and resounding.

As we go to press (*9.30 a.m., 6 November 2024*) the available sources attribute 267 electoral votes (three shy of the threshold needed) to Trump.

- Trump seems to have won a **good majority** of the battleground states
- **Republicans** will also gain **control** of the **Senate** (for the first time in four years)
- The **control of the House** of Representatives is **still uncertain**
- Overnight **markets** quickly **(re)adjusted** to a **Trump and Republican victory**

# Fed Rate Cut Remains on Track

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**Weak October employment report** keeps Fed officials on track for **25bp rate cut** come Thursday's meeting.

- **Non-farm payrolls** increased by just **12k** units last month (against expectations of 100k) – data distorted by two hurricanes and strikes at Boeing
- **Unemployment** held steady at **4.1%**
- Muddled report suggests **labor market** is still **down-shifting** from overheated levels – **supporting decision** by **Fed** to continue dialing back and reducing possibilities of a **“no landing scenario”**
- It will likely be **too early for** Fed Chair **Powell** to **comment** on the monetary policy implications of the **US election**

# The German Slowdown

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Germany's economic downturn is deepening, with industrial production down 16% from its 2017 peak and no meaningful GDP growth since 2021.

- **Industrial Distress:** the auto, chemical, and engineering sectors are struggling, with major companies like Volkswagen and Thyssenkrupp warning of **layoffs** and **plant closures**
- **High energy prices**, exacerbated by reliance on imported hydrocarbons, have put German manufacturers at a significant disadvantage, **threatening** long-term **competitiveness**
- **Deindustrialization Risks:** as the EU's largest economy falters, the **ripple effects** could be destabilizing, making Germany's struggles a critical watchpoint for global markets and investors

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