From: Richard Kahn <[redacted]>
Sent: Tuesday, September 20, 2016 7:58 PM
To: jeffrey E.
Subject: Fwd: US Equity Insights - Clinton vs Trump stock baskets

Richard Kahn
HBRK Associates Inc.
575 Lexington =venue 4th Floor
New York, NY 10022
tel =12-971-1306
fax 646-350-0954
cell [redacted]

Begin forwarded message:

From: =/b>Stewart Oldfield <stewart.oldfield@db.com>

Subject: =/b>FW: US Equity =nsights - Clinton vs Trump stock baskets

Date: =/b>September 20, 2016 at 9:25:31 =M EDT

To: =/b>Richard Kahn <richardkahn12@gmail.com>

From: David Bianco, Deutsche Bank [mailto:[redacted]
Sent: Friday, September 16, 2016 6:47 PM
To: Stewart Oldfield
Subject: US Equity Insights - Clinton vs Trump stock =askets

Deutsche Bank - Equity Research - North America

US =quity Insights - Clinton vs Trump stock baskets
16 September 2016 (26 pages/ 2739 kb)

Download =he complete report: http://pull.db-gmresearch.com/p/1997-6822/54759794/0900b=c08bbd7ff1.pdf

Clinton vs. Trump: A sweep by either =arty would likely rattle markets

Our S&P targets and sector strategy assume a =alanced outcome from the US general election on Nov 8th that maintains =he current split in power. However, if Democrats keep the Presidency and take Senate or Republicans take =he Presidency and keep Senate, it likely brings policy uncertainty and =arket volatility. Longer-term, it will be the policies and =mplementation that will influence markets, which both parties, many individuals and circumstances will craft. This note =dentifies sectors, industries and stocks that we think would be price =ensitive to an unbalanced election outcome tilted toward one party.

Dividing issues: Taxes, trade, favored =nfrastructure types and monetary policy

It's difficult to pin down specific =olicies from either candidate, but on several economic issues their =eneral bias is clear. These issues include taxes, trade deals, favored types of infrastructure – such as green vs =onventional energy, preference for monetary policy, and also their =xpressed views on industries such as Health Care and Energy. It is the =ist of the candidate's preference on these issues that we used to identify sectors and stocks sensitive to a sweep.

Big banks might outperform small banks =nd oil might go down on Rep sweep

While many of our conclusions align with =onventional judgment, we think we differ in that we think a Rep sweep =ould: 1) be good for some domestic oil producers, as it should permit more drilling, but negative to the =ecovery in oil and gas prices, as more supply, and thus negative for =he broad Energy sector, 2) bring somewhat faster Fed hikes and a =tronger dollar than otherwise, 3) the first two could lead to lower inflation and a flatter yield curve than otherwise would =e. One could argue that Trump sized tax cuts and an infrastructure and =efense spending spree would steepen the curve, but we think this =nlikely while Republicans control the House. If Fed hikes bring yield curve flattening then big banks and capital =arkets likely outperform small banks and insurance companies. Slow =ikes that allow inflation to accelerate and steepen the curve might =avor smaller banks and insurance, but this could pressure PEs at non-financials. If the Fed falls too far behind the curve, =igher long-term rates could threaten the stock market, real estate and =he overall economy.

Equity strategy election themes: Party =weep better for investor confidence on

Taxes-R, Trade-D, Infrastructure-R/D, Faster Fed =ikes-R, Higher inflation target-D, Steeper curve-D, stronger dollar-R, =tock market-R/D, large caps-R, small caps-D, globally exposed S&P stocks-R, domestically exposed =&P-D, higher commodity prices-D, lighter regulations-R, foreign =rofit repatriation-R.

Industry pair trades and ETF ideas for =emocratic vs. Republican Sweep

1) Favor Health Care Services & Facilities =ver Drugs & Medical Devices

2) Favor Engineering & =onstruction over Defense stocks

3) Favor Small Banks & =ife Insurance over Big Banks and Capital Mkts

4) Favor Energy majors over Oil Services and =maller domestic E&Ps

5) Favor Clean Energy & =ocial Media over Cheap Energy & Telco/Cable

6) Favor Metals & Mining over Chemicals =amp; Construction Materials

Dem: IHF, GEX, XME, SOCL, =WM, KBE. Rep: XPH, IHI, XOP, IGF, ITA, IYZ, VGT, XLF

Clinton 15 stock basket (DBUSCLNT): UNH, HUM, =CK, ACM, PWR, XOM, AA, NEE, CREE, FSLR, FB, NFLX, PRU, C, UNP

Trump 15 stock basket (DBUSTRMP): JNJ, PFE, MDT, =OC, LLL, HAL, DOW, DUK, F, MLM, VZ, CMCSA, SCHW, WFC, DAL

David Bianco +1 =12-250-8169 - david.bianco@db.com <mailto:david.bianco@db.com>

Ju Wang +1 =12-250-7911 - ju.wang@db.com <mailto:ju.wang@db.com>

Winnie Nip +1 =15-617-3297 - winnie.nip@db.com <mailto:winnie.nip@db.com>

Please visit our group =ebpage at =ttps://gm.db.com/welcome.html?/ger/analyst/Analyst.eqsr?analystID=39531=

Click/ copy this link into a browser to access the report: =ttp://pull.db-gmresearch.com/p/1997-6822/54759794/0900b8c08bbd7ff1.pdfGMResearch.Subscriptions@db.com <mailto:GMResearch.Subscriptions@db.com> . After 90 days you can =ccess the report on our web site: http://gm.db.com <http://gm.db.com/> .
You have received this mail because you have subscribed to David =ianco For changes to your current research subscription, visit https://gm.db.com/rsm or email GMResearch.Subscriptions@db.com.
Please refer to the applicable legal disclaimers in the full report. =o:p class=""> Mail Reference:0900b8c08bbd7ff1/stewart.oldfield@db.com

=