



## ECONOMIC COMMENTARY

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### NOTABLE SHIFTS IN THE US POLITICAL AND ECONOMIC LANDSCAPE

As August unfolds, a surprising shift in the United States (US) political and economic landscape has captured the attention of both voters and investors. According to a recent poll by the Financial Times and the University of Michigan's Ross School of Business, Kamala Harris, the Vice President of the US, has emerged as a more trusted economic leader than former President Donald Trump. This change in voter sentiment marks a significant departure from the narrative that has dominated the past year, where economic leadership was primarily associated with President Joe Biden.

Despite presiding over strong economic growth and low unemployment, Biden struggled to convince the American public that his policies were improving their lives. Inflation, a persistent concern, overshadowed the administration's achievements, leaving many voters feeling disconnected from the economic progress touted by the White House. When Biden announced his withdrawal from the presidential race, it reflected the challenges his administration faced in winning over the electorate on economic issues.

Harris, however, has managed to step out of Biden's shadow, with 42% of voters now expressing more trust in her ability to manage the economy than in Trump's ability. This is a notable increase from Biden's standing just a month ago. This shift is not just a political victory for Harris: It signals a broader desire among voters for a fresh approach to economic leadership, one that resonates more with their current concerns and aspirations.

For investors, this change in the political landscape brings both opportunities and risks. Economic leadership is as much about perception as it is about policy. While Biden's administration struggled to translate positive economic indicators into voter confidence, Harris appears to be connecting more effectively with the electorate. This connection could translate into significant shifts in economic policy should Harris continue to rise in prominence, impacting markets in potentially profound ways.

The electorate, however, remains deeply divided. Despite Harris' gains, a large portion of voters still believe that they would be better off under another Trump presidency. This reflects a nation torn between two distinct economic visions; one that favours continuity with Harris and another that longs for a return to Trump's more protectionist policies, particularly concerning trade with China. For investors, this division suggests that the upcoming election's outcome could lead to significant market volatility.

Trump's continued appeal, especially in areas like trade, where he has maintained a hardline stance against China, indicates that protectionism could make a comeback if he returns to office. Such a shift would have broad implications for global supply chains, commodity prices, and international markets. Investors should be prepared for potential disruptions and shifts in these areas as the election draws closer.

As we approach the November election, the economic narrative will continue to evolve, influenced by ongoing political developments and the reactions of both the electorate and the markets. The rise of Harris as a credible economic leader is a significant development that could shape the direction of US economic policy in the years to come. For now, investors and economic observers would do well to keep a close eye on how this story unfolds, as it could have far-reaching implications for both the domestic and global economies.

August has so far brought a notable shift in the political and economic landscape, with Harris emerging as a more trusted figure on economic issues than her predecessor. This development introduces both challenges and opportunities for the economy and the markets, making it essential for investors to stay informed and be prepared for the potential changes that lie ahead. The evolving political dynamics are a reminder of the intricate connection between economic policy, market sentiment, and voter perception, all of which will play a critical role in shaping the future economic environment.

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