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Which global elections can really move the needle in 2024?

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Which elections can really move the needle in 2024? Investors tend to experience a deep sense of unease in the face of political and policy uncertainty. Yet not all elections carry the same relevance for investments. These four questions can help investors determine which elections can move the needle this year.

1. What is at stake?

Local elections are often not as relevant for portfolios as presidential or general elections.

2. How tight is the race?

A close contest is more angst-inducing than a less competitive one. Even if investors dislike a candidate who has a high probability of victory, the visibility of the potential outcome allows time for preparation.

3. How resilient is the democratic process?

Globally, political rights and civic liberties declined for the 17th consecutive year in 2023, according to Freedom House. For investors, knowing that a country has clear rules of the game and honors them brings a degree of trust in the election's outcome.

4. How important is the election for global markets?

The US makes up over 62% of the global stock market capitalization. India has grown to become the world's fifth-largest economy. The size of a country's financial market and its share of global GDP are just two variables that can help gauge the impact of its election on investment portfolios.

United States: Mother of all battles

By far, the US elections in November will be the most important for investors to track, particularly given the fact that the sitting US president has a great degree of autonomy in shaping the country's foreign relations and national security. What's important for investors to remember, however, is that the American economy is remarkably resilient, and long-term portfolio construction is best treated as an apolitical exercise. Academic research has shown that an investor's personal political biases—and the electoral performance of their preferred candidate or party—directly affect their level of optimism or pessimism about the economy and markets.

CIO will be actively covering this race through our [ElectionWatch](#) reports and "[Road to the Election](#)" video series.

Mexico: Largest elections in history

The 2 June elections will be the country's largest ever. In addition to choosing a president, voters will elect all members of the two chambers of Congress, nine governors, and multiple local legislators and municipal leaders, adding up to around 20,000 officials.

The presidential race appears uncompetitive. Claudia Sheinbaum of the ruling party Morena is leading the polls with 64% of voter preferences, followed by Xochitl Galvez of the main opposition alliance with 31%. Despite the former's lead, it seems unlikely that Morena will obtain a qualified majority in Congress without current President Andres Manuel Lopez Obrador on the ballot. From an investor perspective, the key points to watch are the role of the state and private investment in the energy sector, and how the next administration will address fiscal consolidation challenges.

We maintain a constructive view on Mexican assets such as local-currency nominal bonds, which should benefit from lower US benchmark rates this year and as Banxico begins to ease monetary policy. We also expect the Mexican peso to remain well-supported. We maintain a positive view on Mexican USD-denominated corporate debt, and find some of Mexico's USD sovereign bonds appealing.

We will be actively covering this race in our [Investing in Mexico](#) series.

India: GDP and earnings growth the stars of the show

The latest polls around the country's national elections imply strong support for a third term for Prime Minister Narendra Modi and his coalition. His administration's focus on boosting productivity through economic reforms and turning India into a manufacturing powerhouse are likely to be sustained.

While excitement about the elections is understandably high, our preference for Indian equities despite their already full valuations owes much to the country's economy: We forecast robust GDP expansion this year, which should support double-digit earnings growth.

For more, read our report "[Investing in India: A visual guide.](#)"

European Union: A frisson of interest

The election of most significance in Europe this year will be the European parliamentary vote on 6–9 June. Historically, these elections have not garnered much interest from investors, as the EU parliament does not have the power to propose legislation; it only exists to ratify it. Moreover, voter engagement has tended to be lower than for national elections. However, this year, it is likely to generate a frisson of interest, as many will be wondering if the recent rise in support for right-wing populist parties in national elections will also manifest in the EU parliament.

Since the issues that drive national elections have not historically shaped the outcome of Europe-wide elections, we expect this year's parliament to have a broadly similar composition to the existing one, with the largest blocs being the conservatives, followed by the socialist/liberals and the greens. Most are likely to be pro-EU.

As described in our latest House View monthly letter, "Four things no great portfolio can do without," asset returns outside of the US large-caps have not been strong in recent years. However, we believe that a mix of assets in emerging markets and Europe remain core building blocks of portfolios given relatively depressed valuations in a fast-evolving geopolitical environment.

Main contributor: Alejo Czerwonko

Read the original report [Which elections can really move the needle in 2024?](#) 4 March 2024.

Explore our [ElectionWatch content](#) for more UBS CIO coverage of the 2024 US elections, and tune in to the [Road to the Election video series](#) with new episodes launching on Thursdays at 4:30 PM ET.

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