

US Election Outcome: Trump's Victory to Shift Ground on Trade, Financial Regulation, Healthcare

President-Elect's Proposals Have Mixed Credit Implications for Issuers Across a Range of Sectors in the Economy



CORPORATE TAX

The current statutory US corporate tax rate is 35%, among the highest in the world. Separately, many US corporations have been incentivized to keep profits of foreign subsidiaries off-shore to avoid them being taxed in the US.

Donald Trump's Proposal	Affected Sectors	
Lower corporate tax rate to 15% from 35% currently, and eliminate various tax exemptions, deductions and credits. One-time tax of 10% on repatriation of earnings, and end deferral of taxes on foreign-earned income	Multinational corporations with significant overseas operations	Credit Positive



FINANCIAL REGULATION

Dodd-Frank, in conjunction with global banking agreements built on the Basel accords, created the framework for heightened US bank and financial regulation in the wake of the financial crisis.

Donald Trump's Proposal	Affected Sectors	
Repeal of Dodd-Frank and a temporary suspension of all new regulation	Banks	Credit Negative
	Residential Mortgage-Backed Securities	Credit Negative
	Consumer Asset-Backed Securities	Credit Negative



INTERNATIONAL TRADE

Both the North American Free Trade Agreement (NAFTA) and the Trans-Pacific Partnership (TPP) aim at lowering tariff barriers on the trade of goods between the signatory countries.

Donald Trump's Proposal	Affected Sectors	
Tear up trade agreements (e.g., renegotiate NAFTA and withdraw from the TPP in its current form) and impose severe tariffs on imports of various countries	Aerospace	Credit Negative
	Automotive	Credit Negative
	Auto Dealer Floorplan Asset-Backed Securities	Credit Negative
	Oil	Credit Negative
	Basic Industries	Credit Negative
	Technology	Credit Negative



IMMIGRATION

The H-1B visa allows US employers to temporarily employ foreign skilled workers in fields such as science, engineering, and computer programming.

Donald Trump's Proposal	Affected Sectors	
Increase the prevailing wage for H-1B workers as a way to encourage companies to hire from the existing domestic pool of unemployed native and immigrant workers in the US	Technology, Automotive and Aerospace	Credit Negative
	Universities	Credit Negative



HEALTHCARE

In 2010, President Obama signed the Patient Protection and Affordable Care Act (ACA) which aimed to increased health insurance coverage through individual marketplaces and employer-supported plans.

Donald Trump's Proposal	Affected Sectors	
<i>Includes:</i> <ul style="list-style-type: none"> • Full repeal of the ACA and replace with reform that follows free market principles that have yet to be articulated • Remove barriers for interstate sale of health insurance • Allow individuals to purchase high deductible health savings account plans • Allow for deductibility of health insurance premiums from personal income tax • Increase price transparency from healthcare providers (i.e., doctors, clinics and hospitals) 	Healthcare Insurers	Credit Positive
	Healthcare Service Providers	Credit Negative
	Medical Device Makers	Credit Negative
	Pharmaceutical Manufacturers	Credit Positive
	Not-for-profit Hospitals	Credit Negative
	State Governments	Credit Negative
	CMBS in markets with significant insurance employment	Credit Positive
	CMBS backed by medical office buildings; CLOs with loans to hospitals	Credit Negative