

INTERVIEW

Massimiliano Cagliero. Founder and CEO of Banor SIM

“The only risk is legal Wall Street wins regardless”

Maximilian Cellino

The only real risk I see is a long legal dispute to decide on the future president of the United States”. Massimiliano Cagliero certainly does not believe there won't be any difference between Donald Trump and Joe Biden, but he is extremely practical, just like the rest of Wall Street, which, for the moment, does not seem too worried about who will lead the country for the next four years. The founder and CEO of Banor SIM – a shareholder of Il Sole 24 Ore through Banor SICAV, managed by Banor Capital – has plenty of experience in American matters, having lived for some time in the US while working for Goldman Sachs, then for family reasons as well, after marrying an American citizen.

On the eve of the election, Biden was touted to win, now Trump appears to have the advantage, why has the market been so quick to change horses midstream?

There is the belief that, if re-elected, Trump will do everything to support the stock markets, as he has always done. Even at the cost of promoting further tax cuts, which in itself seems morally unsustainable.

And Biden? Why is he also liked?

Historically, Democratic presidents have been welcomed more coldly the year following their election, but then the results of the stock markets have been better in the following

years. With Biden, the same scenario might repeat itself, because his platform calls for massive spending on infrastructure in addition to the already high liquidity present in the system, while the dreaded tax hikes he proposes will be implemented in a more subtle manner than claimed.

You mentioned liquidity, the role of the central banks remains fundamental.

Without the ultra-expansive policy of



MASSIMILIANO CAGLIERO
Founder and chief executive officer of Banor SIM

the Federal Reserve and other central institutions, a similar calm in such an uncertain scenario would have been impossible to even imagine.

Will anything change in the monetary policy based on the election?

I don't believe so. Chairman Jerome Powell has already made it clear that he will keep interest rates low in the long term, regardless of the outcome, and I don't think he will change his mind, even if the future US president were to adopt a much more expansive policy.

Do you see no exit strategy from the Fed?

Not in the short term. The extraordinary liquidity will remain in

the system for a while. This also goes for the ECB, which cannot allow for current rates to increase with the amount of public debt in many countries. It could only do so if there were sustained growth in the economy and inflation, which, frankly, I still do not see on the horizon.

Speaking of Europe, it seems that, in this case, the success of either candidate is not irrelevant.

In financial terms, not much will change for the European stock markets, whose gap compared to Wall Street is essentially linked to their composition. For us, they are most biased towards value securities, which, in terms of valuation, have never had such a big difference compared to the growth securities predominant in the US. However, it is different at the geopolitical level.

Why?

Trump has attacked Europe in every possible way, showing no respect for his allies. Biden, on the other hand, would want to put transatlantic relations back on track and, in this sense, he is preferable. In any case, if Wall Street were to start climbing again, the European stock markets would follow in its wake, provided that the US election outcome is peaceful and undisputed.