



## Market Strategy Weekly

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Strategas Washington Research Analyst Jeannette Lowe breaks down two key major themes of note: an increasing focus on energy independence in the US and the impact of deglobalization on US-China relations and the domestic Tech sector.

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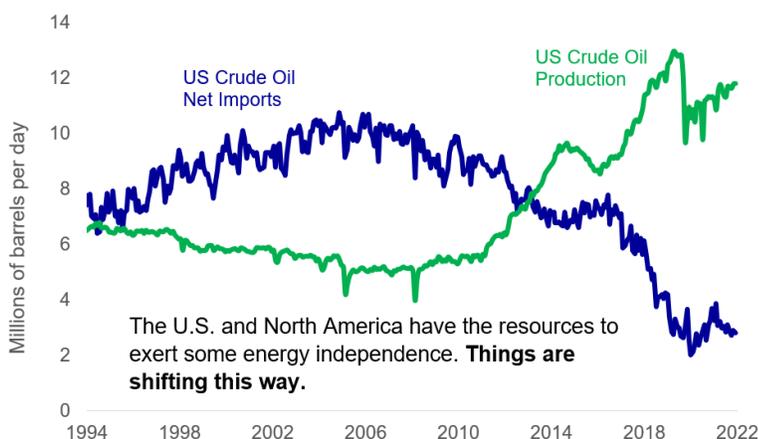
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### EYE ON GAS PRICES | ENERGY INDEPENDENCE | CHINA & US TECHNOLOGY

**ROSS MAYFIELD:** A lot of focus on energy policy this year given war in Ukraine, etc. What are you watching on that front?

**JEANNETTE LOWE:** Let's start here: gas prices started to rise again towards the end of the summer, and those are critically important to these midterm elections. On top of that, OPEC+ recently decided to cut oil production. I think a lot of members of Congress saw that as a poke in the eye to President Biden, who had made a recent trip to Saudi Arabia to try to get more production out of the country. It was also seen as a move to support Russia in its war against Ukraine. So with that backdrop, President Biden made the decision to release another 15 million barrels of oil from the Strategic Petroleum Reserve.

Past that, he's called for energy-permitting reform and for increasing domestic oil production. To us, this is a tacit acknowledgement from the Administration that there needs to be an all-of-the-above energy policy even though they're pushing for more renewables. And while this shows that you'll probably see more focus on energy policy post-elections regardless of who wins, it will likely be even more in focus if the Republicans prevail. We think they are going to be focused on getting more domestic production and more energy infrastructure. **But, again, there are bipartisan efforts to try to get something done in energy so there will be more infrastructure in the US and less of a reliance on foreign supply going forward.**



**ROSS:** That plays into the larger theme of a shift towards de-globalization – where else are you seeing this play out?

**JEANNETTE:** We are definitely moving, albeit rather slowly, into a new era of deglobalization. For one, we see a growing understanding that China is a little bit more of a national security threat than merely an economic partner. **And so there has been a real effort in the US to start thinking about re-shoring manufacturing for key industries like semiconductors, emerging technologies, maybe even pharmaceuticals, and also to say to US allies around the world that they probably need to join the US in decoupling with China.** This is bipartisan and has been happening over the past two presidential administrations, so we think it'll continue well into the future. This is the new path that the US is on.

This summer, Congress passed the Chips and Science Act to increase U.S. production and R&D of semiconductors, and now President Biden is limiting exports of semiconductors and semiconductor equipment to China. One of the things that we could see during the post-election lame duck session of Congress is passage of a mechanism to screen US companies for their investments in China, with the understanding that an investment could be blocked if it is viewed as a national security risk. So, this is just one item in a bigger move towards more deglobalization. We think it's going to play out in the Tech sector especially, but it'll play into other sectors as well. For companies, there's going to be limits on where they might be able to sell their goods if they're in some of these key areas that the US thinks are important for national security.

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