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The Debt Ceiling Could Be a Mess. How to Play It.

By [Lauren Foster](#) [Follow](#) May 12, 2023 7:27 pm ET

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If you're a long-term investor, there's a strong case to do nothing. If history is a guide, a deal to avoid a default will be struck. Adam Turnquist, chief technical strategist at LPL Financial, says that, if there is a prolonged battle similar to 2011's, watch for large-caps to outperform small-caps, growth to top value, and defensive sectors to outpace more cyclical ones.

Defensive sectors include utilities, which in 2011 only fell 0.8% from the April high to October low. The next-best sector in 2011 was consumer staples, off 6.9%. The S&P 500 was off some 19.4% during that contentious stretch in 2011. Large-caps fell 18.3%; value, 22.3%; and small-caps, 29.6%.

Treasuries are the ultimate haven. But a fight over U.S. debt puts them in the eye of this storm. In the near term, Michael Rosen, chief investment officer at Angeles Investments,