



BLACK OAK

FAMILY OFFICE

Focus US Elections – August 2020



On November 3rd, 2020, the US election should take place.

Context

The US are currently struggling with the Coronavirus pandemic and its impacts: it is the most affected country in the world with currently 5.5 million cases and 172'000 deaths (far more than the toll experienced in other countries). In an economy where consumption accounts for 2/3 of the GDP, the “stay at home” orders issued resulted in a contraction of 32.9% (annualized rate) of the key indicator during the Q2 2020, while the unemployment rate increased to 10.2% in July 2020.

Competition

President Trump is currently widely criticized for his poor management of the pandemic.

As a result, his competitor, Joe Biden (Democrat) enters the fall campaign in strong position against Trump. In adding Harris as his running mate, he can point to her relatively centrist record on issues such as health care and her background in law enforcement in the nation’s largest state. He is also making history by selecting the first Black woman to compete on a major party’s presidential ticket and acknowledging the vital role Black voters will play in his bid to defeat President Donald Trump.

At the time of writing, the FT’s current polls are at 50.5% for Biden and 42.1% for Trump.

Impact on the markets

Even though it’s way too early to judge, most of the Democrat’s program is not market friendly (increase of the taxes, tougher regulation on many sectors, higher minimum wage), we think that the impact of the election of Joe Biden on the markets will be moderate because it is unlikely that the senate and the congress all have a Democrat majority, making Biden’s most ambitious reforms harder. On addition to that, Biden wants to spend more on infrastructure and decrease the geopolitical tension, on particular with China.

Conclusion

The Democrat Candidate Joe Biden is currently at the top of the polls, but the road is still a long way till November 3rd and as the past taught us, things can quickly change.

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