

THE U.S. ELECTION AND WHAT IT MEANS FOR GLOBAL MARKETS

Webinar Summary



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The implications of the upcoming US election will reverberate throughout the US and global economies and potentially have a profound impact on the investment landscape into the future. Leading up to what may be one of the most closely watched elections in history, investors are grappling with a host of issues that are likely to be impacted by the results. PGIM brought together thought leaders to discuss those issues in our AsiaPac Forum webinar, *The US Election and What It Means for Global Markets*. Following are highlights from the discussion, which can be watched in its entirety [here](#):

- **The pros and cons of each major candidate:**
Generally, when market participants assess President Trump they approve of his stance on lower taxes and deregulation, but not the current state of trade wars and his sometimes-uneven temperament. On the other hand, markets may welcome the larger stimulus package that might come with a Biden win, along with his more conventional style and multilateral approach to trade. Increased regulation and taxes would be a concern, however. In either case, the ultimate result won't be as important in driving equities as the underlying fundamentals and performance of the economy.
 - **Will anything change?:** A Biden win with a divided Congress would be expected to pave the way for more gridlock, though his experience within the Senate might make it more likely his former colleagues there would be willing to deal. In the event of a so-called Blue Sweep, economic policy could look discretely different than it has over the past decade. The Democrats might utilize the power of government in an activist way, leading to a meaningful increase in public investment and other spending and a more vigorous regulatory agenda. On a sectoral basis, winners could include companies involved in renewable energy, infrastructure, and firms selling to China, along with the muni sector.
 - **What about a contested election?:** While almost certainly a major volatility event and source of unease for the financial markets, a contested election would also likely be resolved within weeks. Risk assets would in all probability take a hit, but the fate of safe-haven assets could be less certain. Though a flight to safety would typically be expected in such a scenario, an election process that calls into question the foundation of the US democratic system makes that less of a certainty.
 - **US-China relations:** The hawkish US tone towards China is likely to continue regardless of the election outcome. To improve relations, the US will have to come to grips with the fact that China, given its size and influence, is going to continue to rise as an economic power. Part and parcel of that, the US also needs to appreciate the opportunity that ascension will create for the rest of the world. Meanwhile, China will also need to take concrete steps, including to make it clear that foreign firms can operate on a level playing field within China's domestic market.
- To see all of our US Election coverage and to learn more about our webinar series, including exclusive access to upcoming webinars, visit our [2020 U.S. Elections page](#).

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