

GEOPOLITICS, GLOBALIZATION AND CAPITALISM AT A CROSSROADS

Webinar Summary



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After months of heated debate, forceful rhetoric and anxious anticipation, it's over. Or is it? The US election has left investors not only grappling with the outcome, but what it means for the global economic outlook, political relationships with overseas friends and foes alike, and a potential investment sea change in a host of industries and sectors. PGIM President and CEO David Hunt recently sat down with Ian Bremmer, the founder of Eurasia Group and GZERO Media, to discuss key issues in the aftermath of the US presidential election. Following are a few highlights from the wide-ranging webinar, which can be watched in its entirety [here](#).

- **The loser won't go quietly:** Though it appears former vice president Biden has won the election, it's unlikely that President Trump will concede without a fight. In that case, expect one of two scenarios: 1) The election is called for Biden, but Trump continues to contest the results. When all avenues for contesting are exhausted, Republicans accept the results and the country moves on to the inauguration; 2) Trump successfully contests results in key states, ultimately leaving the nation with no outcome by January, which in turn leads to a constitutional crisis. (That scenario has become significantly less likely as election week has played out, but the next few weeks could nevertheless be contentious.)
- **Watered-down stimulus:** Assuming a Biden victory and a Republican Senate, there is still room for a stimulus package, just one that's vastly smaller than what many investors had hoped for. There may be an appetite for financial aid to businesses and further unemployment benefits, but any major infrastructure or environmental package is not likely to happen. What's more, negotiations will take longer and be less efficient than they would have been under the 'blue wave' scenario.
- **What about the markets?:** While equities soared in the immediate aftermath of election night, likely boosted by the idea of a Biden presidency combined with a Republican-

controlled Senate, market volatility may not be behind us. Should there be weeks of political uncertainty, risk assets may be challenged as the level of anxiety surrounding future growth prospects rises. And still looming in the background is what direction the coronavirus crisis takes. For long-term investors it's critical to remember that the real performance of the underlying global economy is what's most important.

- **Regardless of the results, inequality is growing:** The coronavirus pandemic has accelerated disruptive technologies. For people attached to the knowledge economy that's not a problem, but the remainder of American workers are more likely to be furloughed and are less likely to be able to socially distance in the workplace. To the extent fiscal policy can't get done it's more likely that monetary policy will have to pick up the slack. While that serves to support financial markets, until policymakers can get money into the hands of small businesses and keep Main Street going it won't help eradicate the growing inequality gap.

In a separate webinar we extended our discussion on the aftermath of the election and dive deeper into what the results and mandates mean for financial markets, fiscal and monetary policy, trade and capital flows, and regulation. To see all of PGIM's election coverage, visit our [2020 US Elections page](#).

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