



US500

GOLD

EURUSD

OIL

Trading US elections

Complete Guide



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Trading CFDs based on cryptocurrencies is extremely risky due to significant volatility and the use of leverage. Losses can exceed margin.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.

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Intro

After four years, we are finally able to judge what impact the president of the United States has had on the markets. Donald Trump was feared back in 2016 and Wall Street vets were sure that Hilary Clinton was the better choice. Fast forward to 2020 and the markets are much higher than they were before the 2016 election. The corporate tax cut, proposed by the US president, is one of the major reasons why. Unsurprisingly, Trump is now the investors' favourite and regardless of whether they are right or wrong, the markets will react to the outcome of the election. In this report you will learn:

- What the profiles of the candidates are and what is their stance on key market issues
- How crucial markets, including US500, EURUSD and Gold, could react to different election outcomes
- Which stocks are especially dependant on the outcome of this election
- What to look out for on election night!

Key views and opinions

The media is trying to paint Donald Trump and Joe Biden as night and day. But is this really the case with their political views? Here, we take a look at their stance on key issues.



Taxes

With the US deficit at WWII levels under Trump, the pressure to find revenues is on. Donald Trump delivered a massive corporate tax cut, but even amid prospects of ballooning debt, he's not talking tax hikes. Instead, he proposes more cuts: to both capital gains tax and personal income tax.

Democrats have ambitious spending plans (social care, infrastructure, education), so they will need revenues. Biden promised not to raise taxes on anyone making less than \$400k per year. Instead, he proposes focusing on the wealthy, and tech corporations.

China

Trump talked tough and while he did introduce new taxes on imports from China, he sweetened them with a promise of a trade deal. His take on Beijing after elections would be very uncertain. Would he choose to take a harder stance to contain the main rival?

Democrats would write less tweets, but they are unlikely to reverse the trade approach. From the markets' perspective, this is similar to the present version of Trump's approach.

Climate

Trump supports the US oil sector and nuclear technologies.

Biden wants 100% clean energy by 2035, and tougher emission standards.

COVID

Trump seeks quick reopening, and resists lockdowns.

Biden would be willing to introduce a national lockdown if needed.

FED

Both Trump and Biden need ultra-low rates to finance the ballooning debt. Both Republicans and Democrats alike will exert a pressure on the Fed to stay aggressive.

Markets to watch

The presidency of Donald Trump is a great example of the fact that market impact can be assessed only after the full term. However, knowing what views candidates hold, markets can react in certain ways depending on the outcome of Election Night.

US500



Joe Biden's infrastructure push might benefit "real economy" stocks, but the flagship US500 has become a tech-driven index. His plan to introduce a minimum tax for tech companies could play a pivotal role in market reaction. Donald Trump could be tougher on China during his second term, but he's extremely sensitive to the performance of Wall Street indices and markets now see him as more supportive than Biden.

OIL.WTI



OIL.WTI could actually be quite sensitive to the election outcome. Some Democrats propose a national ban on oil fracking and while Biden has distanced himself away from this, it's clear that his win would bring darker days for shale producers compared with pro-oil president Trump. More oil production usually means a lower price, although there are obviously other factors at play (for instance the speed of global recovery).

GOLD



From the monetary point of view, both candidates are supportive, as they would advocate a dovish Fed. However, should eventual Biden win turn negative for indices, Gold could receive additional safe-haven flows. However, a deeper correction on indices can make the US dollar stronger and actually hurt Gold prices!

EURUSD



Donald Trump has always been supportive of the bull market on equities, but his view on the dollar has been inconsistent. For Joe Biden the strength of the currency will not be a priority and the reaction here could be a derivative of the reaction on US500. A correction on US500 could drag EURUSD down.

Sensitive stocks

The outcome of the presidential elections will have a massive impact on the US stock market. Donald Trump and Joe Biden have different views on many areas, from climate change to technology. Those differences will play a key role in determining the list of potential winners and losers of different outcomes of the US elections. There's no certainty, but these stocks are worth keeping an eye on.

Trump

- **Lockheed Martin**
LMT.US
Donald Trump, as well as other Republican presidents, has often expressed his praise for the US military. The US President stresses the need for the military to be well funded and domestic defense companies are favoured in government contracts.
- **Chevron**
CVX.US
Donald Trump stayed short of levying climate-related taxes on oil companies and was happy to take credit for the United States becoming a net exporter of crude. Trump's win in November could herald a continued oil-friendly approach.
- **JPMorgan**
JPM.US
Low interest rates increased and an interest in investing have caused the trading revenue of investment banks to surge. The latest proposal from Donald Trump calls for a cut of the capital gains tax and has the potential to extend trading bonanza for big banks.
- **Alibaba**
BABA.US
Trump's win in November elections is likely to signal a continuation of his anti-China policy. After ordering some Chinese tech companies to sell their US operations, Chinese stocks listed on US exchanges may become the next target.
- **Merck**
MRK.US
Donald Trump openly criticised the healthcare programmes of his predecessor, Barack Obama. Trump promised to make massive cuts to drug prices at the expense of Big Pharma, and winning in November could allow him to deliver on that promise.
- **Archer Daniels Midland**
ADM.US
US food companies struggled amid the US-China trade war, as tariffs made US crop exports less competitive. Trump's re-election would lower the chance for the longer-lasting truce between the United States and China.

Biden

- **Caterpillar**
CAT.US

Joe Biden unveiled a massive, multi-year infrastructure plan as part of his elections campaign. Manufacturers of construction machines benefited at times when the US government undertook big infrastructure projects.
 - **First Solar**
FSLR.US

Renewables and green investments play a big role in Biden's infrastructure plan. More green-oriented policy would boost the renewables sector and First Solar, the lead US supplier of solar panels, may find itself in the spotlight.
 - **Canopy Growth Corp**
CGC.US

Joe Biden has expressed mixed opinions on cannabis, but a lot of Democrats see legalisation as a way forward. Legalising cannabis would pave the way for cannabis exports and create M&A opportunities for well-established cannabis companies from Canada.
 - **ExxonMobil**
XOM.US

Oil producers look towards a potential Biden win with concern. The introduction of carbon tax and tougher car emission rules, as well as a plan for achieving net-zero emission before 2050, could see oil supermajor under pressure.
 - **Facebook**
FB.US

Elizabeth Warren has stressed a need to dismantle tech monopolies in her attempt to win the Democratic nomination. While it is Joe Biden who will face Trump in November, he has mixed some ideas of other candidates into his agenda.
 - **Citigroup**
C.US

Choosing Kamala Harris as his running mate could create some trouble for the financial sector. Harris has called for limiting credit available to the oil sector. Additionally, Elizabeth Warren, an outspoken Wall Street critic, is rumoured to play a major role in Biden's administration.
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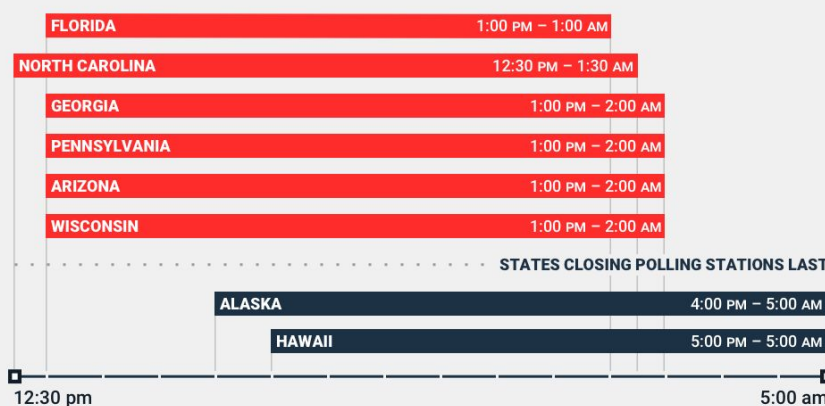
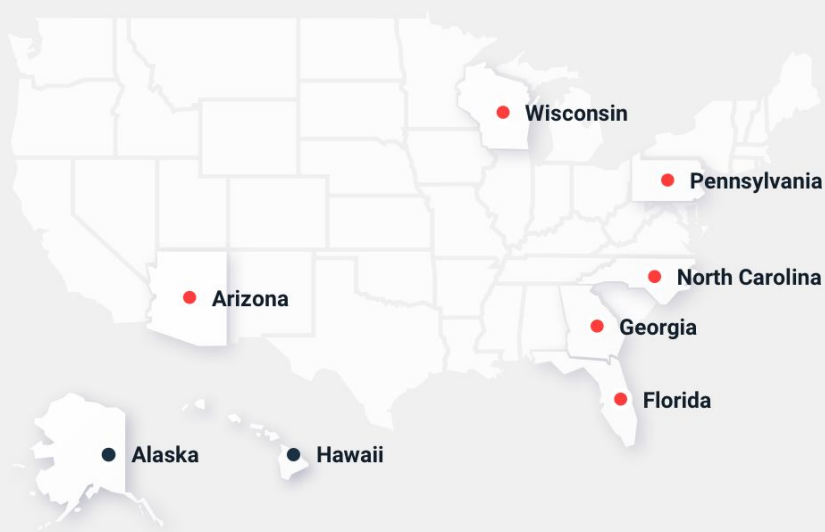
Election night!

You know the candidates and the crucial markets, now it's time to prepare your trading plan. Do not wait until the official election results - investors will react during the entire Election Night! Here, we present the crucial dates and times. Remember that markets like **US500**, **OIL.WTI**, **GOLD** or **EURUSD** can also be traded during the night!

CALENDAR

- **FIRST PRESIDENTIAL DEBATE**
Wednesday, September 30, 2020
2:00 - 3:30 am BST
- **VICE PRESIDENTIAL DEBATE**
Thursday, October 8, 2020
2:00 - 3:30 am BST
- **SECOND PRESIDENTIAL DEBATE**
Friday, October 16, 2020
2:00 - 3:30 am BST
- **THIRD PRESIDENTIAL DEBATE**
Friday, October 23, 2020
2:00 - 3:30 am BST
- **LATEST ELECTION POLLS**
Monday, November 2, 2020
- ★ **ELECTION NIGHT**
Tuesday, November 3, 2020
- **CONGRESS MEETS IN JOINT SESSION TO COUNT THE ELECTORAL VOTES**
Wednesday, January 6, 2021
- ★ **INAUGURATION DAY**
Wednesday, January 20, 2021

SWING STATES



Markets will react to data incoming from states overnight and the Swing States that we point out here will be crucial. Prepare your trading plan and join our Live Coverage on xStation and xStation Mobile in the "News" section.

*all dates and times in BST

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