

Market Insights & Strategy Global Markets

The 2016 US Elections – Mathematics vs Hype

In a break from conventional wisdom, but as suggested could happen in my previous commentaries on the subject back in January and February this year, Donald Trump is set to officially become the Republican Presidential nominee this week during his party's convention in Cleveland. However while I am not a fan of Hillary either, I continue to maintain my view that despite increasing media froth, the Clinton dynasty's presence in the White House will resume in 2016 as the majority of Americans will veer away from selecting a reality TV star/property developer/isolationist as their next President.

Of course it cannot be disputed that the unexpected success of both Trumps' and Sanders' campaigns is primarily due to the anger and frustration many people rightly feel with the system, especially in this climate of weak economic growth and worsening social conditions. Thus the straight-talking and at times non-pc comments by both men helped convince many Americans that they offer an alternative to the establishment "elites" who are perceived to care more about themselves and their bank balances than they care about the daily travails of the average Joe. However it still intrigues me that Donald's admittedly sizeable number of followers believe he is a reformed man and no longer a part of the same group that they despise.

Trump may never have held elective office before but he is in reality still an establishment candidate albeit with a bad hair-do and a penchant for saying things people usually have in their heads but don't often verbalize. If the "We are the 99%" movement took a look at Trump's business empire they would not be able to separate him from other high profile corporate barons, and he definitely won't be looking to punish Wall Street any further for the 2008 financial crises should he become Commander in Chief, especially as he has already stated that he would seek to dismantle many of the newly imposed financial regulations designed to avoid another meltdown, such as Dodd Frank. Meanwhile his perceived concerns for the little guy are just as hard to swallow, just consider a comment he made back in 2006 during a discussion over the growing possibility of a major real estate crash and on which he was quoted as saying; "I sort of hope it happens, because if there is a bubble burst as they call it, you know you can make a lot of money." Perhaps not the kind of ethos we are looking for in the next President of the United States.

Unlike Sanders, Trump is no populist he is just good at shouting louder than the next person and making wild claims like he has done throughout his career, both in the boardroom and on reality TV shows such as "the apprentice." In saying all of this I certainly do not accuse Trump's supporters of being ignorant or out of touch with reality, they are right to be angry with a system that has over the past number of years become more and more controlled by the interests of lobby groups and consequently begun to ignore the people it was really meant to serve,

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unfortunately the available choices of Presidential candidates this year has been at best, underwhelming. Clinton is no panacea to this situation either and some Sanders supporters could end up voting for Trump just because rightly or wrongly they distrust her more than him.

However putting aside the quality (or lack thereof) in both the official Presidential nominees for 2016, the reason I believe Clinton will win is based on basic numbers. Trump's power base remains firmly amongst male white Republicans. In order for him to really have any chance of taking the White House he would need to make substantial inroads into the African-American and Hispanic communities (Obama won 80% of all minority votes in both the previous two elections), as well as females in general. The chances of such a scenario is extremely unlikely, just take a look at the latest ABC/Washington Post poll: 56% of participants see Trump as biased against women and minorities, while 6 out of 10 think he is unqualified to be President. The data also revealed another important fact, President Obama's approval rating is currently sitting at 56% (its highest level since 2012) and 83% of these approvers will back Hillary Clinton in November.

Of course nothing in life is guaranteed (except death and taxes) and politics is a fickle world. Look how many people thought Brexit wouldn't happen even the Brexiteers can't believe it yet....so I could very well be wrong with my prediction and if so you will probably find me anxiously looking for a bunker on a remote island somewhere.

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