Trump victory: Be prepared for a bloodbath in the stock markets tomorrow!

Description

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I was actually discussing with a friend as to whether we should buy some counters in the stock market prior to the election results â?? because a Clinton win would probably lead to a (slight) increase, whereas a Trump victory would send global stock markets plummeting.

Well, at this point (Trump:Clinton is 264:215 at time of publishing), it is safe to say that weâ??ll most likely be seeing a Trump presidency. As it is, hereâ??s what markets have already done:

- *S&P 500 Index futures slide as much as 5 percent*
- *FTSE 100 Index futures drop 3.4 percent*
- *MSCI Asia Pacific Index drops 2.6 percent*
- *Mexican peso tumbles as much as 12 percent, breaching 20 per dollar for first time*
- *Japanese yen climbs versus all major currencies*
- *Euro, Swiss franc rise at least 1.7 percent*
- *Gold jumps 3.1 percent, most since Brexit*
- *Crude oil slides 2.5 percent*
- *10-year U.S. Treasury yield drops five basis points to 1.80 percent*

With Trump always going back and forth about what he says, it is hard to predict what kind of policies he will enact upon his entry to the White House.

Some of my initial thoughts for how Singapore will be impacted:

- With TPP cancelled, Singaporeâ??s economy will suffer (thus stocks too)
- Our REITs will also suffer, as Trumpâ??s isolationist policies will affect trade-reliant countries like Australia. Many of our REITs are moving into Australia for growth, and this will most likely be hampered.
- Defence spending might potentially be increased, so security companies will then benefit (donâ??t ask me which!)

Uncertainty almost always causes turmoil in the stock markets. While some choose this time to go in, Iâ??m a little more reluctant to go for tried-and-tested methods, because by a Trump victory alone already shows that sometimes what you believe wonâ??t happen, might actually become reality.

And if he does win, the markets may slide before going up again (I wonâ??t be surprised if Trumpâ??s policies and stance favours businesses, which will then lead to greater growth) and itâ??ll probably rally to new highs. Who knows?

Update: Trump has now won, but the stock market â??crashâ?• (if any at all) was short-lived. Markets have rallied back, and certain industries that are being favoured by Trumpâ??s statements (defence, etc) are seeing their stock prices shoot up while others (like those providing clean energy) are dropping. With the uncertainty, the markets may not be as battered as we thought they would be, but I believe the next few months up till February 2017 will have much for us to watch.



Gold might be our best insurance at this point in time?

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