

## Election 2020: Results Will Impact the Economy, Markets, and Municipal Bonds

*Tom Kozlik*

- The outcome of the 2020 presidential election matters in many different ways. Policy outcomes could be very different considering various election results.
- A key reason this year's presidential election matters is if former Vice President Joe Biden takes the White House and creates enough momentum for the Democrats across the country, it is possible the Democrats could not only hold the House of Representatives but also claim control of the Senate.
- A Democrat "Blue Wave" result is likely to have a more impactful result on near-term policy than other outcomes. Favorable fiscal policy relief, infrastructure spending, and fiscal stimulus would in turn support spending, drive growth, and be supportive to municipal bond market credit quality. Higher taxes would also increase the value of the municipal bond tax-exemption.
- Potential impact from tonight's debate: Even though the data tells us voters' minds are made up, it seems the landscape could be ripe for a shift. Perhaps in tonight's debate we will witness another important historical debate performance like that in 1960 or in 1984. If so, then we could see a real possibility of a scenario where President Trump remains in the White House, the Republicans keep the Senate, and the Democrats keep control of the House.
- Economic policy uncertainty has reached new levels this year. As of this week, the prospect for even more volatility and uncertainty has risen, mostly because President Trump last week failed to commit to a peaceful transfer of power if he loses the November 2020 election.
- There are potential scenarios where President Trump could lose the election and still try to remain in the White House, which we will review some. If scenarios such as these play out volatility and policy uncertainty could rise and even last longer than we saw it last in the wake of the 2000 presidential election.

[Download the full article](#)

[Read more Municipal Commentary](#)