

HOW WILL THE STOCK MARKET REACT AFTER THE US PRESIDENTIAL ELECTION?

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- Regardless of whether the Republican or Democratic Party wins the U.S. election, Vietnam's economy could experience certain positive impacts. However, a Trump victory would likely have a broader range of both negative and positive effects.
- If Trump is reelected, the Vietnamese government will need to implement policies to carefully manage and select investment sources effectively. This includes choosing foreign investors with strong financial and technological capabilities who can play a role in promoting domestic businesses, contributing to the national economy, rather than attracting investment at any cost.
- PHS believes that the short-term upward momentum of the USD will weaken after the election, even if Trump wins. This is because the Fed is still on a trend of lowering interest rates as inflation gradually approaches its target level. As a result, the USD/VND exchange rate is also expected to decrease to our year-end target of 25,000-25,200.
- For the stock market, the VNINDEX is expected to respond positively in the short term once the election concludes. In the long term, PHS leans toward a more positive outlook, thanks to the inherent advantages Vietnam possesses. The domestic market will continue to benefit from appropriate policies, Vietnam's strategic geopolitical position, and the flexible "bamboo diplomacy" policy that the Vietnamese Government have upheld across generations. These factors form a solid foundation for sustainable market development in the coming period.

A Dramatic Election Down to the Last Minute...

As the U.S. presidential election approaches its conclusion, the race between Vice President Kamala Harris and former President Donald Trump remains incredibly tight in pre-election polls. In September, polling suggested that 48% of voters favored Harris, while 47% supported Trump. Now, national polling by CNN from October 20-23 shows a deadlock, with each candidate receiving 47% support. A poll by the New York Times reflects a similar result.

Compared to previous Democratic presidential candidates in 2016 and 2020, Harris is currently underperforming in her race against Trump. Both former Secretary of State Hillary Clinton and President Biden held a much larger lead over Trump at the same point before election date. However, due to the nature of the U.S. election system, which is based on the Electoral College votes, leading in the popular vote does not necessarily result in securing the 270 electoral votes needed to win. In 2016, Hillary Clinton lost to Trump despite having a significant lead in the popular vote.