

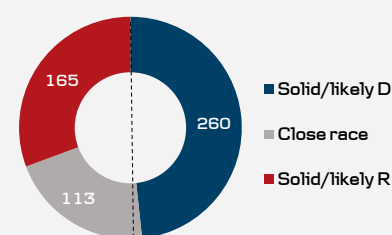
14 October 2016

US election monitor

Clinton extends her lead but don't rule out a Trump comeback yet

- **With less than four weeks to Election Day on 8 November, Hillary Clinton is significantly ahead in national polls and on the electoral vote count** (see Chart 1). However, do not rule out a Trump comeback just yet, as Trump managed to come back in September after the campaign meltdown in August.
- **The Trump campaign is having a difficult time with negative media stories and prominent Republicans no longer campaigning for Trump.** Since last Friday, when an 11-year old tape of Trump making derogatory comments about women was released, *The New York Times* released a story on Wednesday about two women, who allege that Trump touched them inappropriately 11 and 35 years ago, respectively. The Trump campaign calls the allegations 'false smears' and is considering suing the paper.
- **Clinton's campaign has not stayed out of trouble with the WikiLeaks release of e-mails but Trump's downturn has overshadowed this.** Media focus could easily shift to Clinton now that Trump's campaign is looking weak, which could change momentum.
- **Looking at national polls, the gap has widened after the second TV debate. Clinton now leads by 6.7 percentage points (48.1% to Clinton versus 41.4% to Trump).** See Chart 2. According to model calculations from FiveThirtyEight, **the likelihood of Clinton winning the election rose above 85% yesterday** (see Chart 3). Looking at swing states, no states have turned either side throughout the week. This leaves the electoral vote count unchanged with **Clinton ahead with 260 votes (538 in total, 270 to win) against Trump's 165 votes.** There are still 113 electoral votes in 'swing states' but most of these states, including Florida and Ohio, lean towards Clinton.
- **Next week, the third and last TV debate is due to take place on 19 October, 21:00 ET (03:00 CET)** at the University of Nevada, Las Vegas. Unless something unforeseeable happens (which is always possible in an election campaign), this will be the last opportunity for Trump to really challenge Clinton.
- For possible economic and financial implications of the election, see our presentation published last Friday: *'Trump versus Clinton - the economic and financial implications of the 2016 US presidential election'*, 7 October 2016.

Chart 1: Current polls give Clinton 260 solid or likely electoral votes



Source: RealClearPolitics.com

Note: Close race votes from states where no candidate is leading significantly in state polls. See current division of the states on the map p. 2

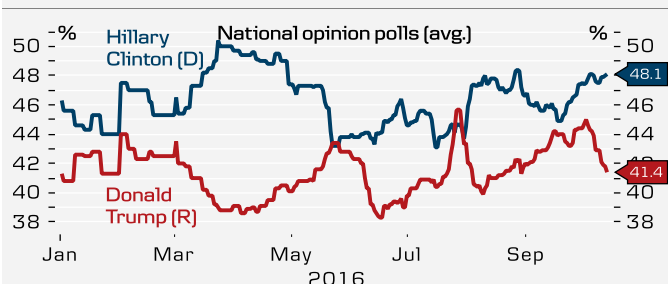
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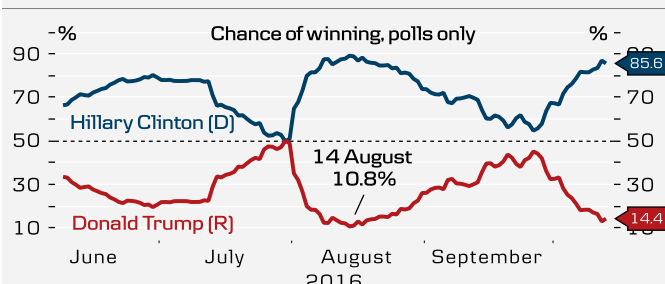
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Chart 2: Clinton lead close to 7 percentage point



Source: RealClearPolitics.com, Macrobond Financial

Chart 3: Above 85% likelihood of a Clinton win as of now

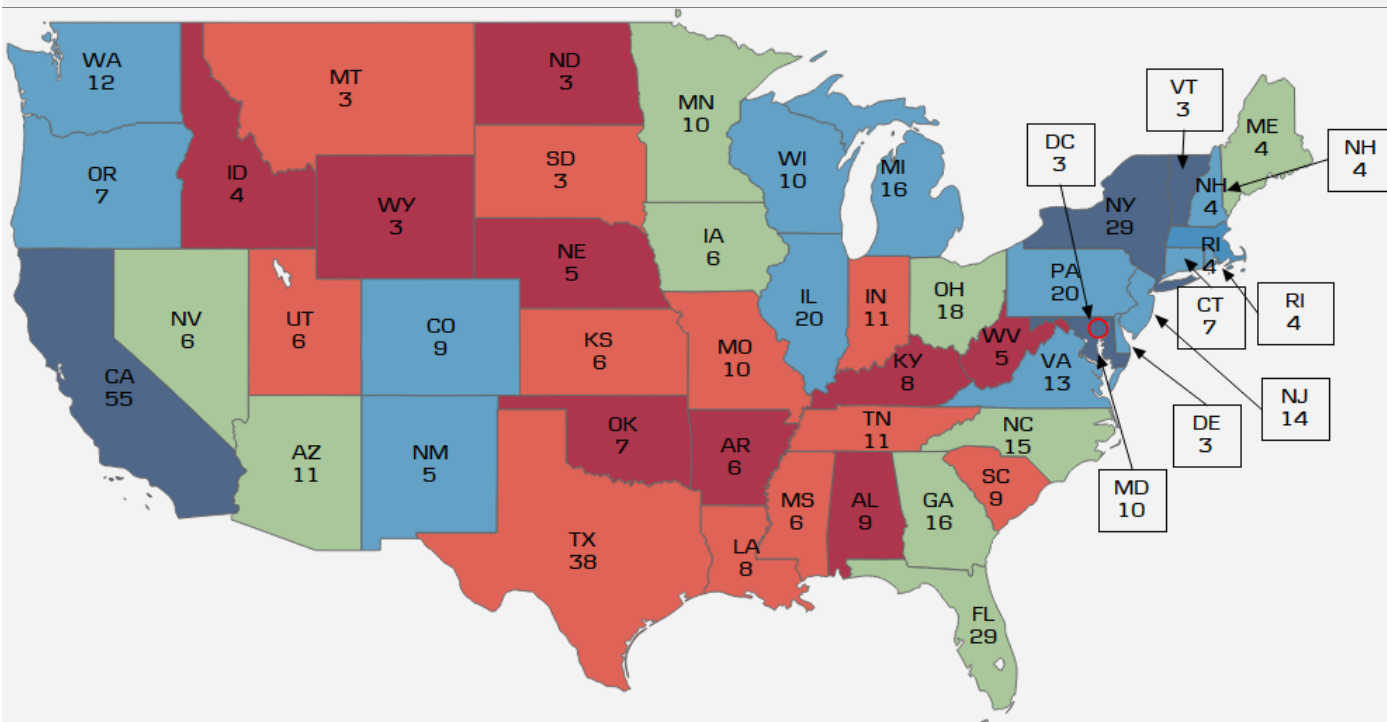


Source: fivethirtyeight.com, Macrobond Financial

Note: Probability of winning is based on the Polls-only model

538 electoral voters in total, 270 to win

Clinton regaining the two swing states



Source: RealClearPolitics.com

Note: Numbers indicate electoral votes. Hawaii and D.C. are solid Democratic and Alaska is likely Republican
Electoral map week 40- green states are swing states based on current state polls

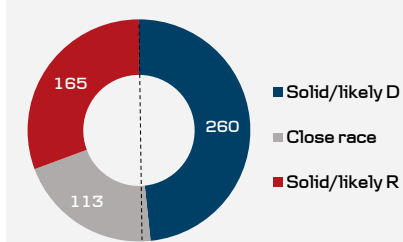
Historical election results in swing states

	1992	1996	2000	2004	2008	2012
Arizona (11)	Bush	Clinton	Bush	Bush	McCain	Romney
Colorado (9)	Clinton	Dole	Bush	Bush	Obama	Obama
Florida (29)	Bush	Clinton	Bush	Bush	Obama	Obama
Georgia (16)	Clinton	Dole	Bush	Bush	McCain	Romney
Iowa (6)	Clinton	Clinton	Al Gore	Bush	Obama	Obama
Nevada (6)	Clinton	Clinton	Bush	Bush	Obama	Obama
New Hampshire (4)	Clinton	Clinton	Bush	Kerry	Obama	Obama
North Carolina (15)	Bush	Dole	Bush	Bush	Obama	Romney
Ohio (18)	Clinton	Clinton	Bush	Bush	Obama	Obama
Pennsylvania (20)	Clinton	Clinton	Al Gore	Kerry	Obama	Obama
Virginia (13)	Bush	Dole	Bush	Bush	Obama	Obama
Wisconsin (10)	Clinton	Clinton	Al Gore	Kerry	Obama	Obama
Winner of election	Clinton	Clinton	Bush	Bush	Obama	Obama

Source: RealClearPolitics.com

Note: Numbers indicate number of electoral votes held by the state.

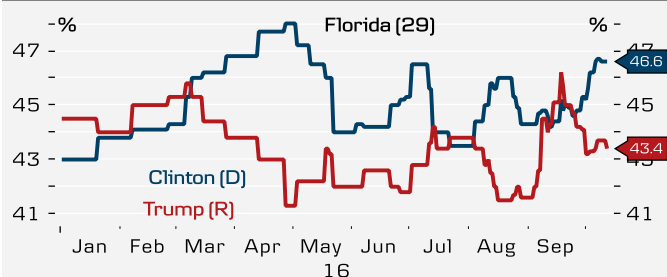
Current division of the 538 electoral votes based on current state polls



Source: RealClearPolitics.com

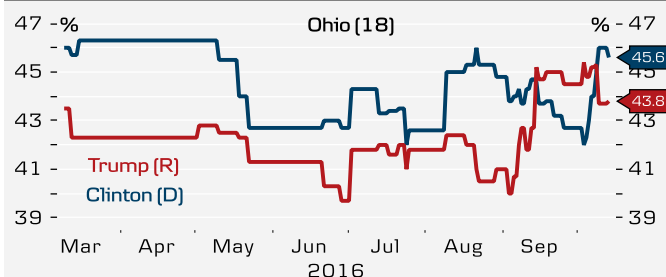
Polls in important swing states

Clinton has reclaimed the lead in Florida



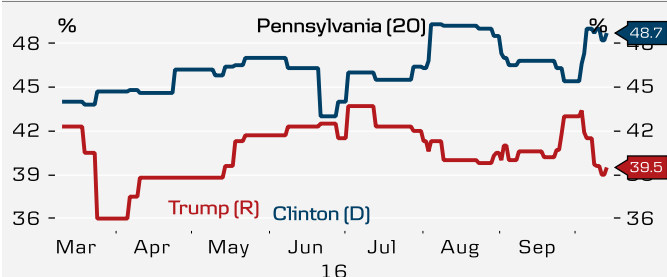
Source: RealClearPolitics.com Note: Number indicates electoral votes

Trump lead in Ohio is now gone, still close though



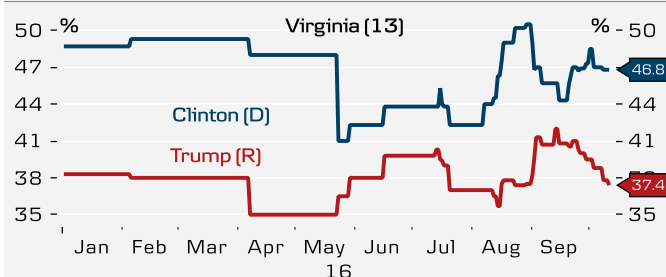
Source: RealClearPolitics.com Note: Number indicates electoral votes

Pennsylvania looks like a done deal...



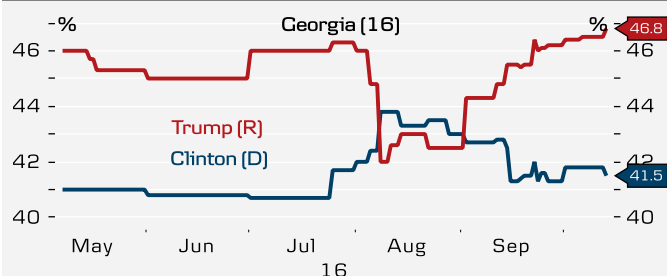
Source: RealClearPolitics.com Note: Number indicates electoral votes

...as does Virginia



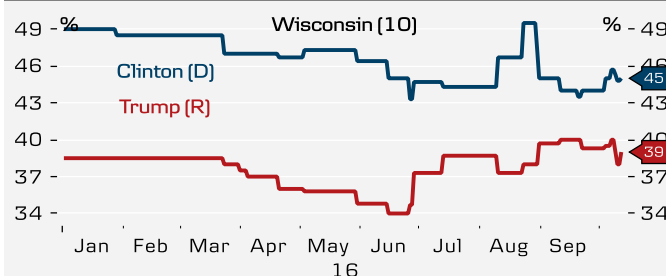
Source: RealClearPolitics.com Note: Number indicates electoral votes

Trump still has strong support in Georgia



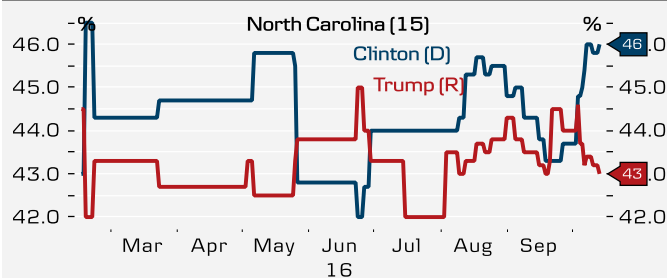
Source: RealClearPolitics.com Note: Number indicates electoral votes

Clinton ahead in Wisconsin



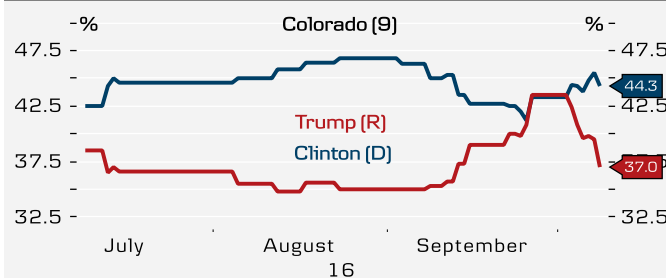
Source: RealClearPolitics.com Note: Number indicates electoral votes

Clinton support surges in North Carolina



Source: RealClearPolitics.com Note: Number indicates electoral votes

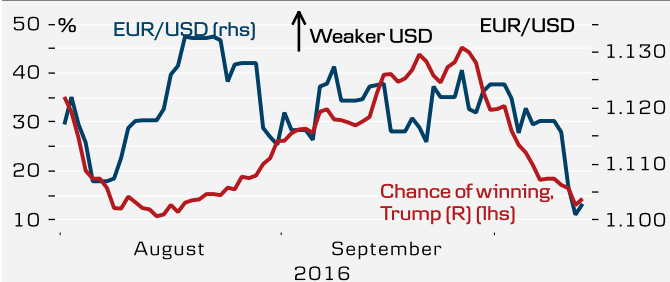
Trump is losing support in Colorado



Source: RealClearPolitics.com Note: Number indicates electoral votes

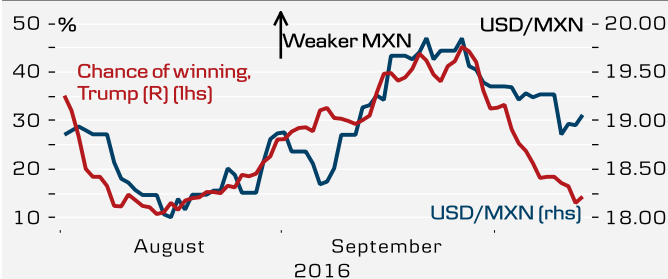
Market implications

EUR/USD so far seems unaffected by US election



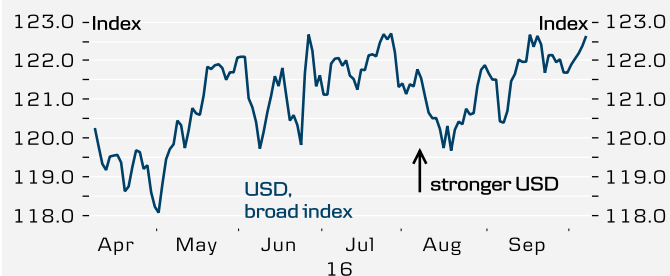
Source: Macrobond Financial, FiveThirtyEight

There is a reason why USD/MXN is called the 'Trump proxy'



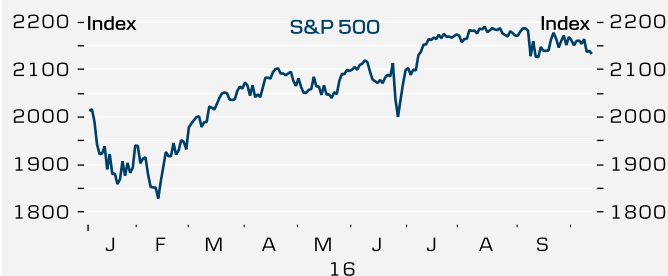
Source: Macrobond Financial, FiveThirtyEight

USD broad index



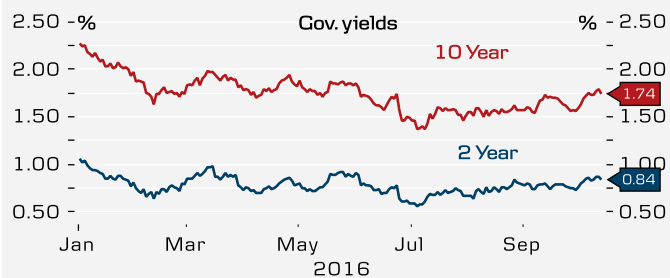
Source: Macrobond Financial

S&P 500 has moved sideways



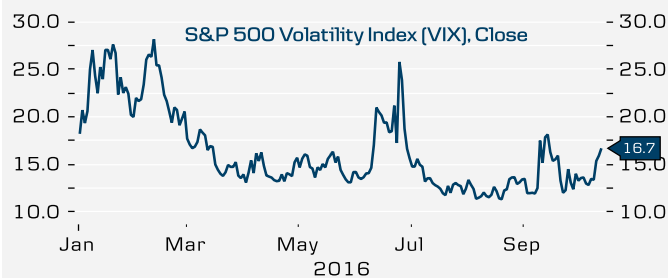
Source: Macrobond Financial

Low US government bond yields



Source: Macrobond Financial

VIX is low despite political uncertainty



Source: Macrobond Financial

Disclosures

This research report has been prepared by Danske Bank Markets, a division of Danske Bank A/S ('Danske Bank'). The authors of the research report are Mikael Olai Milhøj, Senior Analyst and Andreas Mey Kjøller, Assistant Analyst.

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None.

Date of first publication

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