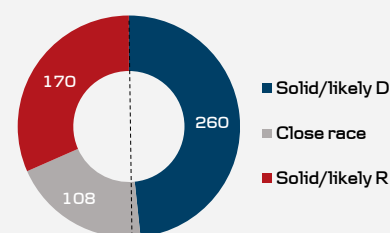


US election monitor

Trump did not beat Clinton in the last debate – still seems most likely that Clinton becomes the next President

- With less than three weeks to go before Election Day on 8 November, the third and last TV debate between Hillary Clinton and Donald Trump was held in the early hours of Thursday. The debate was probably the best between the two candidates with the focus mostly on politics. A *CNN/ORC poll* found that Hillary won the debate (52% versus Trump's 39%). The markets also think it was a good night for Hillary's winning chances as prediction markets moved towards Clinton.
- Neither polls nor model projections have changed significantly since our last monitor and it still seems most likely that Clinton becomes the next US President. Looking at national polls, Clinton is still significantly ahead (48.5% versus 42.1% for Trump), see chart 2. According to model calculations from FiveThirtyEight, the likelihood of Clinton winning the election continues to be above 85%, see chart 3. That said, with Brexit fresh in mind, we think one should be cautious in interpreting the outcome based on polls.
- When looking at electoral votes, Clinton still has a solid lead with 260 electoral votes against Trump's now 170 votes (up from 165), see chart 1. This leaves Clinton very close to the 270 votes needed to win. Since there are only 108 electoral votes left in close race states and given that Clinton is ahead in most of them (including the important Florida), it is difficult to see how Trump could get above 270 votes at the moment. There are, however, still three weeks left and unforeseeable events could alter the picture.
- The election is not just about who will become the next President of the US, as the Congressional elections will take place at the same time. While it is likely that Republicans will continue to have majority in the House of Representatives, the race is more close when it comes to the Senate. Of the 34 seats (out of 100) in the Senate up for election, Republicans hold 24. Current projections show a very close race with 47 seats to the Democrats and 46 to the Republicans. This still leaves seven seats on the battlefield (of which six are currently Republican). This highlights that the risk of a divided congress is high.
- For possible economic and financial implications of the election, see our presentation *Trump versus Clinton – the economic and financial implications of the 2016 US election*, 7 October 2016.

Chart 1: Still solid Clinton lead when looking at electoral votes



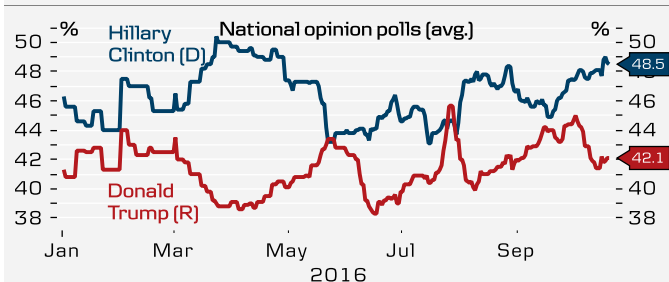
Source: RealClearPolitics.com

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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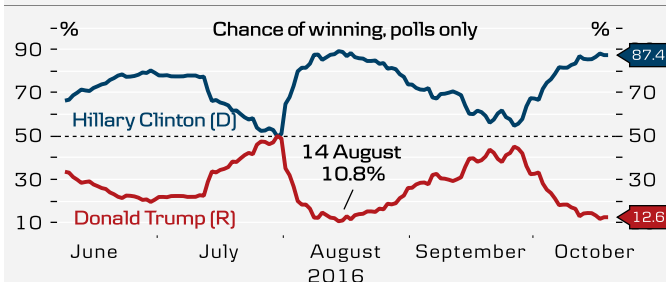
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Chart 2: Clinton is more than 6 percentage point ahead



Source: RealClearPolitics.com, Macrobond Financial

Chart 3: Above an 87% probability of a Clinton win as of now

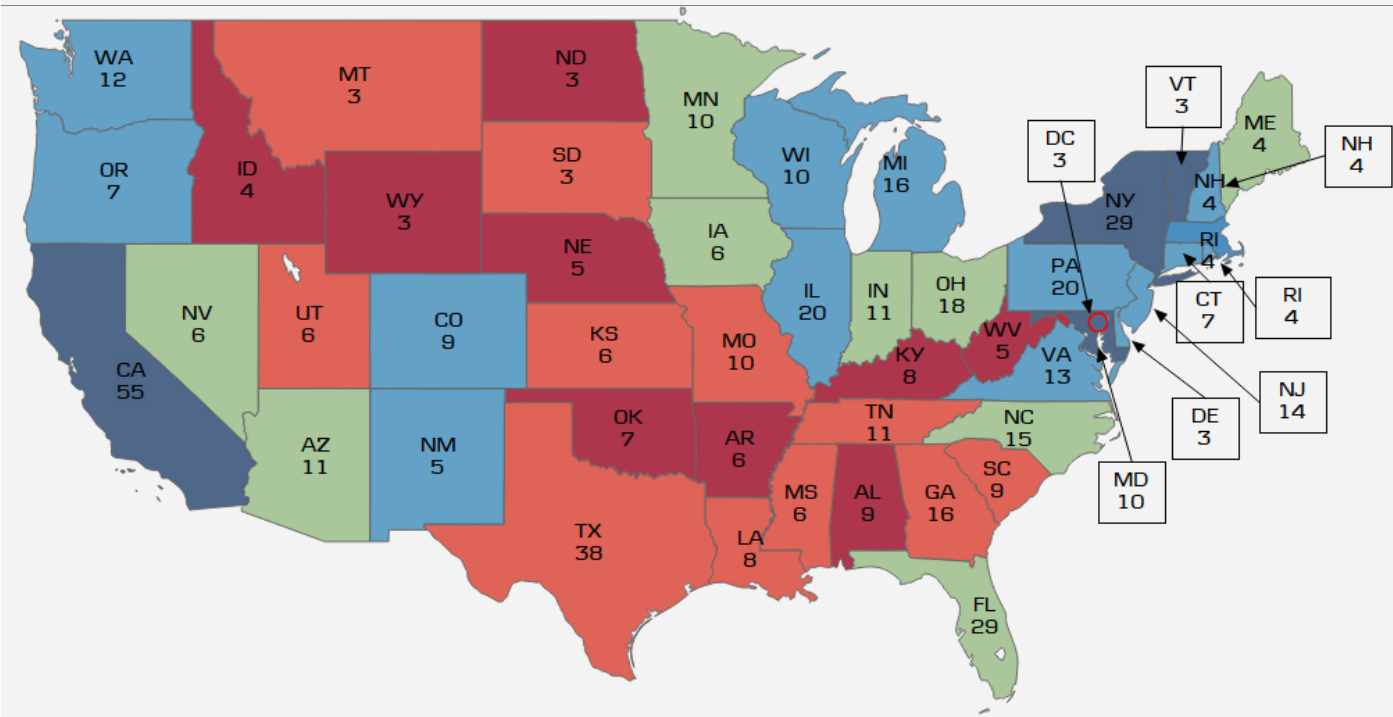


Source: fivethirtyeight.com, Macrobond Financial

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

538 electoral voters in total, 270 to win

More or less status quo since last monitor - Clinton has 260 solid or likely electoral votes, Trump has 170.



Source: RealClearPolitics.com

Note: Numbers indicate electoral votes. Hawaii and D.C. are solid Democratic and Alaska is likely Republican. Green states are swing states based on current state polls.

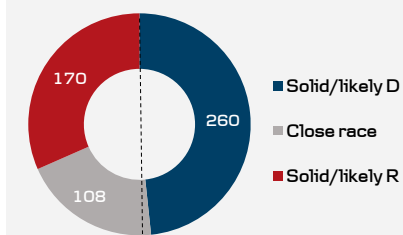
Historical election results in swing states

	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.

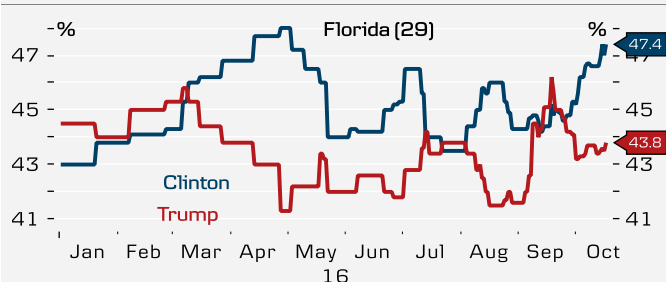
Current division of the 538 electoral votes based on current state polls



Source: RealClearPolitics.com

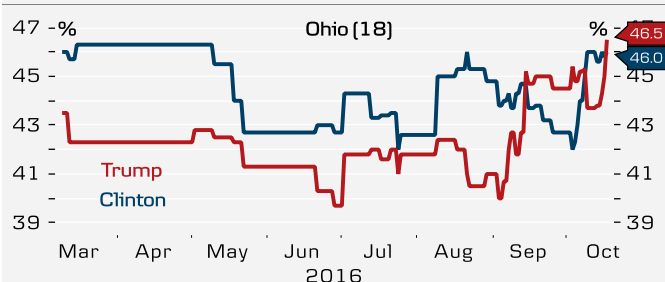
Polls in important swing states

Soon difficult to call Florida for a 'swing state'



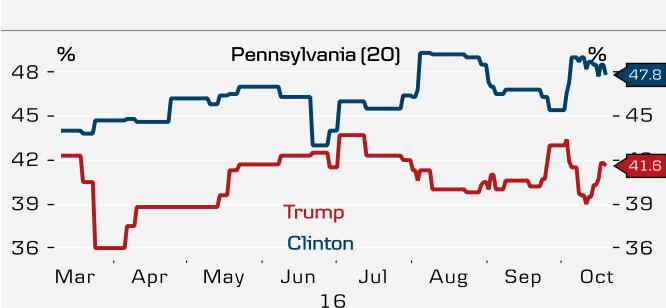
Source: RealClearPolitics.com Note: Number indicates electoral votes

Trump still in the game in Ohio, polls indicate close race



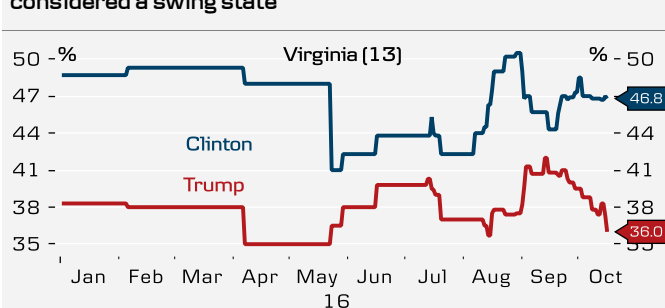
Source: RealClearPolitics.com Note: Number indicates electoral votes

Clinton holds on to Pennsylvania lead



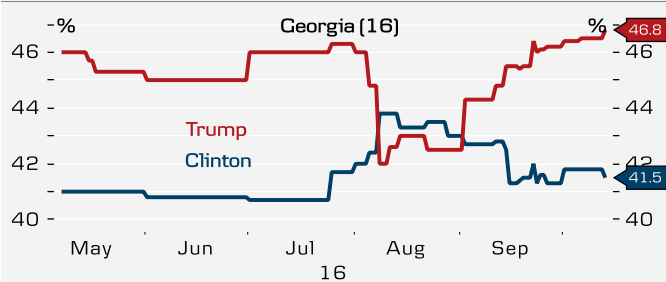
Source: RealClearPolitics.com Note: Number indicates electoral votes

Clinton consolidates her lead in Virginia - no longer considered a swing state



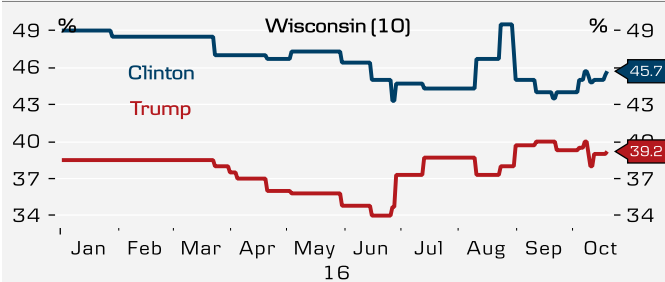
Source: RealClearPolitics.com Note: Number indicates electoral votes

Georgia has become a Trump state



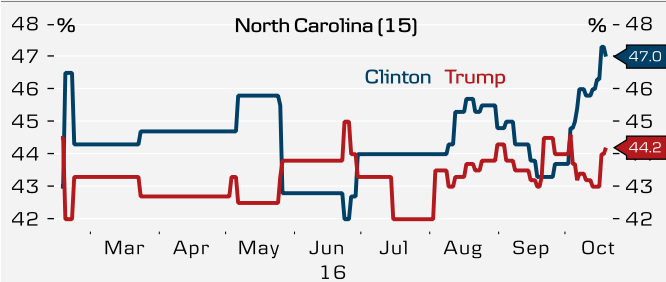
Source: RealClearPolitics.com Note: Number indicates electoral votes

Clinton lead looks solid in Wisconsin



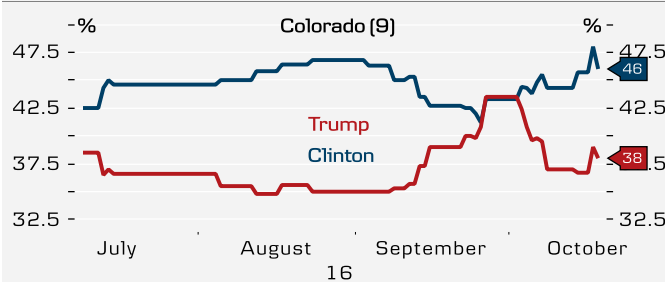
Source: RealClearPolitics.com Note: Number indicates electoral votes

Clinton support surges in North Carolina, still close though



Source: RealClearPolitics.com Note: Number indicates electoral votes

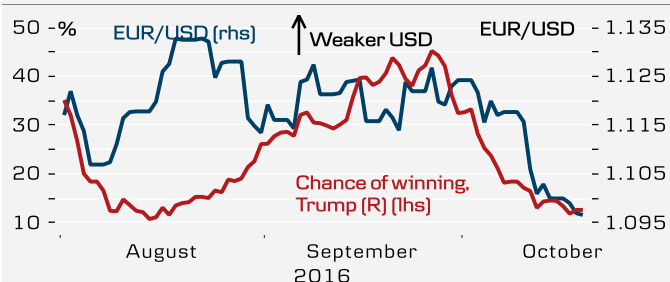
Clinton ahead in Colorado



Source: RealClearPolitics.com Note: Number indicates electoral votes

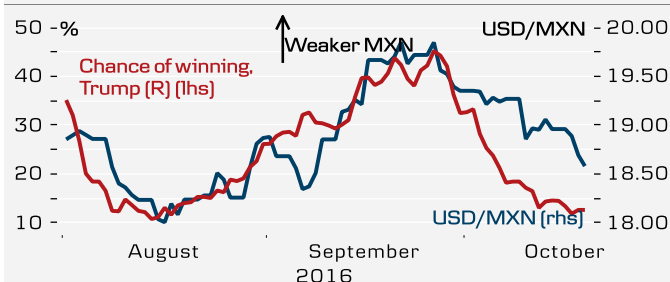
Market implications

Lower EUR/USD not due to the election



Source: Macrobond Financial, FiveThirtyEight

MXN has strengthened as Trump's chances have declined



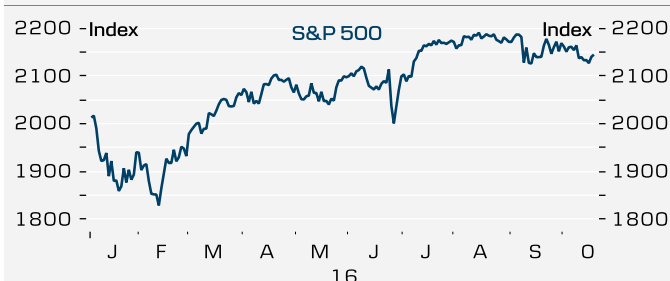
Source: Macrobond Financial, FiveThirtyEight

USD broad index



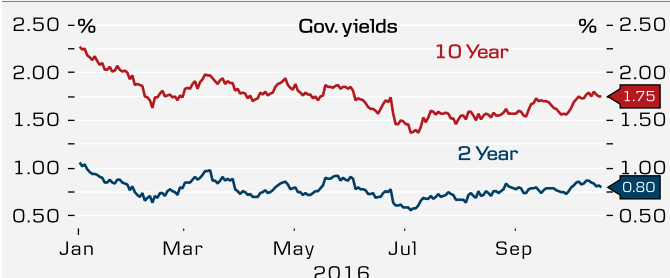
Source: Macrobond Financial

S&P 500 has moved sideways for some time



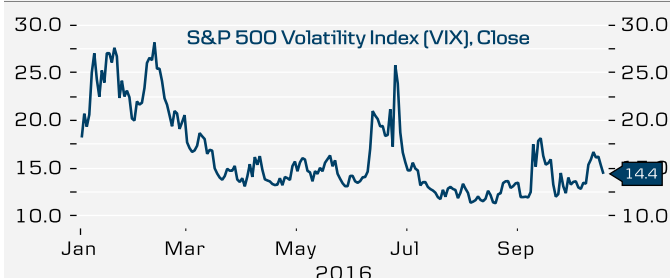
Source: Macrobond Financial

Low US government bond yields



Source: Macrobond Financial

VIX is low despite the election



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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Expected updates

None.

Date of first publication

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