So who is really bothered about Brexit anyway? It makes no difference, if UK and US stock markets are anything to go by. At the time of writing the S&P 500 has just reached an all-time high after strong non-farm payroll data (jobs) and the FTSE 100 is meanwhile ticking along, minding its own business and slowly creeping up towards 7,000. Regardless of the fact that the market seems irrationally bullish at present, we have to accept that there is still momentum with this post-Brexit rally, partly as a result of the speed with which Theresa May took over and steadied the ship and partly due to expectations that Britain won't feel the pain for a good while yet.

So if the markets have moved on from Brexit already, what else is topical? We are about to witness one of the most bitterly contested US presidential races in history between two of the least liked US presidential candidates in history. What impact could there be of a Trump win on the dollar, markets and the US economy? Is Hillary any more palatable? With the November 8th election looming, this month we consider the implications for either outcome.

What do investors expect of each of the US presidential candidates? Well we know that Hillary can move the markets. A year ago Martin Shkreli, ex-hedgie and Turing Pharmaceuticals CEO boasted about ramping up the price of one of Turing's lifesaving drugs from c.$13.50 per pill to $750 per pill but claimed it was still cheap at the price. This comment triggered public outrage and prompted Mrs Clinton to tweet that as president she would bring an end to so called "price gouging" by pharmaceutical companies. Healthcare and biotech stocks plummeted.

This incident tells us a few things. Firstly the market reaction shows that investors are taking Hillary seriously. Secondly it shows that she plays the game and will support causes to make her more popular ahead of the election. However it also shows that she is happy to play both sides (her presidential campaign has accepted almost $600,000 from big pharma companies in donations since last year according to the 'Center for Responsive Politics') and this makes some investors nervous.

Overall this demonstrates that Hillary is a shrewd and measured candidate who is used to playing the political game. Ironically however she comes across as Machiavellian and untrustworthy as a result. Hillary has been hamstrung by this reputation, her dodgy email and with supporters of Bernie Saunders not converting to the cause even after he came out and fully endorsed her.

"Silenced" Bernie supporters are only now coming round to Hillary Clinton

Donald Trump on the other hand has not adopted a subtle or politically correct campaign and seems to have made putting his foot in it a cornerstone of his political strategy. Yet in this new world of populist politics, his stock amongst his supporters still seems high, even in the face of many embarrassing gaffes. His aggressive, no nonsense, straight talking approach has triggered huge

support from the working class white folk of America who see him as the antidote to everything that "slippery Hillary" represents. His straight-talking approach has however put him in hot water on a number of occasions. His top gaffes, in no particular order, include:

1. Insulting the parents of a Muslim US fallen soldier
2. Suggesting that gun-rights activists could "stop" Hillary from taking power
3. Labelling Mexican immigrants "criminals and rapists"
4. Arguing that John McCain was not a war hero because he was captured
5. Bragging that he had predicted an event such as the Orlando massacre, just days afterwards

Comments like these make him unelectable to most democrats and to many in his own party (to the point where many high profile republicans are reluctant to endorse him, partly considering their own political worth in a post Trump era, no doubt).

As per the chart overleaf, Trump's recent gaffe (see point 1 above) has led to Hillary taking a large lead in the polls.

However, the US electorate seem to have short memories when it comes to Trump cock-ups and this gap could quickly close if he starts to focus on his core advantage over Hillary, namely his apparent superior credibility relating to the economy.

In the past few days it is no surprise, therefore, that Trump's focus is now firmly on the economy, an attempt to distance himself from his previously deemed unsavoury outbursts. So what are their respective plans and how might these affect the economy and the markets?

In essence, Trump proposes to cut tax for everyone whilst Hillary will keep tax the same for all but the highest earners, who will pay a little more. The 'Tax Policy Center', an independent and non-partisan think tank estimates that Trump's plan would cut government income by $9.5tn over 10 years, whilst Hillary's plan would add $1.1tn in revenue.

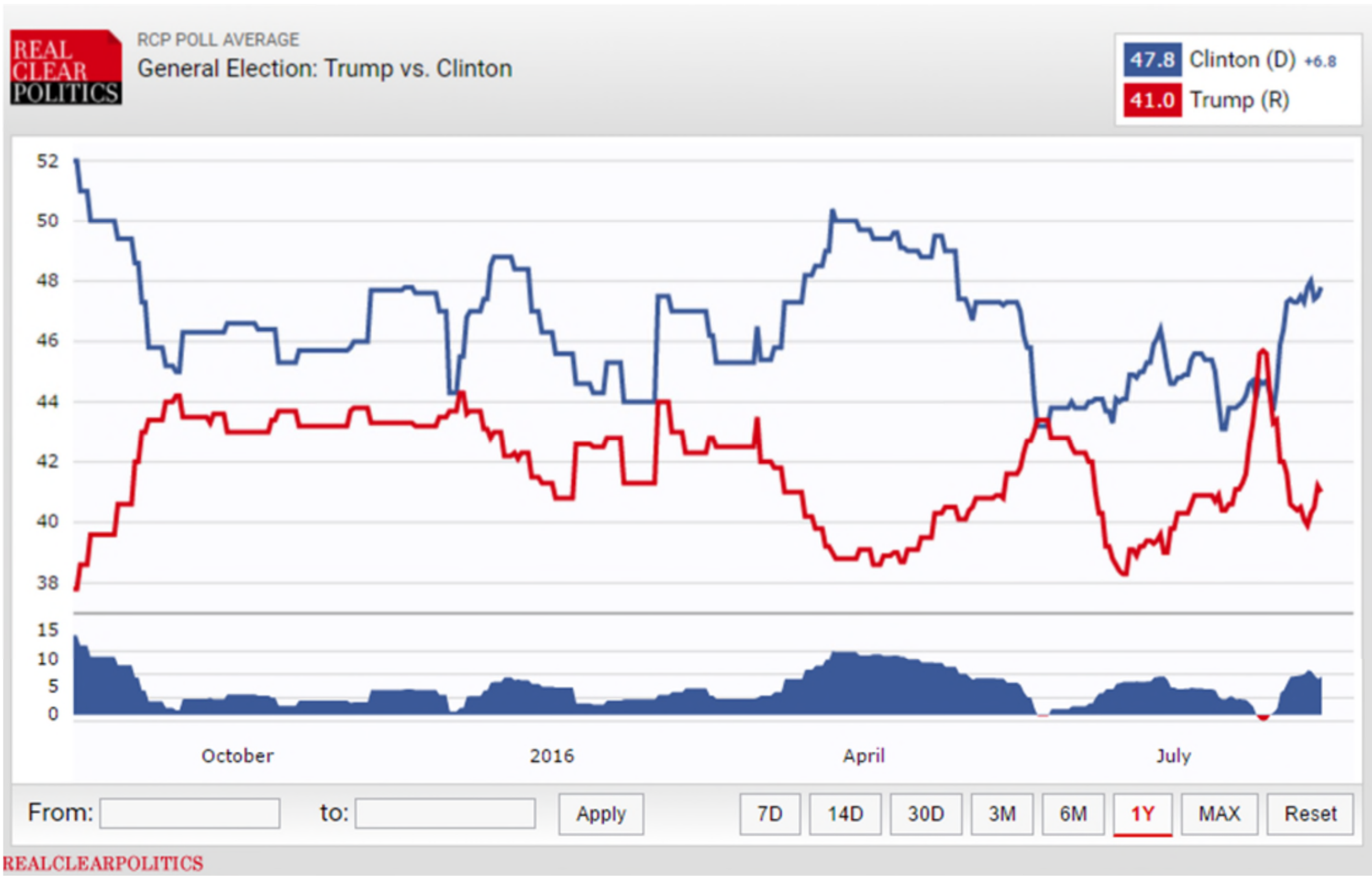
How does Trump propose to pay for these tax cuts, which incidentally will benefit higher earners more than low income Amercians? Partly via tariffs of up to 45% on Chinese and Mexican goods, a policy that Clinton has seized upon as being short-termist, aggressive and anti-globalisation (although she herself has flip-flopped on the 'Transpacific Partnership' – backing it all the way until it started to prove politically unfavourable). Trump also proposes to offer companies that are harbouring income offshore a deal to bring that income back to the US and pay a one-off 10% tax. According to 'Citizens for Tax Justice', Fortune 500 companies are keeping more than $1.4trn of income offshore and avoiding $695bn of tax as a result and this is a clever way of boosting income. However, this is also a short-term fix to a longer-term problem and the deficit will continue to grow unless he can somehow find ways to raise income elsewhere.

Overall, regardless of a distinct lack of detail surrounding execution, Trump's vision for the US economy has garnered more support than Clinton's. However, questions remain about the long-term viability of Trump's plan.

Another consideration is Trump's general interventionist stance, not only relating to trade but also the suggestion that he may shake things up at the Federal Reserve, potentially ousting Janet Yellen and replacing her with someone more 'republican'. The market would likely take this badly as she is seen as a solid and safe pair of hands. It also raises questions about his longer-term plans for more involvement in the operating practices at the world's most important central bank. Investors should be nervous of such talk.

With US stock markets at all-time highs at a time when corporate earnings have declined for five consecutive quarters, all eyes will be on November 8th. Hillary Clinton is seen as the candidate who offers the markets 'more of the same' and as a known quantity, investors will probably react with indifference if she is elected. A Trump victory raises serious questions about the credibility of his economic plan, let alone his crazy ideas about a wall with Mexico and a "no Muslim" immigration policy, both of which won't pass congress. Markets should react poorly to his election but whether or not this would lead to a weaker dollar is debatable. His protectionist stance along with the perception of his superior economic positioning could strengthen the US dollar, at least in the short-term.

Frankly though, we'd prefer to see more of the same. It's about time something expected happened in global politics for a change and we feel that markets could do with a level head and some experience in charge of the world's most important economy.



Hillary takes a resounding polls lead as Trump gaffes start to mount up. Source - Real Clear Politics