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WASHINGTON POLICY STRATEGY

Potomac Perspective

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The shooting of Donald Trump will likely increase his chances of winning the fall election. The scale of political boost he will receive, however, remains uncertain. These events will also freeze Democratic efforts to replace President Biden as their party's nominee. Near term, these factors point to a risk-on trade.

In gauging the impact on the election from the shooting of former President Donald Trump, we offer a blunt and candid assessment which some might view as vulgar. At a highly emotional time for many Americans, we apologize if our thoughts strike some as insensitive, but Saturday's shooting will likely impact the 2024 elections. As strategists, we are tasked with assessing the political impact of Saturday's event. We also acknowledge that this is an unprecedented situation, and early appraisals are subject to revision as more facts related to the shooting become known.

Shooting Fallout on the Election

Before Saturday's shooting, we viewed Donald Trump as the favorite to win the November election. In the aftermath of this weekend's events, we are more confident in that view. First, Trump voters will be completely committed to voting, so Trump will have an enthusiasm advantage over President Joe Biden. Trump is also likely to get a boost from undecided and leaning voters out of sympathy. However, this is not a large group, which could limit how much of a bump Trump gets in the polls. Regardless of this factor, there is a large group of voters who will never vote for Mr. Trump, which could cap any bounce he gets in the polls.

The fallout from the shooting also depends on how Mr. Trump responds in the coming days and weeks. If he takes the high road and seeks to unify the country, he could pick up more support than we currently expect. We note Mr. Trump's campaign leadership, especially Susie Wiles and Chris LaCivita, has instilled a level of discipline that was not seen in Mr. Trump's previous two campaigns. This suggests that the Trump campaign might take a high road approach. This could mean a bigger upside for Trump than we currently anticipate.

Impact on Biden

Former President Trump is not the only one who needs to figure out how to navigate this unprecedented situation. President Biden's campaign will have to walk a political tight rope. It will be a challenge to stay sufficiently aggressive on the campaign trail while not alienating voters who might want more unity and less discord.

As for the Democratic nomination, Saturday's situation freezes Democrats who want Biden to drop out of the race. Democrats will be preoccupied with trying to figuring out how to respond to the Trump shooting and to the impending Republican convention, which takes the immediate focus off of Biden. With time running short between now and the Democratic convention, it appears that Mr. Biden has survived "make or break week."

Market Reaction

While political uncertainty might lead to a risk-off trade, we think investors will agree with our assessment that the attempted assassination of Donald Trump increases his odds of winning the presidential election. This could lead to a rally in the equity markets on Monday.

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