

MARKET SIGHT LINES



2024 U.S. Elections Are Close, What Does That Mean for Investors?

By Michael O'Keeffe, *Chief Investment Officer*



We're just over a week away from the 2024 U.S. elections, and investors continue to wonder: What does this mean for the markets, portfolios, and new investment opportunities? Election results are always hard to predict, and given how close the last couple of presidential elections have been, people also worry about a close race, contested elections, and the potential for civil unrest. Next week, I will be joined by Brian Gardner, Stifel's Chief Washington Policy Strategist, in a [client webinar on the upcoming U.S. elections](#). In this Sight|Lines, we offer a preview to our webinar and the elections.

THE TAKEAWAY: A TOSS-UP, POSSIBLE DIVIDED GOVERNMENT, AND OTHER FORCES DRIVING THE MARKETS

The outcome of the 2024 elections appears to be a toss-up overall, with divided government a likely outcome, so other forces will continue to drive markets.

In summary:

- Surveys indicate that prices/inflation, jobs/the economy, and immigration are the top three issues for voters in 2024, especially independents.
- Polls, which don't often do a great job predicting election outcomes, are signaling a toss-up in these elections.
- There is a good chance the presidential election will be close, increasing the chances of a contested election and the risk of civil unrest.
- Brian Gardner's base case scenario is for divided government, limiting dramatic change from legislation.
- While many Americans are emotionally invested in the election and related outcomes, chances are other forces will continue to drive markets near term.
- We do hope, whatever the outcome, that [fiscal discipline](#) will soon come into focus.

IN-DEPTH: ELECTIONS OVERALL APPEAR TO BE A TOSS-UP, WITH DIVIDED GOVERNMENT A LIKELY OUTCOME, MEANING OTHER FORCES WILL CONTINUE TO DRIVE MARKETS

The 2024 elections appear to be too close to call when it comes to government control, with divided government a likely outcome and other forces continuing to drive market results. Going deeper:

- Surveys help identify the topics that mean the most to voters:
 - Overall, prices/inflation, jobs/the economy, or immigration are the top issue for 47% of voters.
 - These three topics combine to be the top issue for 49% of independent voters.
- Polls are signaling a toss-up in these elections:
 - In swing states, polls are mostly showing a modest ~1% Trump lead, but Harris was leading modestly in September.
 - Polls are indicating a stronger possibility of a Republican win in the Senate.
 - 32 House seats are considered toss-ups, making future control uncertain.
- Given these tight presidential election polls in battleground states, results could be close:
 - Both parties appear prepared to contest specific state election outcomes that are close.
 - Given the emotionally charged dynamics of this election, there is at least a modest risk of civil unrest from either party.
- Brian Gardner's base case scenario is for divided government:
 - He assigns a 70% probability to a dividend government, 20% Republican sweep, and 10% Democratic sweep.
 - Divided government means a slower pace of change, with a focus on bipartisan issues.
- Despite emotions about the elections, we see other forces still driving the markets:
 - In the near term, inflation, the economy, Federal Reserve monetary policy, market valuations, and earnings will all remain in focus.
 - External events, like Middle East conflicts and the Russia-Ukraine war, can also trigger volatility.
- As discussed [last week](#), whatever the election outcome, we believe [fiscal discipline](#) must be focus soon.

CONCLUSION

With just over a week to go until the U.S. elections, investors continue to wonder how the outcomes might affect the markets, portfolios, and new investment opportunities. The elections overall seem too close to call when it comes to Republican or Democratic control, with a divided government a likely outcome. With that, other forces like Fed policy, the economy, and company earnings will continue to drive markets. On October 29, Brian Gardner and I will hold a [client webinar on the upcoming U.S. elections](#). On November 7, we will recap the election results and discuss what they mean for future legislation and other areas of focus in D.C. Please join us for both. You can find details and our other related work at [StifelInsights.com](#).

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