



US PRESIDENTIAL ELECTION 2020

The 2020 US Presidential election was yesterday. We write this note prior to the investment markets opening on Wednesday (the day after the election) and it is unclear who the President of the US will be for the next four years. At this time, it looks like the two House of US Congress will remain almost status quo. The Republicans look best to be able to maintain the Senate - though by a smaller margin, and the democrats will maintain control of the House of Representatives. It may take until the end of this week to get the final Presidential vote counts, but I think that we should have a clearer picture in the next 24 hours. Too close to call. Both candidates have pathways to victory.

What does appear clear is that our southern neighbor is very much a divided country in many, many ways. What also appears clear is that with all of the innovation and technology in the US, they need to be able to develop a ballot counting and electoral logistics system that is not so completely inept.

As said several times before, the investment markets do not like uncertainty. As we prepare for the Wednesday open of the markets, the indications are swinging wildly. With the uncertain outcome, we can expect some of the “bets” placed in the markets through yesterday to weaken. As long term investors, we will make investment decisions that maintain our goals and objectives. No panic buying or selling. Stay the course and regardless of the potential near term volatility and regardless of the election outcome, we will be successful in achieving our financial objectives.

It is also important to recognize the somewhat limited impact that Presidents have on economic development and change. For example, despite all of the President’s rhetoric over the past four years, the pace of de-carbonizing the US electricity grid has been greater than in the previous 6 years. Wind and solar generating capacity has increased at the fastest pace during any other Presidential term. The past four years has also seen the fastest retirement of coal-fired power plants in US history. Oil and natural gas continue to be the dominant source of power generation by a large amount, but the ‘greening’ of the grid is underway. Regardless of who wins the Presidential election, this progress will continue. Businesses, their Management and Employees have a bigger impact on economic development and change than does the President.

For us here in Canada, many are holding their breath waiting for the decision on the victor. No matter the outcome, Canada continues to have a reliance on the US economy for both our imports and exports. The trade battles between the US and China impacts us greatly. Canada must focus on developing trade relationships with other countries and reduce our reliance on the US and China. This is no easy task. We are not a very productive country in many manufacturing areas. Our geography and population base do not help with our productivity but we do need to stop finding excuses for our weaker manufacturing base. The easy route is not usually the best route.

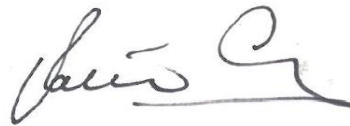
The US will soon know who their President will be for the next four years. As investors, we may need to adjust some of our investment ideas depending on that outcome, but nothing really changes from the long term investment perspective. All will be good.

Best regards,
CIBC Wood Gundy



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