

Biden Versus Trump II: An Investor's Guide to the U.S. Election | February 2024 | Season 5, Episode 2

Speaker Key:

KM	Kevin McCreadie
JC	John Christofilos
DP	David Pett
GV	Greg Valliere

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00:00:00	DP	Welcome to AGF Inside Perspectives. Kevin, John, how are you?
	JC	Good, how are you?
	DP	I'm good. I was just out and I saw, he's not really a celebrity, but I thought it was kind of fun. Sherman Hamilton, he's the Sportsnet basketball guy. And it made me think, I rarely see celebrities in Toronto. I don't think I've ever seen a really big celebrity. John?
00:00:29	JC	As you all know, I'm a hockey buff and the most largest celebrity or the most famous person I've ever met or ran into on the street of Toronto was Gordie Howe. With my infamous 4:09 wakeup call, I got to meet him on Young Street. He was with one of his handlers. He was probably in his 70s at the time, but super-nice man. Took the time, we talked about hockey, we talked about life just on a street corner at Front and Young. I'll never forget it, right by the Hockey Hall of Fame.
00:00:59		He would be probably the most famous, from my perspective, person that I've met in many, many years.
	DP	Not everybody would know the story, John, but your wakeup call is 4:09 and that's an ode to Gordie Howe.
	JC	Hockey is my favourite sport, Gordie Howe was my favourite hockey player, he played for my favourite hockey team, the Detroit Red Wings, so my alarm clock goes every single morning at 4:09 and it has been for many decades and will for

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		hopefully many more decades.
00:01:29	DP	He was a big guy, right?
	JC	Yes, he was a big guy. Wasn't overly tall, but arms and hands of cement. He was strong, he was a strong man. He was born on a farm in Saskatchewan and, as you all know, people from Saskatchewan are tough people. They've got a lot to deal with, especially in the winter months, so he was a really, really special person that I met.
00:01:56		And I'll tell you, depending on who you talk to, when you rank the top five players of all time, Gordie Howe is always inside the top five. You've got Gretzky and Bobby Orr and Mario Lemieux and others, and Gordie Howe was always in there. And for me he's number three, behind Wayne Gretzky and Bobby Orr.
	DP	Absolutely. There's the Gordie Howe hattrick, of course, which is a goal, an assist and a fight...
	JC	A goal, an assist and a fight in the same game.
	DP	Tough guy, elbows, for sure.
	JC	Elbows, tough guy, yes.
	DP	Kevin, celebrity sightings or encounters over the years?
00:02:28	KM	I kind of run into them all the time. My favourite trivia question, I think you guys know this, that I have met three US presidents. They weren't president at the time, all of them, which is hard to do. I think there's only been 45, so that's pretty good. Both of the Bushes and, interestingly, Donald Trump, before he was president, about 20 years ago. More recently I ran into Adam Sandler constantly last summer, when he was filming a movie here.
00:02:57		And it was the voice of Adam Sandler. I was literally in a restaurant and I heard this voice and it shook me. I turned around and it was him, in the full-on baggy shorts and the hat.
	DP	I guess we should probably get to our guest. Greg Valliere is here and he's the Chief US Policy Strategist. I'm sure Greg will want to weigh in on celebrity sightings. Living in Washinton, I'm

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		sure he sees lots of famous politicians. So, if you guys are ready, let's get into it.
00:03:32		Welcome, Greg.
	GV	Great to be here, good to see you.
	DP	Thanks for being here again. We're just talking about celebrity encounters, I'm sure you see them every day in Washinton.
	GV	A lot. When I was a little kid I met John F Kennedy, that was pretty cool. And when I was much older I met Ringo Star. I said I don't want your autograph, can I just shake your hand? He said for a dollar, mate. So, I started to take out a dollar and he laughed at me. But those are my two.
00:04:00	JC	Hold on, I have a question, though, Greg. Are politicians celebrities or are they circus performers?
	GV	A little bit of both.
	JC	All joking aside.
	GV	A little bit of both. They all have enormous egos, just staggering egos.
	DP	Let's get into the markets for a little bit. Then obviously we're here, Greg, we're going to talk a little bit about the US election. We've got Super Tuesday coming up in a couple of weeks from the day of this recording.
00:04:30		But, as always, maybe we should just start with a little rundown on the markets, guys. Greg, please feel free to weigh on what you're seeing these days. Kevin, I'll start with you. It's been about a month since we last recorded. Just wondering where you're seeing markets now and maybe where we're headed over the next couple of months.
	KM	We've had a good start of the year, and that's on the backdrop of a great finish to 2023. If you mark that 1 November pivot in the market, which was basically the Fed saying, essentially, hey, we think we've gone too far, we're done.
00:05:03		You had massive rallies in November, December, and we've come out of the gate pretty strong. Same trade though, those

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		we saw last year, which was the headline indexes doing well. Today the S&P, call it up 4%, to start the year. The average stock, if we equal weight that, is only up 1%. If you stretch that out over last year February to today, from where we were a year ago, that spread is 16%.
00:05:30		So, the average stock has done a little bit, though indices have done a lot because it's crowded into these few names and we'll about to see a little bit more of that. Where we are now is a little bit seasonally going to challenge us a bit. We've had this strong run and now we're in this waiting game. This is the year that I've said, last year was how high and for how long, this year is about how many and how soon? We've moved away from raising rates and staying there for a period, to we want you to cut rates and we want you to cut them now.
00:06:00		That's what we're now going to have to reconcile. This is the final act in that play. Part of that will create some volatility now, as we let this play out. Earnings are almost behind us, you have a couple of big names left. But essentially now we're going to be in this drifting around, trying to reconcile that narrative. And on the backdrop, what I would say is, if you listen to Bring it Back to Politics, what Nikki Haley has been out there saying is the world is on fire.
00:06:28		And that these are the guys you want in that kind of a world. And think about, we've got shooting wars in Europe, a proxy shooting war in the Middle East and tension in China, and probably some growing tension with Russia with the US on a bunch of things. And so, I say on that backdrop, geopolitical risk, not just about Fed policy or what other central banks do, is going to dominate this next bunch of months. But some of the geopolitical stuff, as you lead into probably the biggest thing, that will impact markets, potentially the share, which is the US election.
00:07:03	GV	It's great to see politicians with a pulse rate. Nikki Haley has a real pulse rate. She's sharp, quick, funny, likeable. You don't see that with a lot of politicians now who are in their 80s. I think this is reinforced in a lot of people's minds, it's time for a change.
	KM	And we're not going to get that change.

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	GV	Correct. Unless there's some catastrophic, out of left field health issue with Biden or Trump, it's going to be one of those two.
00:07:32		It's not going to be Nikki Haley, she's not going to do well in the Super Tuesday and will she stick around? Maybe. But I think she would ruin her chances for 2028 if she did. So, that's it. Take your pick, Biden or Trump.
	KM	If you didn't have a party system, Greg, though, and you just had 180 million people come to the polls in November and you get to choose between Biden, Haley and Trump. In that kind of a backdrop, does she do okay?
00:08:04	GV	Yes. Not that she's that great, and she's said some stupid things about slavery and things she wishes she hadn't said. But no, she's intriguing and very likeable and very bright. Joe Biden has lost it. Another person who I've met, and met him many times when I was a young man and he was a young man, he's not the same guy, obviously, that I used to see.
00:08:33		And Trump, if that's your cup of tea. But she does reinforce the belief that it's time for some new people.
	DP	John, back to the markets. You don't always agree with Kevin, so I just wonder what you're thinking about what's going on.
	JC	No, it's only a couple of times a year that I typically agree with him and one of them is around bonus time. I really agree with everything he has to say when he says nice things.
00:08:56		Look, I'm going to leave politics alone because these guys know the US and politics better than I do, but there's three things that have really caught my eye so far this year. One is the continuation of the same trade that we all thought was going to end at some point, is continuing.
	KM	Just to be clear, that is crowding in about seven names, growth still outperforming value because of the seven names are growthy, that's the trade we're talking about.
	JC	Yes, and let's be clear, that will end at some point. The question is when is that point and when does the market start to broaden out. That's point one.

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00:09:29		Continuation continues and we'll see how long that lasts and then we'll see the broadening out. Two, nobody's talked about this, but the Nikkei over in Japan is up 14% year-to-date. It is the best performing market that nobody talks about. Other than Warren Buffet, of course, because he invested a heck of a lot of money about six or nine months ago in Japan, probably saw something ahead of everybody else. But that's a market that obviously is very important to the world's economy and if it's doing well, then other parts of Asia should do well.
00:09:59	KM	How many years has it taken to get back to that high?
	JC	30-someodd years. I don't know the exact number, but it's in the 30s, older than me. And then the third thing is the continued pile of cash of that continues to grow on the sidelines. We're now up over \$6 trillion of cash that doesn't seem to be softening at all. We would've thought by this point in time rates would start to come in a little bit, some of this money would've come back into the market. It hasn't happened yet, it actually is going the other way. We're seeing every week more and more cash.
00:10:28		At some point that will end as well, these trends don't always go on forever and we'll start to see that money come in. Those are the three things that I think that have caught my eye in the first six or seven weeks of the year. And we'll see what transpires over the next couple of weeks because I totally agree with Kevin, we are going to hit a rough patch. Historically, seasonality wise, this is not a great time for the market, so we may be seeing, we might be in the middle of something right now that's a bit of a pullback, 3, 4, 5%.
00:10:57		Which, as people always say, is probably going to be healthy for the market. So, we'll keep an eye on that.
	DP	There's a tug-of-war though, that's going on out there, John. It is this narrative, this is one camp which is hey, the economy's doing great, inflation's rolling over and we're getting ready to cut rates, this is great. There's another narrative out there, which says the consumers are actually starting to crack a bit. Debt's picking up, delinquency is starting or rise. Inflation is actually stickier than we think, it actually may not be abating as fast as people think.
00:11:30		Therefore, we may not be cutting rates this year. Those two

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		camps, there's a debate that will play out here over these next few months that bring into play what the Fed does in an election year.
	JC	Hey, David, think about this. Less than three of four weeks ago the market was pricing in seven cuts in three weeks. We've gone from seven to maybe two or three at this point.
00:12:00		So, the market has really moved. Actually, by the way, the market was wrong because we're not going to get seven cuts.
	GV	Because the Fed is saying on their dot plot three this year, I think.
	JC	Two or three. And remembering Greg knows this better than anybody, as we approach the election, the Fed's got to back away. They can't dictate what's going to happen in the election. Is two the right number, is three the right number? I'm not sure, but seven is definitely not the right number.
	GV	Did you guys see in the last couple of days, Larry Summers stated that there's at least a 15% chance the next Fed move will be to tighten?
	DP	Really?
00:12:32	GV	His track record leaves a bit to be desired, I will agree, but there are some people who think the next move could be a tightening.
	KM	What's happened is you've had since the Fed met in January, you've had actually hotter data. CPI has come in hotter, PPI, producer price indices, which lead consumers, was hotter. And the jobs report was a blowout.
00:12:56		Yes, there could be some seasonal adjustments in there, so if you're in the Summers camp, what's happened is interest rates have backed up at a point where you actually have started, to John's point, removed some of the immediacy of these cuts. There was actually three weeks ago a 70% chance that the Fed was cutting rates in March and that's down to 10%. This one was zero in my mind, frankly. But I think where there's a zero probably is what Greg just said, if you want to throw a curveball at this market, you raise rates when no one's looking.

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00:13:28	GV	Not a good story for housing. Why would the Fed cut?
	KM	Well, I could argue, and I've argued to these two guys, we use this word, we throw it around and nobody ever stops and thinks. It's called a neutral rate. They're trying to achieve the neutral rate. And when you look at it, that should be a rate that is neither too accommodative, to keep pushing things in demand. Nor too restrictive, where you're laying people off because there's not enough demand.
	DP	And that neutral rate's been laid out by them?
00:13:57	KM	That's another policy and academic debate, right. We can all argue where it is and mathematicians have argued where it is, and it's hard to predict where the path of GDP is truly and what that rate should be. But I would argue, you've probably raised enough certainly real rates, which when you subtract inflation, if it's trending toward the two from the threes, one would argue they're historically probably average to a little bit restrictive right now.
00:14:26		That would be the argument to say don't let it go on too long. You know things are going to decelerate, just in this lag of the time effect, maybe start cutting now.
	JC	So, pre-empt it.
	KM	That would be the argument why, to answer your why.
	JC	And what you don't want, them cutting for the wrong reason. If they start to over-cut and cut quickly, then they're probably seeing something in the numbers that aren't making them feel very comfortable. We're moving into a recession, things are slowing down much quicker. This is the part that I love about it. Kevin talked a little bit about the two opposing thoughts out there.
00:14:59		That one, the consumer is starting to crack. Brian Moynihan, who's the CEO of Bank of America was on this morning, who said that consumer is firing on all cylinders. You get this difference of opinion in the market, which actually drives markets. Now I would argue that if the consumer is firing on all cylinders, that's a red flag for me because at some point, they stop firing on all cylinders and they do start to crack, so there's

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		lots of moving parts here.
00:15:29	KM	I would say in aggregate, the consumer is doing okay. When I say in aggregate, it's the high-end consumer doesn't have student loans, not living off their credit card bill and has fixed a 30-year mortgage in the US probably is doing okay. Some young kid who's 25, who can't buy into the housing market in the US or Canada, is living off their credit cards and has student loan debts, in the case of the US, probably feeling a very different thing and their COVID savings are gone.
00:15:57		So I say in the aggregate maybe feels good, but their pocket's starting to show up.
	DP	Let's go back to something John said about the Fed and the election, and that it becomes maybe more difficult for the Fed to make a decision, one way or the other, the closer we get to the US election. Do you agree with that assessment, Greg, that the Fed is bound, somehow, to what's going to happen with the US election?
	GV	No, I don't. I've known an awful lot of Fed people, brilliant people, wonderful, wonderful people. And they rarely get mad, except when you say does the Fed let the election affect their policy making?
00:16:34		And my friends say absolutely not. They're agnostic, they don't let it affect them. But you can't fight... John just shook his head. There's a pervasive opinion that the Fed does take the election into consideration.
	JC	Any time I hear a Fed official say we don't consider politics in our decisions, innately it makes me believe that they consider politics in their decision.
	GV	It seems a little naïve or disingenuous, doesn't it, right?
00:17:02	JC	Because they're thinking about it. It's in front of them all day, every day, social media and the like. It's a tough call, I agree with Greg that they shouldn't and they probably don't, but they're there.
	GV	But they're meant be impartial, that's the idea, right? But it's so difficult in their day and age.

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	JC	You certainly don't see anything in the FOMC minutes that would indicate that politics has affected them, but you can't fight it, you can't fight back.
	KM	I don't buy the conspiracy theory that they're sitting in the back room saying they want an engineering outcome, I don't buy that.
00:17:29		I agree with Greg, that they truly are apolitical. I do think that they also realise that the box they have put themselves in by the time. If this decision and where the pace of the economy was going and what they had to do with rates was a year from now, outside the election, I think that makes their job a lot easier. I don't think there's an overt conversation, to Greg's point, about picking winners and losers. I do think whatever they do now is not going to be enough for anybody. Even the last meeting, no one had a probability of cutting in January, or very little.
00:18:01		And because they didn't, you had very prominent Democrats coming out and writing letters and screaming that the Joe American consumer is suffering and we should be cutting rates now. You had Donald Trump turning around and saying if you cut rates, you're just trying to engineer an outcome for Joe Biden. There's nobody they're going to make happy here and the longer this goes on, the louder this is going to get.
00:18:26	GV	I'll tell you what they do talk about in private, and you don't see it in the FOMC minutes, but in private I think there's agreement that this congress is the most dysfunctional, embarrassing, disgrace to the country, unable to do anything. And that's an opinion that's widely held at the Fed.
	DP	Just to maybe connect some dots here, Greg, would that impact what the Fed does, how dysfunctional congress is?
	GV	Yes, because I think it affects confidence. Kevin's always been a big... You've always talked about confidence. I'm not talking just about consumers or businesses, but how can you have a confident country when you've got a congress that is this totally dysfunctional?
00:19:05	JC	It becomes almost another indicator that they have to look at, like the unemployment rate or the inflation rate. They have to

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		look at dysfunction in Washinton as maybe a factor.
	KM	Nobody's even talking about it, other than Greg, but we may be facing a government shutdown again in two weeks. If you had told me a year ago in this fight for Ukraine with everything that was on the table about a true war on a Western front in Europe.
00:19:33		And now we've got congress going on a two-week break, saying we'll deal with this later, not that important. There is this dysfunction which starts to roll over. If you shut Washington down, even a soft shutdown, the rating agencies are going to have a nightmare on this thing again.
	JC	Greg, what's caused this in the last ten or 15...? It hasn't always been this dysfunctional. Does social media...?
00:19:58		What is it? Is it just a power base that makes these people just not want to agree on anything?
	GV	It's the pack money, it's who influences these people, it's power. You look at Kevin McCarthy, he wanted the power, and now you've got this new house speaker, Mike Johnson, who is a rookie, a lightweight, and he doesn't know the first thing about getting aid to Ukraine. I'll get on my soapbox for 30 seconds. This is a disgrace.
00:20:28		We promised Ukraine that we will give them aid and they are not getting it. My sense is that congress has embarrassed itself and there could very well be a shutdown. The deadlines are 2 March and 8 March, is when they have to get things done or we'll close the government down.
	KM	I don't know, if we had gotten aid sooner to these guys in the Ukraine, a pushback, you probably would've had a greater chance of brokering some type of ceasefire, where you leave the eastern, Russian-speaking parts of the Ukraine with Russia and you move on to a rebuild and create some kind of ceasefire, armistice, DMZ, whatever.
00:21:06		I think today, the longer this goes on, that the US seems to be indifferent to this, that day is harder to come by.
	GV	You ask and other people say what's changed in Washington? I would argue the biggest change in Washinton in the last few years, the United States has gone isolationist. We were that

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		way in the Midwest in the 30s, Iowa.
00:21:27		We don't want to get involved in anything, except it's a big world and we have to exert some influence. But the young Americans, especially young Republicans, don't want to have anything to do with us. They say we've got our own problems, we've got things to worry about. We can't spend money on Ukraine. And that sentiment is getting stronger.
	DP	Let's pivot a little bit on the conversation. We've got Super Tuesday coming up in a few days. What I'm calling not-so-Super Tuesday. Because it looks like we're stuck with Trump and Biden, unless I'm missing something, Greg?
00:22:01	GV	No, unless there's a health problem. Neither of them have publicised their physicals. Neither of them have disclosed the medication that they're on. I'm assuming they're both in pretty good shape, but I don't know that for a fact. We get 5 March, Super Tuesday, 15 primaries. And it looks to me that of the 15, at least 12 or so will go to Trump. He might win them all.
00:22:31	DP	You and I talked about this earlier today. The Republican Convention I think is in July.
	GV	Late July. Democrats 19 August.
	DP	The Republicans are, I think the word they use are they're bound to those nominees, to whoever wins at that. The Democrats wait until these guys, they lock in that Trump is a nominee. Is there a real possibility that because the Democratic nominees are only pledged, different than bound, that he would free them up?
00:22:58	GV	It's possible. That's been a rumour that's persisted, as John keeps telling me, in the stock market. That Biden will say I'll free you up, do whatever you want to do. If you want to vote for Michelle Obama or Hilary Clinton or whomever, go ahead, be my guest. Nobody gives up the presidency that easily. LBJ was an exception, but he had a different set of factors. I don't think that's going to happen, but again, I'm sorry, if Joe Biden shows up at a press conference and says I had a great talk yesterday with Jack Kennedy, people would go, excuse me?
00:23:35		It could happen. Again, I saw Joe Biden when I was in my early 30s and he was in his early 30s. Something's happened to him

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		and if he starts showing that, that's a big deal.
	JC	Greg, explain to me the disconnect between the Biden I see standing behind the podium, talking to the American public or to the press.
00:24:01		Versus the Biden who's just jumped on a plane, heading to California and is going to raise oodles amounts of money. There's a difference between the two.
	GV	He's programmed, though. He has advisors who programme him what to do. He's going to shake the trees and there's going to be a lot of money, but when it comes to any kind of a press conference or impromptu remarks, his advisories are terrified that he's out of control, he can't be scripted.
00:24:32	KM	The fact that he did not do the Super Bowl, which is kind of a freebie that they give presidents to do, to promote themselves in front of the largest audience in the world on the pre-game. Someone said to me, I don't know if it was you, John, they were afraid he was going to confuse Barbara Streisand with Taylor Swift.
	JC	Yes, there is a difference there. And then when Trump, let's not absolve him. You've got Trump saying go ahead, Russia, invade NATO countries, do whatever the hell you want.
00:24:58		Are you kidding me that the president of the United States says something like that? They're both reckless and they're both unpredictable. That's why this is such an interesting election. They're not scripted at all.
	KM	Play this on for me. He does have a few more gaffes, they both have a few more gaffes, like the polling data would tell you today, nobody wants either of them really. You get to that August place where the Democrats say nobody wants you, Joe.
00:25:30		You're polling even worse than you were six months ago. You know the man, he really won't step aside for the benefit of the party at that point?
	GV	He could, I don't rule it out. You've got to then factor in Kamala Harris, who most people don't have a high regard for. In an extreme minority, in that I think she's underrated, maybe because she's so low, she will exceed low expectations. The

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		secret to my career, exceed low expectations, and I think she'll do that.
00:26:01	KM	Her popularity's lower than Biden's.
	GV	Yes.
	JC	Let me bring this back to the market for just a quick second. If Trump wins, what does the market do? If Biden wins, what does the market do? If a third-party candidate happens to come out of whatever, no labels, what does the market do?
	KM	As we've talked for many years, and Greg can touch on this, maybe we can dive into what happens to the senate and the house.
00:26:27		Which really is what a president does is determined by how much authority he has and that's really by how much control he has of those two bodies. I'd say a Trump win probably for the capital markets is okay to a plus. Because just the pure tax reform items that have to be... There's the tax breaks that were cut last time around that start to expire in 2025. Markets made sure of the fact that if Trump wins he extends that.
00:26:56		People are really upset about the border in the US. This idea of catch and release, that here, come across and come back in three to five years and we have a court date for you and then they never find them. It's become a real security issue, as you've seen some of the news items in the US. I think there's some cheering if he is because of, i.e. the tax issues and this big border issue, which is big for everybody. I'd say if some third party that was legitimate was announced, it would get a lot of potentially decent money behind it, if it was legitimate.
00:27:29		And I'm not talking Ross Perot way, but a Nikki Haley. I don't even know if we want to go into that, but...
	JC	Ross Perot got 19% of the vote, he didn't win one state. But you're right, you could see a third party catch fire at the exact right time. One other thing I'd just add to what Kevin said. There will be other market impacts, namely if Trump were to win, within days of his inauguration, Jerome Powell is going to get the boot, no question about that.

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00:28:00		Even though Powell's term doesn't expire until 2026, if Trump calls up Powell and says I can't work with you, I want you out, Powell goes. He's not going to stick around.
	KM	Trump can't fire Powell, or can he?
	JC	He can basically say I don't want to work with you, pack your bags.
	KM	Fair enough, yes.
	JC	So, what are you going to do?
	KM	That would be market negative. And there are going to be other sector things on the Trump thing. Certainly if obviously he wraps up the tariffs on China, not going to be good for the auto sector, which requires a lot of that stuff, not going to be good for the tax sector.
00:28:33		On the Biden side, I people, it's more the same, but they'll be constantly looking over their shoulder about how healthy he is and who really is going to be running the country. From a reform standpoint, it's going to be more the same. And again, depending on house and senate, that's what will decide what really can get done.
	JC	If it is Trump, by the way, guys, I can see US/Canadian relations hit a pothole. I can see this over electric vehicles.
00:28:59		I can see it over Canada's contribution to NATO, trade disputes. That's something that Canadians may have to worry about if Trump wins.
	KM	Especially because I think 2026 the USMCA, which is the new NAFTA, has to get another review. And under Trump, that's going to be a very different item for Canada.
	DP	Back to this third candidate business.
	KM	I vote for John Christofilos.
	JC	It's a good thing I'm not an American citizen.
	DP	I did say legitimate, though.

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00:29:27	GV	Give him a drug test.
	DP	If there is a third candidate that arises, who does that hurt most? It depends on the candidate, I'm assuming.
	GV	A word or two, if I might, about Robert F Kennedy Jr. He has a magical name. He has sort of a speech defect, he's a conspiracy advocate, he hates vaccines. There's a lot of stuff about him that's a little much, but in several states he could get 6, 8, 10% of the vote.
00:29:59		And that means he could deny, I think, Trump the presidency because Trump's base hates vaccines. They believe in all of these conspiracy theories. I think Trump's base would be attracted to Robert F Kennedy.
	DP	So coming from the Democratic family, but affecting Trump's base more. Any other candidates? Like if Nikki Haley ends up going the no label thing, which you talked about. You didn't suggest, but you talked about in your piece this morning.
00:30:29		I'm guessing that's a hit to Biden, if Nikki ends up...
	GV	Probably, yes. There are so many people, Democrats especially, who are just looking for somebody moderate. They're not looking for a wild left-winger or right-winger, just somebody moderate, and she fits the bill.
	DP	Is this election going to be down to thousands of votes?
	GV	Yes, in all likelihood. And as I said on our call earlier today, I worry, I really worry that it's going to be another election where just a few thousands voters in Pennsylvania or Wisconsin will decide the winner.
00:31:04		And we could go through this all over again, like, we had four years ago. That would be horrible for the country. They're like, oh no, these are fraudulent votes, we've got to have recounts and recounts. That'll be terrible for the country.
	JC	And let's be fair, Greg, it's on both sides. Whether the Democrats win or lose or the Republicans win or lose in a very tight race, they're both going to contest. It's just the nature of the world that we're in now, you fight it, deny it.

Time code	Speaker	Text
00:31:30	GV	What do you get if that happens? Even worse confidence. Consumer confidence, confidence around the world, in the US. People will say how can you trust what is going on in the US?
	KM	Think about it this way, half the world's population is going to go through an election this year. There's 180 million people in the US that are going to vote. Forget the billions that are going to vote. There's 180 million that are going to vote in November. That the outcome, as Greg says, will be in the tens of thousands, maybe.
00:31:58		Decided by a couple of states that are going to determine how the US deals with the rest of the world, and maybe very differently. If you're somebody sitting in Ukraine and were hoping for aid or hoping for an outcome, your world changes based on this. And you can go through all the different math of different places with this. And so, I do think it has the potential to be one of those things that creates a lot of volatility. The closer this gets, as we get closer to it. And I agree with Greg, make it a blowout, so we don't have this. Make it so wide of a blowout that we do not have a situation where this looks like the last time.
00:32:30		Or even, God forbid, an electoral college that tips this way and a popular vote that tips that way. And to John's point, people with fingers pointing at each other and wrongdoing on both sides.
	GV	Volatility traditionally leading into an election is always elevated. I sense we're going to be even more elevated than normal with everything that's going on around the world. Base case, we're elevated. With everything else that's going on, it's going to be just super volatile.
00:32:58	KM	You and I were both up at three in the morning in 2016 in that election. And I remember going back and forth with you and in the first plus the markets were down.
	GV	1,000 points.
	KM	It was stopped out on the futures side. And then I think we both went to bed for a couple of hours, we get up and the whole futures flip had pivoted, to basically the world saying okay, maybe this won't be so bad. I don't think that happens this time.

Time code	Speaker	Text
00:33:26	GV	One other point I would make. Because the senate and house races are so close, they're also going to be a matter of just tiny fraction of the overall vote. If Trump does win and tries to destroy everything, he can't get it through congress. I think the checks and balances are great and I think congress would say no, if he wants to do something radical.
	DP	I think that's probably where we need to end it. But we've got to come back and do this again soon because it's going to be over in a few months.
00:33:59	KM	When we see Greg in a few months on this, we're going to have a slightly different narrative to talk about, I just have a feeling.
	JC	For our audience, we're fortunate enough, David, we get to hear him every single day. We get his views and his thoughts and opinions and the inside scoop every single day. It's a treat.
	DP	Thank you, Greg, for being here. As always, it's a pleasure and we love hearing your daily insights. If you haven't subscribed to Capital Insights, please do. Kevin and John, as always, awesome job and we'll talk to you soon.
00:34:33	KM	Cool, thanks, David.
	GV	Excellent.
	DP	For a full transcript of today's episode, visit agf.com/podcast . And don't forget to subscribe to hear more from us at Apple Podcasts, Spotify, Stitcher, Podcast Addict and Pocket Casts. This episode of Inside Perspectives was recorded on 21 February 2024 at AGF's offices in Toronto, Ontario, Canada.
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