# BORN TO BE WILD: AMERICAN ECONOMIC AND POLITICAL BATTLEFIELDS

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Leo.Haviland@gmail.com

President Donald Trump's "Inaugural Address" (1/20/17): "This American carnage stops right here and stops right now."

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## OVERVIEW AND CONCLUSION

Marketplace connections and patterns, including convergence and divergence (lead/lag) relationships between financial realms, are complex and not necessarily precise. They can shift or even transform sometimes dramatically. Marketplace history is not marketplace destiny; history does not necessarily repeat itself, either entirely or even partly.

"Adventures in Marketland: Hunting for Return" (10/6/20) and "Marketplace Maneuvers: Searching for Yield, Running for Cover" (9/7/20) display the intertwined price trends in assorted financial fields in recent times. Such interrelated territories include United States and other stocks, US corporate bonds, lower-grade foreign dollar-denominated sovereign debt, and commodities "in general". Prices in the S+P 500 and other benchmark US and global stock indices, lower-grade interest rate instruments, and commodities often have risen (or fallen) at roughly the same time. They frequently have climbed in bull markets (and fallen in bear markets) "together". These thus have alternatively reflected bullish enthusiasm as "investors" and other traders hunted for adequate return ("yield"), and dismal bearish scenes as they scrambled frantically for safety. For example, the magnificent bull moves in the S+P 500 and these "related" financial areas established important tops in early to mid-first quarter 2020 (S+P 500 on 2/19/20 at 3394). Their subsequent murderous bear crashes entangled, finishing around the same time, around late March 2020 (S+P 500 on 3/23/20 at 2192). The ensuing price rallies in the S+P 500 and these assorted other key provinces thereafter united, establishing peaks around early September 2020 (S+P 500 top on 9/2/20 at 3588; subsequent lower high 10/12/20 at 3550). See those essays for a detailed presentation of these price moves and their relationships since first quarter 2020.

"Marketplace Maneuvers: Searching for Yield, Running for Cover" (9/7/20) concluded that various phenomena indicate that these marketplaces are at or near important price highs and probably have started to or soon will decline together. "Adventures in Marketland" reemphasized this bearish outlook.

What bearish factors for the S+P 500 and various related marketplaces (other stock signposts, US corporate bonds, lower-grade foreign dollar-denominated sovereign debt, and commodities such as petroleum and metals) did "Marketplace Maneuvers" and "Adventures in Marketland" emphasize? They include the probability of a feeble global recovery (the recovery will not be V-shaped), the persistence of the coronavirus problem for at least the next several months, and lofty American stock marketplace valuations (and the substantial risk of disappointing late 2020 and calendar 2021 corporate earnings). Democrats probably will triumph in the 11/3/20 American national election, which portends a reversal of the corporate tax "reform" legislation as well as the enactment of increased taxes on high-earning individuals and the passage of capital gains taxes. Also on the US national political scene, fears have grown of a political crisis and legal fights if President Trump disputes the November 2020 voting outcome. Other warning signals of notable price falls in the S+P 500 and various associated battlegrounds include vulnerable United States (and other) households (reduced consumer spending) and endangered small businesses, massive and rising government debt, a greater risk of rising US interest rates (at least in the corporate and low-quality sovereign landscapes) than many believe (even with ongoing Fed yield repression), and weakness in the US dollar.

This bearish trend in the S+P 500 probably will continue. Even if Congress answers widespread fervent prayers and enacts another large deficit spending (stimulus) package, the S+P 500's 9/2/20 peak probably will not be broken by much, if at all. Given recent relationships, a sustained fall in the S+P 500 probably connects with declines in the prices of the other asset sectors currently closely linked to it.

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As always, in the context of these various marketplaces, money-seekers should monitor US Treasury and other high-quality government debt yield levels and trends as well as US dollar and other currency patterns.

## FORTUNE HUNTING: KEY US AND GLOBAL STOCK WEATHERVANES

Steppenwolf sings in "Born to Be Wild":
"Get your motor runnin'
Head out on the highway
Lookin' for adventure
And whatever comes our way…
Like a true nature's child
We were born, born to be wild"

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The FTSE All-World Index covers both developed and emerging market stocks. "URTH" is an iShares (BlackRock) MSCI stock ETF which includes a "broad range of developed market "EEM" is the iShares MSCI Emerging Stock Markets ETF.

| . | **First Quarter 2020 Low (date)** | **Recent High (date)** | **Recent Low (date)** | **More Recent High (date)** |
|---|---|---|---|---|
| **S+P 500** | 2192 (3/23/20) | 3588 (9/2/20) | 3209 (9/24/20) | 3550 (10/12/20) |
| **Nasdaq Composite Index** | 6631 (3/23/20) | 12074 (9/2/20) | 10520 (9/21/20) | 11966 (10/12/20) |
| **FTSE All-World** | 250.4 (3/23/20) | 392.0 (9/3/20) | 359.6 (9/24/20) | 390.9 (10/12/20) |
| **URTH** | 66.38 (3/23/20) | 105.13 (9/2/20) | 95.79 (9/24/20) | 104.52 (10/12/20) |
| **EEM** | 30.10 (3/23/20) | 45.56 (8/28/20) | 42.29 (9/25/20) | 46.34 (10/12/20) |

The EEM's highs in late August 2020 and October 2020 neighbor its 1/13/20 top at 46.32. Its recent highs lurk far beneath 1/26/18's 52.08 pinnacle, as well as 10/31/07's 55.83, attained at the dawn of the terrifying 2007-09 international financial disaster.

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The S+P 500 peaked on 2/19/20 at 3394, collapsing 35.4 percent to its 3/23/20 valley. United States stock marketplace history stretching back more than a century prior to calendar 2020 revealed no major bear trends in equity benchmarks (such as the S+P 500 and Dow Jones Industrial Average) which finished in around one month. However, the savage February to March 2020 price dive broke the pattern, lasting about a month. Marketplace manipulation by central bank generals such as the Federal Reserve Board (accompanied by massive deficit spending) thus made this time different.

The S+P 500 (and especially "technology" stocks; see the Nasdaq Composite Index) probably has been the bull leader for the various "search for yield" asset classes "as a whole" since its 3/23/20 bottom at 2192.

In percentage terms, the S+P 500's 9/2/20 top exceeded the 2/19/20's 3394 peak modestly, by 5.7 percent. A 100 percent rally from 2/11/16's major bottom at 1810 equals 3620 (compare 9/2/20's 3588 zenith) and thus is a major price barrier. A five percent retreat from 9/2/20's 3588 gives 3409, which borders February 2020's 3394 crest. Sinking ten percent (a "correction") from 3588 reaches 3229 (see 9/24/20's low, a 10.6pc retreat). For stocks, a conventional definition of a bear trend is a fall of twenty percent or more from a peak. For the S+P 500, a twenty percent collapse gives 2870, a notable arithmetic distance from the summit.

For the S+P 500, significant price bounces following a tumble of ten percent (or after a dive of 20pc) probably in part reflect the prevalence of a "buy the dip" attitude as well as dogmatic faith in the reasonableness (and eventual profitability) of buying and holding United States stocks for the "long run". The Fed's longstanding lax monetary policy and occasional rescue efforts have encouraged such viewpoints and trading patterns.

The Fed may trumpet comforting songs if American stocks slide around ten percent, but it probably will not intervene actively unless the S+P 500 slumps closer to or greater than the 20 percent danger level.

The Nasdaq Composite Index's 2/19/20 peak was 9838. The Nasdaq Composite's 9/2/20 pinnacle blasted above this by 22.7 percent. The S+P 500 and Wilshire 5000's percentage piercing of their February 2020 tops were much smaller. The Wilshire 5000's 2/19/20 top was 34617; it peaked 9/2/20 at 36659 (5.9 percent over February 2020's apex), with a second and lower pinnacle at 36567 on 10/12/20. The Nasdaq Composite Index's explosive rise since late March 2020 and its leap above its February 2020 interim top show the crucial relative role of "technology" in uplifting overall (broad; signpost) stock indices such as the S+P 500. The Nasdaq Composite's recent descent was a 12.9 percent drop from 9/2/20's summit, around the guideline for a correction.

The Dow Jones Industrial Average high on 2/12/20 at 29569 remains unbroken. Its mournful bottom was 3/23/20's 18214. Its high since then, 9/3/20's 29199, stands 1.3 percent beneath the prior top.

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Most observers would agree that the current American and global economic, political, and social environments are "scary" and "fearful", or at least "troubling". Halloween's arrival in proximity to the US 2020 political election date seems appropriate.

Marketplace history of course does not necessarily repeat itself. Marketplaces and the relative importance (and interrelations) of their variables obviously can and do change over time.

However, cultural history can influence "current" marketplace perceptions and decisions, especially when cultural (economic, political, social) conditions are at least significantly similar. Though numerous phenomena were involved in the stock marketplace crashes of 1929 and 2007-09, both occurred in an era of significant debt and leverage. That arguably fits the global situation in 2020 as well.

So remember calendar 1929 and calendar 2007 and the timing of their US stock marketplace summits. These apparently ancient eras indeed are not those of September 2020 or October 2020. Nevertheless, in regard to the calendar timing of the 9/2/20 highs in the S+P 500 (and similar ones other equity arenas, such as the Dow Jones Industrial Average on 9/3/20 at 29199), recall the memorable 9/3/29 pinnacle in the Dow Jones Industrial Average at 386.1. Also recall that the S+P 500's memorable 8/25/87 summit at 338 occurred around that 1929 calendar month date. In relatively recent history during its long bull campaign, the S+P 500 established an important interim high on 9/21/18 at 2941.

During the global economic crisis of 2007-09, the S+P 500 peaked on 10/11/07 at 1576. Keep 10/12/20's date for the 3550 top in mind.

"HYG" is the iShares iBoxx US dollar-denominated high yield corporate bond ETF (in price terms). It peaked on 1/15/20 at 88.53 and 2/14/20 at 88.49, close in time to the S+P 500's 2/19/20 high. Note the timing of the HYG's recent highs, 85.40 (8/6/20)/85.39 (9/2/20) and 85.47 (10/12/20) alongside those in the S+P 500. In the commodities territory, the broad S+P GSCI (which is heavily petroleum-weighted) made an initial top on 8/31/20 at 363.1, close in time to the S+P500's 9/2/20 summit at 3588, with a subsequent plateau at 365.4 on 10/20/20 (shortly after the S+P 500's 10/12/20 one).

## US INTEREST RATE HISTORY, DANGEROUS DEBT LEVELS

Donald Trump's 10/16/16 campaign rally in Green Bay, Wisconsin: "It is time to drain the swamp in Washington, DC."

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"History on Stage: Marketplace Scenes" (8/9/17) emphasized: "Marketplace history need not repeat itself, either entirely or even partly. Yet many times over the past century, significantly increasing United States interest rates have preceded a noteworthy peak in key stock marketplace benchmarks such as the Dow Jones Industrial Average and S+P 500. The yield climb sometimes has occurred over a rather extended time span, and the arithmetical (basis point) change has not always been large."

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US Treasury 10 year note yields climbed from 1.43 percent on 9/3/19 to 1.97pc on 11/17/19 (1.95pc 12/19/19), not long before the S+P 500's 2/19/20 high at 3394. As the S+P 500 crashed, the UST 10 year yield plummeted with it. From 2/20/20's 1.59 percent drop-off point, the UST yield cratered to around .36pc, not much above zero.

Although the UST 10 year yield briefly spiked to 1.28 percent on 3/19/20, it rapidly subsided, reaching .55pc on 4/3/20 (.51pc on 4/21/20). Since its .50pc yield trough on 8/4/20, the UST 10 year note yield gradually has marched upward, reaching .88pc on 10/30/20. These rising UST rates warn of (confirm) declines in the S+P 500.

The 10/30/20 UST 10 year yield thus inched toward 6/5/20's minor high at .95 percent. Keep in view not only the UST 10 year's 3/19/20 yield high and 9/3/19's 1.43 percent low, but also the major bottoms in yield at 1.32pc on 7/6/16 and 1.38 pc on 7/25/12.

Significant stock marketplace price declines are not necessarily (inevitably) accompanied by a substantial "flight to quality" (into a nation's government securities sufficient to drive the yields in those debt instruments lower). "History on Stage: Marketplace Scenes" notes: "Sometimes the yield advance has extended past the time of the stock pinnacle." Also, recall troubles in emerging marketplaces. In any case, a falling S+P 500 alongside rising UST yields is not impossible.

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The UST playground sometimes may have nervous "flights to quality" by asset holders seeking a safe haven, thus occasionally helping to reduce UST yields.

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The Federal Reserve Board still remains wedded to its yield repression strategy and its quantitative easing/money printing program (substantially via its ravenous buying of UST). Yet although the Fed's large and feverish UST acquisition scheme helps to depress UST yields, the money printing result tends to increase risks of future higher interest rates (not only in UST, but also in the corporate sector). Since Fed propaganda also heralds its desire for higher inflation, this probably indicates this guardian will support rising UST rates (via/in response to sustained higher inflation). If there is not a contradiction between the Fed's competing policy aims of yield repression and higher inflation, at minimum the agendas stand in significant tension.

The Federal Reserve Bank of New York's "Underlying Inflation Gauge" estimates that America's "trend CPI inflation" stands in the 1.3 percent to 2.2pc range. Compare UST yields across the yield curve. For example, the 10 year UST offers a negative real return. At 1.66pc (10/30/20 close), the UST 30 year offers little if any return relative to inflation. According to the Fed's latest Economic Projections (9/16/20), the "longer run" central tendency for the Federal Funds rate is between 2.3pc and 2.5pc. Moreover, the widely-revered Fed has proclaimed it wants higher inflation, and that it will allow inflation to exceed its beloved two percent target for a while. Over time, given the current inflation rate, gargantuan money printing, the Fed's Economic Projections for the long run Fed Funds rate, and the Fed's quest for higher inflation, UST interest rates should rise over time.

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The Fed's yield repression plan not only displeases many UST holders (relative to inflation rates, it cheats the savers) in general. It also tends to discourage new buying of UST by Americans and foreigners. The Fed thus has motivated many "investors" to seek higher (good, adequate, sufficient) return in stocks and other higher risk "asset" classes.

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All else equal, and especially in a world in which interest rate levels do not offer an acceptable real return relative to inflation, enormous credit demand (including high outstanding debt burdens) tend to push interest rate yields higher.

The International Monetary Fund's "Fiscal Monitor" (10/14/20) details the rising government borrowing and debt levels as a percent of GDP in recent years. For example, average general government gross debt (which includes obligations on regional and local levels in addition to the national one) for advanced economies was a lofty 102.6 percent of GDP in 2011 and 105.3pc in 2019. The coronavirus pandemic encouraged huge deficit spending (stimulus) action; spiking gross debt up to 125.5pc in 2020 (Table A7). These figures tower above that at the dawn of the 2007-09 global financial crisis, 2007's 71.7 percent of GDP ("Fiscal Monitor", October 2016, Table A7). America's general government gross debt was 99.8 percent in 2011 and 108.7pc in 2019. The IMF forecasts US debt will balloon to 131.2pc of GDP in 2020; contrast 2007's 64.0pc. For advanced nations in general and the US in particular, gross debt as a percentage of GDP remains very elevated through 2025.

Let's concentrate on United States federal debt.

According to the Congressional Budget Office ("An Update to the Budget Outlook: 2020 to 2030"; see "At a Glance", Table 1, and Figure 1; 9/2/20), the fiscal year 2020 US federal budget deficit will soar to a colossal $3.3 trillion, more than triple fiscal 2019's monumental $984 billion deficit. The 2020 deficit will be 16.0 percent of GDP, the largest since 1945. Debt held by the public at the end of fiscal 2020 will reach about $20.3 trillion, about 98.2 percent of GDP. Compare 79 percent in 2019, as well as 2007's 35pc at the advent of 2007-09's worldwide global disaster. The CBO estimates a $1.8 trillion deficit for fiscal 2021 (8.6pc of GDP), with outstanding public debt surpassing GDP that year (104.4pc of GDP).

The coronavirus pandemic and related economic and political responses obviously played a critical role in the huge expansion in the development of America's 2020 deficit. Even so, shortfalls exceeding one trillion dollars a year continue out to 2030. Annual deficits throughout 2021-30 fly over their 50 year average.

The nation's federal debt held by the public as a percent of GDP reaches 107 percent in 2023, the highest in US history. The previous peak, in 1946, followed the sizable World War II deficits.

The CBO warned in "The 2020 Long-Term Budget Outlook" (9/21/20) that by 2050 federal debt as a percent of GDP will reach a stratospheric 195 percent. This sustained demand for credit, all else equal, will tend to push US government interest rates higher.

The CBO's "Baseline Projections" for the average interest rate on debt held by the public is 2.0 percent in 2020 ("An Update to the Budget Outlook: 2020 to 2030"; Table 2). It remains under two percent from 2021 through 2029. But if the Fed removes or can no longer successfully maintain its ongoing yield repression quest, higher UST rates may create further budget stress.

Perhaps Congress will enact another stimulus plan sometime after the November 2020 election, thereby increasing the debt burden.

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Most American central bankers, other financial players, politicians, and think-tanks nowadays eagerly promote further deficit spending, with some praying for fiscal discipline (deficit reduction) at some misty future point.

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Major foreign holders of US Treasury securities as of August 2020 owned a grand total of about $7.08 trillion, with foreign official institutions holding about $4.20 trillion (59.3 percent) of these (US Department of the Treasury, 10/16/20). These amounts are about even with August 2019 levels ($7.04tr and $4.20tr, respectively), and down from the modestly higher elevations in February 2020 at the dawn of the global coronavirus spread ($7.23tr; $4.26tr).

Consequently foreigners in general for quite some time have shown little desire to boost their ownership of America's highly-rated UST array. Underscore ongoing rising US federal budget deficits, especially during 2020's coronavirus spread (note the massive and growing deficit spending/stimulus packages). Thanks to the Fed for its herculean UST purchasing, right?

This reluctance by foreign holders to add UST to their portfolio probably portends eventually rising American UST yields, especially given the Fed's plan to overshoot its two percent inflation target to make up for an extended period of very low yields. Admittedly, the Fed's yield repression scheme and its quantitative easing/money printing strategy remain intact for the near term. Conceivably, American domestic appetite for UST may swallow substantial portions of new and growing US debt, although this scenario currently looks unlikely. How much capital loss will current UST (and other dollar-denominated debt) owners (whether the holders are overseas or American) willingly absorb if UST interest rates increase significantly?

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The world is swamped with debt. Not only is government debt noteworthy; corporate and household debt burdens also are substantial. If economic weakness persists, pressure on many corporations will grow, and thus encourage yield spikes for many corporate debt instruments. Watch credit spread relationships between UST and low-grade corporate debt; sharply widening spreads will warn of economic feebleness (and tend to confirm downturns in stock marketplace theaters). Even if debt burdens for consumers in general in many places (including the US) currently appear manageable, an extended sharp recession may encourage rate hikes in some consumer borrowing sectors as well.

## ANOTHER WAR ZONE: THE US DOLLAR

The United States dollar's links with other financial marketplaces are complicated, and history reveals that these relationships can change significantly. Let's review some recent US dollar trends.

The Federal Reserve (H.10) releases a real as well as a nominal "Broad Dollar Index" (includes goods and services). The real "Broad Dollar Index" is a monthly average (January 2006=100; 11/2/20 release). The Fed's nominal Broad Dollar Index release provides daily data (10/30/20 is the most recent data point).

The major bull appreciation in the real "Broad Dollar Index" which began from July 2011's bottom at 83.9 probably has ended. See "Dollar Depreciation and the American Dream" (8/11/20).

| . | **First Quarter 2020 Key High (date)** | **Recent Low Levels (date)** | **Percentage Move from 1Q20 High** |
|---|---|---|---|
| **Nominal Broad Dollar Index** | 126.5 (3/23/20) | 115.9 (9/1/20)<br>115.6 (9/18/20)<br>115.3 (10/21/20) | Nominal Dollar Index dropped 8.9pc |

Arguably a weakening United States dollar since around late March 2020 helped lead to the S+P 500's 9/2/20 peak at 3588, and also supported its rebound from 9/24/20's 3209 trough back up to its second (and lower) top on 10/12/20 at 3550. Thus many marketplace leaders and their troops promote a “weak (weakening) US dollar equals strong (strengthening) US stocks” relationship (and its reverse, “strong dollar equals weak stocks”).

All else equal, a weaker US dollar tends to boost dollar-denominated asset prices, including US stocks. But this theoretical rule of thumb is not necessarily or always realized in marketplace practice (history).

“Looking forward, in general, over the longer run”, the real Broad Dollar Index probably will continue to depreciate relative to its April 2020 summit at 113.4. So if the US dollar continues to weaken significantly, watch for the emergence of a “weak US dollar equals weak US stocks” scenario. Why? Further (additional) ongoing US dollar feebleness can become significant enough to inspire a shift from a “weak dollar equals strong stocks relationship” (which existed during the 3/23/20 to 9/2/20 time span) and thus encourage eventual (renewed) weakness in the S+P 500 and related stock and low-quality dollar-denominated debt marketplaces.

What does this additional US dollar weakness mean in practice in this context? Imagine a slump in the nominal Broad Dollar Index of greater than ten percent relative to 3/23/20’s 126.5. Or, consider a decline in the real Broad Dollar Index of about ten percent (or more) from its spring 2020 top.

The October 2020 low in the real Broad Dollar Index at 107.5 falls 5.2 percent from April 2020’s 113.4 top. Compare the October 2020 elevation with December 2016’s 110.1 high. Slipping beneath December 2016’s interim top at 110.0 warns of further dollar erosion. A five percent decline in the real Broad Dollar Index from 113.4 gives 107.7. A ten percent dive equals 102.1, a critical support level adjacent to March 2009’s worldwide economic disaster pinnacle at 101.6.

Relevant to the current international economic situation and the future relationship of the dollar to stocks, the dollar can remain “too strong for too long”. It has remained significantly above March 2009’s global financial crisis peak of 101.5 for quite some time. Picture nowadays not only the desire of American politicians and many US corporations to boost the US economy via dollar depreciation. Spotlight as well the financial exposure of emerging marketplace foreign borrowers (whether corporations or sovereigns) with substantial dollar debt obligations and inadequate revenues.

United States dollar deterioration may help to precipitate (encourage) a notable stock marketplace decline, especially if the dollar weakness is linked with increasing UST and other interest rate yields, widespread concerns regarding US indebtedness, disappointing prospects for a strong (V-shaped) American (and worldwide) recovery and thus for US corporate earnings (especially 4Q20 and calendar 2021), and substantial American political divisions (and related conflicts).

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Competitive currency depreciation as a policy weapon has not disappeared from national arsenals. Nevertheless, ongoing noteworthy near-term yield repression by the Federal Reserve (especially keeping the Fed Funds and US Treasury rates beneath key inflation benchmarks), may encourage weakness in the US dollar relative to several of its key trading partners, particularly if US inflation begins to ascend from current levels. Why hold on to or purchase something which has a negative real return?

In addition to monitoring the US dollar from the Broad Dollar Context, focus on key currency cross rates against the US dollar. Those involving the Japanese Yen and Chinese renminbi are two important candidates.

Although Japan's 2020 general government gross debt as a percent of GDP is a colossal 266.2 percent ("Fiscal Monitor", October 2020, Table A7), much of that debt is owned by Japanese entities. China's 2020 general government gross debt of 61.7 percent of GDP ("Fiscal Monitor, Table A15) is much smaller than the percentages of Japan and the US.

From the UST marketplace perspective, Japan and China are enormous creditors of America. Japan's August 2020 holdings of UST were about $1.28 trillion, about unchanged from February 2020's $1.27tr (though up modestly from August 2019's $1.17tr). China (Mainland)'s UST hoard has remained about unchanged over the past year. It stood at $1.07 trillion in August 2020, $1.09tr in February 2020, and $1.10tr in August 2020.

The unwillingness of these two nations to add to their UST holdings over at least the past several months indicates the challenges America confronts in financing its large and growing federal debt when it does not offer an acceptable yield (return relative to inflation). What if Japan, China, and other nations have less confidence in the US dollar for additional reasons, such as substantial US internal political conflict or a slowly falling American share of total global GDP?

Overseas holders of US Treasury instruments may elect to "bring their money home" or otherwise reduce their dollar exposure. They may become smaller net buyers, or even net sellers of UST. If prices of other dollar-denominated assets (such as US stocks) begin to decline notably in price, overseas holders of them (and American owners as well) probably (increasingly) will become net sellers (or less significant buyers) of them. Thus in the current marketplace situation, persistent US dollar weakness could intertwine with both climbing UST (and corporate) yields (even if intermittent buying "flights to quality" into the UST occur) and bloody falls in US and other stock marketplace prices.

## THE AMERICAN POLITICAL BATTLEFIELD

"Apocalypse Now" (Francis Ford Coppola, director), Vietnam War movie (1979): "Well, you see, Willard, in this war, things get confused out there. Power, ideals, the old morality, and practical military necessity."

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"US Election 2020: Politics, Pandemic, and Marketplaces" (6/3/20) said that though it was a fairly close case, former Vice President Biden probably will defeat President Trump on an electoral vote basis. About one month ago, "Adventures in Marketland" (10/6/20) stated that relative to summer 2020, Biden and the Democrats probably improved their election position. "Trump will find it extremely difficult to improve his electoral vote standing sufficiently to capture the Presidency."

With Election Day arriving 11/3/20, Biden very probably will defeat Trump decisively on an electoral vote basis, even if the ultimate outcome awaits the passage of time before all votes are counted and an electoral result becomes official. Also, if Trump suffers apparent defeat, he may scream that the election was rigged or fraudulent, perhaps refusing (at least for a while) to accept the outcome.

Post-election political unrest and litigation loom on the horizon. If these are significant and persistent, that probably will be bearish for the S+P 500 and allied stock marketplaces.

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RealClearPolitics ("RCP") and FiveThirtyEight ("538") gather and present polling data from various sources regarding America's 11/3/20 Presidential election as well as the Senate and House contests. On their websites, RCP and 538 offer conclusions (summaries of the differentials) derived from compiling the assorted polls.

According to RCP's website (11/2/20; around 800pm), national polling data shows that Biden leads Trump by 6.7 percent (the polls cover the 10/25 to 11/2/20 period). According to 538, Biden's advantage as of 11/2/20 is 8.4 percentage points. The New York Times also supplies "A Snapshot of Current Polling Averages"; on its website (11/2/20), it gives Biden and eight percent lead for the entire nation. The Times also indicates Biden currently leads in the great majority of battleground (swing) states. RCP says Biden's average margin in its list of "top battleground" states is 2.6 percent.

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For detailed further discussion of stock, interest rate, currency, and commodity marketplaces and the political scene, see essays such as "Adventures in Marketland: Hunting for Return" (10/6/20); "Marketplace Maneuvers: Searching for Yield, Running for Cover" (9/7/20); "Dollar Depreciation and the American Dream" (8/11/20); "Divergence and Convergence: US Stocks and American Politics (7/11/20); "US Election 2020: Politics, Pandemic, and Marketplaces" (6/3/20); "American Consumers: the Shape We're In" (5/4/20); "Crawling from the Wreckage: US Stocks" (4/13/20); "Global Economic Troubles and Marketplace Turns: Being There" (3/2/20); "Critical Conditions and Economic Turning Points" (2/5/20); "Ringing in the New Year: US and Other Government Note Trends" (1/6/20).

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