

Markets Outcome

The initial market reaction to the financial results of the U.S. Presidential election on Nov. 8, 2016, was highly volatile. The results were a surprise, with Hillary Clinton losing to Donald Trump. The stock futures market reacted sharply, with several major indices dropping significantly. This was attributed to uncertainty with now known quarterly earnings. Former Secretary of the Treasury, Janet Yellen, reversing her stance on this morning, recovered from a sharp decline in the Trump's election. The market and inflation expectations were impacted by proposals he made during his campaign that could cause major immigration. In addition, investors are concerned about geopolitical implications. Asian equity markets closed overnight down 5%. European markets recovered (the Stoxx Europe 600 was up 0.7%) after opening with a steep drop. Government bond prices and oil prices showed similar volatility. Given concerns about trade issues, foreign exchange rates also reacted. A brief review of each of the major markets is as follows:

investment grade exposure 71% of total bonds3

calmed market nerves, at least somewhat and for the time being, as he appeared to be more conciliatory in his first official address.

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