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FROM OUR AUDIENCE

HOW MUCH WILL THE ELECTION REALLY MATTER TO INVESTORS?

Chris—one thing I have always appreciated most about you is that you shun preconceived notions on the markets as well as political partisanship. You “call things as you see them” as you often say.

That said, I want to press you further on something you said an issue or two ago: that the stock market is not as dependent on the election outcome as Trump, especially, ominously suggests. I understand that he’s using partisan scare tactics saying that if Biden wins, stocks will crash, our 401(k) plans will disappear, etc. ALSO did I understand you to say that you believe the polls/press saying Biden will win? Give me some more of your unique wisdom so I don’t have to be in a cold sweat, please, over the election outcome!



First off, contrary to the most excited Republican/Trump talking points, the LAST thing a Biden-Harris administration would be is “communist” or “the most left-wing in history.” Notwithstanding the possibility of a Democrat Party sweep or “Blue Wave,” **the more plausible outcome given the documented public records of both Biden and Harris would be Clinton/Obama redux.** In the cases of both Slick Willie and Barack Hussein, I hasten to remind you, idealistic and—yes—even “progressive” rhetoric was quickly forgotten as both *those* presidents settled into their jobs of chiefly doing what is expected of them by those who enabled *their* elections.

Besides those general historical reminders (MY readers should be past the point where you need those!) that presidential candidates in modern times *say* ANYTHING but later *do* their job for the system, let me amplify three fairly quick thoughts undergirding all this:

1. The Fed – As I explained in a commentary a couple years ago when Obama and Trump engaged in a school boy-like public peeing contest over who deserved the *real* credit for the strong economy and stock market (see <https://nationalinvestor.com/1857/neither-trump-obama-deserve-primary-credit-current-boom/>) the answer was *neither*. As I detailed (an IMPORTANT re-read for you, or first-time primer on this for our newer folks) **the Federal Reserve and its policies are by far and away the most important determinant of the general health—or lack thereof—of the stock market.**

Indeed, I'll make a quick prediction right now: *especially* if Biden wins but must still deal with a G.O.P. Senate, when the time comes to do so **he will reappoint Jerome Powell as Fed chairman.**

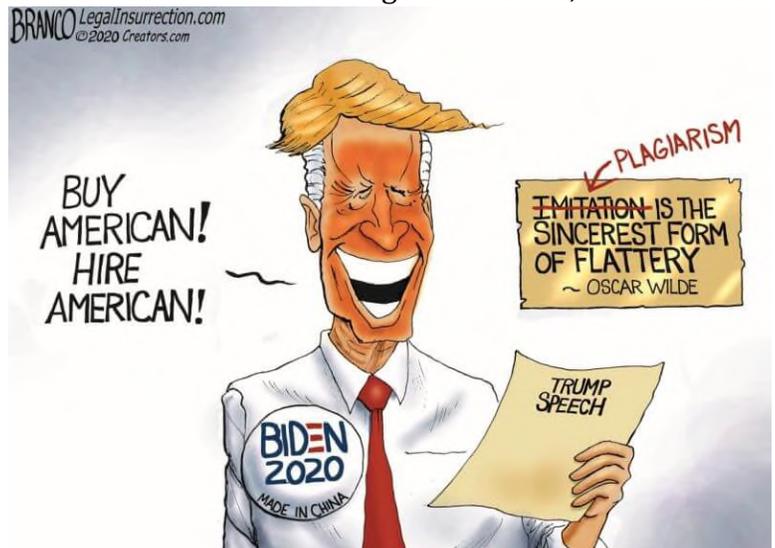
Beyond this, on economic matters for the most part, we will see a return to the more noble, “presidential” and responsible governments of Clinton and Obama. Old Democrat Party hands and/or policy wonks most identifying with that Establishment Party B will be brought back out of hibernation; perhaps joined by a few “new” hands. This will be no different than in the past when new Republican administrations (tragically, even Trump’s to a great extent) always brought back *their* old fossils and acolytes of Establishment Party A.

2. Corporate America/Wall Street – Joe Biden as both Senator and Vice President has a 47-year career as a centrist, if not in as many cases as not *conservative* Democrat. In general terms, he will not be changing *as president*; MAYBE some at the margins IF Democrats sweep everything and the genuinely farther-left influences things somewhat/wrests some actual policy concessions out of a Biden White House.

Short of that, *real* progressives will realize that they have been “had” yet again by the *words* out of both Biden’s and Harris’ mouths. Nothing different than when these folks got their hopes up over both Clinton and Obama, *only to discover that the system and status quo had won.*

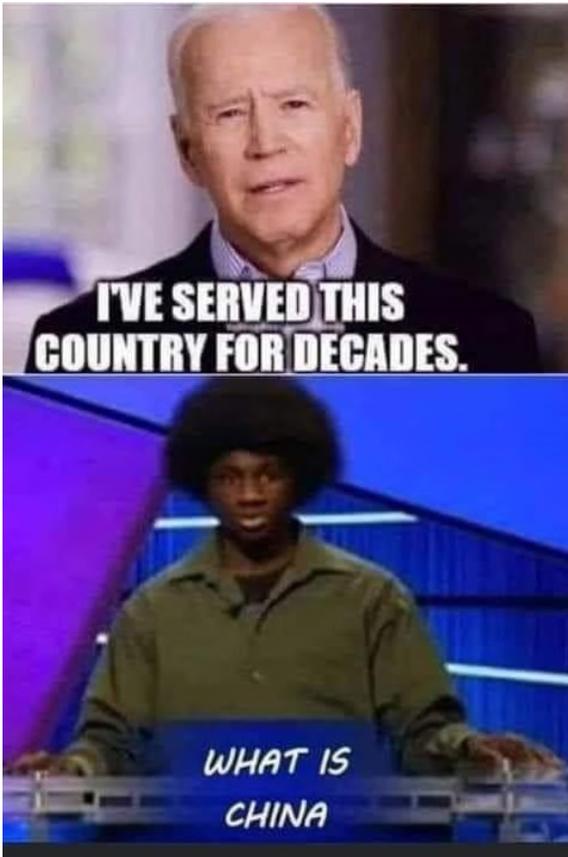
One of the only legitimate and half-honest late-life changes of note from Biden is that he *really would* be a president with a newfound “America First” economic and trade agenda. Of course, this is less because Biden actually believes in it (after all, his whole career for the most part was *sacrificing* American interests and workers to big corporations and foreign governments, because those were his marching orders) *and more because it is the new Establishment-ordained historical and economic direction that things are going in.*

So when for myriad reasons it is now an agenda for business, economic and security reasons more than in a long time to have a renewed *mercantilist* trade policy (I distinguished that from “populism” for you when Trump was elected, so you got past *his* rhetoric and understood the difference) and all the rest,



don't be shocked if the former "China Joe" out-Trumps Trump when it comes to America First. *Needless to say, there are A LOT of investment themes in this alone.*

3. Deep State agenda -- *Much* more so than where President Trump has been concerned, Joe Biden has been a demonstrably 110% servant of the Deep State and Military-Industrial Complex his entire career. These sorts especially would like to see a Biden win; this is why the campaign boosts/ads and endorsements from career foreign service folks, generals, past intelligence officials and the rest. As I write this, the late John McCain's widow is shilling for Biden. *Deep State assets and war mongers stick together!*



Trump and his antics have been *tolerated* by the Powers That Be. When he has gotten his nose out of joint—for instance, trying to pull troops out of foreign countries—he's been attacked from all sides. During his presidency, in fact, this is the kind of thing that has on a few occasions quickly brought both Democrats and Republicans together in Congress: resisting Trump's efforts to extricate American military forces from foreign lands.

In my view, though, Trump has fallen well short of what he promised in regards to taking us back to a time when America had **the Jeffersonian view of the world: "Peace, commerce and honest friendship with all nations, entangling alliances with none."** Part of his undoing *now* as we near Election Day is that—for whatever reason(s)—he never had the killer instinct in attacking the Military-Industrial Complex, et al that another former president idolized by a portrait in Trump's Oval Office: Andy Jackson. In "Old Hickory's" case, it was him or The Bank of the United States: one or the other would not survive *that* battle.

Donald Trump never did that much to roll back the American Empire (indeed, under the radar, he has dutifully ramped up the ongoing N.A.T.O. encirclement of Russia, to mention just one thing.) As with everything, The Orange Wonder thinks if you throw enough money (actually, DEBT) at something, you can negate a problem or opposition. **So one thing that he *has* done that has been pleasing to the P-T-B is support and sign record military spending;** one of his broken promises that has most soured Yours truly.

Another counter-intuitive thing—as with economic and trade policy—that those who follow the scripted "left-right" debate (and believe all the G.O.P. attack ads, etc.) *won't* be ready for is **President Joe Biden the China Hawk.** Here again, as I have been explaining for quite some time now, the U.S.A.'s number one foe in the world now is China. That did not start with Trump, nor will it end with him; it is driven by agendas that override politicians.

As corrupt as Biden and his family have been concerning China. . .for all his hypocrisy and faulty memory. . .Biden will be a China hawk because that's what the Deep State requires. What

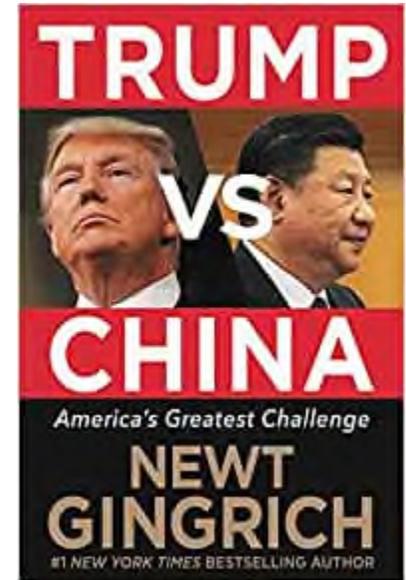
remains to be seen (if Biden wins) is whether the military or the economic/trade issues are stressed the most. An at least partly Republican Congress will see to this as well; and likely tilt things toward the military/security and related conflicts with China. A “Blue Wave” might de-emphasize *some* of that, given that—unlike Biden personally—the *real* “left” is also tired of the endless wars agenda. A Democrat wave/sweep would most likely result in emphasizing trade and economic conflicts; and sanction China on its many human rights atrocities.

Here again—especially when you see markets right now pricing in a Biden win as being *uber-positive for China* (see <https://www.zerohedge.com/markets/yuan-surges-most-15-years-expectations-pro-china-pivot-president-biden>) –realize that there is likely to be a LOT of room in the other direction once folks figure out that **the New Cold War with China is not merely an aberration of the ham-fisted Trump presidency.**

Former House Speaker Newt Gingrich symbolizes the wholesale Establishment move away from friendlier relations with China. Once an energetic errand boy himself for corporate/capitalist interests as “Mr. Newt” likewise sacrificed American workers, companies and security on the altar of globalization, he has seen the light. As with Biden (or a President Kamala Harris if things came to that), Gingrich knows now that the Deep State wants *and needs* China as an enemy now.

Indeed, I believe a Biden presidency (again, *especially* if the Republicans regain control of at least the Senate) would lead to a more organized, inclusive effort on the part of the U.S. to prosecute this New Cold War with China. *This, as opposed to the scattershot, confused and conflicted Trump approach.* As I have remarked time and again, Trump has often revealed that HIS agenda is simply to be loved and recognized as the greatest president and deal maker in the history of the solar system. He has bounced back and forth constantly on China policy. No such confusion would be at issue with a Biden win.

Do I see Biden winning? More likely than not; I’m afraid he will. This is NOT because I believe the polls showing Biden presently with a double-digit lead *nationally* over President Trump. Nor is it because I think this is the best outcome *for the country*, even if it IS the best outcome for The Deep State and the Establishment. But unlike 2016 when I *did* sense that Trump would upend the accepted wisdom and win, I can’t be confident of that this time.



Back then, when it was universally believed that the Establishment's obedient servant The Hildabeast would be elected, the Establishment/Deep State thumb on the scale of media coverage and treatment, etc. was a bit less obvious. And the most overt anti-Trump sentiments were as much derisive, dismissive and comic as anything. *As you remember, at least during the G.O.P. primaries, the Establishment media actually couldn't cover Trump enough.* It pleased them (and me) that this blowhard, interloping reality T.V. star and serial bankrupt was upending the G.O.P.

But for that “Fake News” media and the rest of America’s power structure, enough is enough. Now in 2020, the thumb on the scales is more like King Kong’s. And the anti-Trump sentiment/coverage is off-the-charts hysterical, hateful and oft-times just plain deranged.

Whether you love or loathe The Bad Orange Golem, if you don’t understand the relevance of such heavy and universal *Establishment* hatred of and loathing for Trump, you have a LOT of homework to do. Even the revelation of the Hillary Clinton-Obama-Justice Dept., et al plots against Trump need to be understood as not a Democrat Party special op, but an *Establishment/Deep State* one. It is to Trump’s detriment that he has—with tragic and STUNNING stupidity—put in charge of the investigations into all this Deep State assets such as Bill Barr and Gina Haspel, to mention just two. Nobody should be surprised when—if Biden wins—these investigations end.

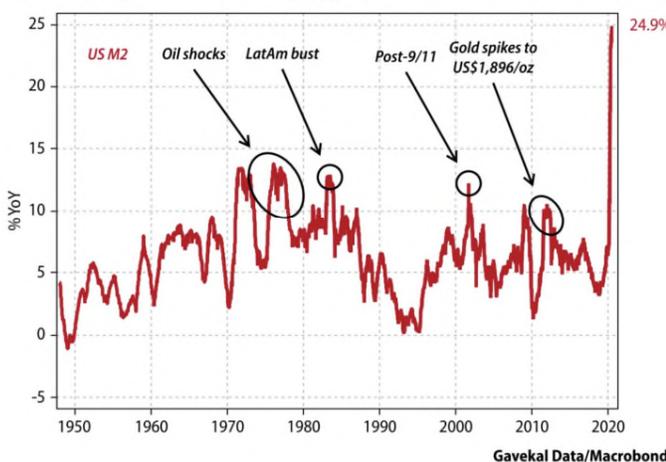


And that will be the case even if the G.O.P. retains the Senate.

History will one day record that—at a time when America was arguably *really ready* for one who, as Andrew Jackson once did, was willing to wage steadfast mortal combat against entrenched power, in the name of freedom—we ended up with someone as self-absorbed, morally inadequate and intellectually shallow as Donald Trump. As I just shared with some friends over breakfast, if Trump had the SAME policy objections as claimed but, 1. The personal presence and likability of Ronald Reagan and 2. The intellectual depth, empathy and honesty of Jimmy Carter, he WOULD be the greatest president of our time as he claims. Unfortunately, wrong on all counts.

Make no mistake: as I said (though disappointed on *some* fronts since) last time around, at least with Trump there is some chance of action to help America and Americans. The only sure thing back then (and the same is true with Biden now) was that a Democrat win would guarantee that *The Establishment* has again won. Some claim Trump in a *second* term really would finally do battle with the Deep State. I doubt it (if he makes it, that is.)

This rate of growth in monetary aggregates has never been seen before



Back (finally, some are saying!) to the stock market and a couple last (for now) general comments.

As I opined last week, the market is increasingly of that Alfred E. Neuman “What, Me Worry?” mind set. Between the tail winds provided by the Fed and what in recent days is the growing belief that the election will *not* be a photo finish, investors are most afraid of missing out on a run to yet new all-time highs for stocks. Among others, Goldman Sachs is telling clients—and the rest of us—that such an

outcome, let alone that “Blue Wave” will be quite bullish for both G.D.P. growth and markets; see <https://markets.businessinsider.com/news/stocks/stock-market-outlook-biden-blue-wave-boost-growth-goldman-sachs-2020-10-1029649255#>. That perception, if it holds through the election and becomes reality, could well for a while lead to an even bigger rally for stocks *and commodities*.

Separately, I’ll have more to say—and added recommendations—in the weeks just ahead. For now, as a reminder, a LOT more specific investment-related thoughts that go with the above are at

https://www.podbean.com/media/share/dir-gsb7f-af09f41?utm_campaign=w_share_ep&utm_medium=dlink&utm_source=w_share and

<http://www.kereport.com/2020/10/10/hour-1-taking-toll-of-the-big-picture-for-investors-volatility-monetary-policy-and-election-results/> (Segment 3.)

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