

A civil vice presidential debate has little impact on the race



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- Vice President Mike Pence and Senator Kamala Harris met yesterday in their one and only Vice Presidential debate in Salt Lake City. This was the **second most important milestone in the 2020 Presidential election**, and early indications on the morning after the debate is that it did not change the trajectory of the race that has moved decisively in favor of former Vice President Biden. For VP Pence it was to attempt to try to change the narrative of this election and define Biden. With time running out, there was an urgency to this after last week's debate debacle by President Trump. For Senator Harris, it was to reassure voters that she has the experience, temperament and gravitas to assume the presidency if Biden chooses not run for re-election.
- **There was probably more heightened interest in this debate compared to most VP debates.** First, following last week's raucous debate that failed to shed new light into policy, viewers will be eager to see a civil and substantive political debate. Second, given the health and age of the presidential nominees, **voters will be scrutinizing Pence and Harris to see if they are capable of becoming commander in chief at a moment's notice.** The debate covered nine topics such as COVID-19, the role of the Vice President, Economy, Climate Change, China, Role of US leadership, Supreme Court, Racial Justice and, finally, acceptance of the Election Result.

Key takeaways from the debate

- **Ideological jousting.** Both sides played to their base. Pence warned that Biden fiscal and environmental policies hurt jobs and the economy. He stated Biden would hike taxes and repeal the Trump tax cuts. On the environment, he acknowledged that the climate is changing, but voiced concerns about the Paris Accords and had doubts over the frequency of hurricanes. With the battleground of Midwestern states, Pence warned that Biden would ban fracking. Harris highlighted the progressive agenda, including the Green New Deal and expansion of Obamacare. Harris talked about the risks of the likely conservative tilt of the Supreme Court with reproductive rights and pre-existing conditions potentially at jeopardy.
- **Sidestepping questions.** Both candidates were evasive answering questions. Pence avoided answering questions about the administration's efforts to repeal Obamacare and especially efforts to protect Americans with pre-existing conditions. He also avoided the abortion question if the Supreme Court strikes down *Rowe v. Wade*, and whether Americans deserve more transparency over Trump's health. Harris did not answer a question asking if supports "packing" the Supreme Court with additional liberal justices. Both avoided the question of what would they do if Trump does not leave office if he loses.
- **Ready for the Presidency?** Both demonstrated they were ready to assume the Presidency at a moment's notice. This was a big win for Harris, who is the lesser known of the two candidates. She demonstrated a broad grasp of the issues beyond her traditional strength of law and order, most notably in foreign policy and national security.

Overnight poll found Kamala Harris to be the winner

Coming into the debate, VP Pence will find himself on the defensive following Trump's widely panned performance to last week's debate. He will need to answer the administration's handling of the COVID-19 situation. He will need to defend Trump's questionable behavior that led to his COVID-19 diagnosis, and his reckless behavior in his "joy ride" to see supporters around the grounds of the hospital. As a result, the Trump campaign has found itself in a deeper hole in national polls, with two leading trackers of poll averages indicating that **Biden moved up from a 6.5 percentage point lead before the 9/29 debate to a 9.4 percentage**

point margin as of 10/7. According to a CNN poll, Americans cited Harris as the winner 59%-38%. Following the debate, PredictIt, the political betting site, continued to move further in Biden's direction, with 69% expecting him to win the Presidency with a Trump re-election at 35%.

In the end, this debate did not significantly change the overall trajectory in the race, which is an advantage for Harris. She did not commit any major gaffes. Pence had immense pressure of changing the narrative, and his task was made more difficult with Trump's handling of COVID-19 post his diagnosis. Some Republican pundits felt that Pence did an admirable job of defending the President's record.

Investment implications

With market expectations of a contested election having declined and markets looking for a Biden win, **we could see an increase in scrutiny of Biden's economic**, fiscal and regulatory agenda. This is likely to lead to greater volatility in financial markets.

For further market implications please refer to our last [Investment Talks on US presidential election](#).

“We could see an increase in scrutiny of Biden's economic in the coming weeks”.

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Definitions

- **Volatility:** A statistical measure of the dispersion of returns for a given security or market index. Usually, the higher the volatility, the riskier the security/market.

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