



World stocks rally on Trump's rise to the White House

November 9, 2016



Wall Street

Global stock markets rallied Wednesday (9 November) in response to Donald Trump's capture of the White House, recovering from the sharp downturn overnight in the initial aftermath of Hillary Clinton's shock defeat.

US stocks showed little life early in the day but rose after Clinton publicly conceded her loss and called for an orderly transfer of power. The Dow Jones Industrial Average rose 1.4%, while the S&P 500 and Nasdaq each finished 1.1% higher.

Stock futures and the dollar fell sharply overnight as word of Trump's victory spread. Asian markets dove at the start of the day, with Tokyo sinking on fears of the New York billionaire's untested policies. European markets also fell about 2% at the open but later rallied.

At the end of the European day, London stood 1.0% higher, Frankfurt added 1.6% and Paris gained 1.5%.

“Certainly a much unexpected move for the market compared to the rollercoaster we've seen in the last 12 or 18 hours,” said David Levy of Republic Wealth Advisors.

“The market is digesting who the winners and losers will be and we'll continue to do so in the coming days but for now the initial reaction is positive.”

‘Leap into the unknown’

The US election outcome has drawn direct comparisons with Britain's shock Brexit vote in June to leave the European Union.

“Of course, just as Britain has not yet Brexited, America has not officially entered the era of Trump,” Spreadex analyst Connor Campbell said.

Rebecca O'Keeffe, head of investment at stockbroker Interactive Investor, said there are “significant” worries over Trump's policies.

“Trump is a huge leap into the unknown,” she told AFP.

But CMC Markets analyst Jasper Lawler noted, “things are never black and white and Donald Trump can be a positive force, or at least a less negative force than Hillary Clinton, for some sectors of the stock market.”

Pharma, banks and defence stocks on the rise

Pharmaceutical stocks surged as Clinton's campaign for cheaper drugs was off the table after her defeat, with Pfizer jumping more than 7%, and Eli Lilly, Sanofi, Bayer and others all sharply higher.

Defense stocks also rose, on expectations of higher US military spending, with Lockheed Martin gaining nearly 6% and Northrup Grummon up 5.4%.

Banks also saw their shares gain on expectations of reduced regulation, with JPMorgan Chase rising 4.6%, Goldman Sachs gaining 5.9% and Wells Fargo up 5.4%.

But Spain's second-biggest bank, BBVA, fell nearly 6%, punished by investors for its high exposure to the Mexican market.

The Mexican peso – which has been battered by Trump’s anti-Mexican rhetoric including promising construction of a border wall – continued its declines. The dollar recovered from early losses and strengthened slightly against the euro.

In Asia, Tokyo stocks collapsed 5.4% and Hong fell 2.2%.

Moscow however rose almost 2% on hopes of improving US relations as President Vladimir Putin congratulated Trump.

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