

Trump or Harris: Stock market's reaction to the US election outcome may differ

Some surveys have showed both Trump and Harris locked in a tighter race, adding to the stock market jitters as equities look for clearer signs ahead of the US election.

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FILE PHOTO: Republican presidential nominee and former U.S. President Donald Trump and Democratic presidential nominee and U.S. Vice President Kamala Harris are seen in a combination of file photographs taken in New York City October 17, 2024 and in Chandler, Arizona, U.S., October 10, 2024. REUTERS/Brendan McDermid & Evelyn Hockstein/File Photo

Among the factors that have led to the stock market selloff on November 4 are reports that US Presidential election could be a tighter race than previously thought. A most recent poll by the US website Des Moines Register showed that Democrat Kamala Harris was leading in Iowa — traditionally a strong bastion for Donald Trump, who had won each of his previous elections in the state. Other surveys too showed both candidates in a tighter race, with voters narrowly divided across key swing states.

The downtrend seen in the stocks has been sharp, taking Nifty as well as the broader markets sharply lower, as equities look for clearer signs ahead of the US election.

The [selloff seen in the stock market on November 4](#) may continue for a 'few more days' till the US election verdict is out of the way, and one may see a bounce back subsequently but the degree may vary based on the outcome, Deepak Jasani of HDFC Securities said in a conversation with CNBC-TV18.

Devina Mehra of First Global told the channel the India impact of the US election will be hard to predict right now, as the full impact on America itself is not clear as yet. Devina highlighted that Trump's policies turned out to be pro-business after he'd won the tightly contested election in 2016 against Hillary Clinton. One needs to assess how the equity markets digest the US election verdict after the initial reaction, she added.

Tushar Pradhan, Director at Hxgon Partners told CNBC-TV18 that the US reaction to the election verdict could be very divergent to either of the candidates winning, as their policies could have different impact on businesses. This divergence has been one of the reason for markets to be tense over the election outcome.

Globally, stock market traders may be preparing for volatility, as a potential second term for Trump administration could give rise to concerns over global tariffs. Economies with higher exposure to the US and reliance on Chinese imports could face headwinds if a trade war reignites, according to a Goldman Sachs note.