



## Here's What Happened to the TSX When Trump Was Elected in 2016

### Description

American voters are trooping to the polls on November 3, 2020, to elect the 46<sup>th</sup> President of the United States. Incumbent Donald Trump is seeking a second term, but his approval rating is dropping as of June 2020.

Back in November 2016, and weeks before Election Day, analysts predicted the [stock market would crash](#) if Trump wins. Instead, a dramatic reversal happened. Wall Street welcomed the White House first-timer with a bang.

The three main indices, **Dow Jones**, **S&P 500**, and **NASDAQ**, rose hysterically. Across the border in Canada, the **Toronto Stock Exchange** (TSX) was responding positively too.

### Trump effect

Wall Street hovered around record levels on November 9, 2016, or one day after Trump upset Hillary Clinton for the U.S. presidency. On the same day, Canada's main stock market index rose by 103.1 points to 14,759.91. The doom and gloom scenario in both markets quickly turned to cautious hope.

There was no drastic fallout, as the **TSX** ended the month by nearly 2% over its October closing. The TSX's percentage gain in 2016 was 17.91%. A year later, on November 9, 2017, the index was at 16,082.10 points, although the index's percentage gain was just 6.03%.

### Trade war erupts

The year 2018 was tumultuous for the TSX as the trade war erupted on July 8, 2018. The U.S. and China conflict caused a ripple around the globe. Canada, along with Mexico, was in a tussle with the U.S. as the latter was renegotiating the North American Trade Agreement (NAFTA). Also, the cannabis industry went bust.

Almost every asset class finished 2018 in negative territory, causing to TSX to end lower at 14,322.86

or an 11.64% overall loss for the year. The index, however, storms back to register a banner year in 2019. Tech stocks led the advance.

## Real Winner

**Real Matters** ([TSX:REAL](#)), the leading player in the network management services platform sector for the mortgage and insurance industries, delivered a 284.84% gain in 2019. This \$2.28 billion company was also the largest tech IPO in a decade when it IPOd in 2017.

Real Matters performs the mandatory appraisal when customers in the U.S. and Canada apply for a mortgage (purchase, refinancing or home equity). More than 90% of revenue (over US\$3 billion annually) comes from the U.S. market, while the local market contributes the rest.

American banks have central management control of the appraisal system, which makes the business highly-regulated. Real Matters operates as an extension of the banks. Aside from its core business of appraising properties, it also provides residential and commercial real estate title and closing services.

In 2020, Real Matters is still a [top performer](#). The tech stock is gaining by almost 120% thus far. The low-rate environment is propping up the refinancing business in the U.S. It will keep Real Matters busy for the rest of the year.

## Positive impact

Overall, the Trump presidency had a positive effect on the TSX. The index's year-to-date loss of 8.76% in 2020 is coronavirus-induced and without political influence. The coming U.S. presidential elections, however, will again bring tension to the markets.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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**Date**

2025/09/19

**Date Created**

2020/07/14

**Author**

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