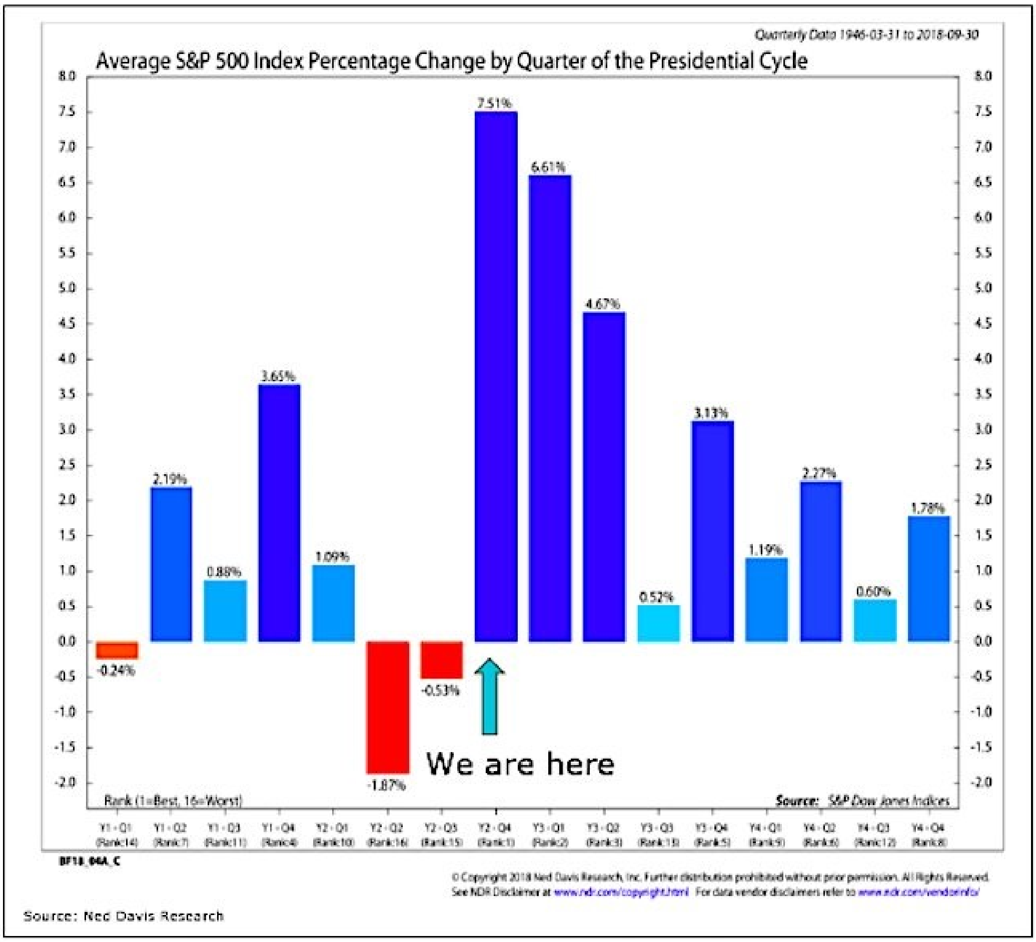

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Public policy matters

to markets and the economy and as a result a significant determinant of the next two years depends on what happens tonight. While the pollsters from both sides of the aisle are claiming victory, the fact of the matter is no one knows what this election may bring. Trump proved the pollsters wrong two years ago and we have little reason to believe they have it right this time. The results depend heavily on the much anticipated ?Blue Wave? and whether Democratic turnout can offset the successes, economic and otherwise, of the Trump administration?s first two years. The question of whether or not the Republicans can keep control of the House and Senate has vast implications for the economy and markets. **The following Cheat Sheet provides our latest thoughts on three election result scenarios and what each might mean for the stock and bond markets as well as Federal Reserve policy, the U.S. dollar and economic activity. Please click on the picture to enlarge it.**

RIA Pro	Scenario #1	Scenario #2	Scenario #3
Senate	GOP	GOP	Dem
House	GOP	Dem	Dem
Probability	40%	40%	20%
Economy	Individual tax cuts are more likely as well as other forms of fiscal stimulus. Stimulus would boost economic growth above current expectations for 2019. In this scenario, **the $1.5 trillion dollar question** is how much higher can interest rates and the dollar rise before the debt reliant economy breaks.	The lack of control by either party would make additional fiscal stimulus less likely but a bi-partisan infrastructure spending project might be possible depending on meeting demands of Democrats. **The odds of a recession in six months to a year rise under this scenario as prior fiscal stimulus measures wind down.**	This improbable scenario would likely cause consternation by consumers and corporate managers. There is a low probability that Trump and Democrats can accomplish any market friendly legislation. **As such the benefits of current stimulus will erode making a recession in six months to a year increasingly likely.**