

World Stock Market Indexes After President Trump's Win

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Example of stock market index:

- The ABC index is made up of four companies. As of the end of yesterday's trading day, the ABC index was set at 4,123 points. Today, two of the companies went up in value, one company dropped in price and the fourth company stayed the same –
- The total value of those stocks went up by 2% so the ABC index is now 2% higher or 4205 points.

- An stock market index (or just “index”) is a number that measures the relative value of a group of stocks.
- As the stocks in this group change value, the index also changes value.
- If an index goes up by 1% then that means the total value of the securities which make up the index have gone up by 1% in value.

Major World Stock Market Indexes

US Indexes

- DJIA
- Nasdaq
- Russell 2000
- S&P 500

Global Indexes

- Global Dow (Euro)
(World)
- Global Dow (world)

Major World Indexes –contd...

Asia Pacific Indexes

- China Shanghai Composite (Major)
- Hong Kong Hang Seng (Major)
- India S&P BSE Sensex (Major)
- Japan Nikkei 225 (Major)
- New Zealand NZX 50
- Taiwan TAIEX (Major)

Europe Indexes

- Belgium Bel-20 (Major)
- France CAC 40 (Major)
- Germany DAX (Major)
- Italy FTSE MIB (Major)
- Stoxx Europe 600 (Major) (Europe)
- Switzerland Swiss Market
- UK FTSE 100(Major)

Major World Indexes –contd...

Americas Indexes

- **Argentina MerVal
(Major)**
- **Brazil Bovespa
(Major)**
- **Canada S&P TSX
(Major)**
- **Mexico IPC All-Share**

Other Region

- **S. Africa FTSE JSE
Africa All Share**

Before President Trump's Win

Literature Review

- What did people predict about President Trump's win and stock market?
- CNN-money:
“If Donald Trump wins the election, U.S. stocks (and likely many other markets overseas) **will almost certainly tank**” – October 24, 2016.
- WSJ bet on Clinton's win.

<http://money.cnn.com/2016/10/24/investing/stocks-donald-trump-hillary-clinton/index.html>

The Telegraph

- “Global markets will be plunged into turmoil this week if Donald Trump wins the race for the White House, analysts have warned, with currency turbulence and a drop in US stocks not seen since the financial crisis”.
- “As Americans prepare to head to the polls on Tuesday, experts said a victory for the Republican presidential candidate would trigger short-term market ructions and inflict long-term damage on the world’s biggest economy”.

- Simon Johnson, a former IMF chief economist, said a Trump victory and the protectionist policies that might follow could take the world “back to the Great Depression in terms of the impact on trade and consequences”.
- Mr. Johnson, who has warned that a Trump victory could trigger a global recession, said that in a “nightmare scenario” the damage caused by the downturn would be “**permanent ---on the economic side and in terms of the US in the world**” –Nov 5, 2016.

<http://www.telegraph.co.uk/business/2016/11/05/us-election-2016-donald-trump-victory-to-trigger-global-market-t/>

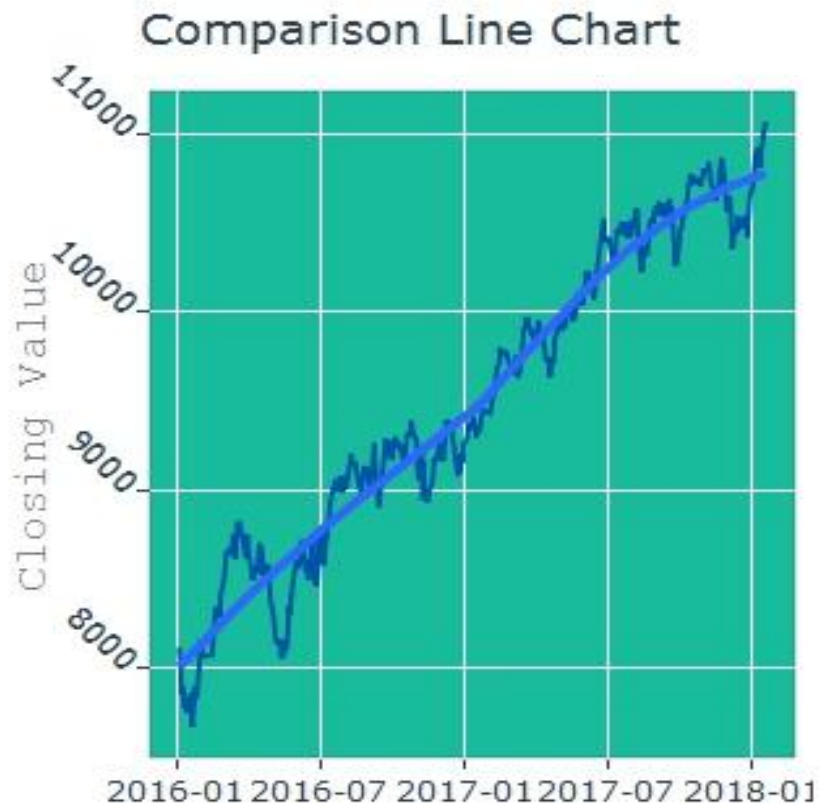
The New York Times

- **Paul Kragman, “Still, I guess people want an answer: If the question is when markets will recover, a first-pass answer is never” – Nov 9, 2016**

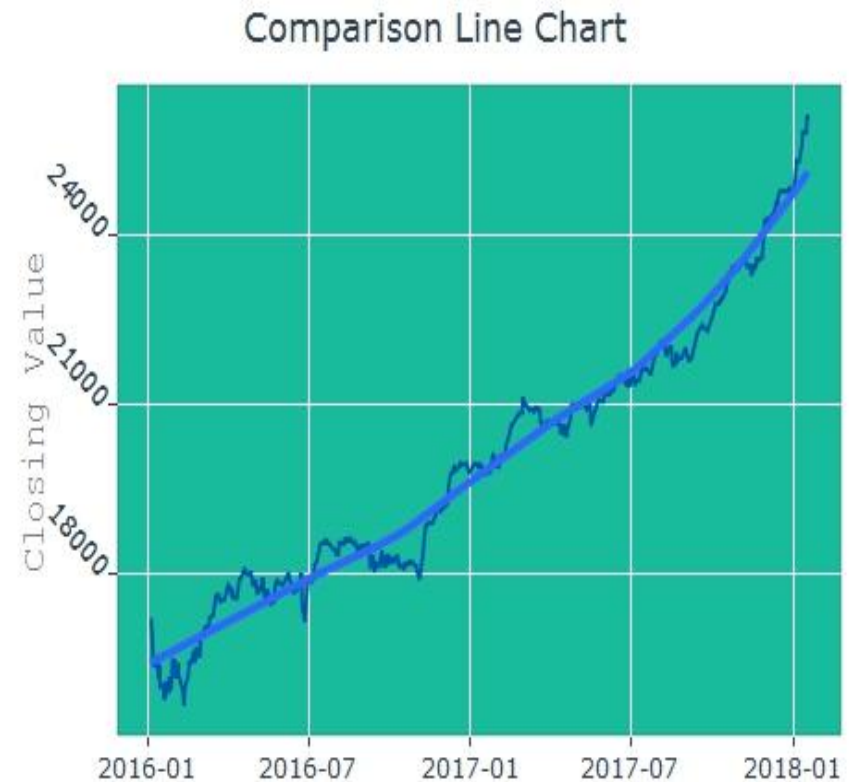
<https://www.nytimes.com/interactive/projects/cp/opinion/election-night-2016/paul-krugman-the-economic-fallout>

What happened?

- Almost all line graphs (of indexes) show an increasing trend.



DJIA



Global

2/1/2018



India - General Plot

Exceptions

Comparison Line Chart



China General Plot

Comparison Line Chart



Mexico General Plot

**Crucial Moment
- During Election
(Oct 15, 2016 – Dec 31, 2016)**

- All US and global indexes, Stoxx Europe, indexes of Japan, France, Canada follow an **S shaped curve** with a dip during Nov 4-Nov 7, 2016.
- Started to increase from November 15, 2016.

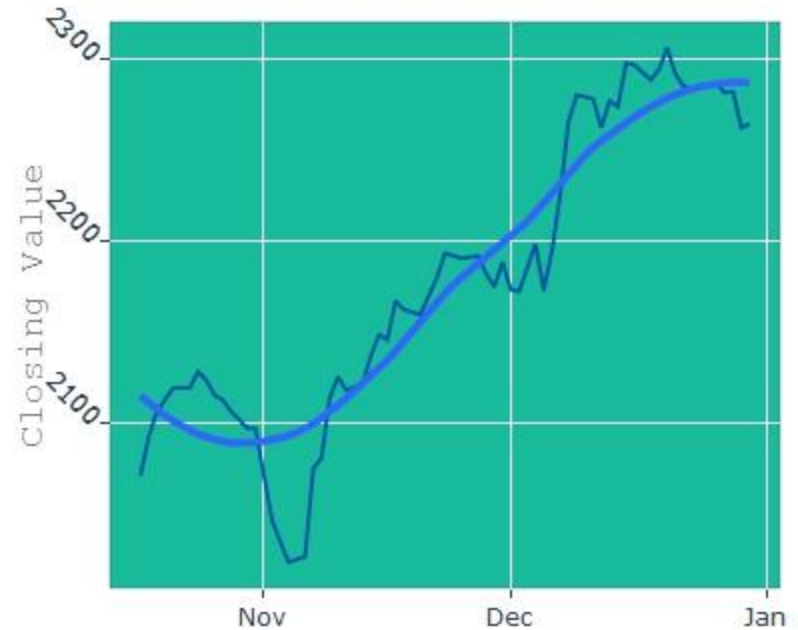


Crucial Moment – Contd...

Comparison Line Chart



Comparison Line Chart



Global Charts

- Indexes of Italy, Swiss started to increase from 7th December, 2016.
- For UK FTSE, Belgium Bel-20, it turned out to be an U-shaped half - parabola, with an increase from 8th December, 2016.



- All other (India, NZ, Hong Kong, Brazil, Argentina, Mexico, SA) curves show decreasing trend until December 2016.



Exception

- **China Shanghai Composite** showed inverted-U parabola (normal distribution) .



Upward Moment – After Jan 2017

- Almost all curves show an increasing trend during the whole period from Jan 2017 to Jan 2018.

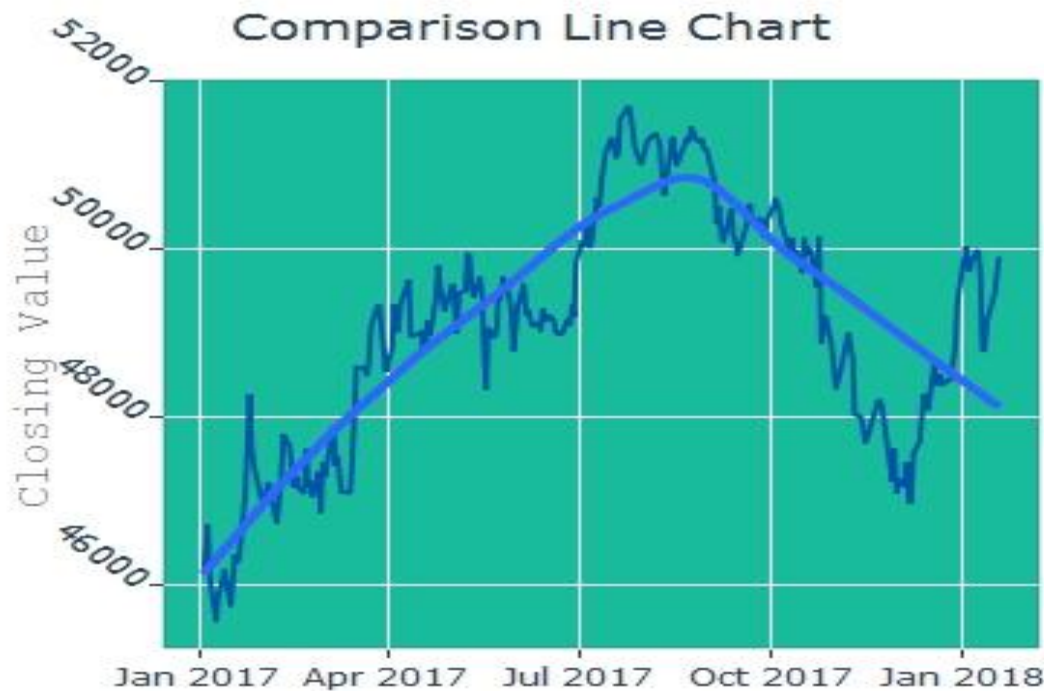


- Some curves show steady increase from July, 2017 and some from Oct, 2017.



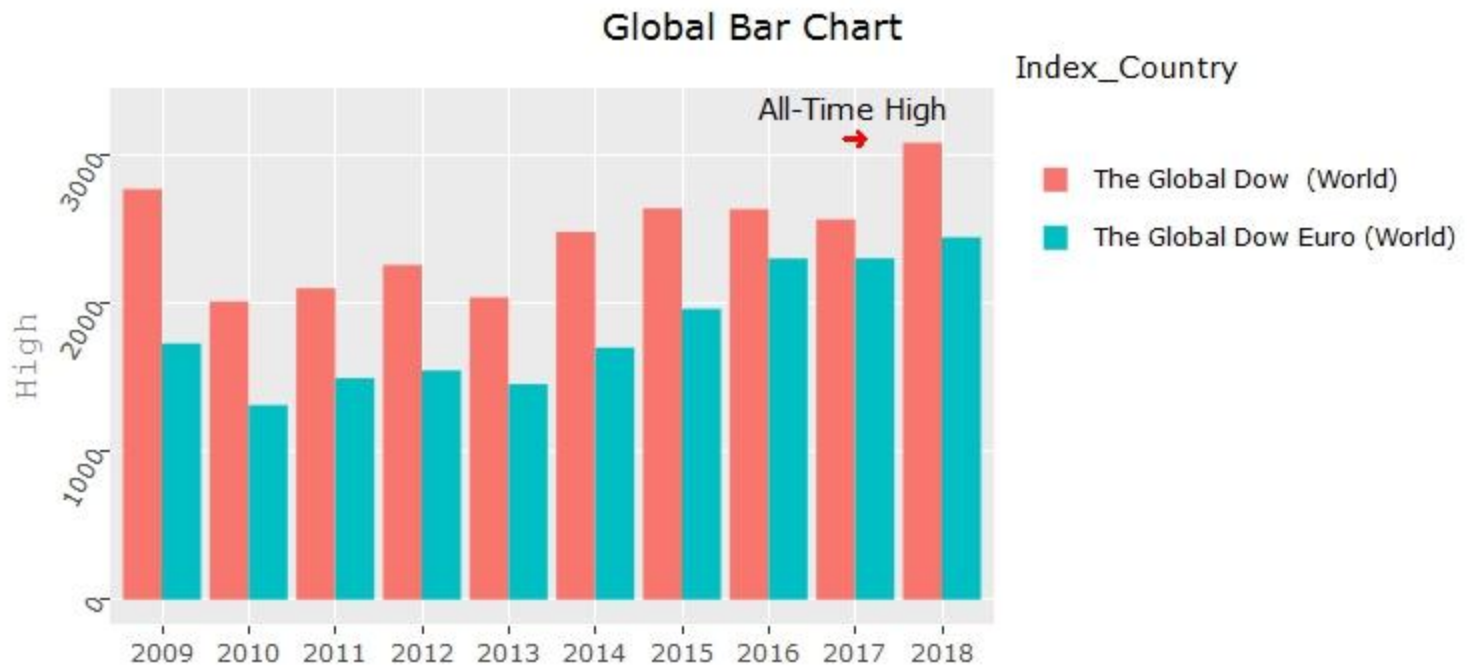
Exception

- But Mexico IPC is an exception which shows inverted-U parabola (or) kind of normal distribution until December 7, 2017.
- It started to increase from December 11, 2017.



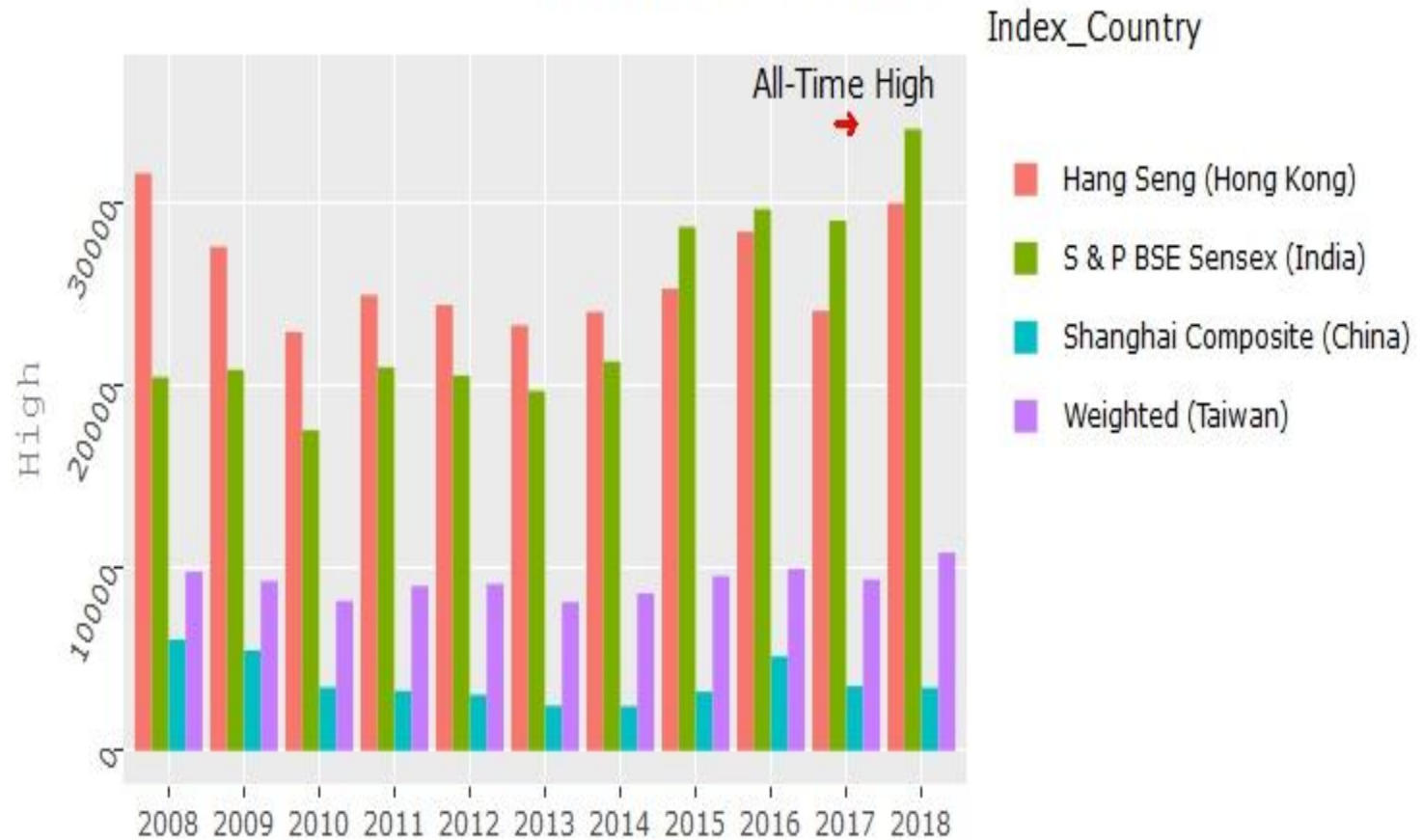
What is so special and unique about Trump's Win?

- Almost all major stocks have reached their **all-time high** during Trump's period over 10 years.



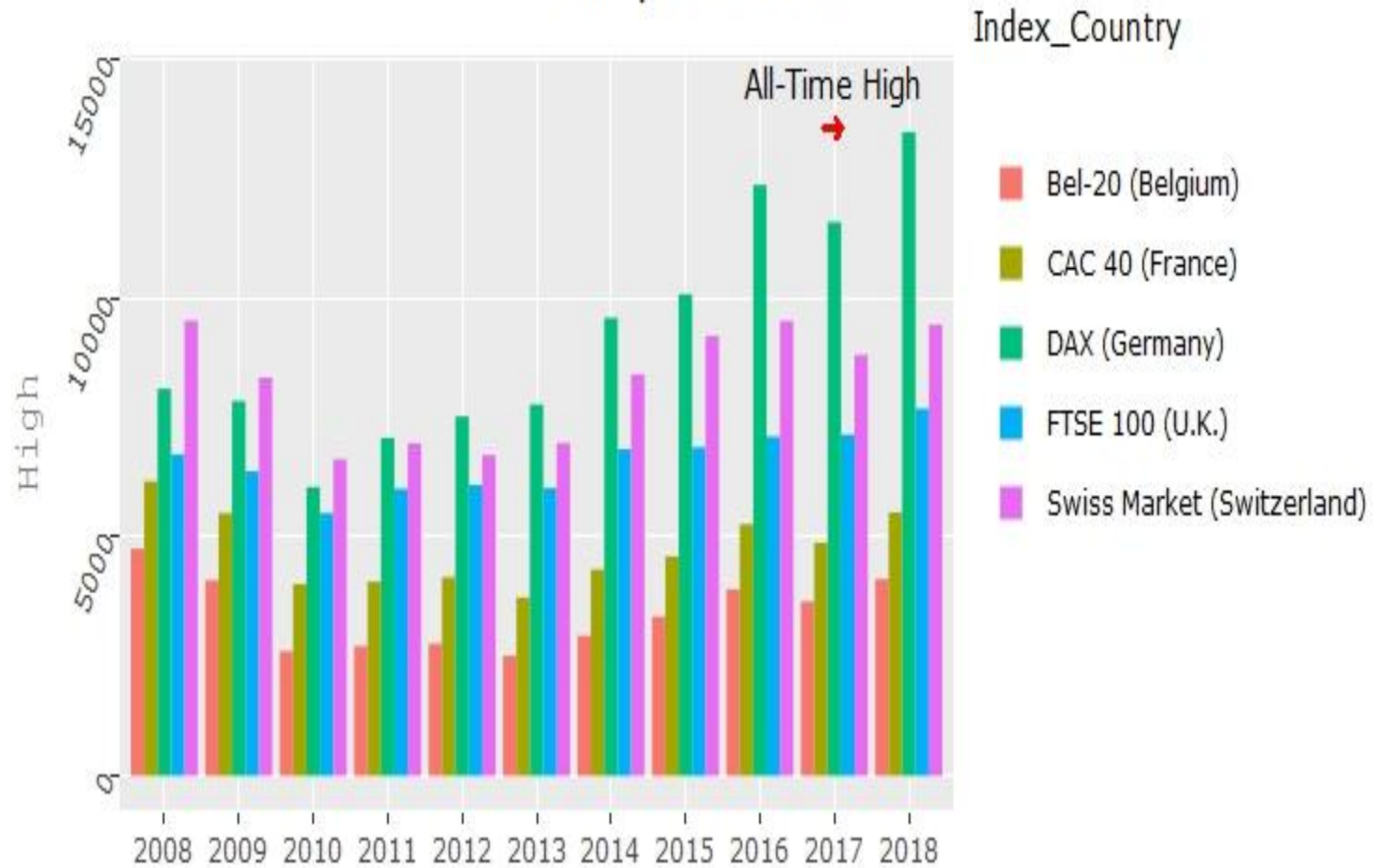
Global Indexes

Asia Pacific Bar Chart



Asia Pacific Indexes

Europe Bar Chart



Europe Indexes

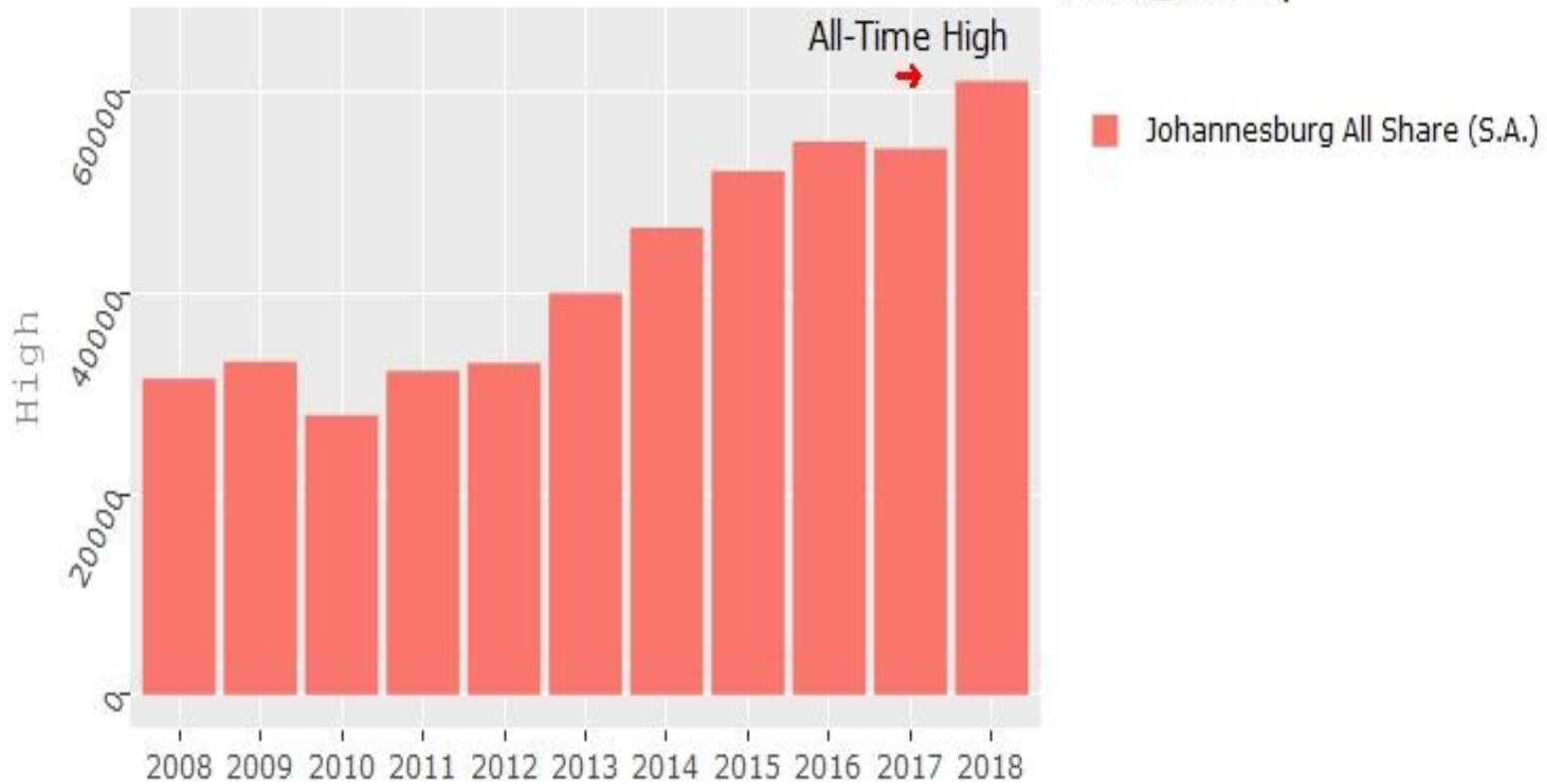
Americas Bar Chart



Americas Indexes

Other Bar Chart

Index_Country



South Africa Index

What are the advantages?

- Even small firm companies around the world have made many dollars.
- Majority of the investors all over the world have gained more than before in this period.
- Investors who waited patiently for 10 years have reaped an unexpected huge gain in this period.

Observations:

Almost all major stock indexes

- showed a dip from Nov 4, 2016- Nov 10, 2016, but the dip was not **the minimum** over the period of two years (except for Denmark and Iceland).
- started to increase steadily from Oct 2017.
- reached all-time peak in January 2018.
- Still increasing (with fluctuations) ...

WSJ , “markets **soared to records**”.

Future Directions:

- President Trump has set target for DJIA to achieve **30000 points.**
- Analysis of the trend using various ML algorithms and predict
 - if he will achieve his target
 - when it will happen
 - if it will go above the target
 - how other world stock indexes would react

References:

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- <http://www.abcsfinvesting.net/stock-market-index-dow-jones/>
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- <http://www.telegraph.co.uk/business/2016/11/05/us-election-2016-donald-trump-victory-to-trigger-global-market-t/>
- <https://www.nytimes.com/interactive/projects/cp/opinion/election-night-2016/paul-krugman-the-economic-fallout>

THANK YOU!!!