Global Market Advisors

Research Brief:
The 2016 US Election

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The United States' Election Day is upon us and by this time tomorrow the U.S. will know who has won one of the most divisive races in the nation's history. As world awaits the results of the election, GMA has provided the following snapshot of some key items the gaming and hospitality industry should watch for as the evening unfolds.

ROAD TO THE WHITE HOUSE

The most recent national polls show Hillary Clinton with a lead in the Presidential election over Donald Trump at or just outside of the margin of error. In analyzing the Presidential race, GMA considered the following polls:

>   Bloomberg – Clinton +3
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>   CBS News – Clinton +4
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>   Fox News – Clinton +4
>
>   ABC/Washington Post – Clinton +4
>
>   NBC News/Survey Monkey – Clinton +6

However, two national polls have consistently shown Donald Trump in the lead of the Presidential race:

>   IBD/TIPP Tacking – Trump +2
>
>   LA Times/USC Track – Trump +5

The path to 270 electoral votes will not be based off of the national popular vote, but will come down to what occurs in a handful of key battleground states. These states include the traditional swing states of **Colorado, Florida, Iowa, Michigan, Nevada, New Hampshire, North Carolina, Ohio, Pennsylvania, Virginia, and Wisconsin**. Other states that have come into play as potential swing states include Georgia and New Mexico and to a lesser extent Arizona and Utah. There are also a couple of swing districts to watch. These districts include two congressional districts in Maine (CD2) and Nebraska (CD2). These two states do not provide a winner take all system for their electoral votes. Instead, electoral votes are distributed by congressional district with the majority winner picking up the additional two Electoral College votes.

Clinton starts with a buffer with the "blue firewall," which includes those states that are heavily supportive of Clinton. With this buffer, Clinton has an edge in the Electoral College. Nate Silver from the website FiveThirtyEight.com places the blue wall at over 200 Electoral votes and gives Clinton a greater than 68 percent chance of winning the Presidency. According to Nate Silver, Trump has under a 32 percent chance to win. Early voting in several key swing states, including Florida, Nevada, North Carolina, and others, has accounted for over 42 million votes as of this weekend. These votes were cast before the most recent announcement by the FBI, which upheld its July position to not recommend charges in regards to Hillary Clinton's private email server.

Will the US vote for Clinton within the next 24 hours as the most recent indicators suggest; or will it mimic Brexit, which led to an outcome different than major polls predicted. As the world follows tonight's election returns, it will be important to look to the results in the key states outlined above. **Trump's path to victory must include Ohio and Florida with New Hampshire and Nevada also showing support.** If any of these states end up in Clinton's column, it is nearly impossible for Trump to win the seat in the White House.

Regardless of who wins, Hillary Clinton or Donald Trump will have to find a way to bring nearly half of the country with them in order to govern effectively. This will be a challenge for both nominees as they are upside down on their favorable/unfavorable ratings. Clinton per the Real Clear Politics average has her upside down with her favorable rating at 41.4 percent and unfavorable rating at 54.9 percent. Trump has a similar distribution, but a further spread with a favorable rating of 38.0 percent and unfavorable rating at 57.8. Both candidates will also have to overcome additional challenges should they be elected. Clinton will have to still overcome unresolved issues over emails, the Clinton Foundation, and other issues discovered during the release of thousands of emails by WikiLeaks. Trump will have to worry about his pending litigation with Trump University as well as harassment issues raised during the campaign.

UNITED STATES CONGRESS

The balance of the United States Senate is the next most watched election battleground as the new majority will come down to a handful of states. These states include **Florida, Indiana, Missouri, Nevada, New Hampshire, North Carolina, Pennsylvania, and Wisconsin**. Based off of the current legislative landscape and polls illustrating the likely outcome of U.S. Senate races across the country, the Democratic and Republican Parties are even, leaving eight available seats to determine the majority in 2017. The Republican Party currently controls the U.S. Senate with 54 Senators. The House of Representatives looks like it will stay in Republican Control but the margin will most likely be smaller than the current makeup making it more challenging for Congress to work together in passing legislation. The outcomes in both houses will determine what occurs in the lame duck session to follow later this month.

WHAT'S AHEAD FOR THE GAMING INDUSTRY?

There are several issues on U.S. state ballots that are of interest to the gaming and hospitality industries. These issues range from ballot measures to expand gaming in New Jersey and Rhode Island, to other initiatives in states like Nevada to legalize Marijuana (Question 2 on Nevada State Ballot). Additionally, in Nevada, members of the gaming industry have heavily backed an initiative to offer retail choice in the energy market by breaking up the current monopoly (Question 3 on Nevada State Ballot). The hotel industry in San Diego also has a ballot measure (Measure D on California State Ballot) that would raise the room tax to support the expansion of the convention center. This is in direct competition with the ballot question (Measure C on California State Ballot) that would raise the room tax for a stadium/convention center supported by the San Diego Chargers. As the gaming and hospitality industries head into 2017, these and other issues including sports betting, daily fantasy sports, Internet poker, taxation, and expansion will remain important to monitor.

With regards to who is the better Presidential candidate for the gaming industry? GMA does not see an advantage to either. While Donald Trump has never expressed negative feelings towards gaming, being a former casino owner himself, the Republican Party is not typically a party that is pro-gaming. Furthermore, Donald Trump is supported by Sheldon Adelson, who is very vocal about his stance against Internet gaming, which, along with sports betting, will likely be the two largest gaming issues that will be addressed in the next four years. Hillary Clinton has not addressed her stance on gaming specifically in the past, but belongs to a party, which is typically pro-gaming due to the number of jobs and economic benefit that it creates.

Regardless, the next four years should be interesting to watch. The gaming and hospitality industries can only hope that whomever wins will proactively work on reaching across the aisle to bring the U.S. together, and find hands that are willing to accomplish this goal. However, as a company that finds itself working on many sports betting engagements, it is not a bet GMA would plan on making.

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About Global Market Advisors, LLC

Global Market Advisors provides clients with market feasibility studies, primary research, economic impact studies, due diligence, payroll control, operations analysis, business and marketing plan development, and player reward program design for the gaming, hospitality and tourism industries. The firm maintains active clients in the United North America, Europe and Asia. More information can be found by visiting www.globalmarketadvisors.com.

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