

NEWS Investing

Awaiting a verdict on Trump, market likely to say 'meh'



'Absent Trump being in jail, none of this stuff is going to matter,' says one advisor.

May 29, 2024 [By Emile Haliez](#)



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As the world waits to hear former President Donald Trump's fate in the first trial of four – a New York State case involving 34 felony charges – the stock market might be indifferent.

Financial advisors, market watchers, and analysts who spoke with *InvestmentNews* said that, although the case against Trump and the issues around it are unusual to say the least, it is unlikely that there will be much volatility with either **guilty or not guilty verdicts**.

Today, a jury in the Manhattan court began deliberating on the charges against the former president, who stands accused of falsifying records related to payments made to his former lawyer Michael Cohen to cover hush money paid to adult film actress Stormy Daniels.

"It's going to be interesting for the country and the world to deal with a president that was in office, was voted out, and is on the ticket again and could be potentially running as a convicted felon," said Jeffrey Hirsch, editor in chief of the *Stock Trader's Almanac*. "But I don't sense the market is focused on that. I think the market is focused on inflation, which is definitely not going down, and interest rates."

A conviction for the former president could have micro effects, such as rallies for emerging markets and renewable-energy stocks, but likely not much at a macro level, said Tom Essaye, founder and president of Sevens Report Research.

"I don't think it sinks the market entirely," Essaye said.

Up to this point, "the market has largely ignored politics" this year, he said.

"The bigger issue between the markets and politics is the debt and deficits. Both candidates appeared not very different when it came to spending intentions and deficit intentions."

There is also a question of whether global markets will punish the US market for the past five years of spending, though there is already a hint of evidence of that with bond yields increasing, he said.

And while Trump is facing three other criminal trials, "I believe this is the only result we're going to get before the election," Essaye said.

On Tuesday, the Dow Jones Industrial Average was down nearly 1% as of 3 p.m. ET, and the S&P 500 was down about 0.6%.

"I don't think this has any bearing on the markets or the economy," said Paul Schatz, president of Heritage Capital. Similarly, he said, elections don't have much affect on markets until Halloween, he said.

"Markets hate uncertainty. Once there are two candidates, the market is pretty sure one of them will be president," he said. "Absent Trump being in jail, none of this stuff is going to matter."

Additionally, the New York State case, compared with more serious charges in the federal election interference case, "is kind of a joke," he said.

Investors should pay attention to fundamentals, **not politics**, said Kashif Ahmed, president of American Private Wealth.

"If history has shown anything... the smart investors who keep politics out of investing will do just fine," he said.

It would perhaps matter more to the markets if Trump were a sitting president facing criminal charges, he said.

As the election nears, the presidential debates could have more influence on the markets than the trial, Hirsch said.

The issues around Trump, including his four indictments, have "been going on so long," he said. "It's almost like the market's desensitized to it."

This year, with "basically two incumbents running against each other," investors have some idea of what to expect from them, said Chuck Etzweiler, chief research officer at Nepsis, in an email.

"We are quite surprised that investor sentiment has not been negatively affected by either the health or legal issues of both candidates. We felt in the beginning of the year that negative emotions would be an overhang on the market with investors treating the 2024 election like that of an open election year," Etzweiler said. "These years like 2000, 2008, and 2016 occur when both major parties nominate a presidential candidate who has never served in that capacity. Said years going back to 1949 are basically flat. When a sitting President is running once again such as 1996, 2004, 2012 and 2020 we at least have some assemblance of one candidates record with which to judge."

But the outcome of the New York State case could have an effect on Trump Media & Technology Group Corp's **stock**, whose price was up about 3% so far today.

A conviction for Trump "would be a negative – there's no question about that," Essaye said. But a not-guilty verdict across the board could help it rally, he said.

However, everyone who spoke with *InvestmentNews* said they were skeptical about the value of that stock, regardless of the outcome in court.

"They have a fundamental business issue – they're not making any money," Hirsch said.

The valuation at its launch was based largely on the former president's following, Ahmed said.

"DJT stock as you know is peculiar in the sense that it has nothing to show for profitability," he said. "If Trump were to be out of favor by the people who are most loyal to him, the reason for DJT stock existing goes away."

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