

spooks Wall Street enough

favourable electoral college map, he ought to win. But I agree with PredictIt. This is going to be close.

The key variable will be the state of the economy – and this is where things get interesting. At some point, Wall Street is going to wake up to the implications of Warren's rise. True, most of her programme could be enacted only if the Democrats won the Senate as well as the White House and proceeded to kill the filibuster. Is that impossible? No.

That means that four large sectors of the economy are in the firing line: the pharmaceutical industry, the banks, oil and gas and big tech. That is a pretty big chunk of the main stock market indices.

As investors digest the rising probability of a Warren presidency, I predict a Wall Street sell-off. Businesses in the targeted sectors are going to cut investment. And that, in turn, is going to lower growth. Three years ago, Trump ran on a promise to double the growth rate. But already the economy is projected by the International Monetary Fund to grow by just 1.9% next year. If it tips over into a recession, Trump is done.

Professor Ray Fair of Yale has a simple model for US elections that has a pretty good track record. If there is a recession in 2020, the model predicts a 49% vote share for the Democratic candidate. It's hard to see how the electoral college could save Trump in that scenario. (Remember, the winner got less than 50% in four out of the past seven elections.)

In other words, if Warren establishes herself as the Democratic frontrunner, there is a real chance that Trump's presidency could enter a doom loop. The better her chances become, the worse the stock market and the economy do, the better her chances become.

Meanwhile, make no mistake: Trump is in deeper trouble today than he ever was during Robert Mueller's investigation into Russian interference in the 2016 election. Not only is the Ukraine scandal metastasising. It is also clearly typical of the way the president deals with his foreign counterparts – brazenly seeking personal commercial and political advantage from his conduct of foreign policy, even at the cost of undermining his own administration's strategy.

His base will not desert him, and so the Republican-controlled Senate dare not turn against him. But independent voters are looking askance at Trump. And they are looking afresh at Warren. Can she beat him?