

What (it is) and Why (an impeachment inquiry against Trump)



WHAT

- Impeachment is a procedure envisaged by the US Constitution under which all civil officers shall be removed from office on impeachment for, and conviction of, treason, bribery, or other high crimes and misdemeanours.
- The term "*high crimes and misdemeanors*" has been interpreted as an abuse of power by high-level government officials that does not necessarily constitute a criminal offense.
- Andrew Johnson in 1868 and Bill Clinton in 1998 were acquitted after the Senate trial.

WHY

- On September 25, House Speaker Nancy Pelosi opened an impeachment inquiry against President Donald Trump
- The investigation focuses on revelations that Trump pressured Ukrainian President Volodymyr Zelenskiy to investigate the son of Democratic opponent Joe Biden in a bid to discredit Biden in the 2020 election. A whistleblower inside the White House accused Trump of attempting to cover-up his actions. US law prohibits foreign interference in US elections.

Impeachment: a long and rough process



Step 1

Congress investigates



Six House committees (Judiciary, Intelligence, Foreign Affairs, Oversight, Ways & Means and Financial Services) are investigating the Trump administration. They will send any articles of impeachment to the House Judiciary Committee. If there is no evidence of wrongdoing, the inquiry ends and Trump remains in office.

Step 2

House vote on impeachment



If the Judiciary Committee forwards the articles of impeachment to the full House, there is a vote. With a simple majority of 218 votes in favour, President Trump becomes only the fourth president to be impeached.

Step 3

Senate trial



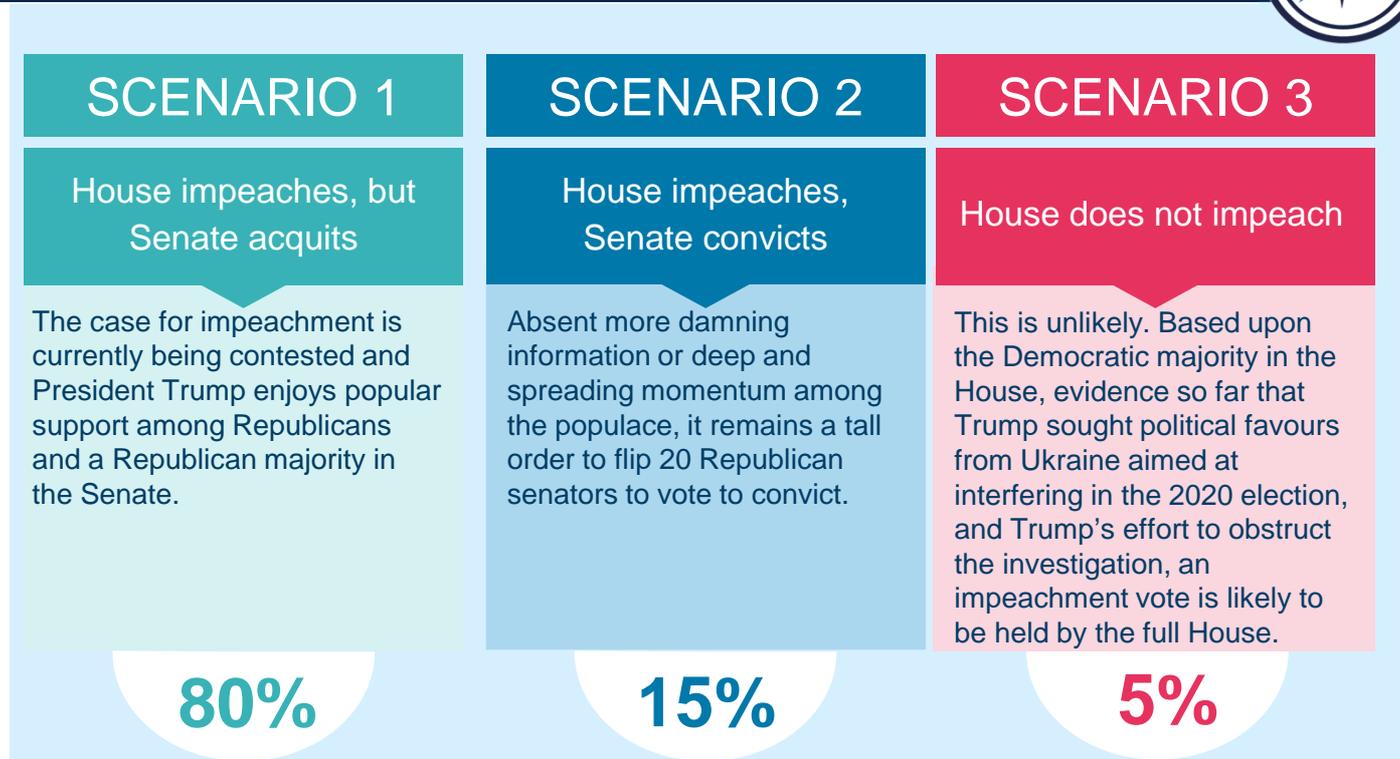
If articles of impeachment are submitted to the Senate, a trial is held with the Chief Justice of the Supreme Court presiding. A two-thirds majority is required to convict, with no clear standard of proof required. If President Trump is impeached and convicted, Vice President Pence becomes the next president, and may appoint a new Vice President of his choice, subject to Congressional approval.

US PRESIDENT IMPEACHMENT PROCESS

Amundi Views



Scenarios, investment implications & probabilities



AMUNDI VIEWS

US FIXED INCOME

"Historically, the impeachment process has had no direct effects on the economy and short-lived impact on financial markets. While US interest rates may rally from a flight to quality in response to impeachment headlines, we believe that this would be short-lived. We prefer securitised products and inflation-linked bonds, while being cautious on corporate bonds with tight spreads".

US EQUITIES

"On US equities, we do not see any implications from the potential impeachment. Higher risks come from a gain in popularity of presidential candidates that favour tax increases or from the inability of reaching a trade agreement. This could add uncertainty at a time of earnings downgrades. We stay defensive on equity positioning with a focus on quality companies that trade at reasonable valuations to guard against potential downside risks".

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