

06 September 2024

US Election Monitor

Latest data shows Harris in a narrow lead

The US Election Monitor is a biweekly / ad-hoc publication we will send out until Election Day, November 5th, covering the most significant developments and key events.

Since stepping into the presidential race, Kamala Harris' campaign has had a flying start. At the end of his run, Joe Biden was trailing Donald Trump by 2-6%-points in the most important swing state polls. Harris has now managed to close the gap, but the race still remains extremely tight. Across demographic groups, especially independent (not typically leaning Democratic or Republican) females have contributed to Harris' rising popularity.

Harris her performed well in terms of fundraising as well, gathering \$540m – compared to Donald Trump's reported \$327m – by early August. Democrats have also outspent the Republicans on campaign ads, leading by \$55m in aired ads and \$296m to \$132m in future reservations, according to *AdImpact* as of August 23.

While Democrats have split the campaigning funds relatively evenly across the seven most important states, Republicans are concentrating on Pennsylvania and Georgia, which will award the highest number of delegates. Latest polls suggest that both states remain extremely close calls (see p. 2).

Interestingly, Joe Biden's approval ratings have risen sharply after dropping out of the election race, to the highest level since H1 2023 (see chart on the right). This suggests voters have been more concerned about Biden's age, rather than Democrats' policy choices, which is likely positive news for Harris.

As such, prediction markets show Harris slightly ahead of Trump. *RealClearPolitics* estimates that according to the latest polls, Kamala Harris currently has 191 solid or likely electoral votes, while Donald Trump has 131. With 216 electoral votes still either undecided or only marginally leaning one way, the race remains open.

Even if Harris manages to clinch the victory in the presidential race, Republicans are still the favourites to retake the majority in the Senate elections. 23 out of 34 contested seats are currently held by Democrats, who thus have relatively 'more to lose'. *270toWin*'s forecast based on recent polls shows 50 seats likely Republican, 48 likely Democrat and 2 toss-ups. Vice President acts as the tiebreaker in case of 50-50 split. House elections remain more difficult to call, but we see Democrats as slim favourites. The party's general popularity has risen alongside Harris over the past weeks, while House Republicans still suffer from negative publicity after risking government shutdown several times in the current fiscal year's public funding negotiations.

This means that Harris would likely have to work with a divided congress, and that Republicans have a relatively better chance of winning a 'clean sweep' of all three elections. In the prediction markets, odds of a Republican sweep are priced at 32.5%, compared to a 21.5% chance for a Democratic sweep (scenario pricing on p.2).

Next week's most important event will be the first debate between Harris and Trump, taking place on Thursday 10th of September. Harris' campaign agreed to a rule proposed by Republicans to keep the microphones muted when the candidate is not speaking (see *AP*).

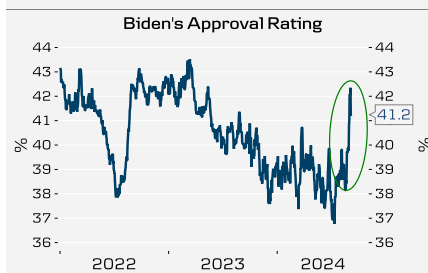
Key points

- 59 days until the election.
- The next big debate will be on 10th September with Trump and Harris going head-to-head.

Our base scenario

- Kamala Harris is the slim favourite to win the presidential election
- Republicans are likely to win the race for Senate. House is more difficult to call but is leaning Democratic.
- Harris win with divided congress would be the most likely outcome to maintain current status quo on the most important policies

Democrats' earlier weak performance in polls appears to have been due to Biden's age as the candidate – rather than his policies



Source: XX, Macrobond Financial

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Gauging the temperature of the US Presidential Election

Current status in swing states according to polls

	Trump		Harris	Spread (pp.)
Arizona	48.0		47.0	Trump +1.0
Georgia	48.2		48.3	Harris +0.1
Michigan	46.9		48.0	Harris +1.1
Nevada	47.6		47.6	Tie
North Carolina	47.9		47.2	Trump +0.7
Pennsylvania	47.2		47.2	Tie
Wisconsin	46.8		48.2	Harris +1.4

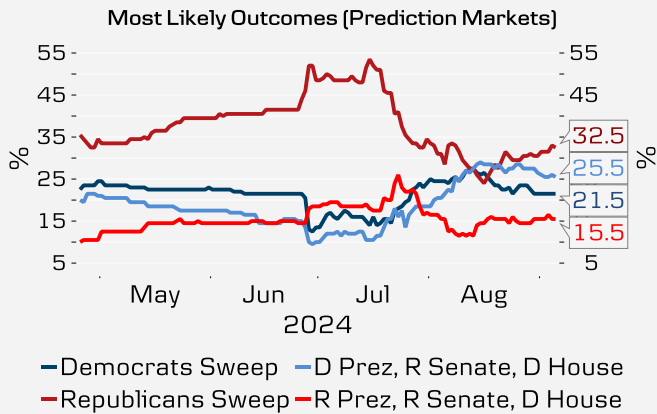
Source: Macrobond Financial, RealClearPolitics

Previous results in swing states

	2000	2004	2008	2012	2016	2020
Arizona (11)	Bush	Bush	McCain	Romney	Trump	Biden
Georgia (16)	Bush	Bush	McCain	Romney	Trump	Biden
Michigan (15)	Al Gore	Kerry	Obama	Obama	Trump	Biden
Nevada (6)	Bush	Bush	Obama	Obama	Clinton	Biden
North Carolina (16)	Bush	Bush	Obama	Romney	Trump	Trump
Pennsylvania (19)	Al Gore	Kerry	Obama	Obama	Trump	Biden
Wisconsin (10)	Al Gore	Kerry	Obama	Obama	Trump	Biden
Winner of election	Bush	Bush	Obama	Obama	Trump	Biden

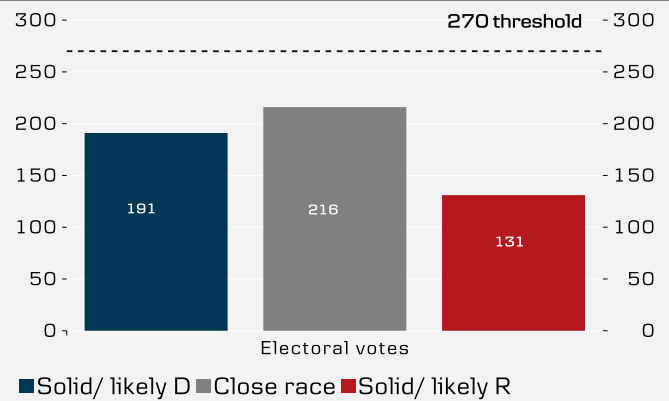
Source: RealClearPolitics

Prediction markets see Republican sweep as the most likely outcome



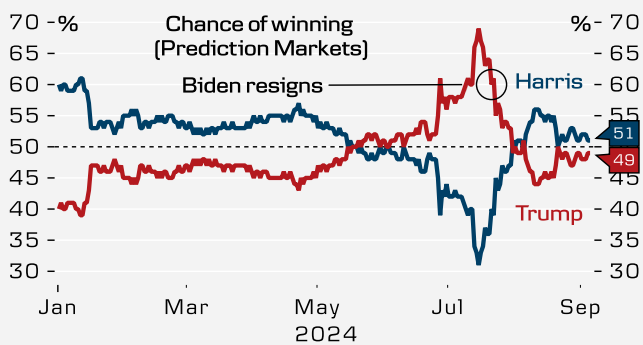
Source: Polymarket, Macrobond Financial

Current outlook for electoral votes



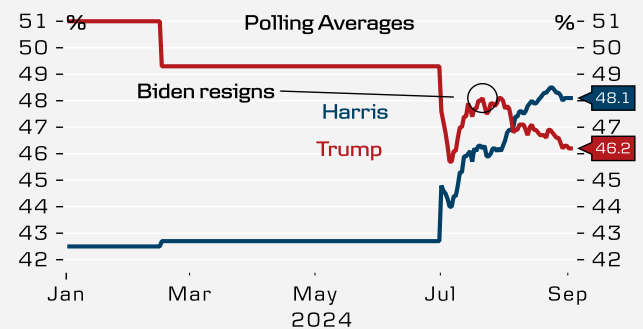
Source: Macrobond Financial, RealClearPolitics

Prediction markets point to a Harris win..



Source: Macrobond Financial, PredictIt

... underscored by polling data



Source: Macrobond Financial, RealClearPolitics

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