

4 November 2024

# US Election Monitor

## Final thoughts – and a guide to following the results

**The election week is here** and while Trump held the momentum over the past month, recent data suggests the results remain up in the air. **Polymarket now shows Trump's lead narrowing, with PredictIt now even favouring Harris.** Over the weekend, Harris was in the lead in Iowa – a state Trump won in 2016 and 2020 – per late October *Des Moines Register* polling. However, early November polling by *Emerson* shows Trump leading Iowa by 10 pp., underscoring how volatile poll results are. In swing states, Harris has edged back into slim leads in Michigan and Wisconsin, both must-win states for her, while Trump expanded his lead in Arizona, Georgia, Nevada and North Carolina (see p. 3-4 for charts).

In the most likely scenario, northern states of Michigan, Wisconsin and Pennsylvania will determine the final election result. If Harris secures all three, she is the winner. If Trump wins the southern states where he has held the strongest position in polls (Georgia, Arizona and North Carolina), then securing any of the three northern states would guarantee him the victory. Nevada is also a swing state, but as it awards the smallest number of delegates (6), its results will likely play a more minor role.

**Early voting turnout has been high with 76 million ballots cast already in advance.** This is roughly 48% of the total votes cast in 2020. Historically, high voter turnout has benefited Democrats, who have also typically been more active early voters. According to *NBC*, registered Democrats have made up the largest share of this year's early voters as well, but how this translates into overall voting activity remains uncertain. The share of early voters (out of total) has been rising constantly over the years and especially in the 2020 elections organized during the pandemic restrictions.

**We will also pay close attention to congressional elections, and especially the House of Representatives.** Prediction markets see the election practically as a coinflip and it could have a major impact on the future of fiscal policies. The party that wins the majority can also nominate the Speaker of the House who controls which bills the House votes to be sent to Senate. If Republicans lose their current slim majority in the House, Trump's ability to push through the widely expected looser tax policies might be severely limited, even if he wins the presidential election. Keep in mind, even as a 'lame duck' President, Trump would still be able to set up new tariffs via executive orders.

Unless Trump comes out clearly in the lead in the first states to report their result, **there is a high likelihood that the total result will not be known by the morning on the 6<sup>th</sup> of November European time.** Pennsylvania and Wisconsin do not allow for pre-counting early votes before the election date, which means they are likely among the last states where the result is called (the former was only called by Friday evening in 2020). Michigan was also called close to midnight between 6<sup>th</sup> and 7<sup>th</sup> of November European time in 2020, and again, Trump needs at least one of the three states to confirm his victory. **House** elections were also only called on Thursday in 2020, so knowing the final balance of power could well drag out longer than usual. Democrats' majority in the **Senate** was only confirmed in January 2021 after the party surprisingly won two run-offs in Georgia. This time, Republicans are the clear favourites to win control of Senate, however.

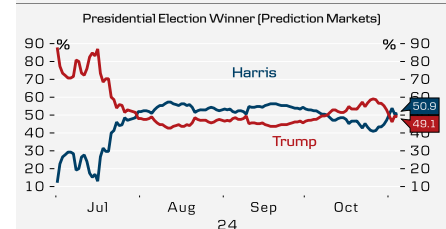
### Key points

- Kamala Harris' odds in the prediction markets have risen ahead of the election. Swing state polls indicate a very close race
- Republicans are expected to win majority in Senate, House elections remain a coin-toss
- Calling the final results might drag well beyond Wed morning, see timeline on p. 2

Tune into Danske Research's morning calls on 6<sup>th</sup> of November to hear our quick takes on preliminary election results and implications for the Fed

- *Global and Scandi FX & FI Market Focus, 8.40 - 9.10 CET, Teams*
- *Macro Focus, 9.15 - 9.30 CET, Teams*

### PredictIt now sees Harris as the favourite



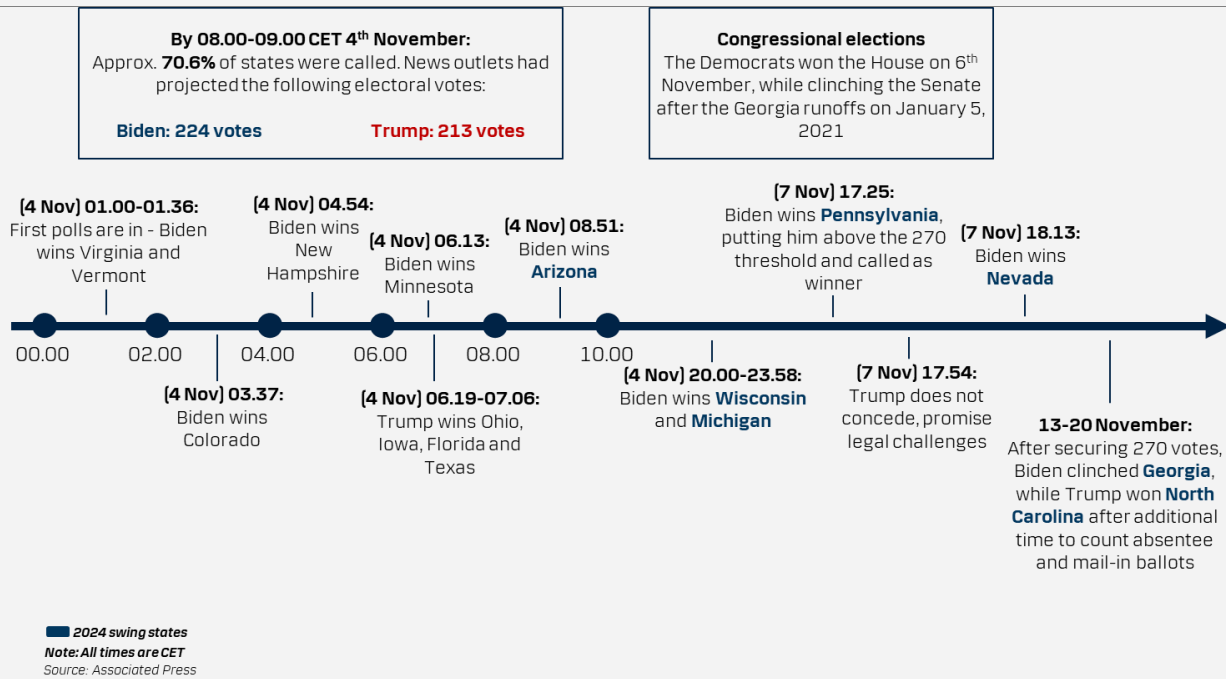
Source: Macrobond Financial, PredictIt

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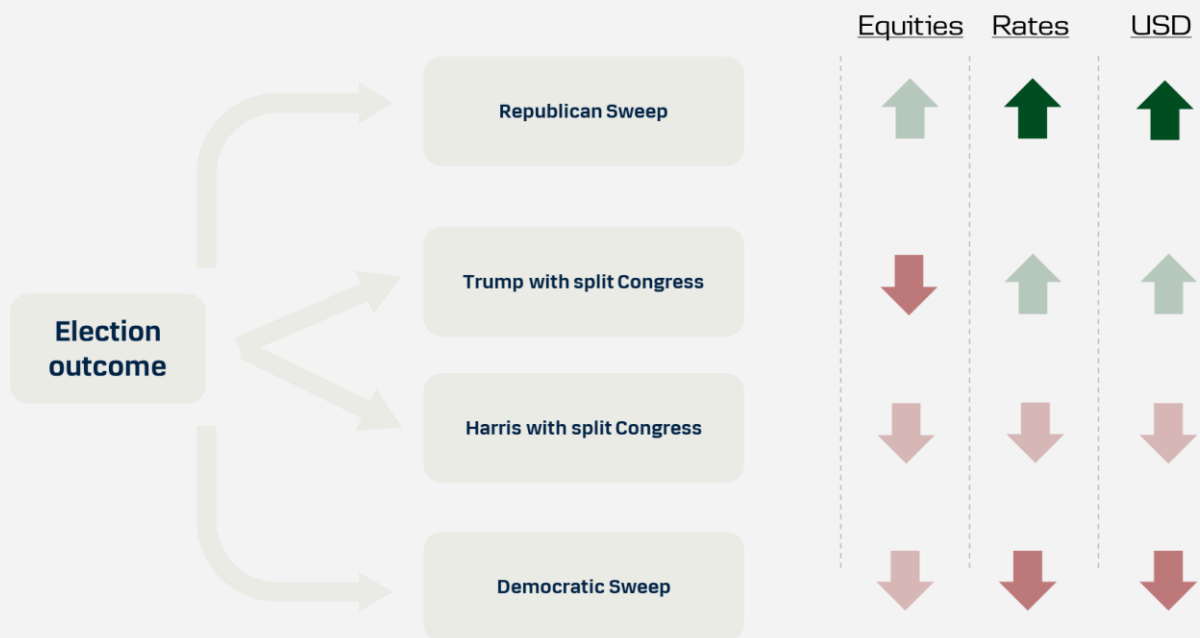
## What to expect from the election night?

### US election – timeline of the 2020 election night (and beyond)



Source: Associated Press, Danske Bank.

### Scenarios of the election and their initial outcome



Source: Danske Bank. Lighter arrow signals a mild reaction, dark arrow signals a stronger reaction

Note: Past performance is not a reliable guide to future returns

## Gauging the temperature of the US Presidential Election

### Current status in swing states according to polls

	Trump	Harris	Spread (pp.)
Arizona	48.9	46.3	Trump +2.6
Georgia	49.3	47.4	Trump +1.9
Michigan	47.7	48.6	Harris +0.9
Nevada	48.5	47.5	Trump +1.0
North Carolina	48.8	47.3	Trump +1.5
Pennsylvania	48.3	48.0	Trump +0.3
Wisconsin	48.2	48.5	Harris +0.3

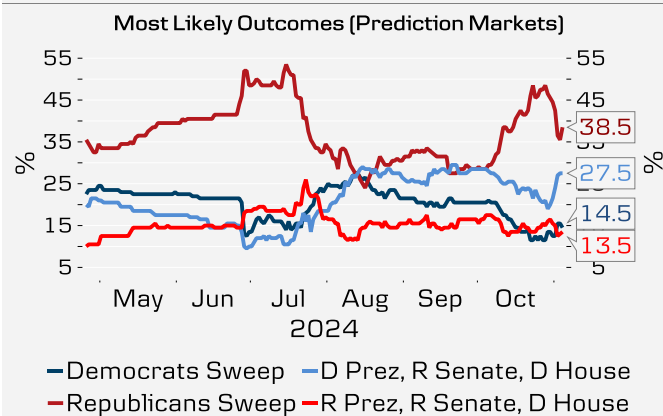
Source: Macrobond Financial, RealClearPolitics

### 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

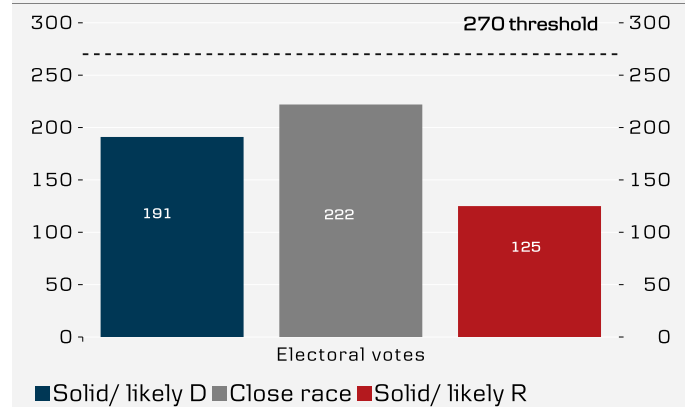
Source: RealClearPolitics

### Republican sweep remains the most likely scenario in prediction markets, but Democrats' odds have improved over the final days



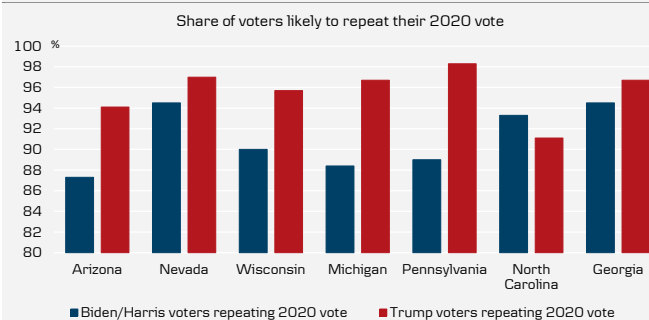
Source: Polymarket, Macrobond Financial

### Current outlook for electoral votes



Source: Macrobond Financial, RealClearPolitics

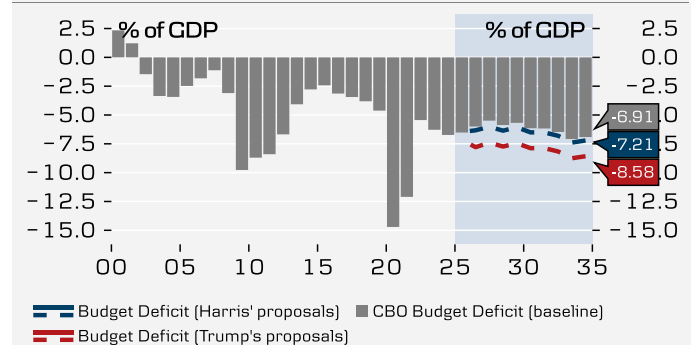
### Trump voters from 2020 have very firmly remained Trump voters, while Biden voters are less certain



Source: Danske Bank, AtlasIntel, RealClearPolitics

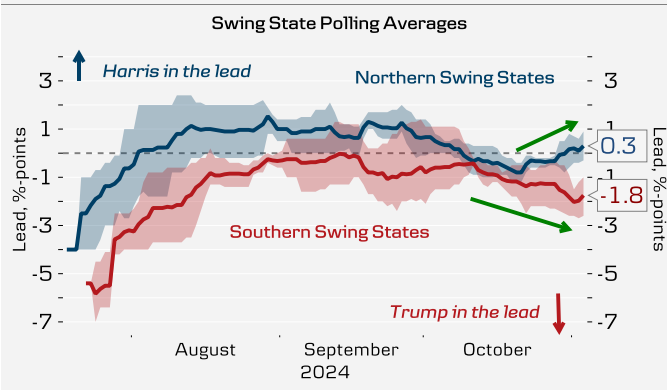
Note: data from 20 September to 25 September

### Regardless of the outcome, the deficit is likely to continue widening



Source: PWBM, U.S. Congressional Budget Office, Macrobond Financial. Note: the scenarios do not assume any changes to the baseline GDP forecast

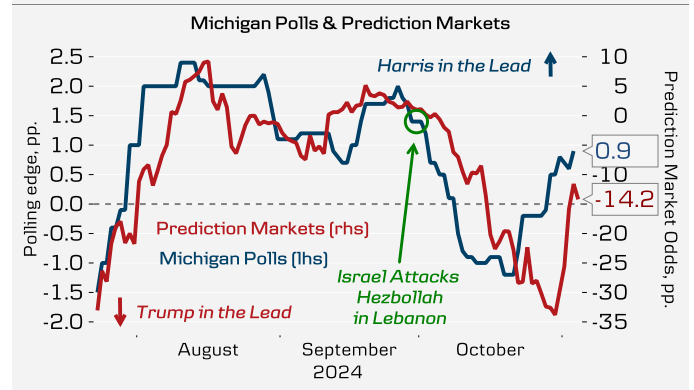
Harris is gaining in northern swing states, Trump is extending his lead in the south.



Source: Danske Bank, RealClearPolitics

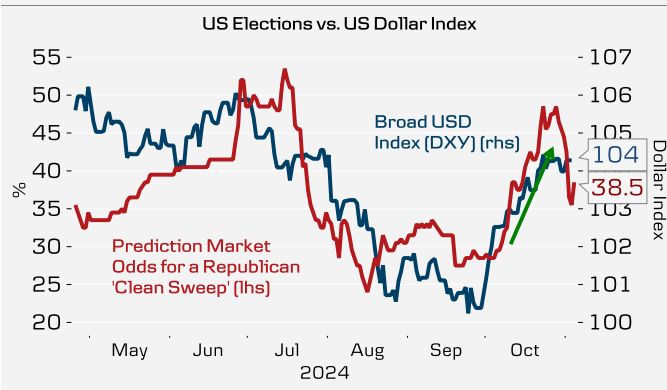
Northern states include Pennsylvania, Wisconsin and Michigan. Southern states include Arizona, Georgia, North Carolina and Nevada.

Large Arab minority in Michigan could be influenced by current administration's stance on the War in Gaza



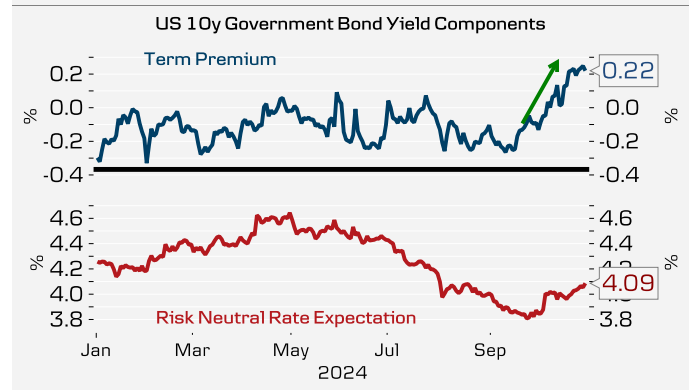
Source: Macrobond Financial, RealClearPolitics, Polymarket. Prediction market odds are for winning the whole election, not only Michigan

Markets think that Republican sweep could support the USD



Source: Danske Bank, Polymarket, ICE

Markets have priced in higher risk premiums on US government debt as Trump's chances of winning have risen



Source: Macrobond Financial, NY Fed's ACM Mode

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