30 October 2020

US Election Monitor

When will we know the winner? Well, that depends...

- **In this edition of the 2020 Election Monitor, we take a closer look at the timeline of the election night, the vote counting process and when we could know the election outcome**. At the 2016 election, Donald Trump was called as the winning candidate by the network stations at around 8:40 CET. Trump had secured more than 270 electoral votes eight hours and forty minutes after the first state polls closed in Kentucky and Indiana (see full 2016 Election Night time line on page 3). With mail ballot being the big X-factor in the 2020 election, the election result could be delayed depending on how close the presidential race is.

- **We expect that we will know who the next president is on the morning of 4 November (CET) in the event of a blowout scenario,** where the outcome can be decided solely on 'fast counting' swing states such as Florida, Nevada, Texas, North Carolina and Arizona. This is because if Biden is to win all the leading/solid Biden states on the RCP electoral map, he will need only 38 of the toss-up votes to secure a majority. The presidency is thus as good as secured for Biden if he wins Florida and the appurtenant 29 electoral votes. **According to *FiveThirtyEight*, Trump has a <1% chance if he loses Florida. In Florida, election *officials* say there's a good chance that they will have the overwhelming majority of ballots counted by midnight,** when we will also most likely know if Biden has a blowout victory.

- In a tight race scenario, we could experience a similar situation as in 2000 with recounting, where Al Gore conceded over a month after Election Day. **Generally, the time and potential delay of the announcement of the winner is much more uncertain with a close race**. The remaining considerations are mostly relevant in the case of a tight race. **Remember that all election disputes must be resolved no later than 8 December, according to US law.**

- To account for the large number of mail-in votes, most states have allowed for early vote processing (signature confirmation, photo-ID, etc.). **However, both Wisconsin and Pennsylvania only allow the process to start on Election Day** – see Chart 4 overleaf for an overview. The "Rust Belt" states are decisive swing states, where Trump has >50% chance of winning the overall presidency if he claims at least one of the three states (Michigan included), according to *FiveThirtyEight*. Knowing the outcome of these states could be the tipping point that secures either candidate the majority. **Additional to the late processing, neither Wisconsin nor Pennsylvania have robust histories with mass mail-in voting, which further adds to the probability of a delayed result**. Full details on vote counting legislation in key swing states as well as the likelihood of late results in each state are shown in Chart 7.

- **Apart from the slow counting in the key swing states, the main reason for a delayed announcement lies in the fact that almost half of the states merely require mail-in ballots to be postmarked, rather than received, by Election Day (see Chart 1 above)**. This includes some already-mentioned key swing states: Pennsylvania and North Carolina, but also swing states where candidates are currently neck-to-neck, such as Ohio. Trump leads the RCP Ohio poll by 0.6pp in the most recent poll.

Chart 1: Almost half of the states allow late arrival of mail in ballots (green) – including key swing states Pennsylvania and Ohio
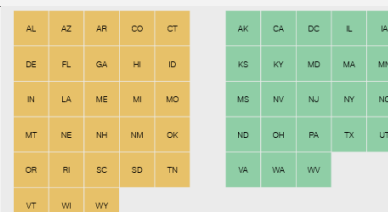

Source: CNN
Note: Yellow states must receive ballots on or before Election Day. Green states only require ballots to be postmarked on or before Election Day

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- Let us take a look at who is currently leading the presidential race with 4 days remaining until the election. **Biden is leading the national polls by 51% to Trump's 43.5%, the gap between the two candidates being more than twice as large as this point in time in 2016.** Prediction markets put the likelihood of a Biden victory at 60%. The blowout victory scenario triggered by a Biden win in Florida looks like a 50-50, as Biden and Trump are now neck-to-neck in Florida after a big Trump rebound.

- **Without Florida, Biden's main victory path is by winning the "rust belt", where he is ahead in all three states (3.8pp in Pennsylvania, 8.6pp in Michigan and 6.4pp in Wisconsin).** If Biden wins the Rust Belt states he would need only nine more electoral votes to win the majority, making Florida redundant. In this scenario, Biden only needs to win Arizona, where he is currently leading by 2.2pp.

- **Another factor that may favour a Democratic victory is that voter turnout is on track to be the highest in centuries** according to the news sites *CNN* and *The Guardian*. The US Elections Project predicts a record turnout of about 150 million, representing 65% of the eligible voters, versus 139 million or 55.5% in 2016. More than a third of registered voters -- *over 75 million Americans* or about 36% -- had already voted six days before Election Day. **According to *Politico*, young voters are one group that especially drives up the turnout.** In Florida, young voters have already cast 3.5 times more early votes than in 2016, a trend that repeats itself across all states. **According to a *Harvard Youth* poll, people under the age of 30 favour Biden over Trump by 65–25.**

- **The Republicans are closing in on the Democrats in the Senate election with prediction markets giving them a 44% chance of winning the majority.** The Democrats have lost momentum after Arizona went from leaning Democratic to becoming a toss-up state. Republicans need to win only 5 of the 9 toss-up states to secure a majority in the Senate. The Republicans currently lead the state polls in 3 of the 9 toss-up states.

- **Overall, the state polls and the overall probability favour Biden.** But as we discussed in last *week's edition*, if we were to experience a similar difference between the polls and the actual election results as in 2016, it would mean that Trump would win the 2020 election. **Ranking the election outcomes based on likelihood, we believe that the most likely scenario is 1) Democratic clean sweep 2) Biden with a divided congress 3) Trump with a divided congress 4) Republican clean sweep.**

- **To summarise the election night, we have a *conference call* on Wednesday, 4 November, where we present our take on the implications of the election outcome on US policy-making, the world economy and the financial markets.**
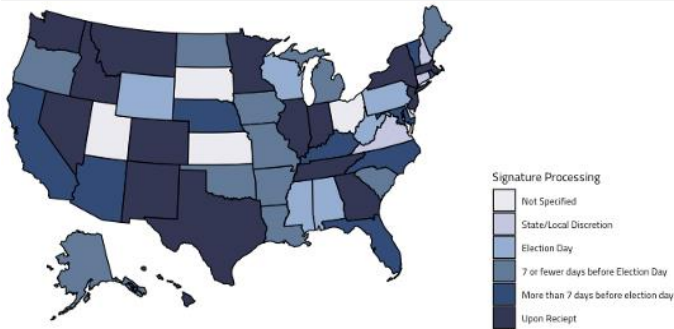
Chart 2: Biden ahead in national polls
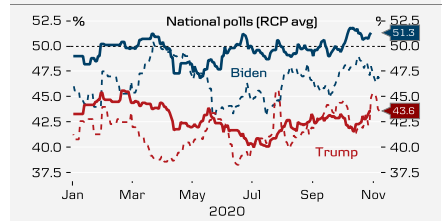
Sources: RealClearPolitics, Macrobond Financial
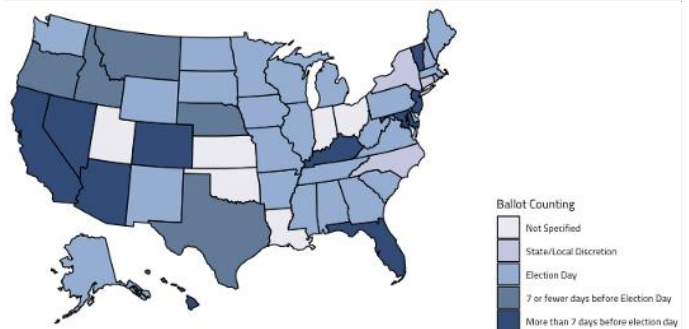
Chart 3: Neck-on-neck in Florida
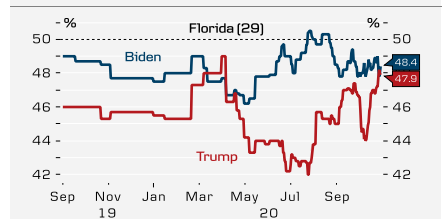
Sources: RealClearPolitics, Macrobond Financial

Chart 4. Most states will process signatures early. Wisconsin and Pennsylvania are the only 'slow' swing states
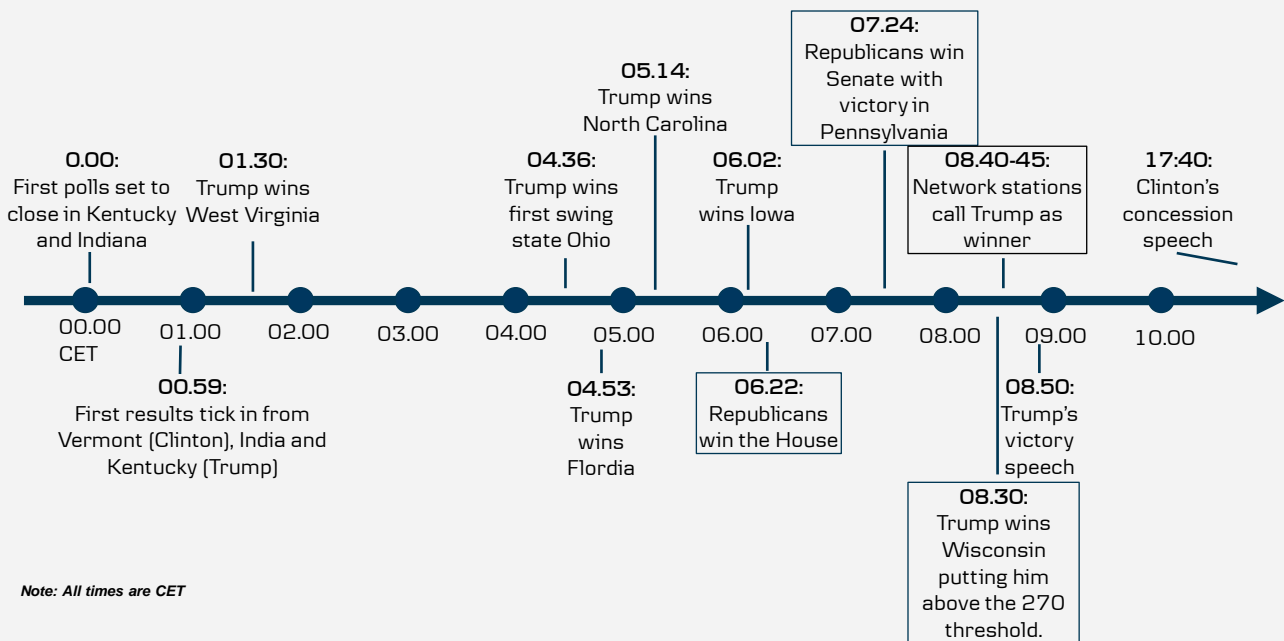

Source: voteathome.medium.com

Chart 5. Vote counting is a different story, with most key swing states only allowed to start on Election Day

Source: voteathome.medium.com

Chart 6: Timeline of the 2016 election night

0.00:
First polls set to close in Kentucky and Indiana

01.30:
Trump wins West Virginia

04.36:
Trump wins first swing state Ohio

05.14:
Trump wins North Carolina

06.02:
Trump wins Iowa

07.24:
Republicans win Senate with victory in Pennsylvania

08.40-45:
Network stations call Trump as winner

17:40:
Clinton's concession speech

00.59:
First results tick in from Vermont (Clinton), India and Kentucky (Trump)

04.53:
Trump wins Flordia

06.22:
Republicans win the House

08.50:
Trump's victory speech

08.30:
Trump wins Wisconsin putting him above the 270 threshold.

00.00 CET   01.00   02.00   03.00   04.00   05.00   06.00   07.00   08.00   09.00   10.00

Note: All times are CET

Source: Bloomberg, Wikipedia, Associated Press

Chart 7: When absentee/mail ballot processing and counting can begin for key swing states
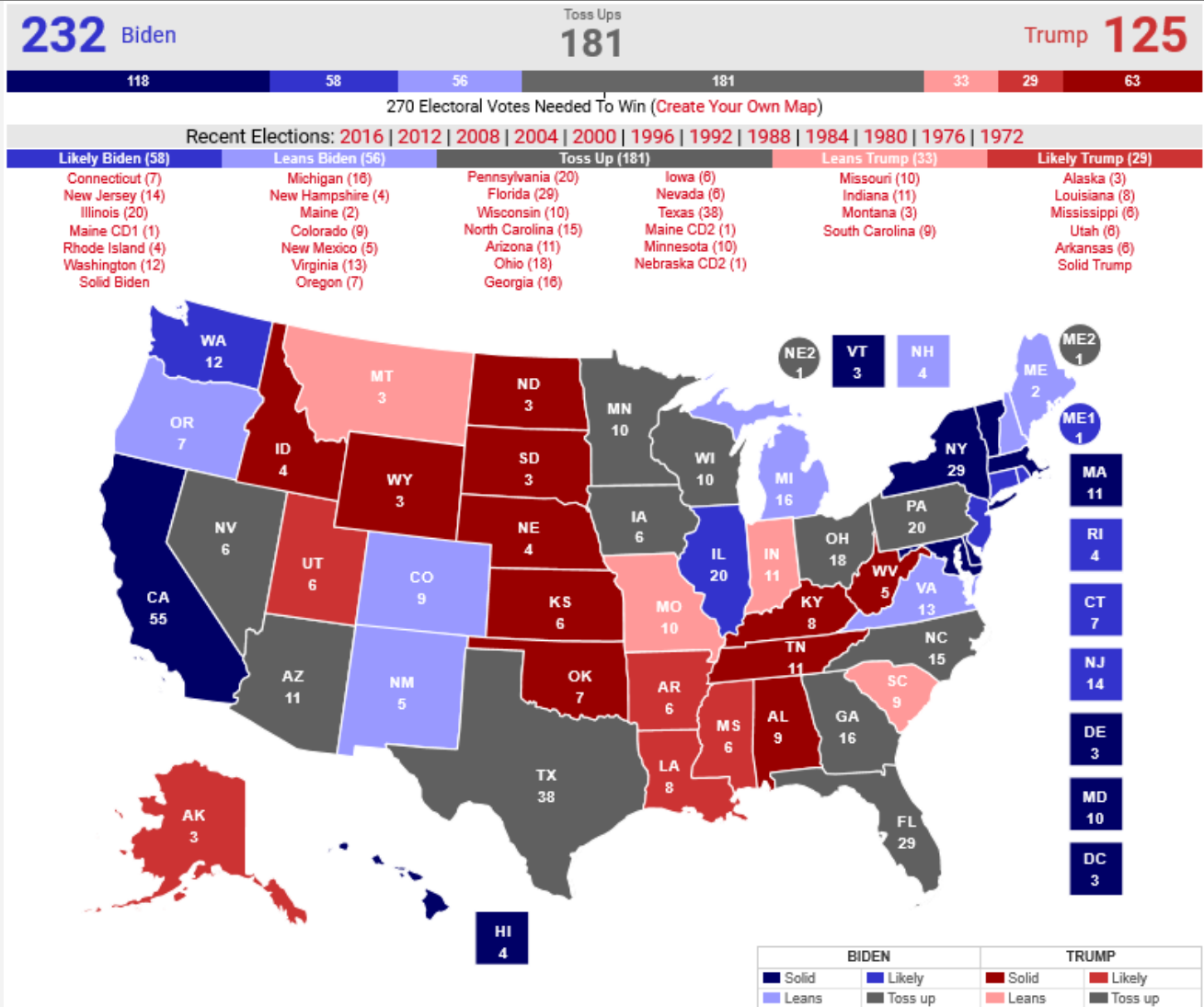
State	Absentee/Mail Ballot Processing Can Begin	Absentee/Mail Ballot Counting Can Begin
Arizona	Tallying can begin 14 days before Election Day.	Tallying can begin 14 days before Election Day.
Florida	Tallying can begin 22 days before Election Day.	22 days before Election Day.
Georgia	Signature verification conducted upon receipt.	7 a.m. on Election Day.
Iowa	Affidavits may be reviewed the day before Election Day.	On Election Day, at a time set by the election commissioner to allow completion by 10 p.m. on Election Day.
Maine	Four days before Election Day if notice of processing times is posted at least 60 days before the election.	After the polls close on Election Day.
Minnesota	Verification upon receipt. Verified ballots can be opened and deposited in a ballot box 7 days before Eletion day.	After the polls close on Election Day.
Nevada	Signature verification conducted upon receipt.	On Election Day. No results may be reported until after the polls close.
North Carolina	The fifth Tuesday before Election Day.	Two weeks prior to Election Day, provided the hour and place of counting is announced.
Ohio	Processing may begin before the time for counting ballots. Exact timing not specified.	Absentee ballots may be scanned prior to the election.
Pennsylvania	At 7 a.m. on Election Day.	At 7 a.m. on Election Day
Wisconsin	After the polls open on Election Day.	After the polls open on Election Day.

Source: ncsl.org

Note: State colour indicates when a state is likely to have a result ready. Green is very certain to be on Election Day, grey is most likely on Election Day, and red is not likely to have final results ready on election night.

538 electoral votes in total, 270 to win

Swing states determine the election outcome – Michigan leaning to Biden since last week. Biden now votes away from majority.


232 Biden **Toss Ups 181** Trump **125**

| 118 | 58 | 56 | 181 | 33 | 29 | 63 |

270 Electoral Votes Needed To Win (Create Your Own Map)

Recent Elections: 2016 | 2012 | 2008 | 2004 | 2000 | 1996 | 1992 | 1988 | 1984 | 1980 | 1976 | 1972

Likely Biden (58)	Leans Biden (56)	Toss Up (181)		Leans Trump (33)	Likely Trump (29)
Connecticut (7)	Michigan (16)	Pennsylvania (20)	Iowa (6)	Missouri (10)	Alaska (3)
New Jersey (14)	New Hampshire (4)	Florida (29)	Nevada (6)	Indiana (11)	Louisiana (8)
Illinois (20)	Maine (2)	Wisconsin (10)	Texas (38)	Montana (3)	Mississippi (6)
Maine CD1 (1)	Colorado (9)	North Carolina (15)	Maine CD2 (1)	South Carolina (9)	Utah (6)
Rhode Island (4)	New Mexico (5)	Arizona (11)	Minnesota (10)		Arkansas (6)
Washington (12)	Virginia (13)	Ohio (18)	Nebraska CD2 (1)		Solid Trump
Solid Biden	Oregon (7)	Georgia (16)			

	BIDEN		TRUMP	
	Solid	Likely	Solid	Likely
	Leans	Toss up	Leans	Toss up

Note: Numbers indicate electoral votes. Hawaii and D.C. are solidly Democratic and Alaska is likely to be Republican.

Grey states are swing states based on current state polls.

Source: RealClearPolitics.com

Previous election results in swing states

	1992	1996	2000	2004	2008	2012	2016
Arizona (11)	Bush	Clinton	Bush	Bush	McCain	Romney	Trump
Colorado (9)	Clinton	Dole	Bush	Bush	Obama	Obama	Clinton
Florida (29)	Bush	Clinton	Bush	Bush	Obama	Obama	Trump
Georgia (16)	Clinton	Dole	Bush	Bush	McCain	Romney	Trump
Iowa (6)	Clinton	Clinton	Al Gore	Bush	Obama	Obama	Trump
Nevada (6)	Clinton	Clinton	Bush	Bush	Obama	Obama	Clinton
New Hampshire (4)	Clinton	Clinton	Bush	Kerry	Obama	Obama	Clinton
North Carolina (15)	Bush	Dole	Bush	Bush	Obama	Romney	Trump
Ohio (18)	Clinton	Clinton	Bush	Bush	Obama	Obama	Trump
Pennsylvania (20)	Clinton	Clinton	Al Gore	Kerry	Obama	Obama	Trump
Virginia (13)	Bush	Dole	Bush	Bush	Obama	Obama	Clinton
Wisconsin (10)	Clinton	Clinton	Al Gore	Kerry	Obama	Obama	Trump
Winner of election	Clinton	Clinton	Bush	Bush	Obama	Obama	Trump

Note: Numbers indicate number of electoral votes held by the state.
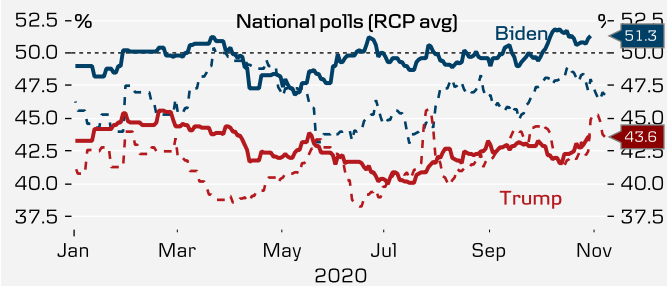
Source: RealClearPolitics.com

Current division of the 538 electoral votes based on election map

- 232 Solid/likely D
- 181 Close race
- 125 Solid/likely R
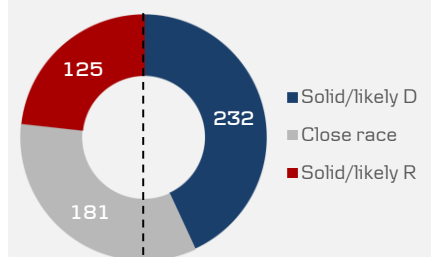
Source: RealClearPolitics.com

Polls for presidential election

Biden is above 50% (significantly above Clinton in 2016) while Trump is more or less at the same level as in 2016

National polls (RCP avg)

Biden 51.3

Trump 43.6

Jan Mar May Jul Sep Nov
2020

Source: RealClearPolitics.com, Macrobond Financial

Note: Dashed lines indicate 2016 election polls

Biden's chances of winning just rebounded slightly yesterday, according to prediction markets

Chance of winning

Biden 60

Trump 40

Jan Mar May Jul Sep
2020
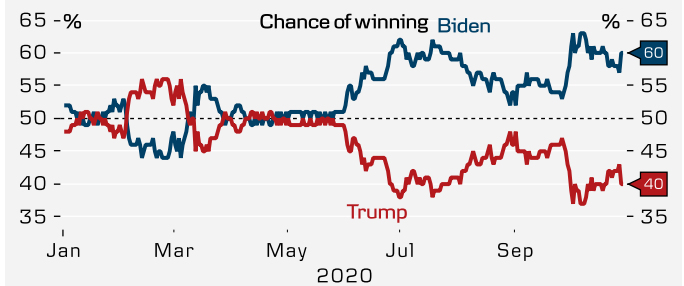
Source: PredictIt, Macrobond Financial

Polls for Congressional election (House)

Democrats are very likely to regain control of the House, according to prediction markets

PredictIt, Republican Party controls the House

15

2019 2020
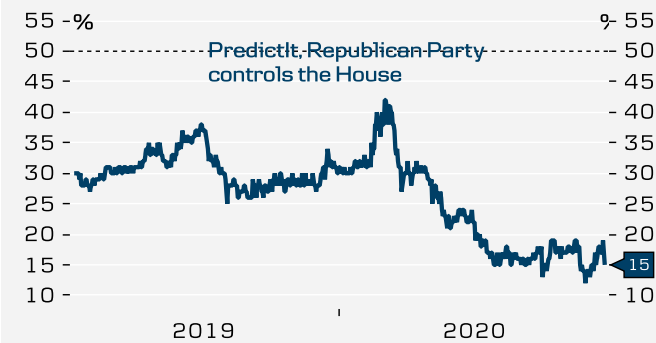
Source: PredictIt, Bloomberg, Macrobond Financial

Democrats need to win only 4 of the 39 toss-up seats for a majority (218 for majority).

■ Solid D   ■ Likely/lean D   ■ Toss-up
■ Likely/lean R   ■ Solid R

| 181 | 33 | 39 | 26 | 156 |
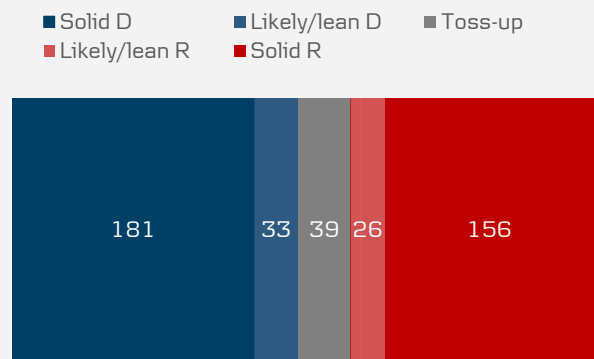
Source: RealClearPolitics.com

Polls for Congressional election (Senate)

Democrats are favourites to win the Senate, according to prediction markets

44

PredictIt, Republican Party controls the Senate

2019 2020
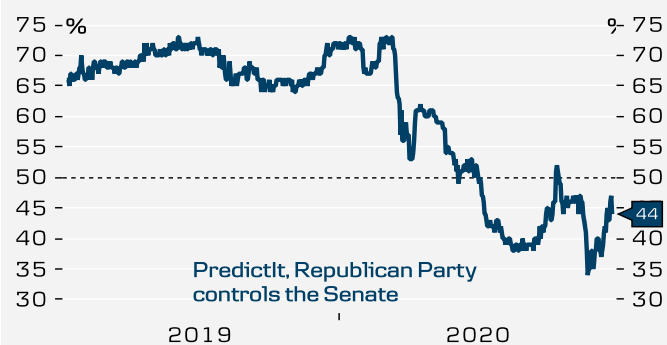
Source: PredictIt, Bloomberg, Macrobond Financial

For a clear majority (51 seats), Democrats need 16, Republicans 21

■ Solid D   ■ Likely/lean D   ■ Toss-up
■ Likely/lean R   ■ Solid R

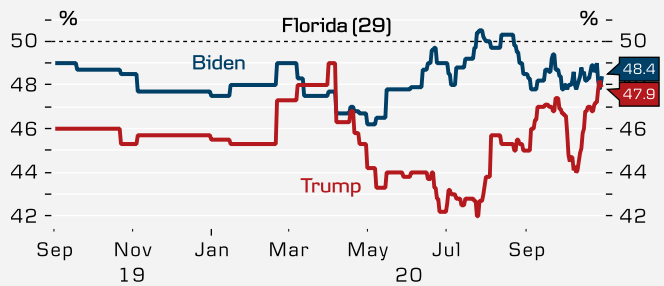| 5 | 5 | 9 | 8 | 8 |
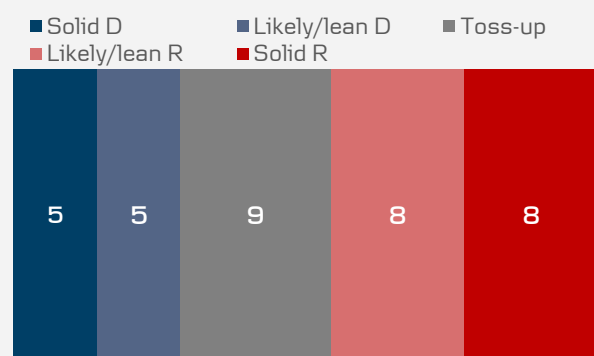
Source: RealClearPolitics.com

Polls in important swing states won by Trump (2016)

Texas: Trump lead has narrowed in the last poll (but both candidates are below 50%)
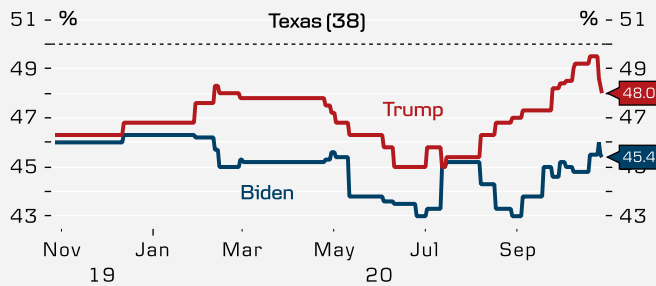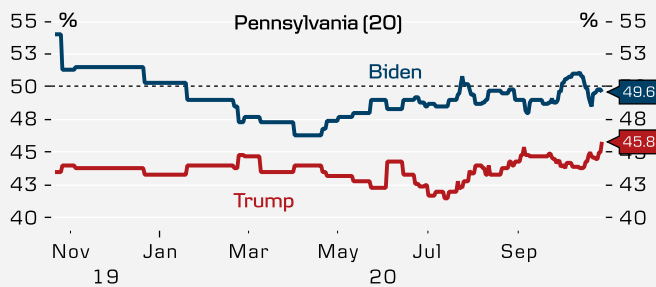

Note: Number indicates electoral college votes
Source: RealClearPolitics.com

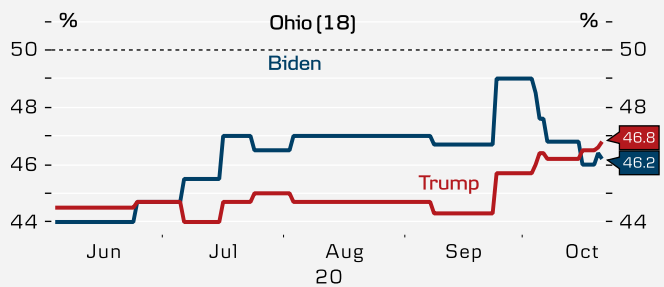### Florida: Neck-to-neck in Florida (but both candidates are below 50%)

Note: Number indicates electoral college votes
Source: RealClearPolitics.com

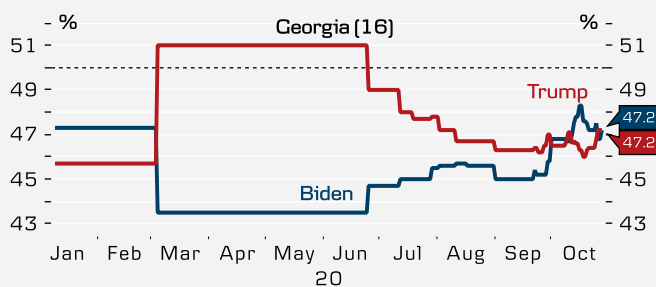### Pennsylvania: Biden has moved below 50% again (both candidates are below 50%)

Note: Number indicates electoral votes
Source: RealClearPolitics.com

Ohio: Biden is no longer ahead (but both are still below 50%)

Note: Number indicates electoral votes
Source: RealClearPolitics.com

### Georgia: Candidates are exactly even in Georgia currently (but both are below 50%)

Note: Number indicates electoral votes
Source: RealClearPolitics.com

### Michigan: Trump has lost momentum as Biden keeps expanding his lead

Note: Number indicates electoral votes
Source: RealClearPolitics.com
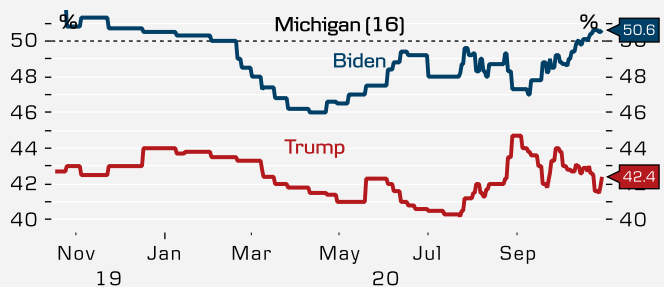
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North Carolina: Biden is leading marginally (but both are below 50%)

North Carolina (15)

Biden 48.4
Trump 47.7
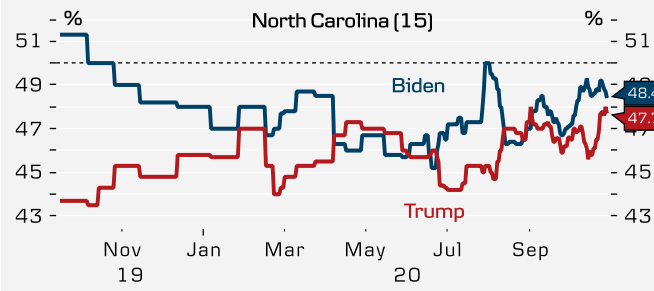
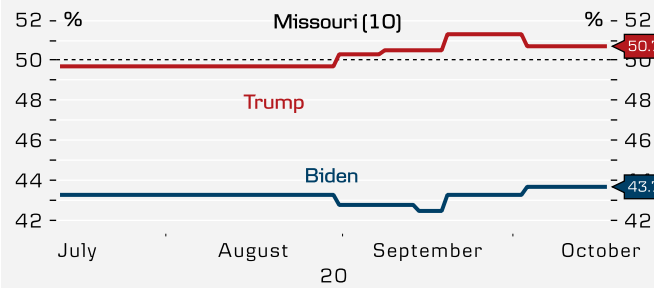*Note: Number indicates electoral votes*
Source: RealClearPolitics.com

Arizona: getting closer (but both are below 50%)

Arizona (11)

Biden 47.8
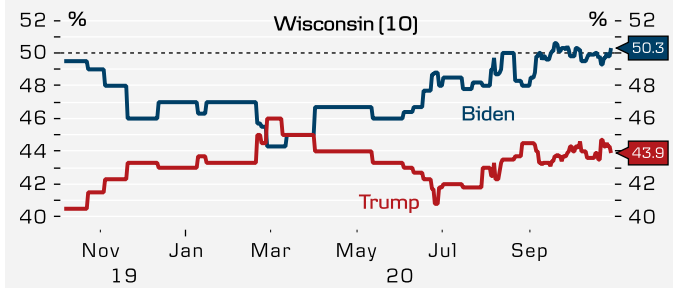Trump 46.5
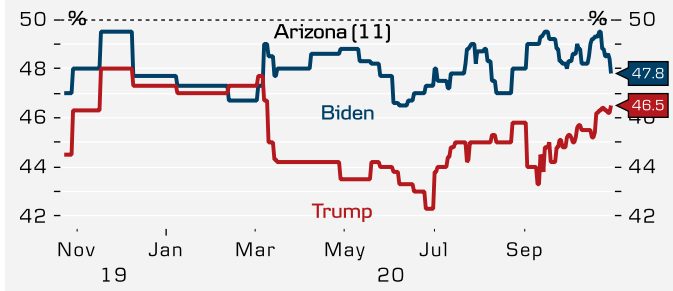
Note: Number indicates electoral votes
Source: RealClearPolitics.com

Missouri: Trump well ahead in Missouri

Missouri (10)
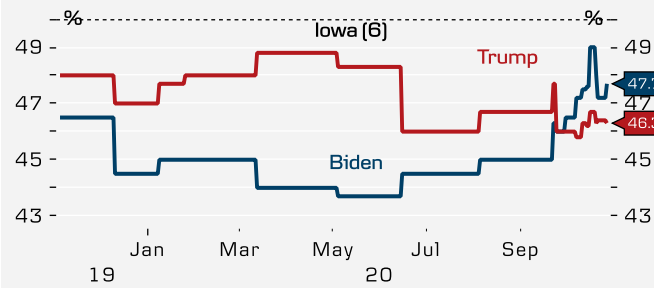
Trump 50.7
Biden 43.7

Note: Number indicates electoral votes
Source: RealClearPolitics.com

Wisconsin: Biden building up a steady lead in Wisconsin and has moved above 50%

Wisconsin (10)

Biden 50.3
Trump 43.9

Note: Number indicates electoral votes
Source: RealClearPolitics.com

Iowa: Trump losing popularity in Iowa, Biden is now in the lead (but both are below 50%)

Iowa (6)

Trump
Biden 47.7
46.3

Note: Number indicates electoral votes
Source: RealClearPolitics.com

Polls in important swing states won by Clinton (2016)

Virginia: Biden has a solid lead in Virginia

Virginia (13)

Biden 51.7
Trump 40.3
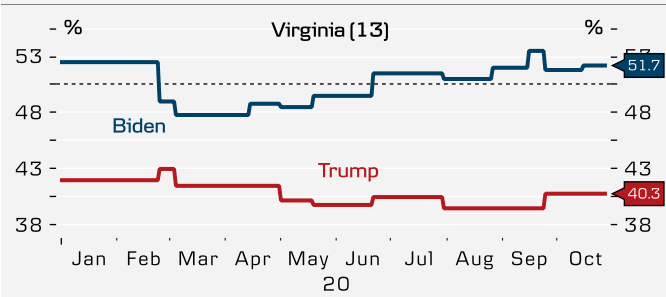
Note: Number indicates electoral votes
Source: RealClearPolitics.com

Minnesota: Biden is still leading in Minnesota (but both below 50%)

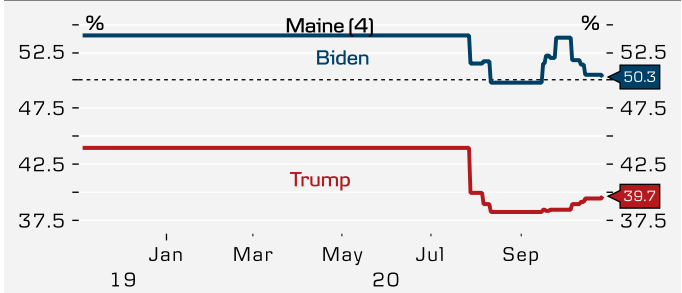Minnesota (10)

Biden 48.0
Trump 43.3
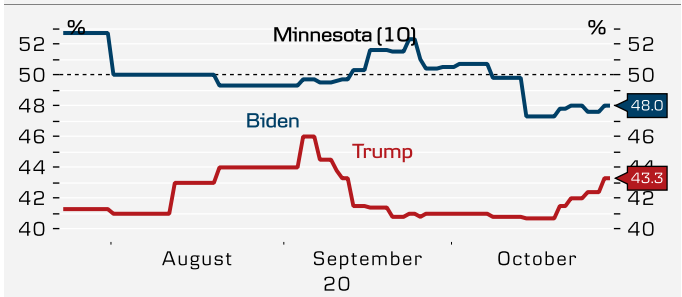
Note: Number indicates electoral votes
Source: RealClearPolitics.com

Nevada: Much uncertainty with infrequent polls in Nevada (but both are below 50%)

Nevada (6)

Biden 48.3
Trump 43.7
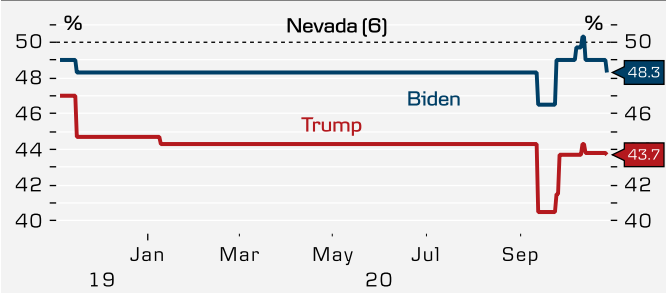
Note: Number indicates electoral votes
Source: RealClearPolitics.com

Maine: Biden with a solid lead in Maine

Maine (4)

Biden 50.3
Trump 39.7

Note: Number indicates electoral votes
Source: RealClearPolitics.com

New Hampshire: Biden is again leading significantly after a minor setback

New Hampshire (4)

Biden 53.4
Trump 42.4
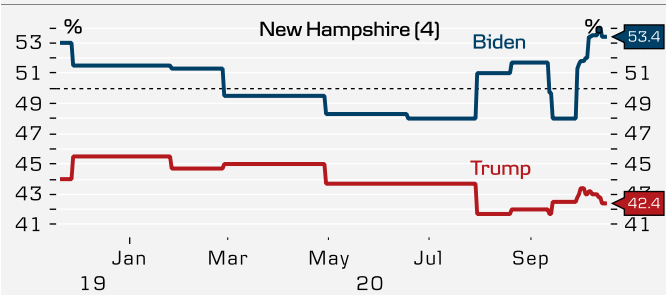
Note: Number indicates electoral votes
Source: RealClearPolitics.com

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This research report has been prepared by Danske Bank A/S ('Danske Bank'). The authors of this research report are Mikael Olai Milhøj, Senior Analyst, and Anders Thor Lundberg, Assistant Analyst.

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