

U.S. Election Model Update

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October 2020

Agenda

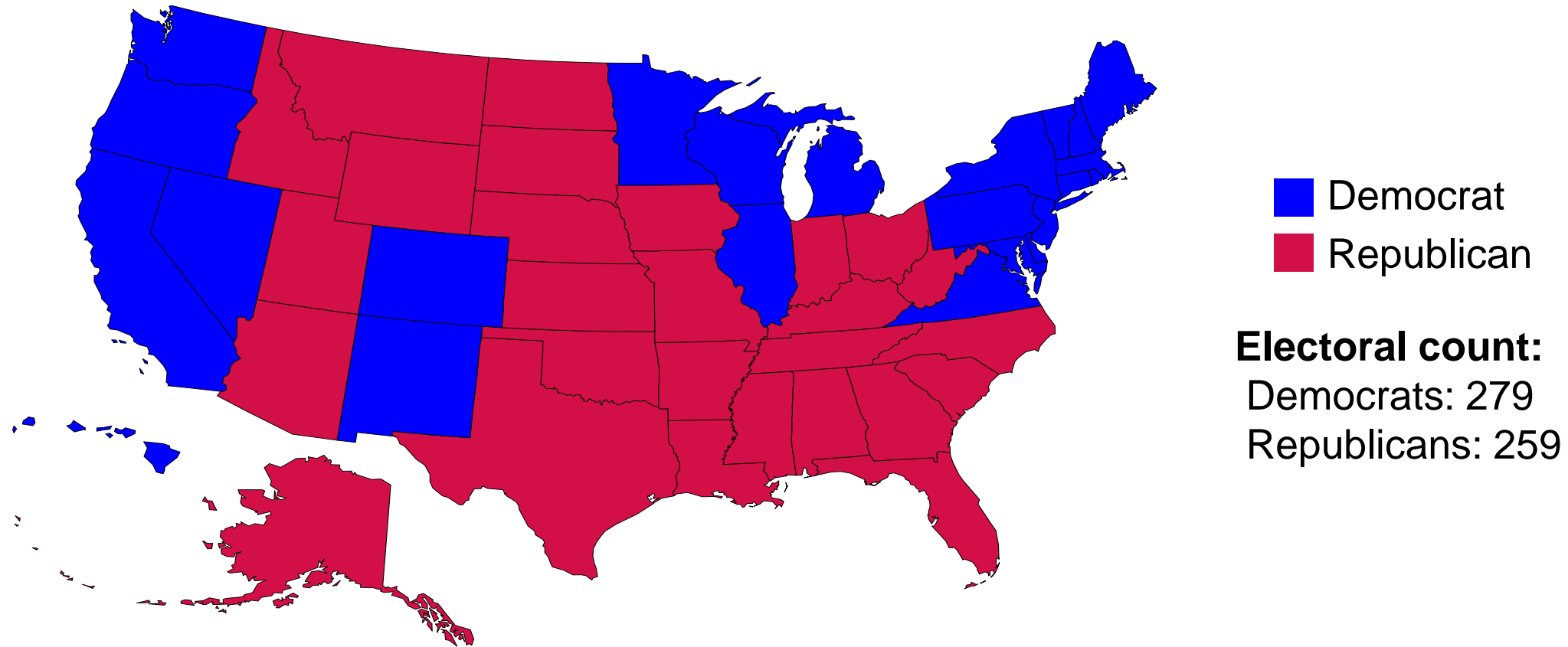
1. Who Will Be the Next President?
2. Which State Will Determine the Presidency?
3. U.S. Congressional Races
4. Wildcards

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Who Will Be the Next
President?

Biden Will Win a Nailbiter

How states will vote if nonincumbent turnout is typical

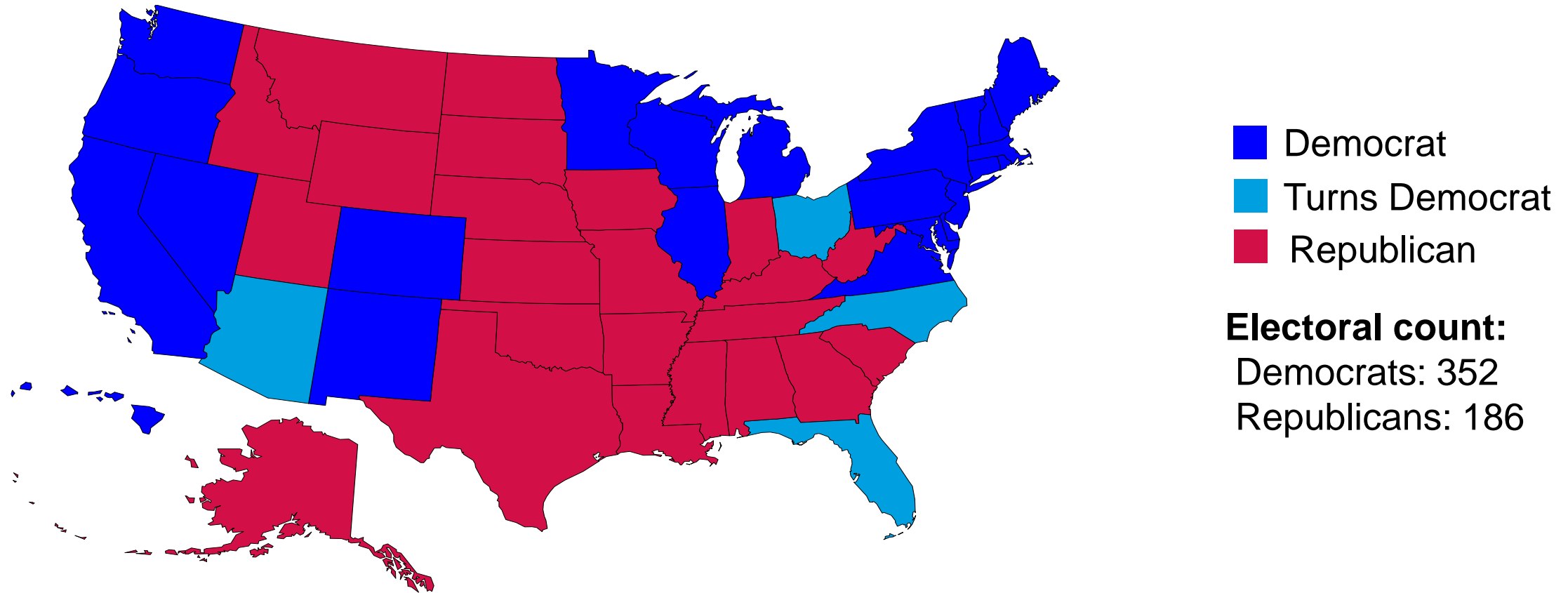


Source: Moody's Analytics

Note: Results reflect Oct 2020 forecast

How a Biden Blowout Would Look Like

How states will vote if nonincumbent turnout is high

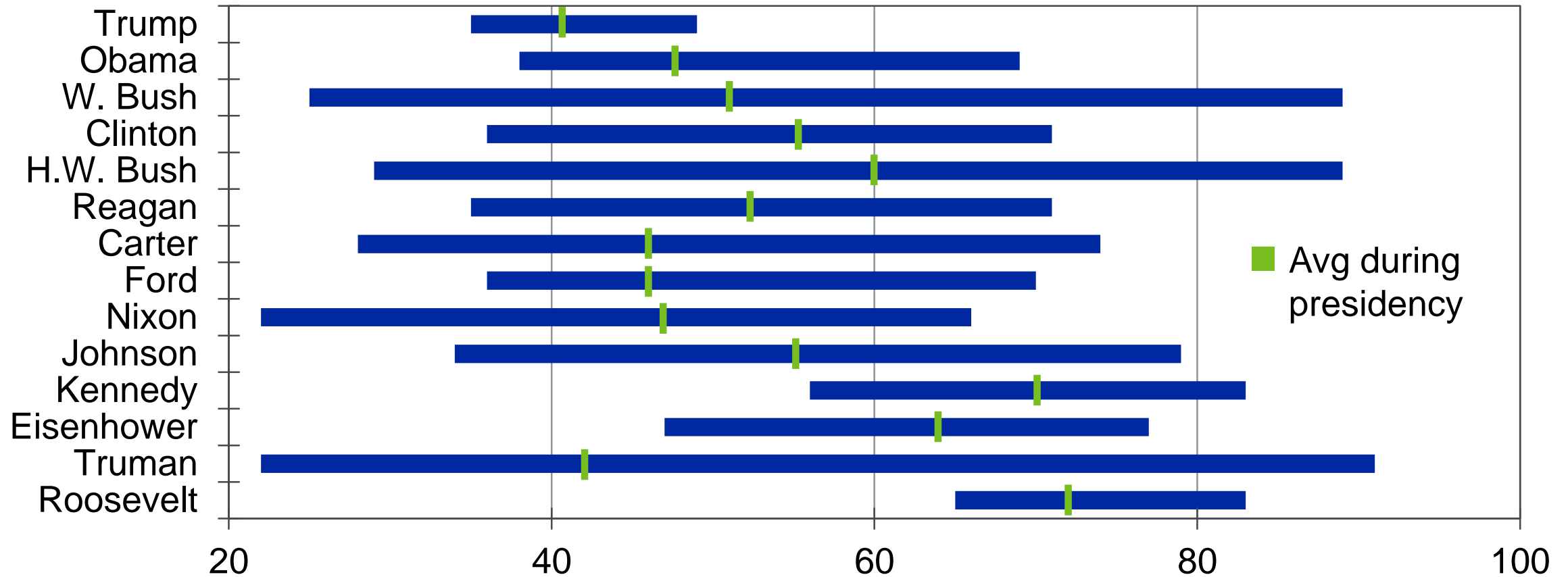


Source: Moody's Analytics

Note: Results reflect Oct 2020 forecast

President Trump's Approval Is Low but Stable

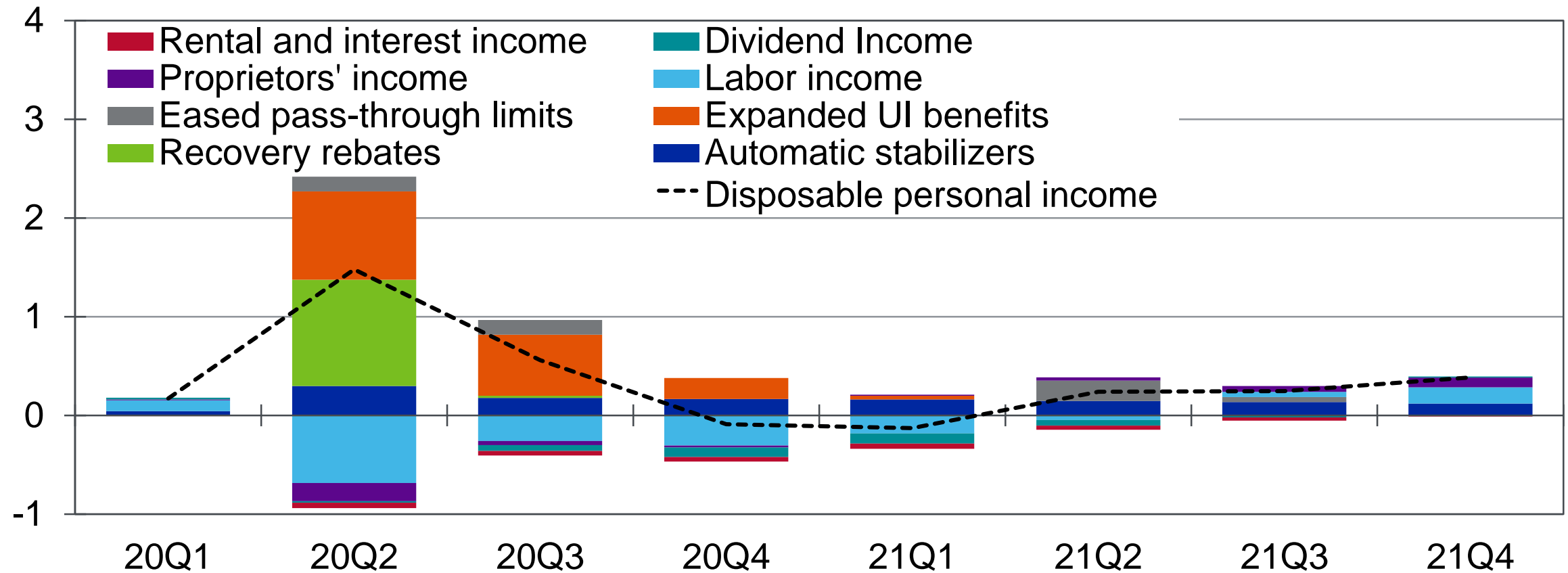
Historical range of approval ratings for U.S. presidents, %



Sources: Gallup, Moody's Analytics

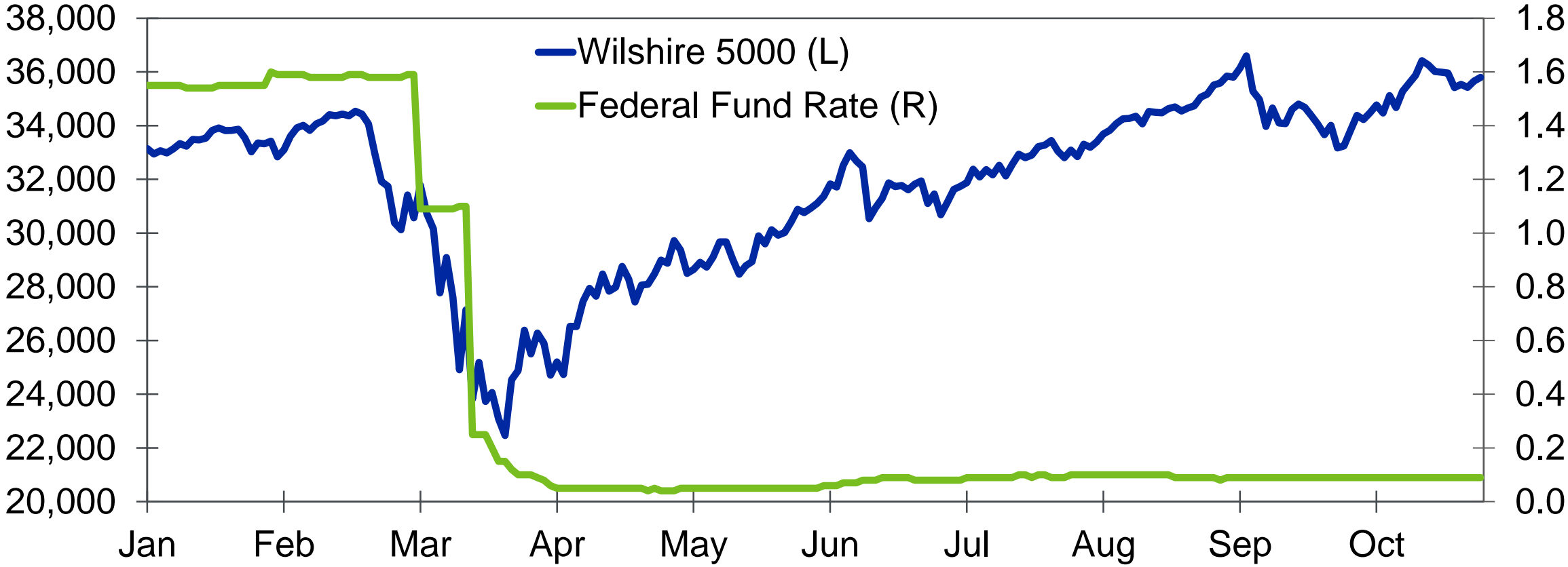
Voters Head to Polls With Aggregate Incomes Mostly Intact

Disposable personal income, \$ tril, SAAR, change from 2019Q4



Sources: BEA, CBO, JCT, Moody's Analytics

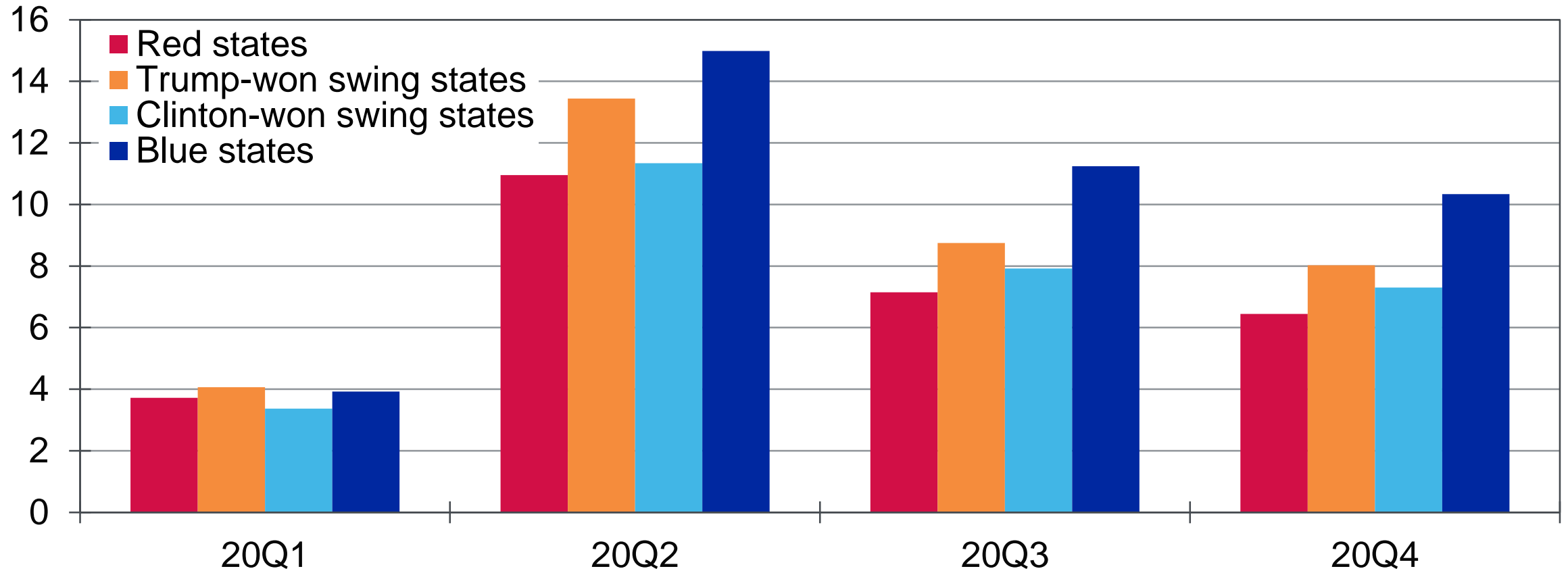
Older Voters Are Paying Close Attention to Stock Prices



Sources: Federal Reserve, SIX Financial, Moody's Analytics

Unemployment Crisis Is Still Severe...

Unemployment rate, %, SA



Sources: BLS, Moody's Analytics

Note: 20Q3 and 20Q4 values reflect Oct 2020 forecast

...And Will Cast a Long Shadow on the 2020 Election

Presidential elections in which incumbent ran for re-election within two yrs of a recession

| Election Yr | Incumbent | Recession | Unemployment Rate, % | Outcome |
|--------------------|------------------|------------------------------|-----------------------------|----------------|
| 1912 | William Taft | January 1910 to January 1912 | 5.2 | Loss |
| 1924 | Calvin Coolidge | May 1923 to July 1924 | 5.5 | Win |
| 1932 | Herbert Hoover | August 1929 to March 1933 | 23.6 | Loss |
| 1976 | Gerald Ford | November 1973 to March 1975 | 7.7 | Loss |
| 1980 | Jimmy Carter | January 1980 to July 1980 | 7.2 | Loss |
| 1992 | George H.W. Bush | July 1990 to March 1991 | 7.5 | Loss |
| 2020 | Donald Trump | March to April 2020 | 8.5 | ? |

Sources: BLS, Census Bureau, NBER, Moody's Analytics

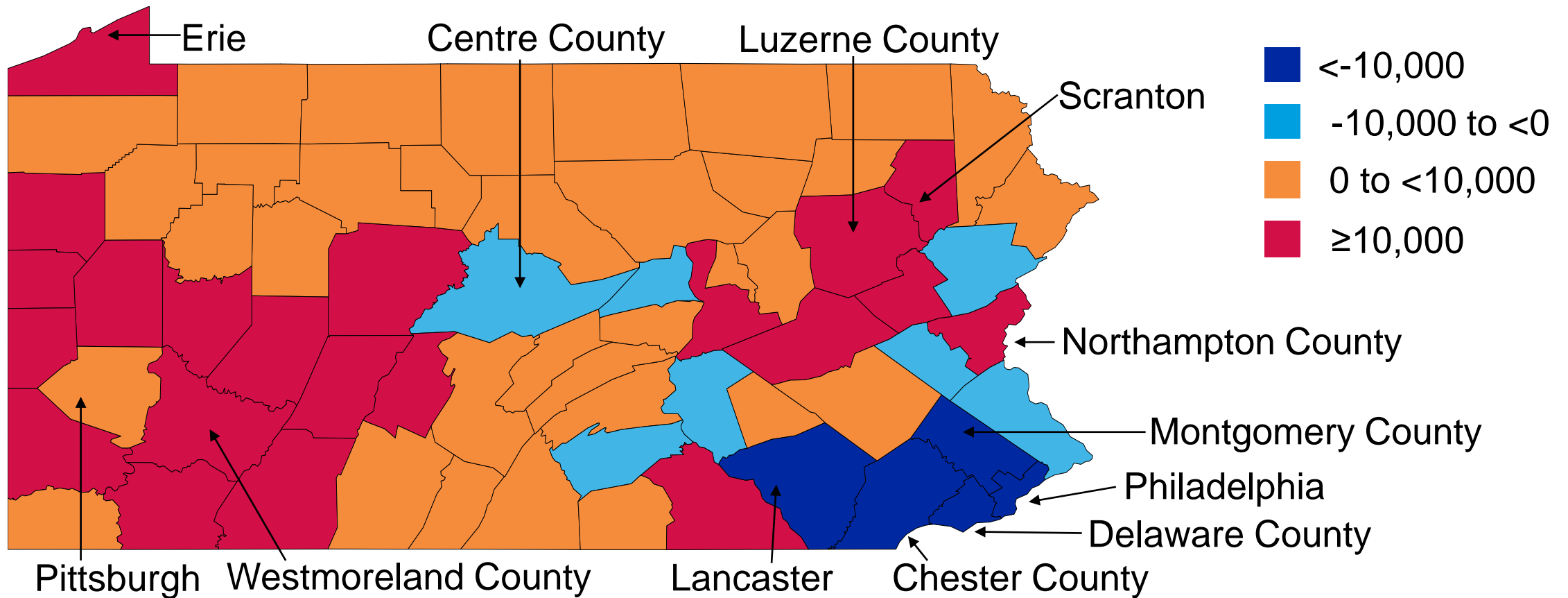
Note: Unemployment rate is annual avg

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Which State Will Determine
the Presidency?

Major Shifts in Pennsylvania's Political Geography

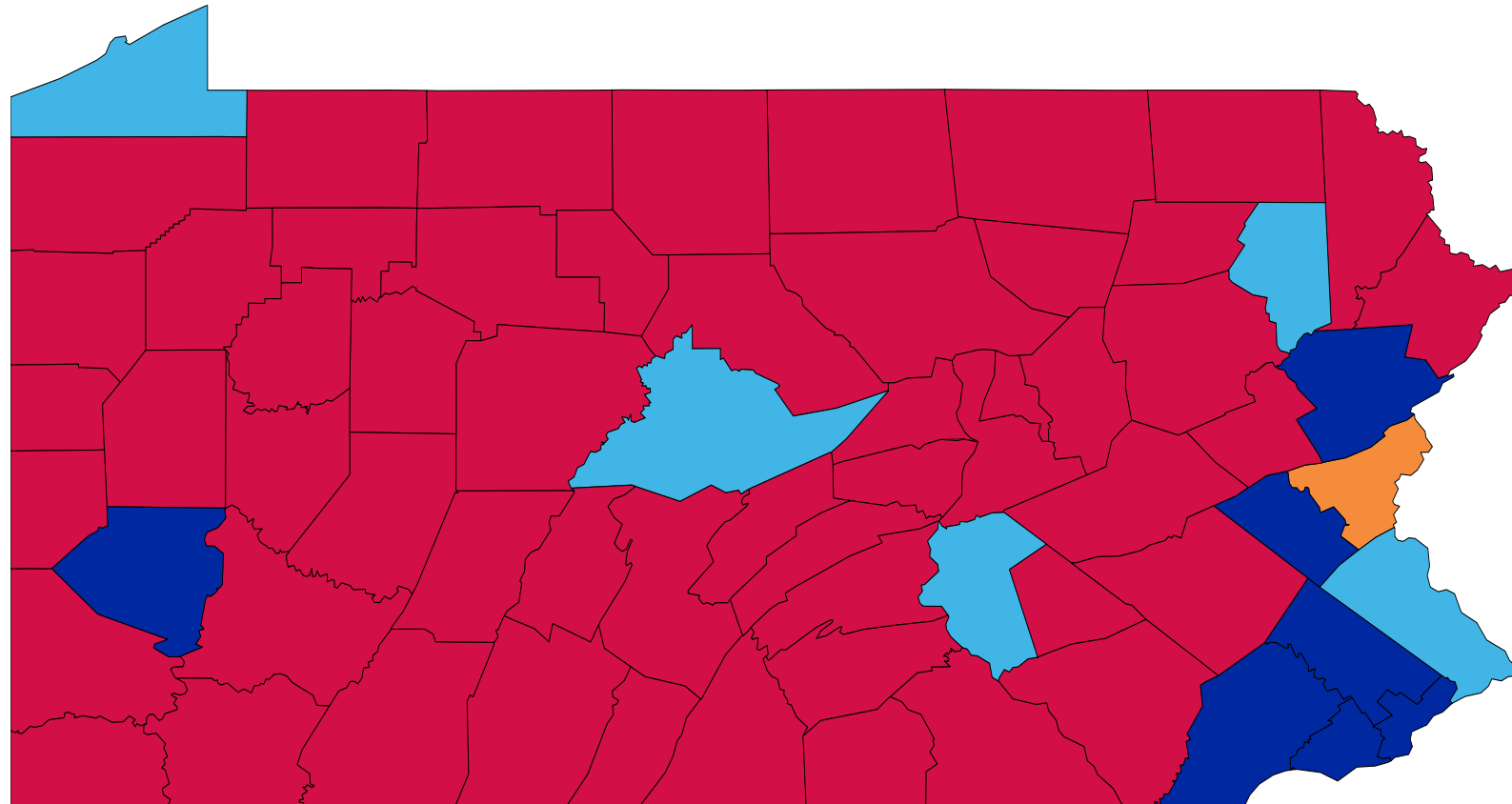
of votes Trump received more/less (+/-) than avg Republican from 1988 to 2012



Sources: Pennsylvania Department of State, Moody's Analytics

Biden Is Favored to Win Back the Keystone State

How counties will vote during pandemic if nonincumbent turnout is avg



Trump's projected share of two-party vote in 2020:

- <48%
- 48% to <50%
- 50% to <52%
- ≥52%

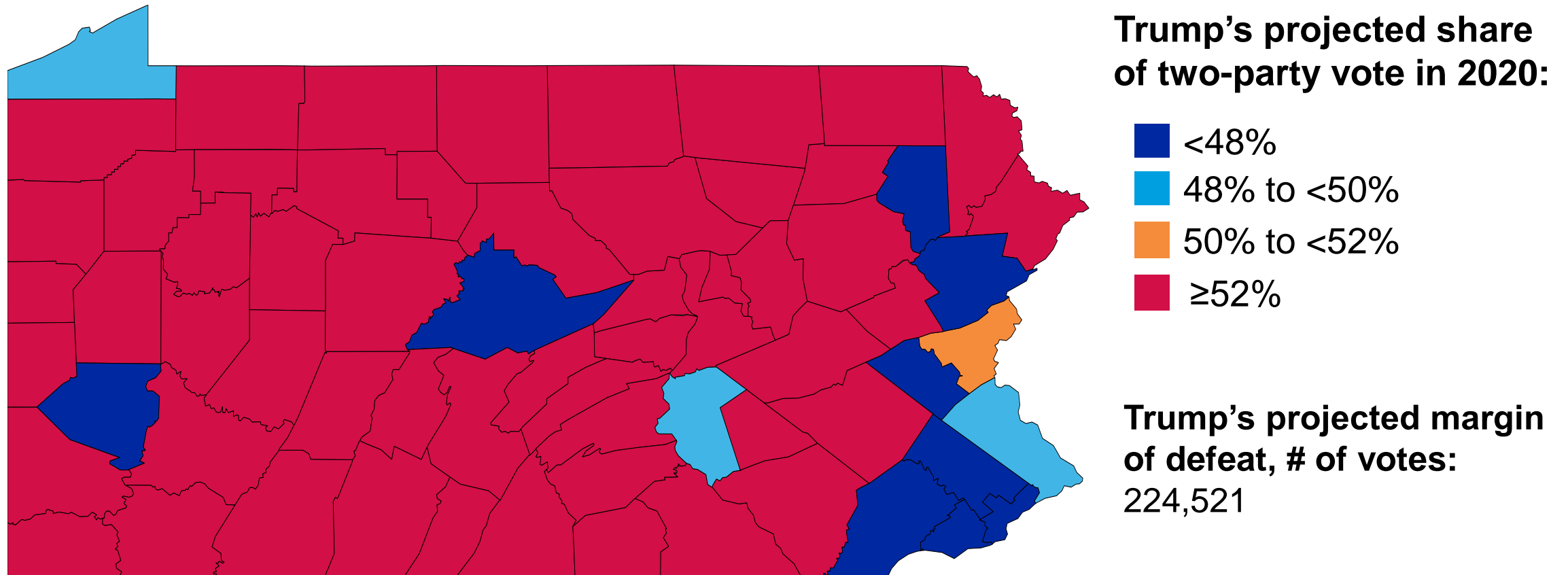
Trump's projected margin of defeat, # of votes:
111,798

Source: Moody's Analytics

Note: Results reflect Sep 2020 forecast

How a Biden Blowout Would Look Like in Pennsylvania

How counties will vote during pandemic if nonincumbent turnout is high

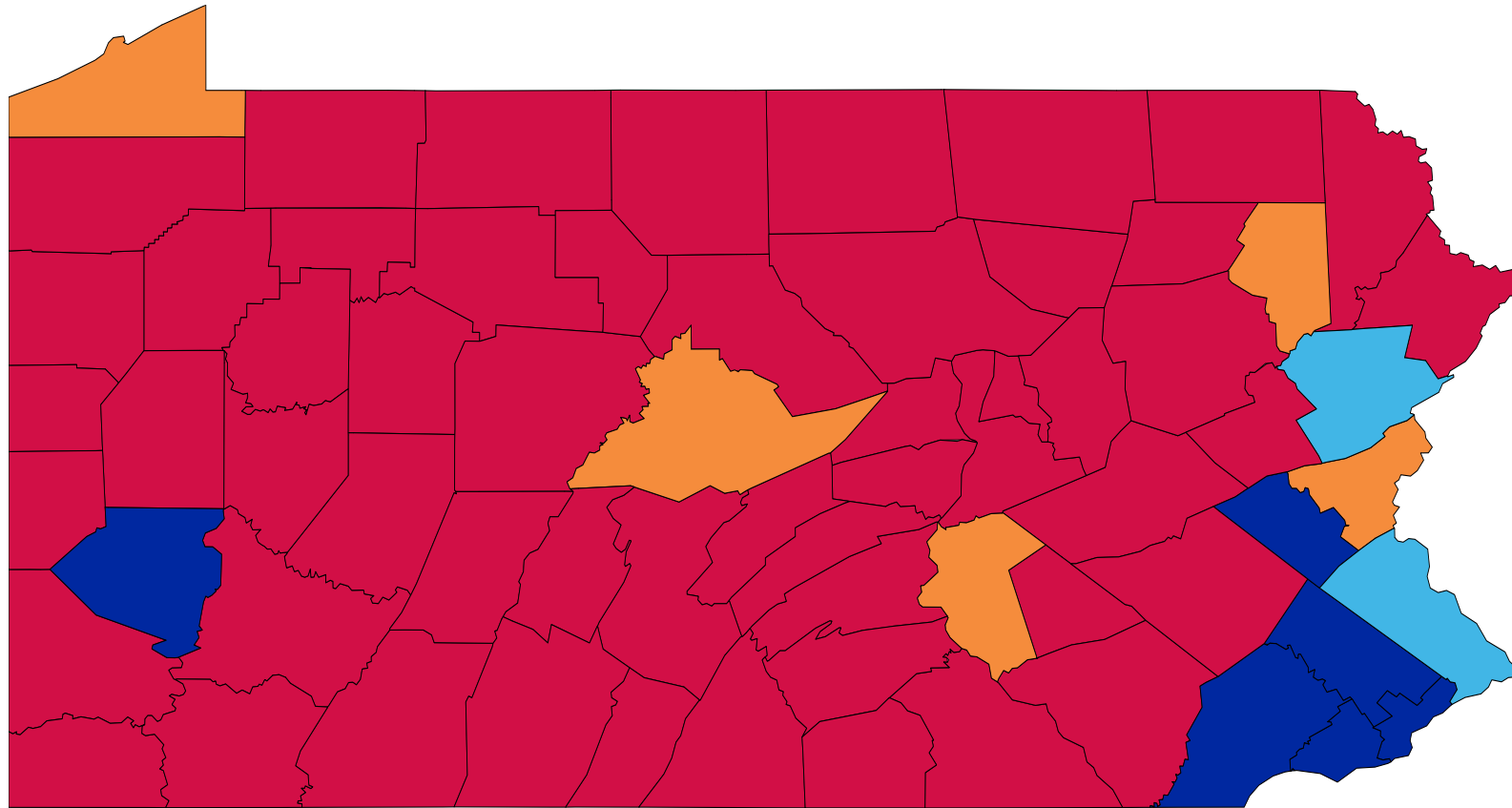


Source: Moody's Analytics

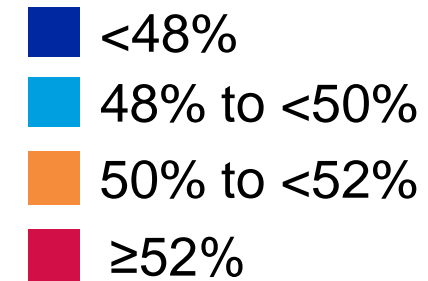
Note: Results reflect Sep 2020 forecast

Trump Can Still Win If Nonincumbent Turnout Is Low

How counties will vote during pandemic if nonincumbent turnout is low



**Trump's projected share
of two-party vote in 2020:**



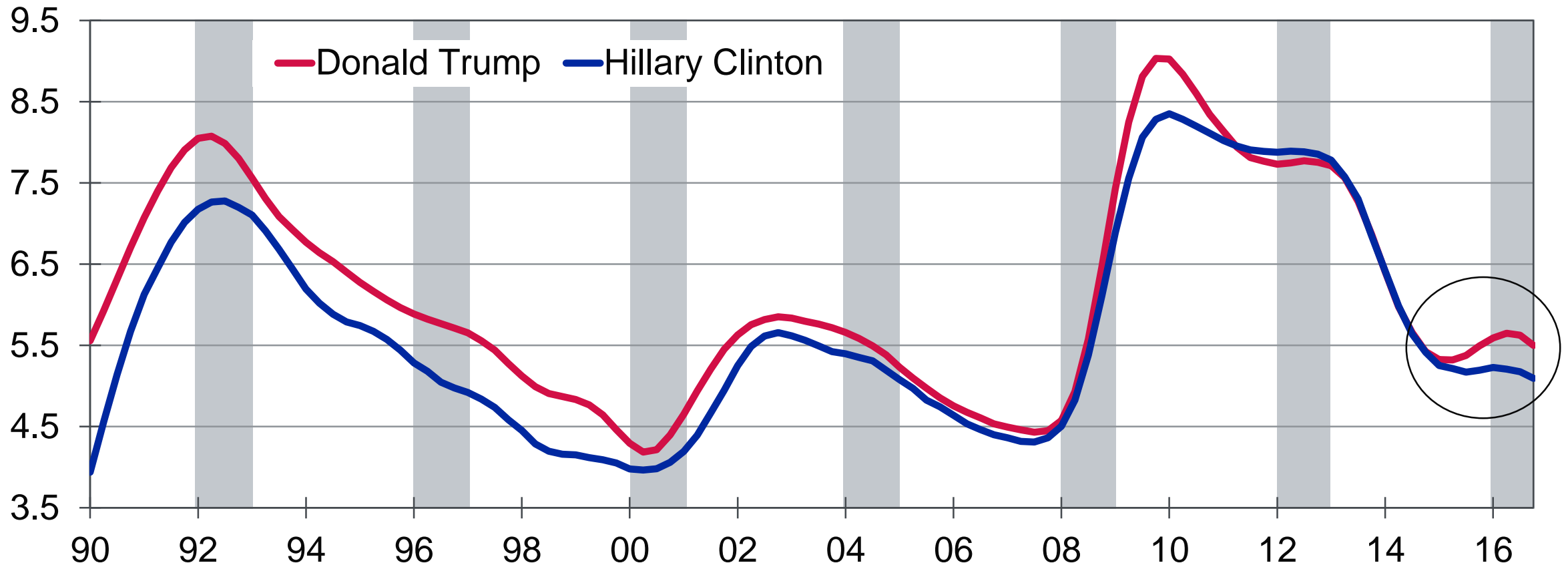
**Trump's projected margin
of victory, # of votes:
38,187**

Source: Moody's Analytics

Note: Results reflect Sep 2020 forecast

The Economy Still Matters to Pennsylvanian Voters

Unemployment rate, %, in Pennsylvania counties won by...

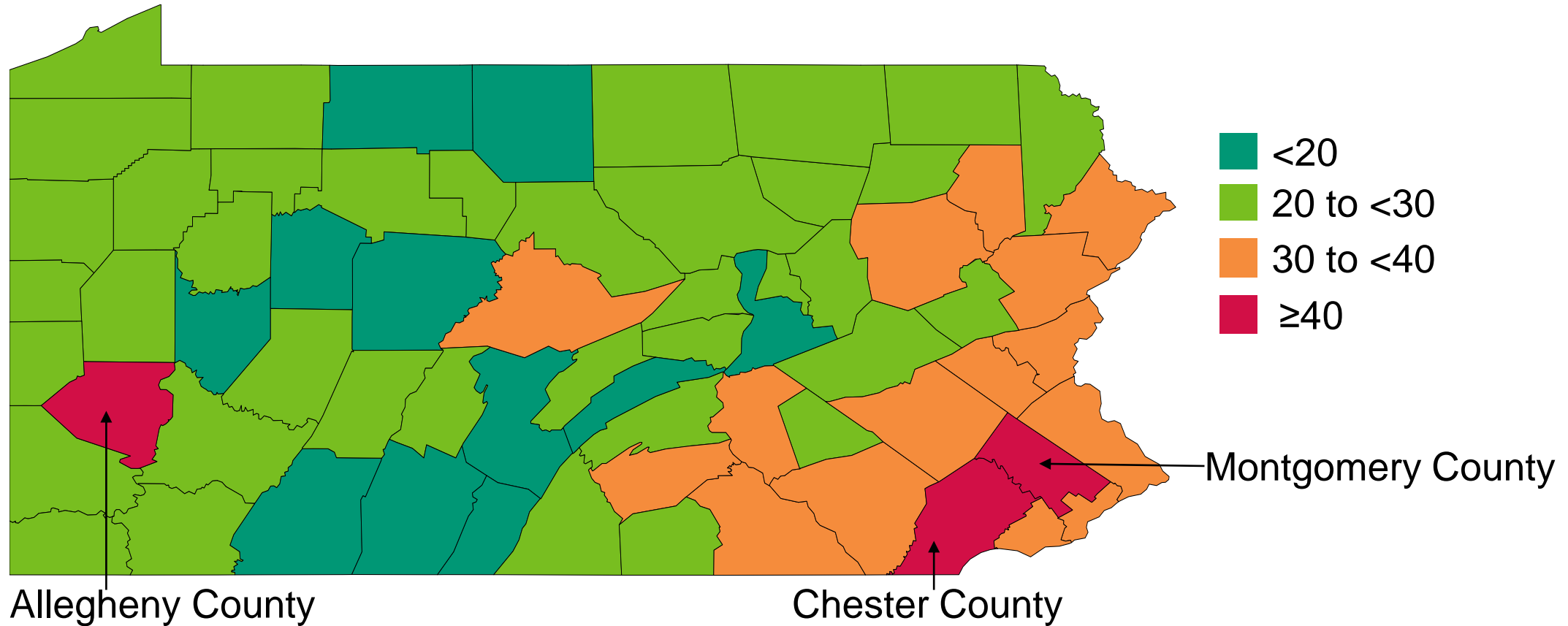


Sources: BLS, Moody's Analytics

Gray bars: presidential election yrs

Democrats Are Vulnerable to ‘Naked’ Ballot Rejections

Mail ballots requested, % of registered voters



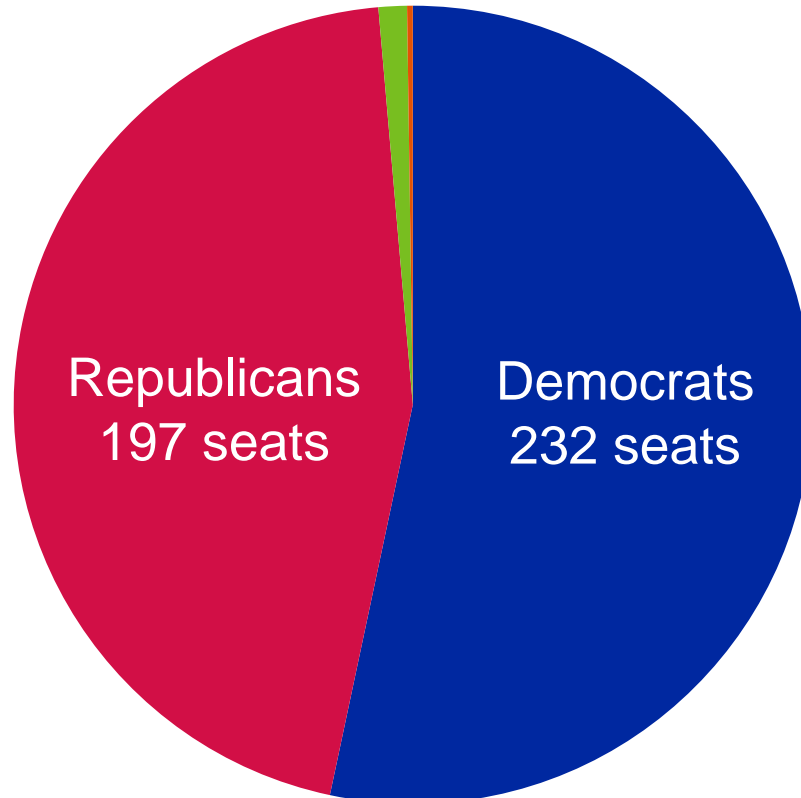
Sources: U.S. Elections Project, Moody's Analytics

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U.S. Congressional Races

Party Breakdown of 116th U.S. House of Representatives

- 5 Vacancies
 - 4 previously held by Republicans
 - 1 previously held by Democrats
- 1 Libertarian



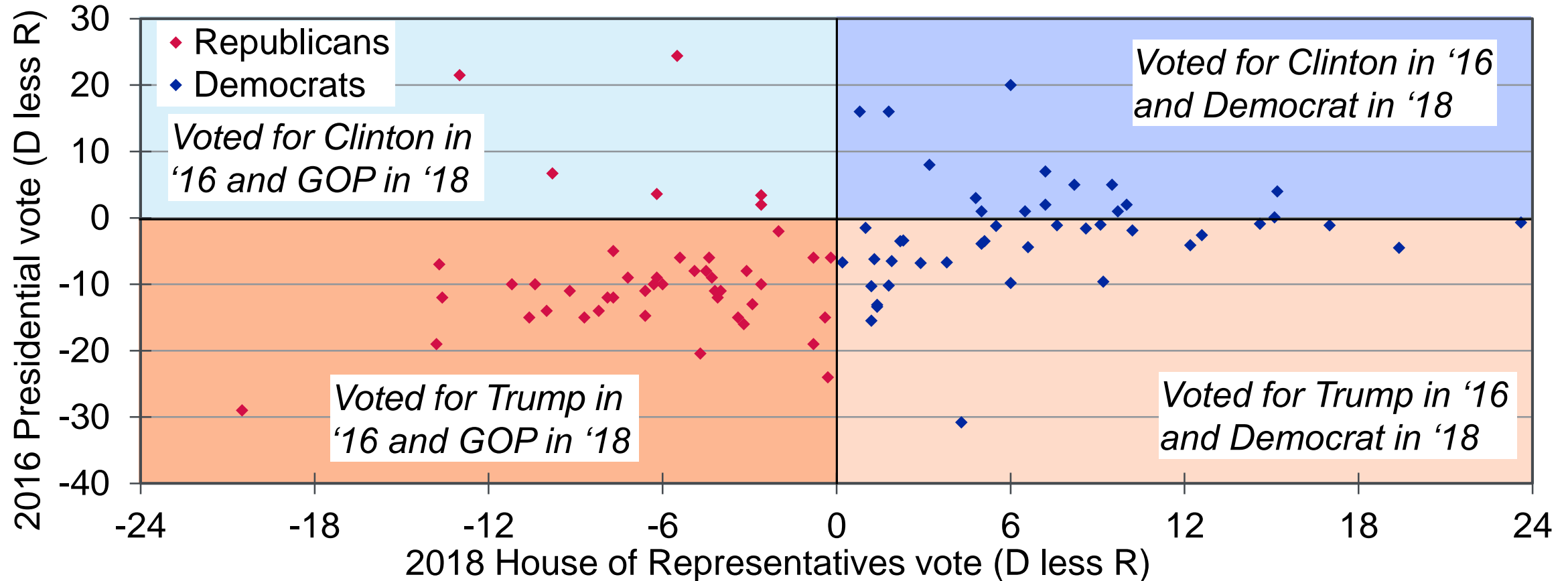
Key Points:

- » Every two yrs, all 435 House seats are up for grabs
- » 218 seats required for a majority
- » Republicans need a net gain of at least 17 seats to retake majority

Sources: Clerk of the House, Moody's Analytics

Good News #1 for GOP: 30 Democrats in Trump Country

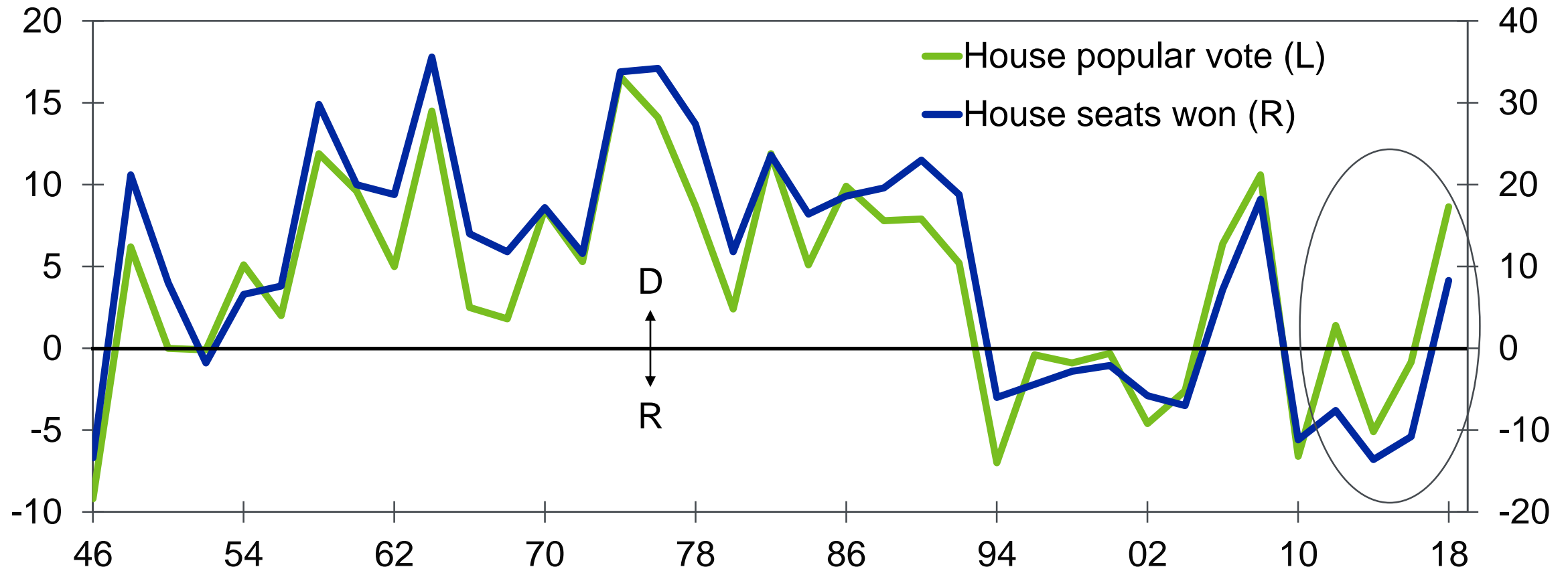
Competitive House districts held by...



Sources: University of Virginia Center for Politics, Moody's Analytics

Good News #2 for GOP: Geographic Distribution

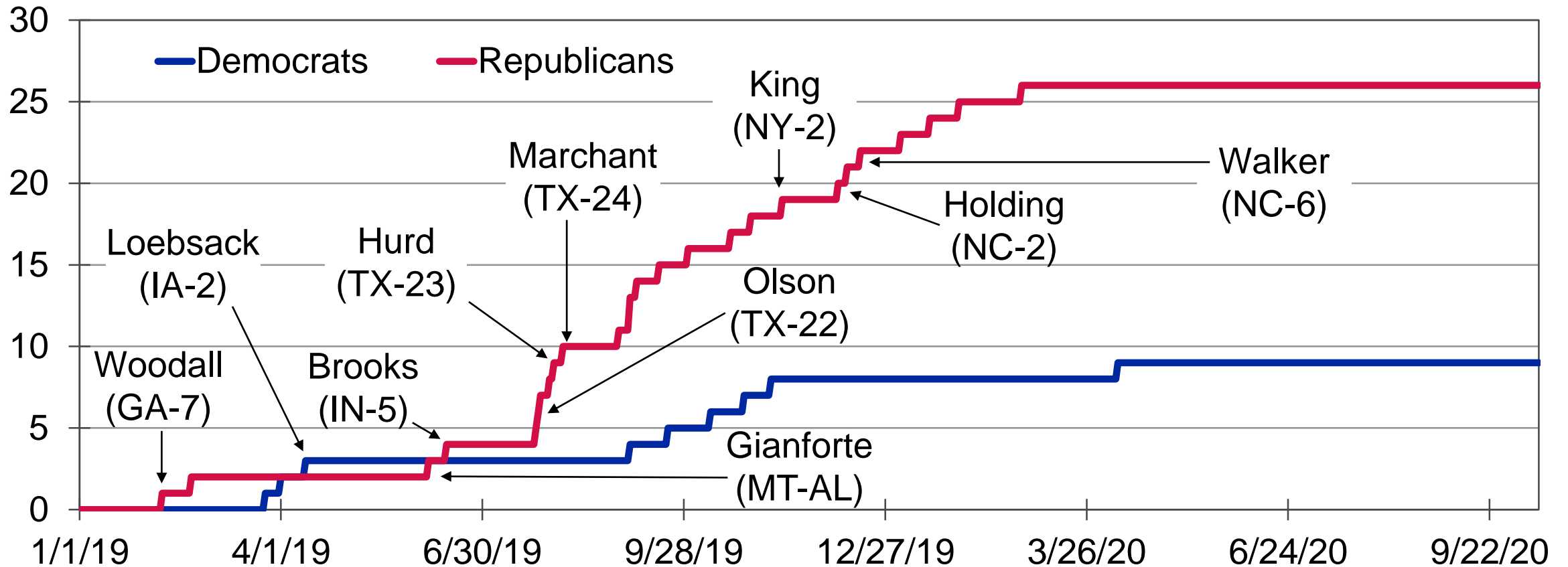
Democratic share less Republican share, ppt



Sources: Brookings, Clerk of the House, Moody's Analytics

Bad News #1 for GOP: Fewer Incumbents on the Ballot

Cumulative # of House representatives announcing they will not seek reelection in 2020



Sources: Ballotpedia, University of Virginia Center for Politics, Moody's Analytics

Bad News #2 for GOP: History

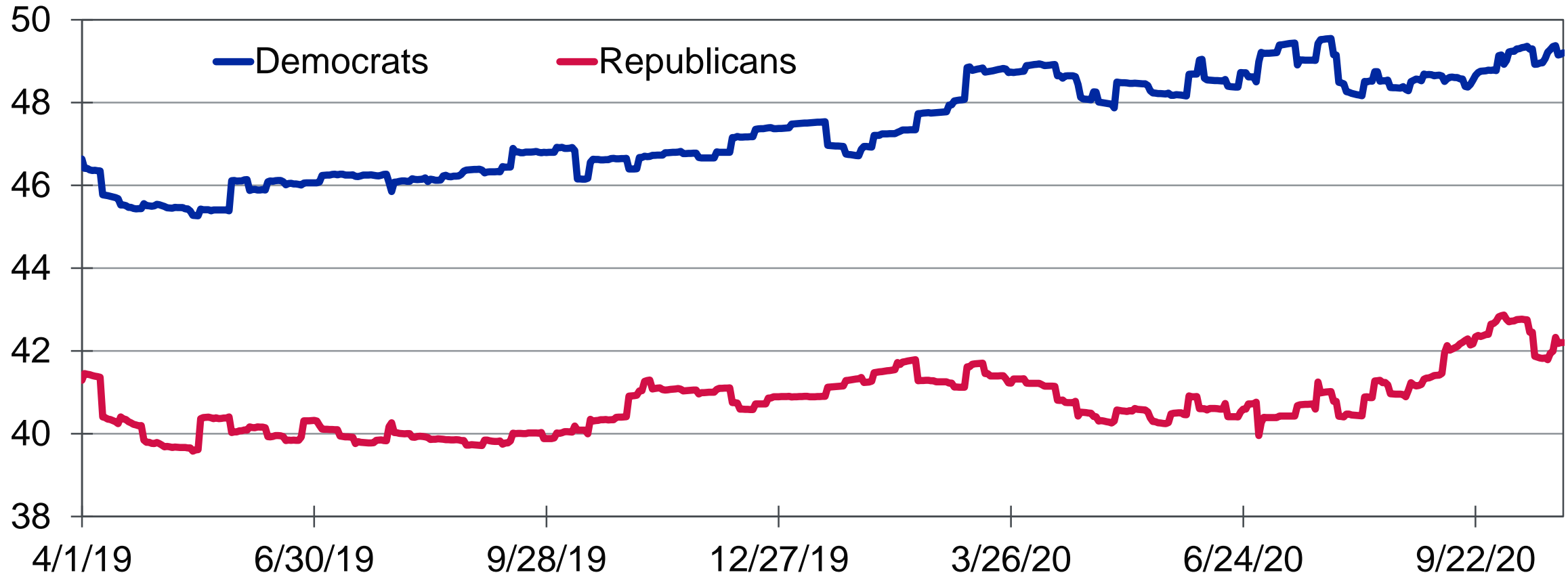
All postwar presidential election years

| | Net House gain/loss (+/-) for incumbent president's party | Did House Majority Flip? | Incumbent President's Party | | Net House gain/loss (+/-) for incumbent president's party | Did House Majority Flip? | Incumbent President's Party |
|-----------------------|---|--------------------------|-----------------------------|------|---|--------------------------|-----------------------------|
| 1948 | 75 | Yes | Democrat | 1984 | 14 | No | Republican |
| 1952 | -22 | Yes | Democrat | 1988 | -2 | No | Republican |
| 1956 | -2 | No | Republican | 1992 | 10 | No | Republican |
| 1960 | 22 | No | Republican | 1996 | 3 | No | Democrat |
| 1964 | 37 | No | Democrat | 2000 | 1 | No | Democrat |
| 1968 | -5 | No | Democrat | 2004 | 3 | No | Republican |
| 1972 | 12 | No | Republican | 2008 | -21 | No | Republican |
| 1976 | -1 | No | Republican | 2012 | 8 | No | Democrat |
| 1980 | -34 | No | Democrat | 2016 | 6 | No | Democrat |
| Historical avg | | | | | 5.8 | | |

Sources: U.S. House of Representatives, Moody's Analytics

Bad News #3 for GOP: Congressional Generic Ballot

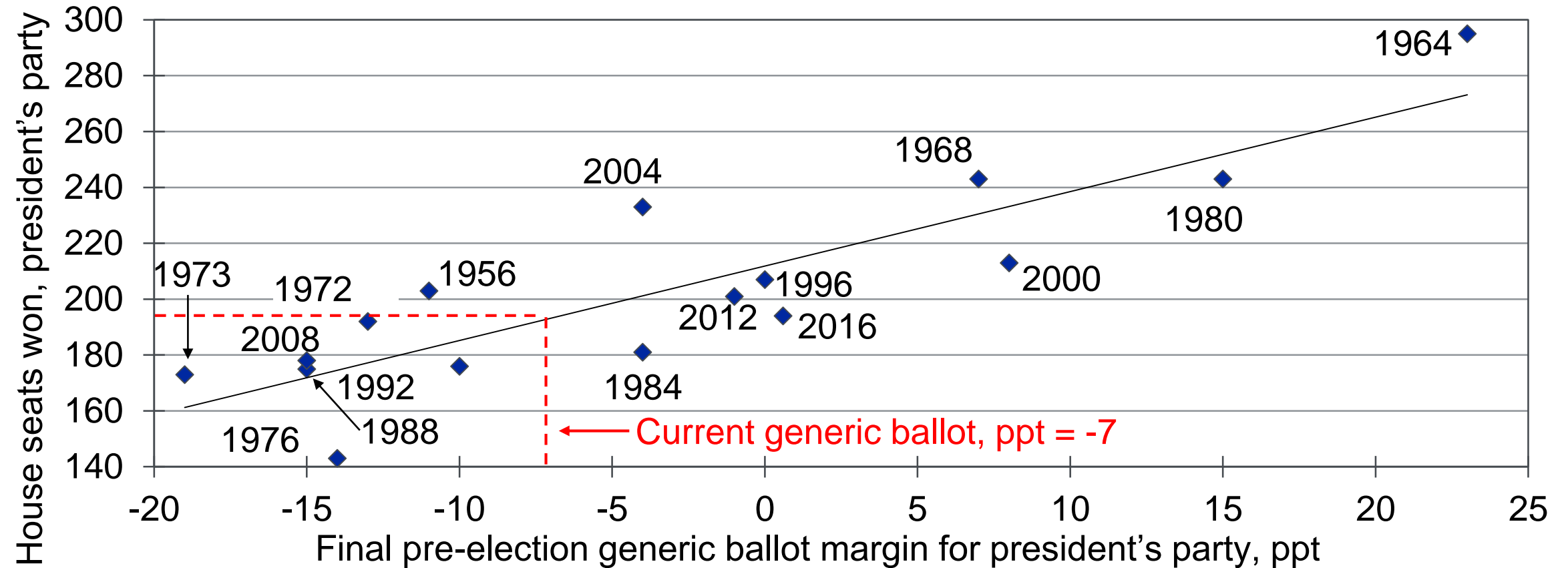
% of voters who will support given party in congressional elections



Sources: FiveThirtyEight, Moody's Analytics

Republicans Risk Sinking Further into House Minority

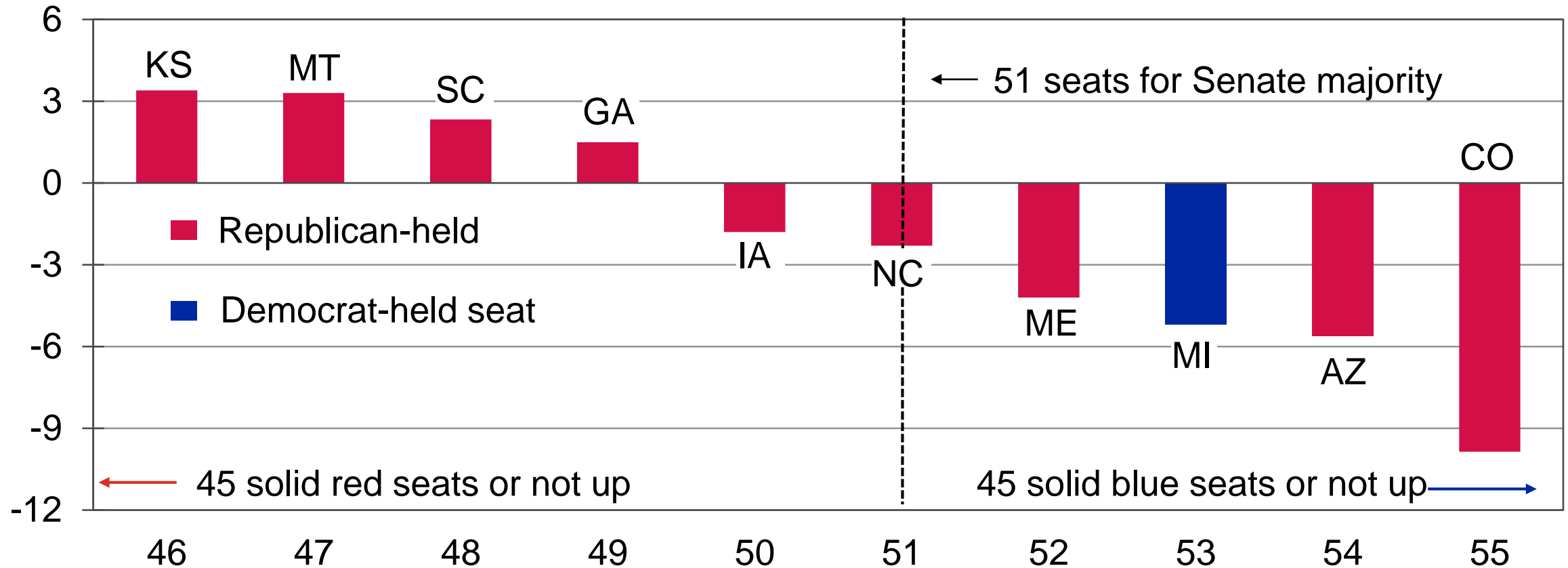
Congressional elections in presidential election years



Sources: Clerk of the House, FiveThirtyEight, Gallup, Moody's Analytics

Senate Majority Hangs in the Balance

Republican's support in head-to-head polls less Democrat's, ppt



Sources: RealClearPolitics, Moody's Analytics

Note: Reflect avg of polls in past 30 days wherever RCP avg N/A

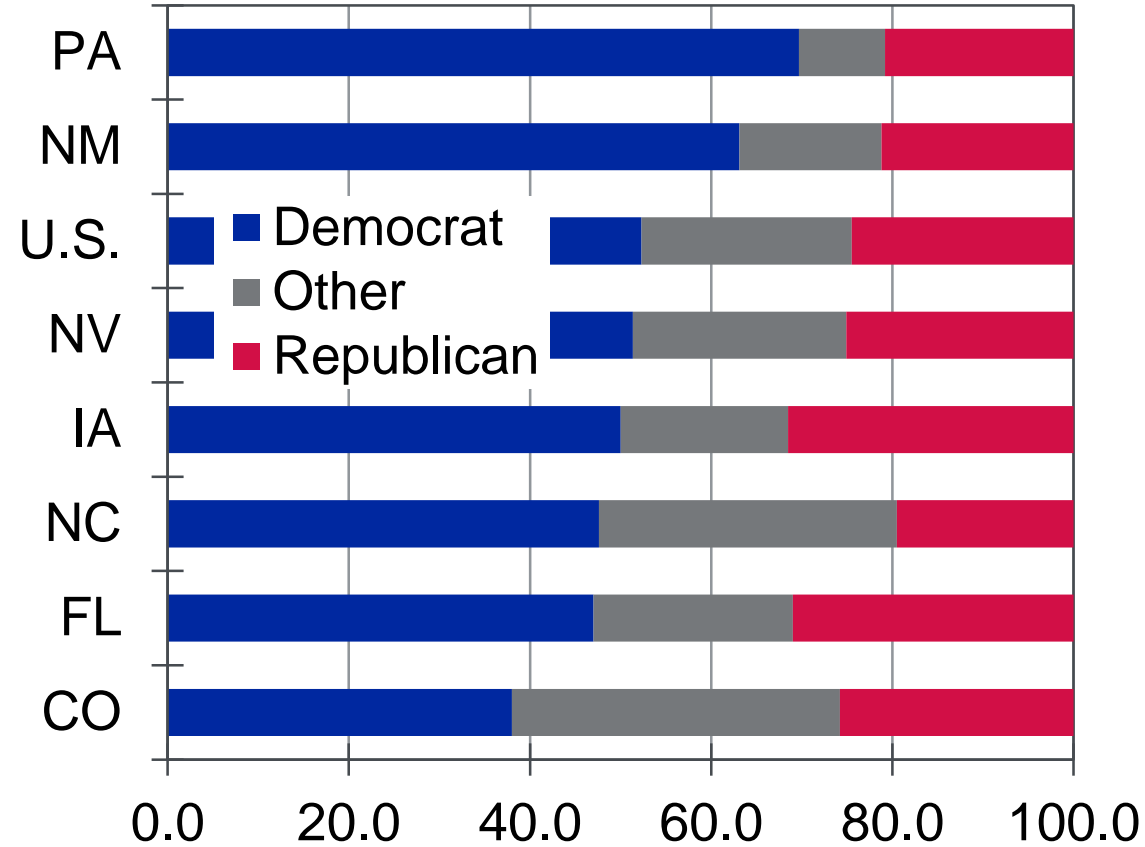
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Wildcards

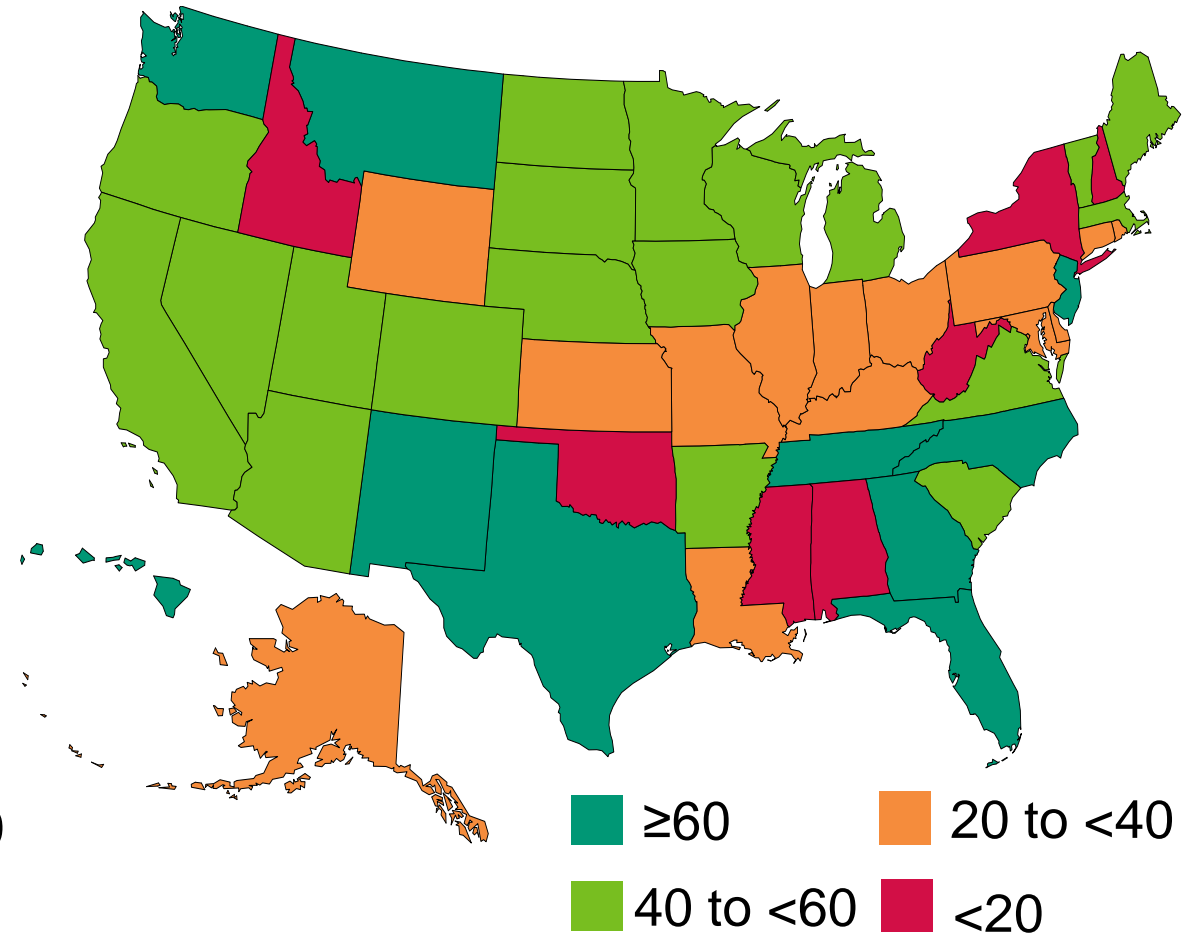
Wildcard #1: Early Voting

% of mail ballots returned by party



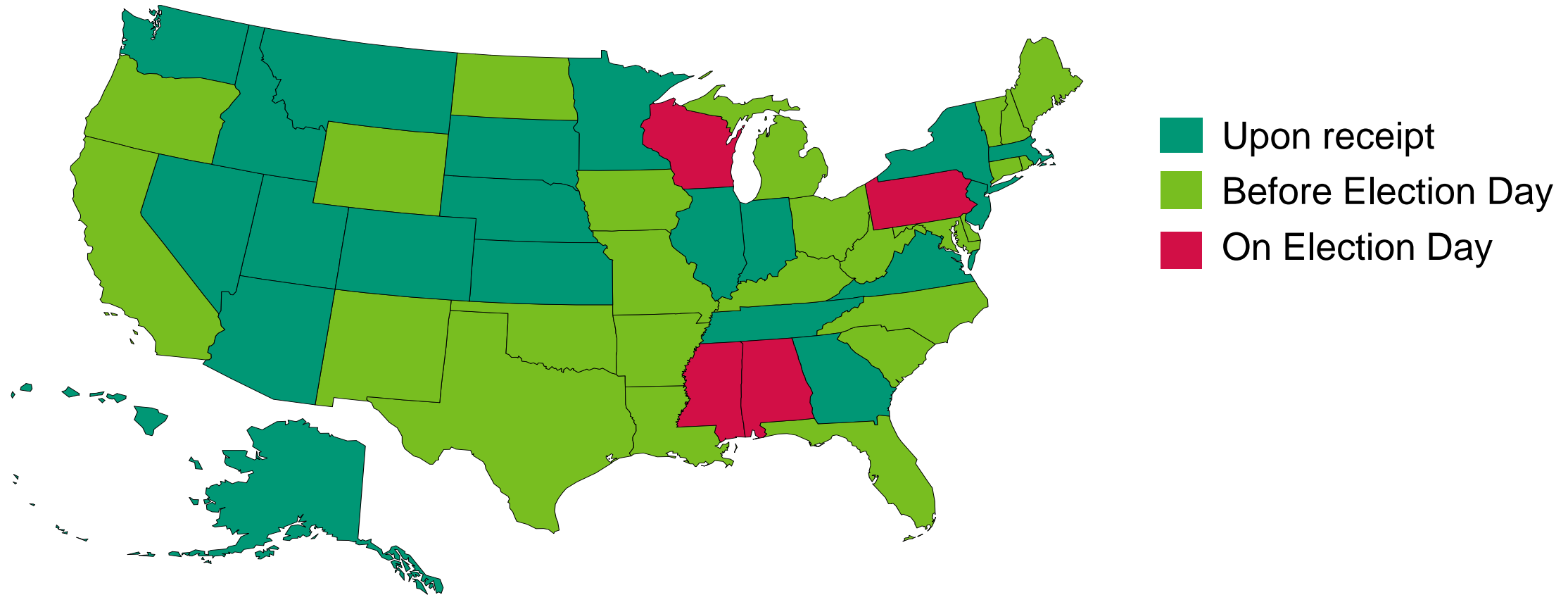
Sources: U.S. Elections Project, Moody's Analytics

Early voting, % of 2016 turnout, as of Oct 26



If Pennsylvania Is the Decider, Buckle In

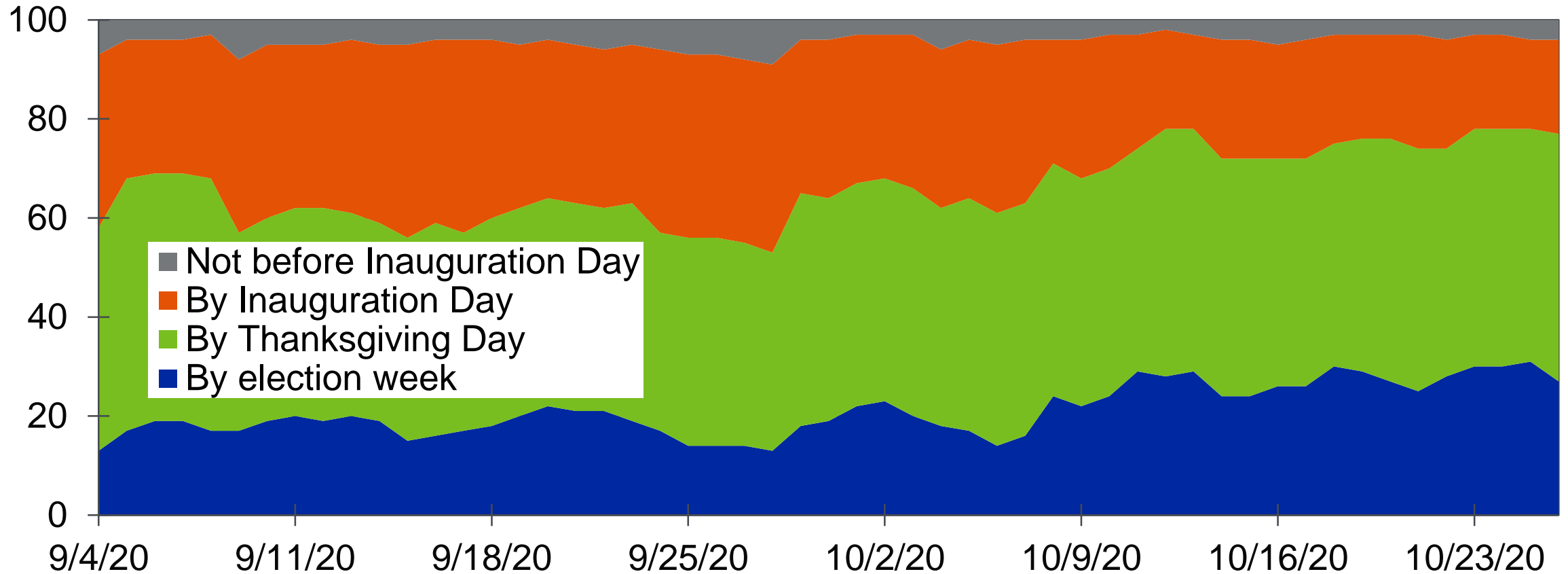
When mail and absentee ballots are pre-processed



Source: New York Times, Moody's Analytics

Election Night Could Morph into Election Month

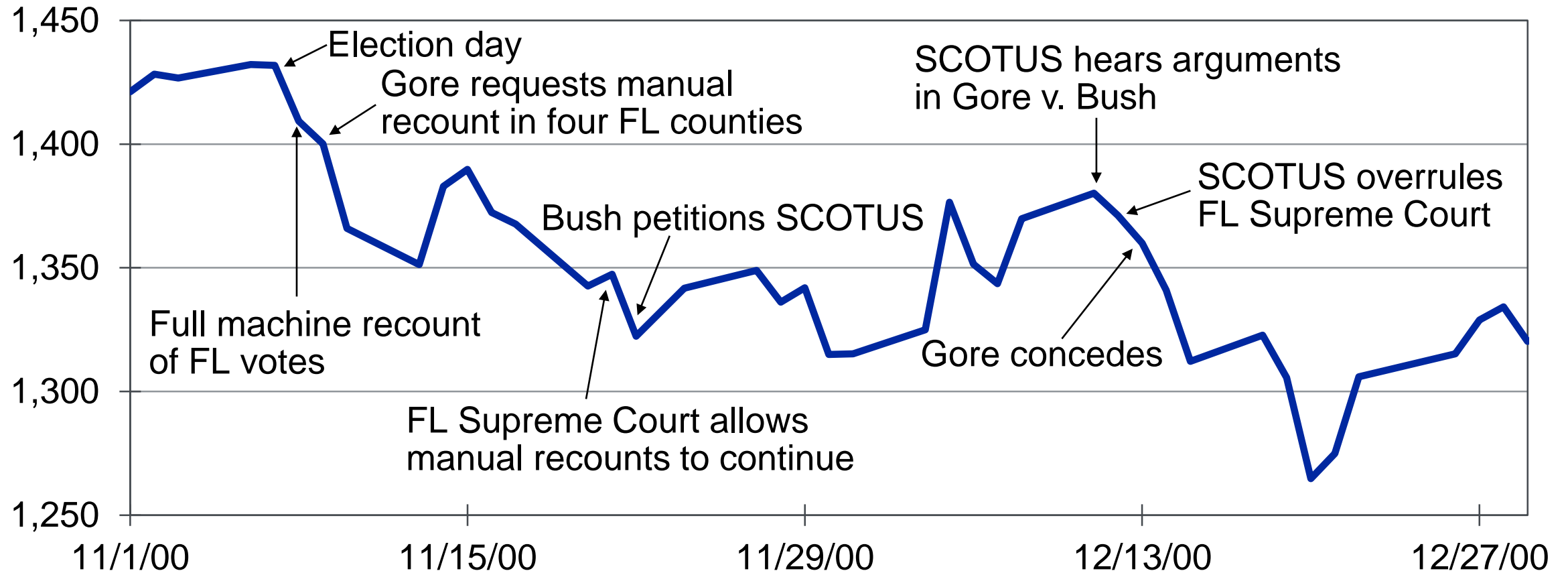
Probability, %, a major party's presidential campaign concedes defeat in the 2020 election



Sources: The Good Judgement Project, Moody's Analytics

Election Disputes Could Be Messier Than Gore v. Bush

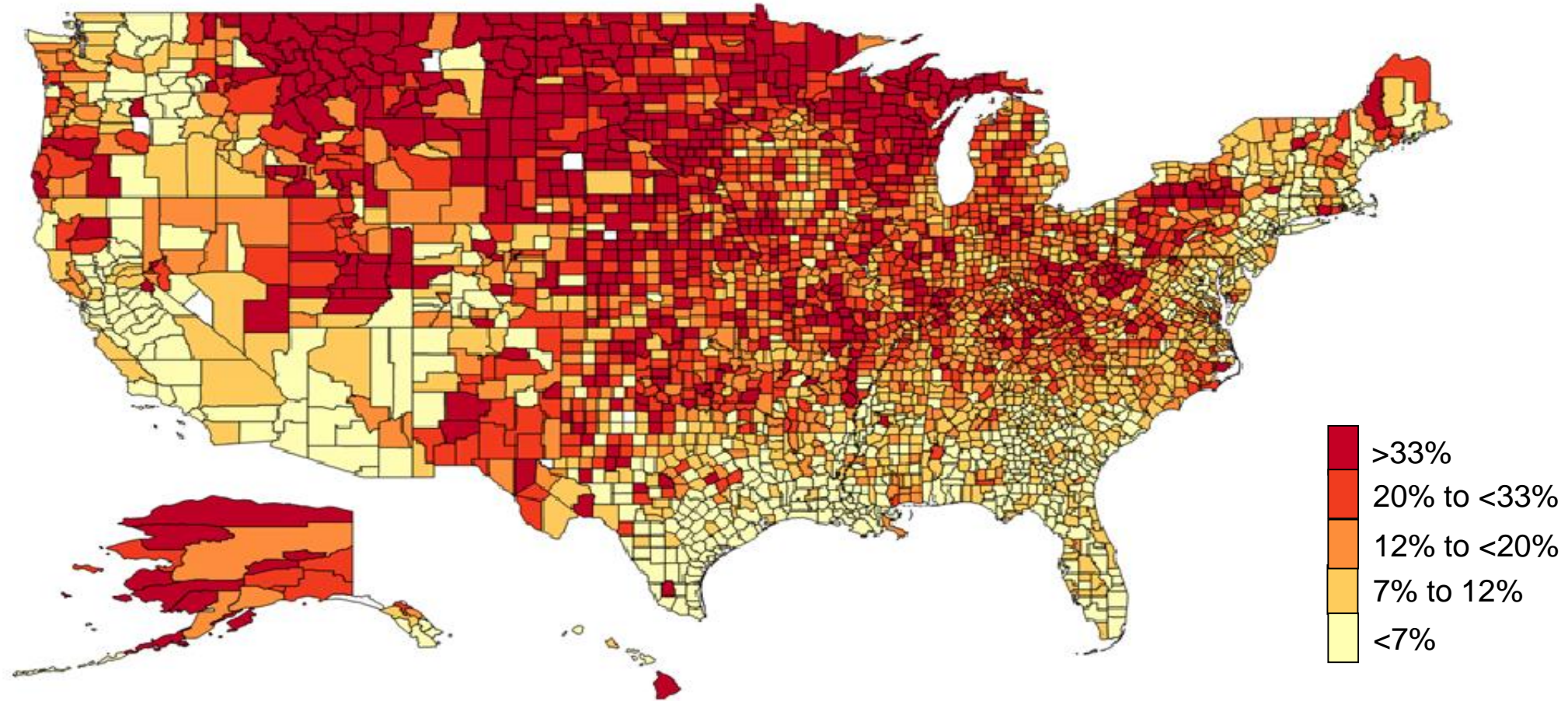
S&P 500 Index



Sources: S&P Dow Jones Indices LLC, Moody's Analytics

Wildcard #2: COVID-19

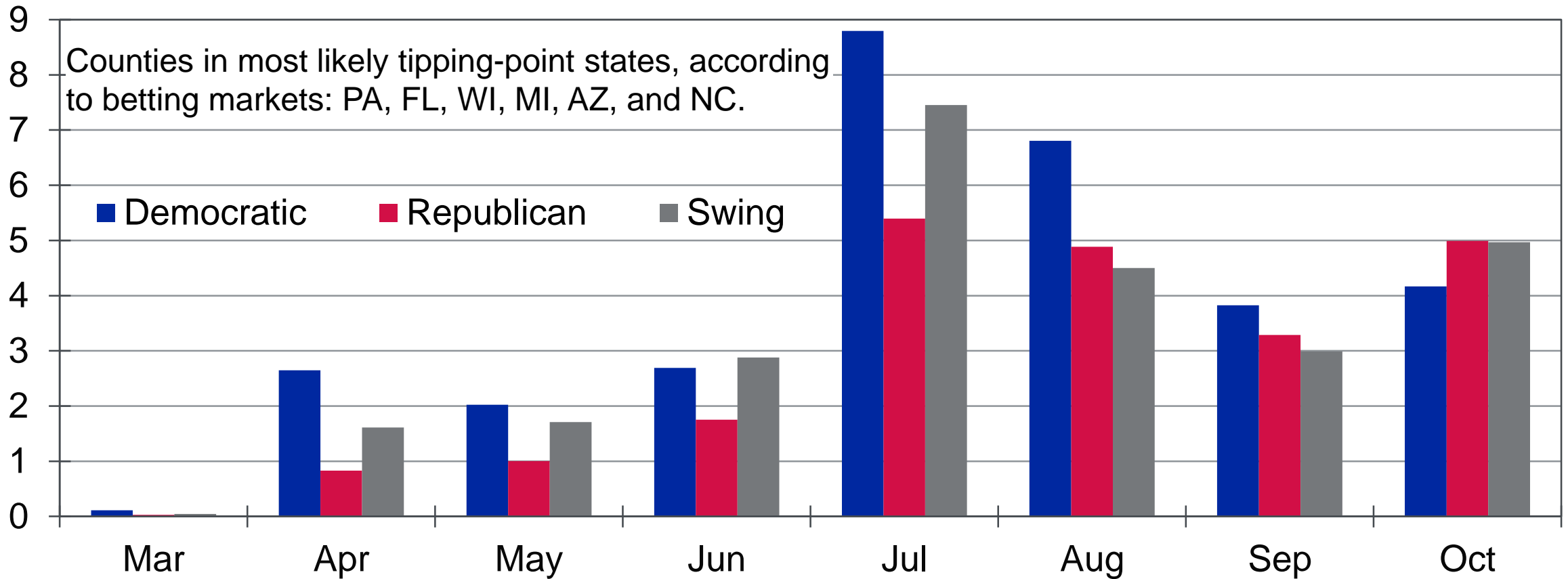
14-day change in confirmed COVID-19 infections, %



Sources: CDC, Moody's Analytics

Pandemic Could Hurt GOP Turnout in Must-Win States

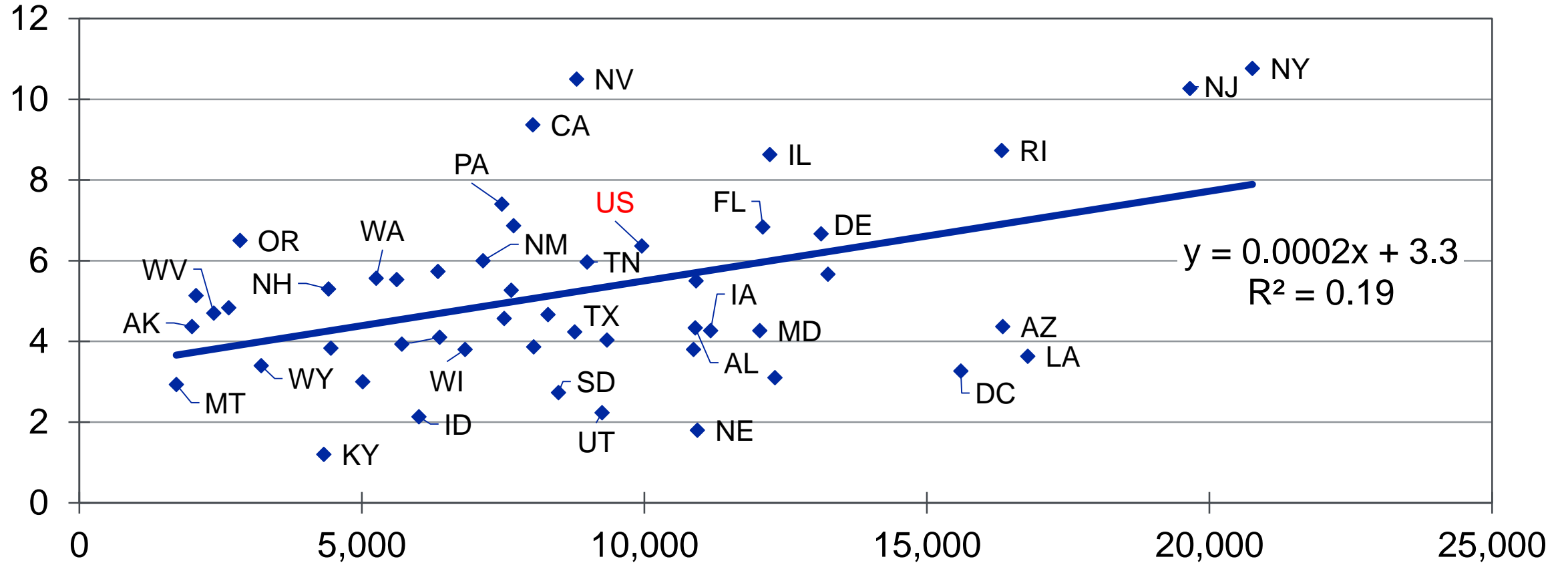
New monthly COVID-19 cases per 1,000 residents, thru 23rd of each month



Sources: MIT Election Lab, Johns Hopkins University, PredictIt, Moody's Analytics

More Infections...Weaker Economy

Y-axis: Change in unemployment rate, 3 mo ended Aug 2020 to 2019Q4

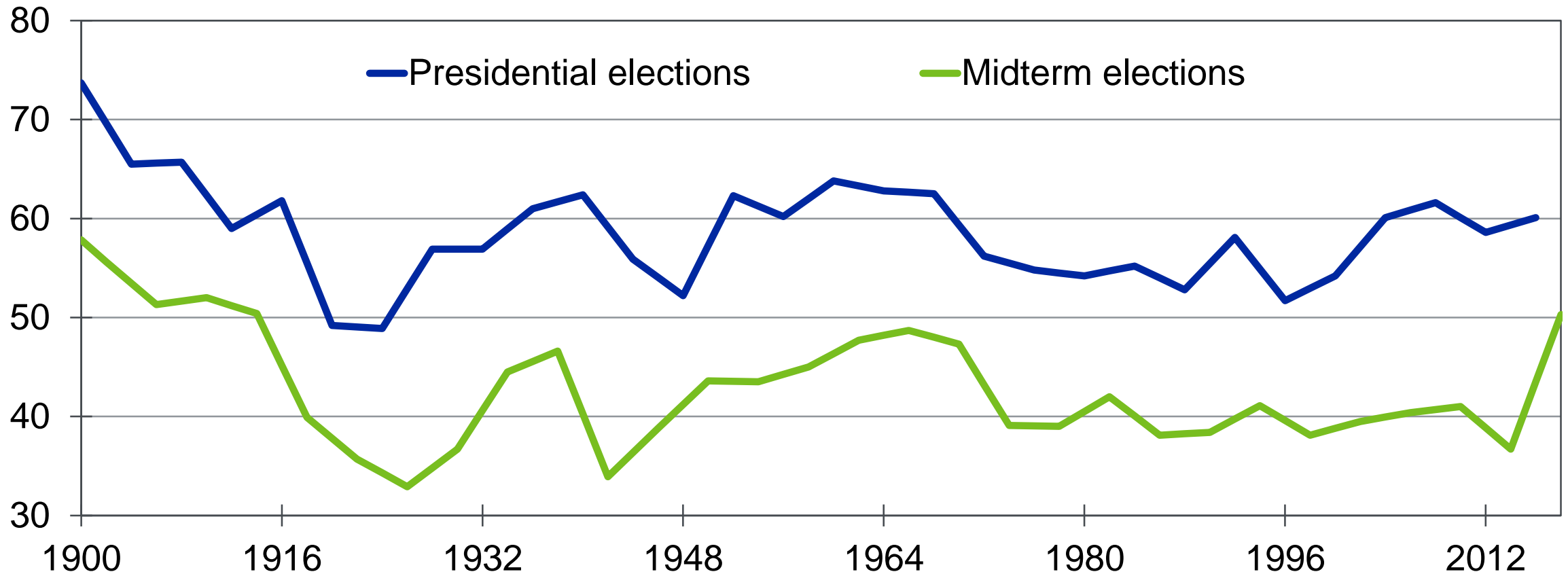


Sources: CDC, BLS, Moody's Analytics

X-axis: Infections per mil inhabitants in Jul

Wildcard #3: Voter Turnout

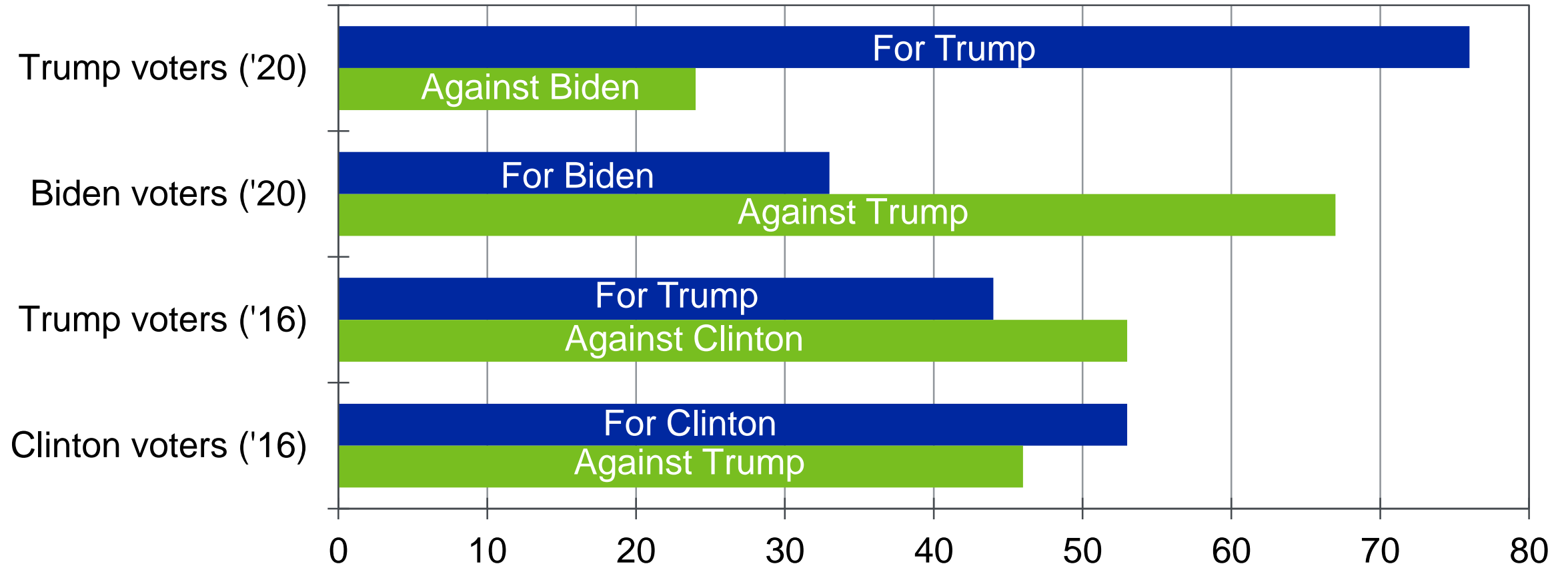
U.S. voter turnout, % of voting-eligible population



Sources: U.S. Elections Project, Moody's Analytics

Enthusiasm for Candidate Versus Negative Partisanship

% of voters who say their choice is more a vote...



Sources: Pew Research Center, Moody's Analytics

Q&A

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