

# Washington Notes

## Election 2018 Outlook

US Public Policy

September 2018

In this edition of *Washington Notes*, we provide our view on the current state of play for the 2018 midterm elections and explore the factors impacting races in both the House and Senate. We also assess the impact the midterms will have on the legislative agenda going forward.

**Senate:** Despite polls indicating an improving national landscape for Democrats, we think it is unlikely that the party will gain control of the Senate. The more likely outcome is that Republicans keep their razor-thin majority.

**House:** If the election was held today, we believe the House would likely flip to the Democrats. Democrats need to win an additional **23** seats to take control of the House; generic national ballot and seat-by-seat polls, combined with other factors such as the president's popularity, would suggest a trend in their favor.

**Predictability:** The key races determining the final outcomes for the House and Senate remain volatile. There appears to be more than a typical amount of volatility among the electorate, and thus even the most well thought out forecasts cannot predict anything with great certainty. In addition, following the 2016 election, there have been questions about the accuracy of polling data and whether current polling methods effectively capture the preferences of voters.

**What to Watch:** Voter turnout in the midterm elections is typically lower than in general elections. In addition, traditional Democratic voters tend to have lower participation rates in midterm elections. However, as recent special elections this year have demonstrated, there appears to be enthusiasm among Democratic voters this cycle, so we may experience higher participation rates among traditionally Democratic voters. Higher participation, however, has not meant wins for Democrats in every case, so it remains unclear whether it will be enough to flip key races come November. Regardless, most candidates in toss-up races will need to make sure they are winning over independent voters and college-educated women in order to emerge victorious.

**What History Tells Us:** Democrats may have an advantage given that a sitting president's party often experiences a net loss in seats in a midterm election and President Trump's approval remains low. However, President Trump's path to the presidency was anything but ordinary, leaving many to question if Republicans will defy the odds. As is the case almost every election year, we never rule out an "October Surprise," an unexpected late event that could sway voters.

**What would a Democratic House mean?** If Democrats take the House, we expect that they will begin to aggressively conduct oversight hearings into the Trump administration. We do **not** expect that impeachment will be a first step on their agenda but they will face intense pressure from certain elements of the party to go down that road.

### Public Policy Key Predictions: Election 2018

The 2018 midterm elections are less than two months away (November 6), and while a "wave" election is by no means guaranteed, if the election were held in today's current political environment, we believe that Democrats have the advantage in the House, while the Senate appears more likely to remain Republican. This could potentially set up a divided government in 2019 and potentially cause gridlock going forward.

### By the Numbers

- **35:** Senate seats up for grabs in 2018; 26 are currently held by Democrats
- **10:** Incumbent Democrats running in states Trump carried in 2016
- **23:** Number of seats Democrats need to take the majority in the House
- **33:** Since 1970, the average number of seats lost by the president's party in midterm elections when the president's approval rating is below 50%
- **39.9%** President Trump's approval rating as of September 13, 2018\*
- **16 out of 18:** Midterm elections post-WWII have resulted in the president's party losing on average **25** house seats and **6** Senate seats

\*according to FiveThirtyEight Project, which aggregates polling data

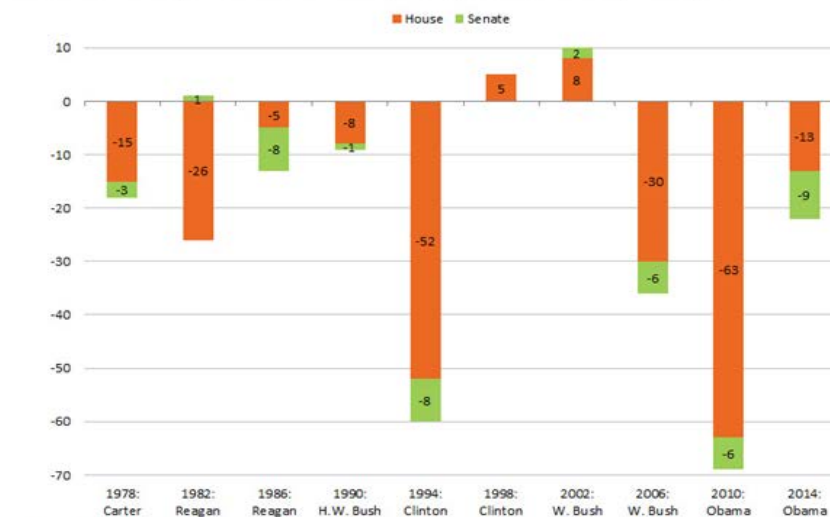
## Introduction

With the accuracy of polls being called into question after the 2016 election cycle, and more polarizing candidates winning primaries this year in upsets over establishment candidates, the 2018 election cycle has already proven somewhat unpredictable. However, midterm elections have traditionally been viewed as a referendum on a sitting administration's policies. With President Trump's approval rating hovering around 40%, many are wondering if history will repeat itself, or if Trump will defy the odds. Despite these low approval numbers, Trump's popularity is around 88% among Republican voters, and he maintains high polling numbers in the states he won in 2016, creating the potential for Republicans to pick up a few Senate seats in vulnerable "Trump states" like Missouri and Indiana. The House appears like a different story.

If elections were held today, our analysis and polls indicate that Democrats have a strong chance to reclaim the majority in the House; Democrats need to pick up 23 seats to take the majority. The president's party traditionally loses several House seats in the first midterm election after a president has been elected – and President Trump's unpopularity is high compared to his predecessors at the same point in their presidencies. In addition, courts have ordered congressional maps in Pennsylvania and North Carolina to be redrawn (although North Carolina's new map will likely not be in effect this election cycle), which could potentially benefit Democrats. The next two months will be crucial for both sides as they make their way to the finish line. While many pundits are already predicting a "wave," the electorate appears to be becoming more and more volatile and candidates have to be more adept in shifting their message in response to changing political headwinds. Also, in true election year fashion, we never rule out an October surprise.

### President's Party Often Loses in the Midterm Congressional Races

Whatever coattails the presidential victor had in the preceding election seem to dissipate two years later.



Source: American Presidency Project

Bloomberg Government

## House of Representatives

In the House, Democrats will need to pick up 23 seats to claim the majority in 2019. Republicans have had several high-profile retirements this year, nearly double that of Democrats, creating more challenges for Republicans. In addition, redistricting in Pennsylvania and competitive races in districts that Hillary Clinton won in 2016 creates a difficult climate for House Republicans. While Democrats currently appear to have several advantages, the volatility of the electorate means that we cannot say for certain that they will reclaim control of the chamber. In addition if the House adjourns early (as we expect that it will), incumbents will have the benefit of gaining almost a month to hit the campaign trail in their districts, helping some vulnerable Republican incumbents.

There are currently 43 races in the House that are considered “toss-ups” with 41 currently being held by Republicans. Republicans seem to be holding at 191 seats that are either leaning GOP or are considered likely or safe. Democrats have 201 seats that are either leaning Democratic or are likely or safe seats.<sup>1</sup> A total of 218 seats are needed to claim the majority.

Toss Ups in the House			
<a href="#">MN1: Open (D)</a>	<a href="#">IA1: Blum (R)</a>	<a href="#">MN2: Lewis (R)</a>	<a href="#">OH1: Chabot (R)</a>
<a href="#">MN8: Open (D)</a>	<a href="#">IA3: Young (R)</a>	<a href="#">MN3: Paulsen (R)</a>	<a href="#">OH12: Open (R)</a>
<a href="#">CA10: Denham (R)</a>	<a href="#">IL6: Roskam (R)</a>	<a href="#">MTAL: Gianforte (R)</a>	<a href="#">PA1: Fitzpatrick (R)</a>
<a href="#">CA25: Knight (R)</a>	<a href="#">IL12: Bost (R)</a>	<a href="#">NC9: Open (R)</a>	<a href="#">TX7: Culberson (R)</a>
<a href="#">CA39: Open (R)</a>	<a href="#">KS2: Open (R)</a>	<a href="#">NJ3: MacArthur (R)</a>	<a href="#">TX23: Hurd (R)</a>
<a href="#">CA45: Walters (R)</a>	<a href="#">KS3: Yoder (R)</a>	<a href="#">NJ7: Lance (R)</a>	<a href="#">TX32: Open (R)</a>
<a href="#">CA48: Rohrabacher (R)</a>	<a href="#">KY6: Barr (R)</a>	<a href="#">NJ11: Open (R)</a>	<a href="#">UT4: Love (R)</a>
<a href="#">CA50: Hunter (R)</a>	<a href="#">ME2: Poliquin (R)</a>	<a href="#">NM2: Open (R)</a>	<a href="#">VA5: Open (R)</a>
<a href="#">CO6: Coffman (R)</a>	<a href="#">MI8: Bishop (R)</a>	<a href="#">NY19: Faso (R)</a>	<a href="#">VA7: Brat (R)</a>
<a href="#">FL26: Curbelo (R)</a>	<a href="#">MI11: Open (R)</a>	<a href="#">NY22: Tenney (R)</a>	<a href="#">WA5: Rodgers (R)</a>
			<a href="#">WA8: Open (R)</a>
			<a href="#">WI1: Open (R)</a>
			<a href="#">WV3: Open (R)</a>

\*Source: Real Clear Politics

If there are not major changes within the electorate in the next two months, we believe Democrats could claim the majority in the House in 2019. Overall the Democratic party appears cautiously optimistic about their chances to take the House; the caution is likely due to the lessons learned after the unexpected results in the presidential race of 2016.

### Senate

The Senate appears to be an uphill battle for Democrats to win as they defend 26 seats as opposed to Republican’s nine. Ten Democratic Senators are running for re-election in states that Trump won in 2016, and Democrats have several competitive races in states where Trump’s approval rating sits near or above 50 percent:

State	Democrat Incumbent	Trump Approval*
Montana	Tester	51%
West Virginia	Manchin	63%
Missouri	McCaskill	52%
Indiana	Donnelly	51%
North Dakota	Heitkamp	50%
Ohio	Brown	48%
Pennsylvania	Casey	45%
Florida	Nelson	50%

\*as of July 2018; Source: Morning Consult

Of these states, we view the races in Indiana and Florida to be the toughest for Democrats to pull out a win. For Democrats to gain control of the Senate, they would need to keep all 26 seats that are up this cycle and flip Arizona

<sup>1</sup> Source: Real Clear Politics

and Nevada (or another similar combination). Currently, only 14 seats are being deemed safe for Democrats, with five currently a toss-up and four “leaning” Democrat. Republicans, on the other hand, only have two “toss-up” races, with sitting Senators defending their seats. We expect Republicans to keep the Senate but to continue to maintain a slim majority; they will almost certainly not reach the 60 senators needed to pass legislation through regular order in the upper chamber.

Safe Dem Seats	Likely Dem	Leans Dem	Toss Up	Leans GOP	Likely GOP	Safe GOP Seats
Feinstein (CA) Carper (DE) Warren (MA) Gillibrand (NY) Sanders (VT) Heinrich (NM) Murphy (CT) Hirono (HI) Cardin (MD) Klobuchar (MN) Cantwell (WA) Kaine (VA) Whitehouse (RI) Open ( ME)	Stabenow (MI) Casey (PA) Brown (OH)	Smith (MN) Menendez (NJ) Baldwin (WI) Manchin (WV)	Nelson (FL) Donnelly (IN) McCaskill (MO) Tester (MT) Heller (NV) Heitkamp (ND) Cruz (TX) Open (TN) Open (AZ)		Hyde-Smith (MS)	Wicker (MS) Fischer (NE) Barrasso (WY) Open (UT)

\*Source: Real Clear Politics

## Conclusion

If the elections were held today, Democrats would more likely than not take control of the House, while Republicans seem like they would keep control of the Senate. However, a Democratic House victory is not assured, given the increasingly unpredictable nature of the electorate and the skepticism towards polling data. Likewise, although unlikely, there is a narrow pathway for Democrats to reclaim control of the Senate. The next two months will be crucial for both parties as they hit the campaign trail. We also never rule out an “October surprise,” which could affect voters’ decision making as they cast their ballots on November 6 and the benefit early House adjournment may have for incumbents and the status quo.

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