



"Married to an American, what's that been like lately?" Well, setting aside the daily 7AM dun-daaaa-duuun opening chimes of NBC's Today Show, the other rhythm of life with my wife has recently been the drumbeat of the US "election season" - mercifully with one day to go. She's an Arizona voter and so she can vote early, and by mail. Or fax. Or email! The town she votes in is Flagstaff which on the electoral map has looked like a little blue jellyfish, all by itself, floating in a very large red sea.

I watched her vote from a safe and respectful distance, while listening to John Prine, which seemed appropriate. I'll write about this wholly bizarre (to Cdns) process after the election but here's a little nugget: In the end, she knew that her emailed! vote had been recorded, because a woman named Sedona Stone ( I did not make up that name) emailed her back. And here's what she wrote:

Hi Jennifer, ( so friendly!)

I received your ballot/affidavit, you're all set.

Thank you for voting!

Sedona Stone

Coconino County Elections

While I may not be able to make sense of their myriad voting systems, I do rely on our own Tom Porcelli to explain this and all manner of complicated subjects.

Below is his Electoral Roadmap for tomorrow night's viewing.



October 29, 2020

## Daily Deck: Election roadmap

Even assuming a very good performance against the polls, there is little doubt that Trump faces an uphill battle on election night. The bottom line is Trump has to have a better relative performance against the polls than he did in 2016 to win. We think the more consequential result for the markets is the Senate. Here, whether Republicans maintain control or it flips to the Democrats is a virtual coin-flip. As we highlighted in our larger election outlook piece [\[link\]](#), we think a Democratic Party sweep is the worst-case scenario for markets (both fixed income and equities).

### Presidency

Biden currently leads Trump in all but two of the toss-up states. If we are generous, and assume polling errors similar to 2016, Biden's lead in these battleground states shrinks significantly. But the issue for Trump is that an outperformance against the polls similar to 2016 would not be enough. Notice that if we assume his 2016 outperformance comes to fruition this time around, he would win 267 electoral votes and would still be short of the 270 needed. So Trump has to have a better night than 2016 to pull it off.

A better performance against the polls versus the last go-around in the early reporting states could bode well for later in the evening and could bring into play states like Wisconsin and Arizona – where the adjusted spread is razor-thin. **Trump likely has to sweep these early reporting states in order to have a chance.**

One potential issue here comes in Pennsylvania. While the polls close at 8pm eastern time, the state only begins to count mail-in votes on the morning of election day. This process could take a number of days and thus we could be waiting on the critical PA outcome for some time. Given the skew in mail-in ballots in favor of Democrats here, if Trump is losing the state on election night, it would almost certainly be an irreversible position as more votes are counted. The worst-case scenario for markets in the very short term is that the PA result is unknown and pivotal in terms of the race. This would significantly increase the odds of a contested election. FiveThirtyEight did a very detailed piece on this recently that is worth a look ([fivethirtyeight.com/features/why-pennsylvanias-vote-count-could-change-after-election-night](https://www.fivethirtyeight.com/features/why-pennsylvanias-vote-count-could-change-after-election-night)).

Key Races: President						
State	Poll closing time	Biden-Trump	Trump 2016 outperformance	Adjusted	Electoral	
(electoral	7:00				votes	
Georgia (16)	0.0 0.6-				16	
North Carolina (15)	7:30	0.7	2.9-2.2		15	
Ohio (18)	7:30	-0.6	4.8-5.4		18	
Florida (29)	8:00	0.5	1.7-1.2		29	
Pennsylvania (20)	8:00	3.5	3.7-0.2		20	
Michigan (16)	8:00	8.2	6.0	2.2		
Wisconsin (10)	9:00	6.4	6.1	0.3		
Minnesota (10)	9:00	4.7	4.5	0.2		
Arizona (11)	9:00	1.3	-0.51.8		38	
Texas (38)	9:00 -2.6 -1.8-0.8	Iowa (6)	10:00 1.4 8.1-6.7		6	
Nevada (6)	10:00	4.6	-0.8 5.4			
				sum	142	
				non-toss ups	125	
				Trump total with 2016 performance	267	

## Senate

While most of the attention is squarely on the presidential race we think the Senate outcome is at least as important. Indeed, if the uphill battle for Trump does in fact result in a Biden win then the Senate outcome becomes that much more consequential. Fortunately, we should know pretty early on in the night if the

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16:27ET

Republicans have a chance at holding the Senate. Here we are focused on Maine and North Carolina, two states where the races are close (in the case of Maine it's even closer than the polls would suggest) and will likely determine which party controls the Senate.

The race in NC is incredibly close as the spread in the table shows. As you drill into some of the recent polling data, it looks even closer with the D challenger up as little as a one point in one poll and the R incumbent up by two points in another and on net, the latter has made up significant ground in just the last couple of weeks.

As for Maine, the D challenger is seemingly comfortably in the lead. But there are a couple of things that really stand out. First, there are very few recent polls. Thus far here in October they have only done two (and one of them was done at the very beginning of the month). As we all appreciate, the polls have really tightened in many races so the spread in the table below is placing too much weight on polls that may in fact be outdated. And second, as we drill into the polls themselves in Maine, it seems there is a notable skew toward Democrat voters vs Republican voters. We think this election will be much closer than is suggested on the face of it.

If the R incumbents hold these two states they are likely to retain control of the Senate. Again, polls close on the early side for both so we should have a good sense for what's happening early in the evening. We would add one last state to watch closely, and that is Georgia. The R incumbent is in the lead but it's close with recent polls very mixed. If the D challenger wins it, the odds of a Senate flip will grow. As we said at the onset, a blue wave will represent a challenge for markets (see the link above to our election outlook piece for more).

Key Races: Senate			
	Poll closing time (PM, eastern)	Rep/Dem spread (RCP avg*)	Winner? R D
<i>Non-toss ups</i>			46 46
Georgia	7:00	R +1.3	1
South Carolina	7:00	R +4.5	1
North Carolina	7:30	D +2.0	1
Maine	8:00	D +5.5	1
Arizona	9:00	D +2.8	1
Minnesota	9:00	D +3.5	1
Iowa	10:00	D +2.3	1
Montana	10:00	R +3.3	1
			<u>49 51</u>

\*average of last 4 polls no older than Oct 1

Source: RealClearPolitics, 270towin.com, RBC Capital Markets US Economics

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October 29, 2020

