

MARKET SIGHT LINES



A First Look at the Calculus of the 2024 Presidential Election

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In late 2019 we defined the four phases of the 2020 elections. We discussed calculus and that by observing small changes through time, we could begin to understand the potential outcomes of the elections. We're now headed into the 2024 elections, so this is a good time to revisit our framework and see how it applies today.

In this SightLines, we discuss the four phases of a presidential election and some early observations for 2024.

THE TAKEAWAY: POLITICAL POWER IS UP FOR GRABS, WITH A REMATCH LIKELY.

There is much at stake in this election, including the presidency, control of the House of Representatives, and 33 Senate seats. We've defined four phases of the upcoming election. In summary:

- We're in the *Early Primary* phase, power is up for grabs, and polls show a presidential rematch of 2020.
- We see other possible candidates emerging in the *Late Primary* phase, as voters further evaluate the negative issues surrounding both President Biden and former President Trump.
- The *General Election* phase will allow voters to better understand the candidates' platforms, which will inevitably focus on many negative issues, but may also point to positives for the future.
- In the *Post-Election* phase we'll be able to more fully assess plans and policies of the incoming administration, and how those may affect the economy and the markets.

IN-DEPTH: AS WE BEGIN TO PROCESS INFORMATION THROUGH THE FOUR PHASES OF THE PRESIDENTIAL ELECTION, VOTERS WILL DECIDE WHO TAKES POWER IN D.C. IN 2025.

We can go a little more in depth about what's at stake, what to watch for in each of the four phases of the election, and some early observations. Going deeper:

- There is much at stake in the 2024 election:
 - For president, we could well see a rematch of 2020.
 - Polls give Trump a slight edge, with voters signaling a preference for who they dislike less.
 - Biden's approval rating is 38%, while Trump's is 42%.
 - Inflation, the economy, and abortion rights appear to be key topics on the minds of voters.
 - The House of Representatives will be contested, with polls showing the race dead even.
 - In the Senate, 20 Democratic, 10 Republican, and 3 independent seats will be contested.
- As it relates to the four phases, here's some more detail:
 - *Early Primary*: We're in early primary season, but both fields are already limited. In polls,

- Among Republicans former President Trump is favored at 61%, with Ron DeSantis at 14% and Nikki Haley at 10%. DeSantis trailed by about 13% in February but has been on the decline. Haley is showing recent strength.
- President Biden is expected to take the Democratic nomination with little opposition in his bid. Two other candidates are formally running but trailing by a wide margin in polls. Robert F. Kennedy Jr. broke away from the Democratic Party and is running as an independent candidate, potentially taking some of Biden and Trump's votes. The polling data is limited, but some polls suggest he would be one of the strongest independent candidates in recent history.
- *Late Primary:* As we move later into the primary, negative issues with each favored candidate may see their leads eroding:
 - Trump is facing many lawsuits, which may bring into focus conduct unappealing to voters.
 - Biden's negative ratings, along with concerns about his cognitive decline, may work against him.
 - We'll keep an eye on independents like Kennedy and any nomination from No Labels, which may nominate Senator Joe Manchin.
- *General Election:* The economy, markets, and other news may well show change between now and the general election, and voters will take all of this into account:
 - Biden will focus on what has been a stronger-than-expected economy and his party's support for a woman's right to choose on abortion.
 - Trump will focus on the negatives of inflation, immigration, and crime, for example, but will also present a platform for change to improve those problems.
 - An independent candidate may seek to rally moderates from both parties, campaigning for bipartisanship amongst moderates over polarization between parties, potentially with a focus that includes better fiscal discipline.
- *Post-Election:* Once a candidate wins the election, as investors we will more fully assess the platform and policies of the incoming administration, adjusting investment strategies and portfolios accordingly.

CONCLUSION

The 2024 election is upon us, and it's time to begin analyzing where we are and where we're going. We've again defined the four phases of the election, which will provide a framework for our analysis. Despite the practice of candidates focusing so much on the negatives, we are thankful that our election process gives all voters the right to contribute to the election's outcome, which will set a direction for our government into 2025 and beyond.

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