Deutsche Bank

Research

2024 US election: Neck and neck into the homestretch

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2024 Presidential election calendar

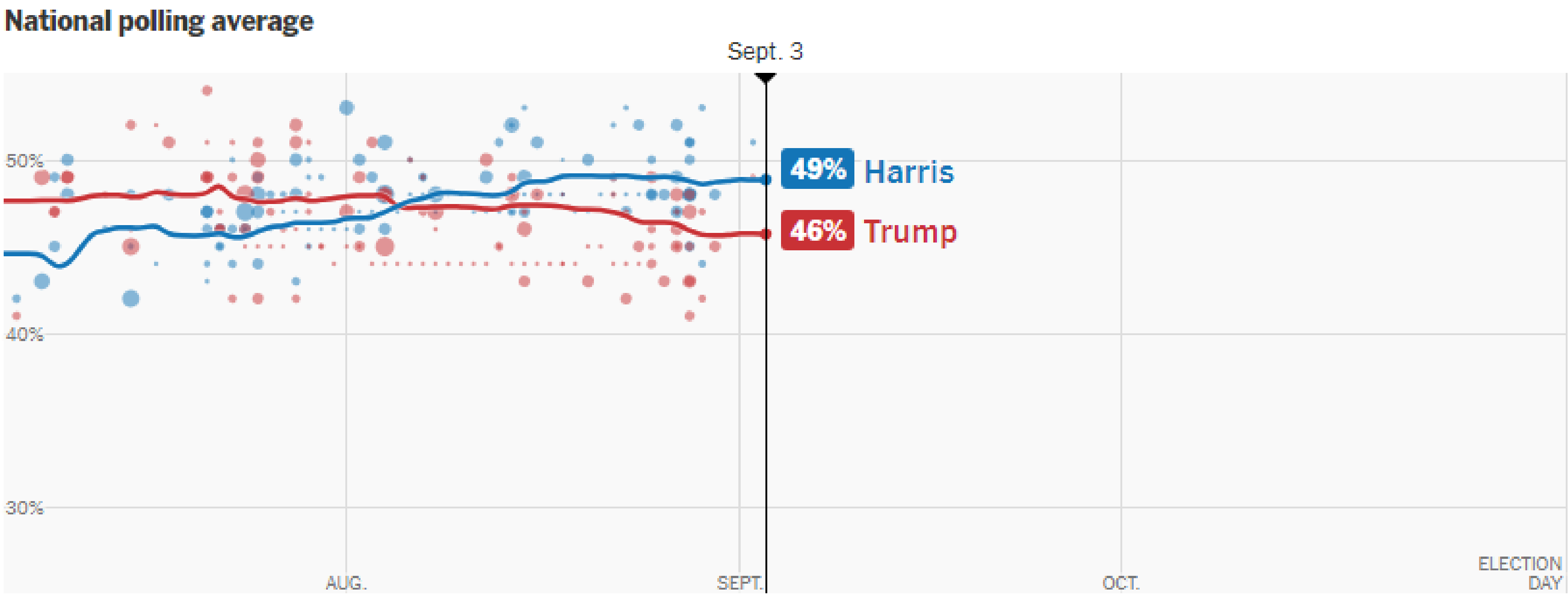
Tentative Debate Schedule	
September 8	Proposed debate hosted by Fox News (unconfirmed)
September 10	ABC News – hosted debate originally agreed to by Biden / Trump
September 25	Proposed debate hosted by NBC news (unconfirmed)
October 1	CBS News – hosted VP debate between Vance / Walz

Election day	**November 5, 2024**

Source: Deutsche Bank

State of play for the polls

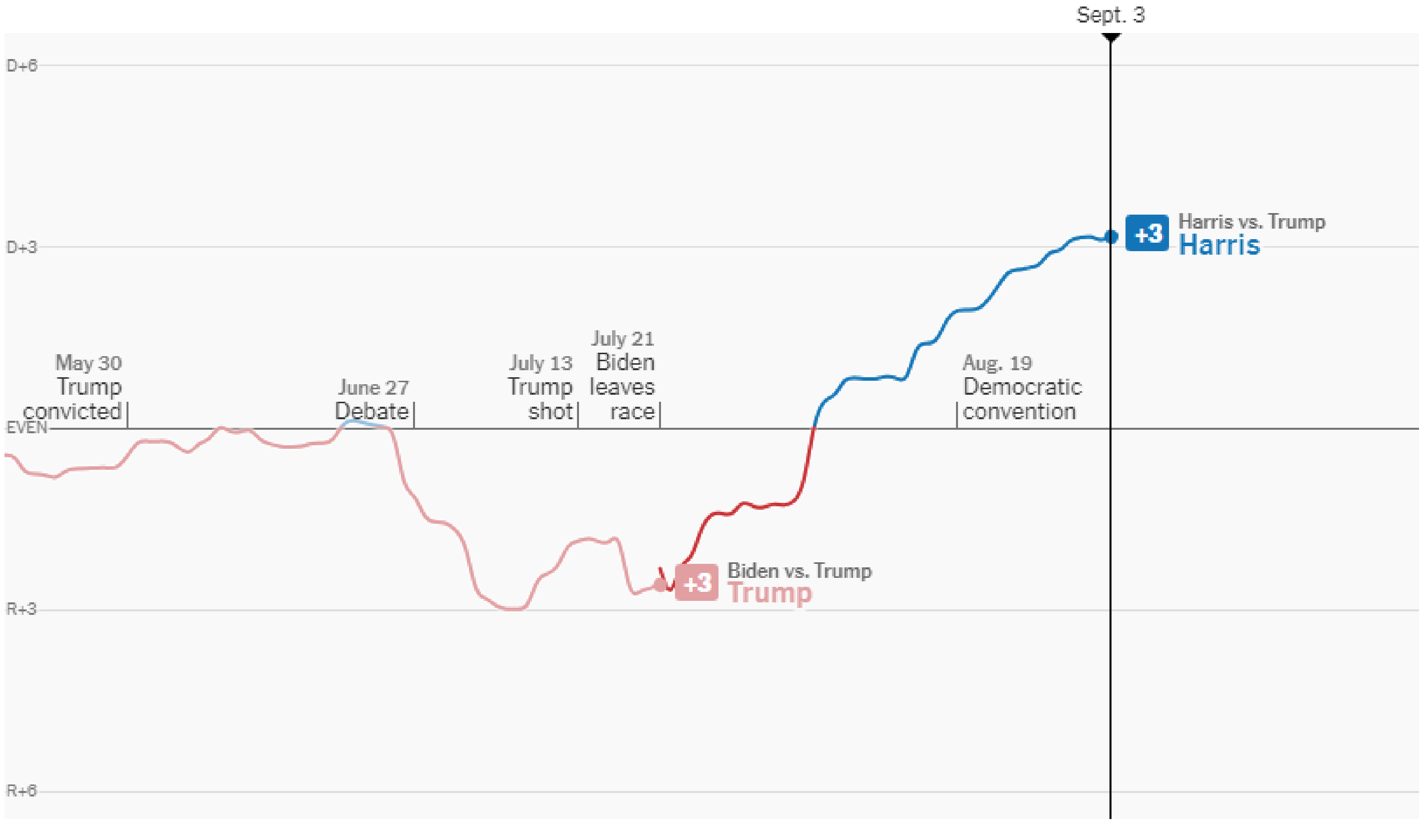
Latest polls show Harris slightly ahead of Trump



Note: Note: Individual poll results are shown as circles for each candidate. Polls with greater weight in the average have larger circles. Source: Averages by The New York Times; polls collected by FiveThirtyEight and The Times..

Source: https://www.nytimes.com/interactive/2024/us/elections/polls-president.html

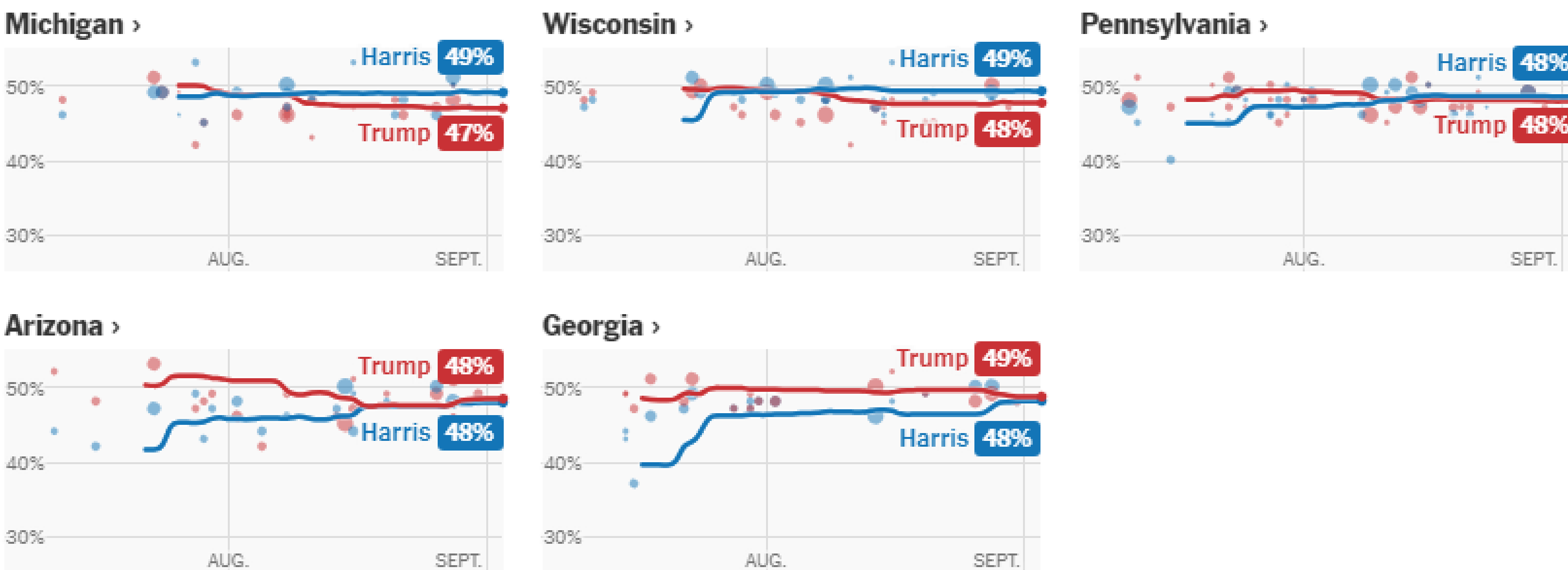
Harris has more than erased the lead Trump opened up after the first debate with Biden



Note: Head-to-head averages shown. The Harris vs. Trump average includes polls conducted before Biden announced he was dropping out of the race.

Source: https://www.nytimes.com/interactive/2024/us/elections/polls-president.html

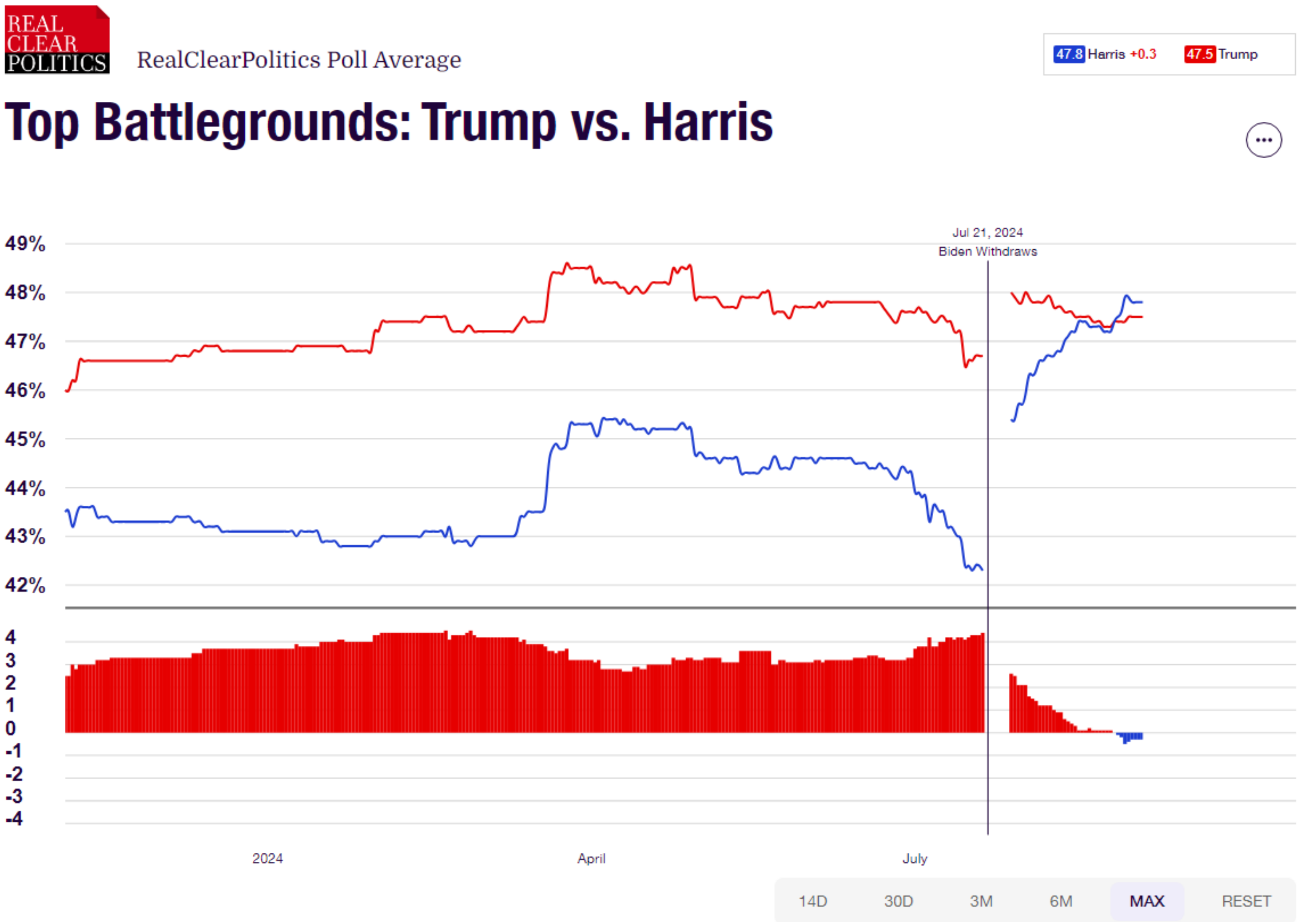
Swing state polls are more mixed but reflect greater Democrat enthusiasm with Harris leading the ticket



Note: Head-to-head averages shown. The Harris vs. Trump average includes polls conducted before Biden announced he was dropping out of the race...

Source: https://www.nytimes.com/interactive/2024/us/elections/polls-president.html

Harris now has a slight edge overall in battle ground states according to RCP



Source: https://www.realclearpolling.com/elections/president/2024/battleground-states

Trump's leads in Arizona, Georgia and North Carolina are slim according to RCP

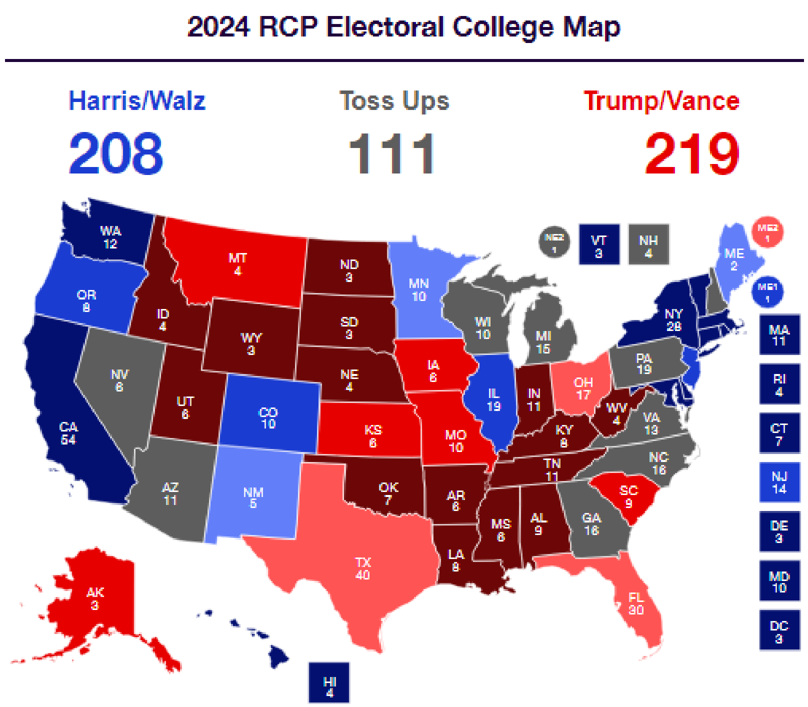
Top Battlegrounds – RCP Average

Wisconsin, Arizona, Georgia, Michigan, Pennsylvania, North Carolina, Nevada

RCP AVERAGE	DATE	TRUMP (R)	HARRIS (D)	SPREAD
Top Battlegrounds	**9/3**	**47.5**	**47.8**	**Harris +0.3**
Arizona	September 3rd	47.9	47.4	Trump +0.5
Nevada	September 3rd	47.6	47.6	Tie
Wisconsin	September 3rd	46.8	48.2	Harris +1.4
Michigan	September 3rd	46.9	48.0	Harris +1.1
Pennsylvania	September 3rd	47.2	47.7	Harris +0.5
North Carolina	September 3rd	47.9	47.3	Trump +0.6
Georgia	September 3rd	48.3	48.1	Trump +0.2

Source: https://www.realclearpolling.com/elections/president/2024/battleground-states

Currently polling in battleground states show a very tight race



Source: https://www.realclearpolling.com/elections/president/2024/battleground-states

Winning combinations of battleground states

9 Democratic Party Winning Combinations		Total
1	PA GA MI	276
2	PA GA AZ	272
3	PA MI AZ	271
4	PA GA WI	271
5	PA MI WI	270
6	GA MI AZ WI	278
7	GA MI AZ NV	274
8	GA MI WI NV	273
9	PA AZ WI NV	272

12 Republican Party Winning Combinations		Total
1	PA GA	270
2	PA MI AZ	280
3	GA MI AZ	277
4	PA MI WI	279
5	GA MI WI	276
6	PA AZ WI	275
7	GA AZ WI	272
8	MI AZ WI	271
9	PA MI NV	275
10	GA MI NV	272
11	PA AZ NV	271
12	PA WI NV	270

Source: 270 to win, Deutsche Bank

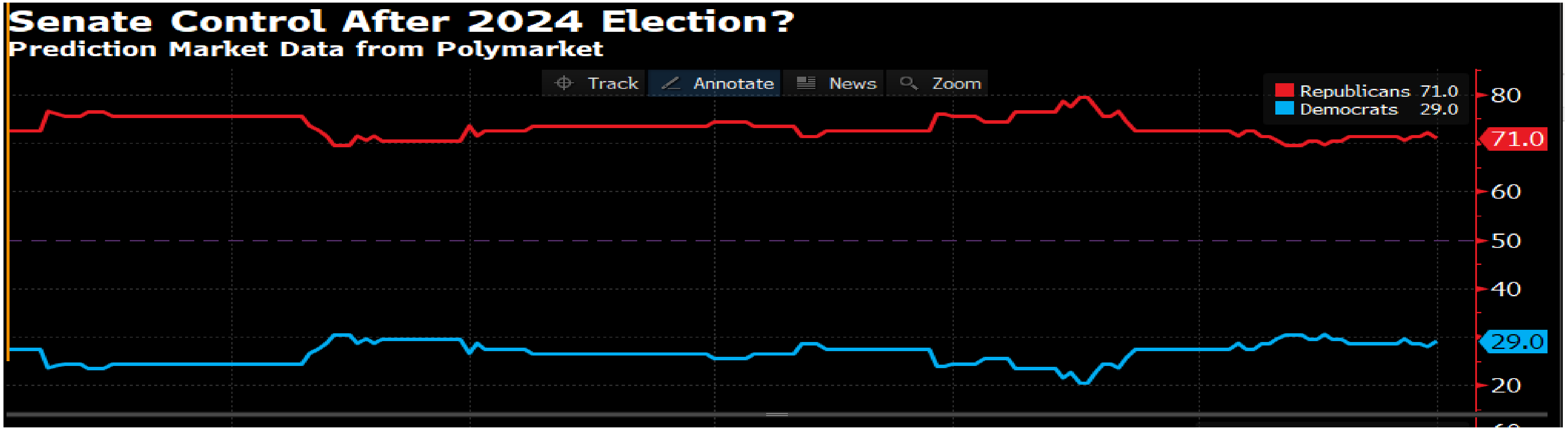
2016: 136.6mn votes / Trump won by ~78k votes (PA, MI, WI)
2020: 158.4mn votes / Biden won by ~43k (GA, AZ and WI)

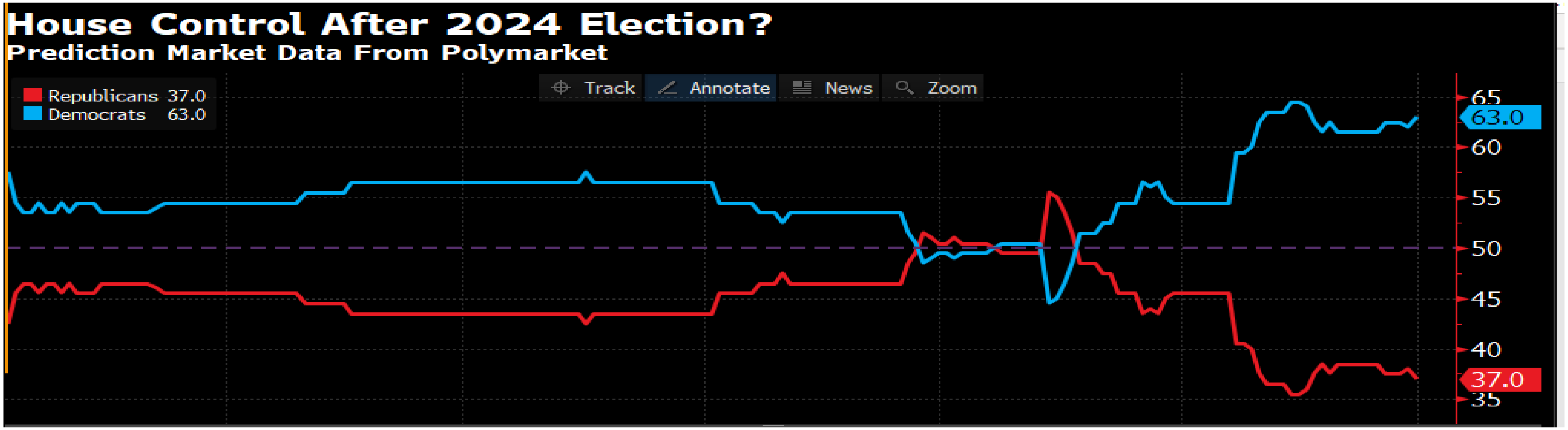
State	Electoral college votes	2016 outcome	2020 outcome
Pennsylvania	19	Trump +0.72% / 44.3k votes	Biden +1.16% / 80.6k votes
Georgia	16	Trump +5.13% / 211.1k votes	Biden +0.23% / 11.8k votes
Michigan	15	Trump +0.23% / 10.7k votes	Biden +2.78% / 154.2k votes
Arizona	11	Trump +3.54% / 91.2k votes	Biden +0.30% / 10.5k votes
Wisconsin	10	Trump +0.77% / 22.8k votes	Biden +0.63% / 20.7k votes
Nevada	6	Clinton +2.42% / 27.2k votes	Biden +2.39% / 33.6k votes

Source: Federal Election Commission, Deutsche Bank

Congressional elections

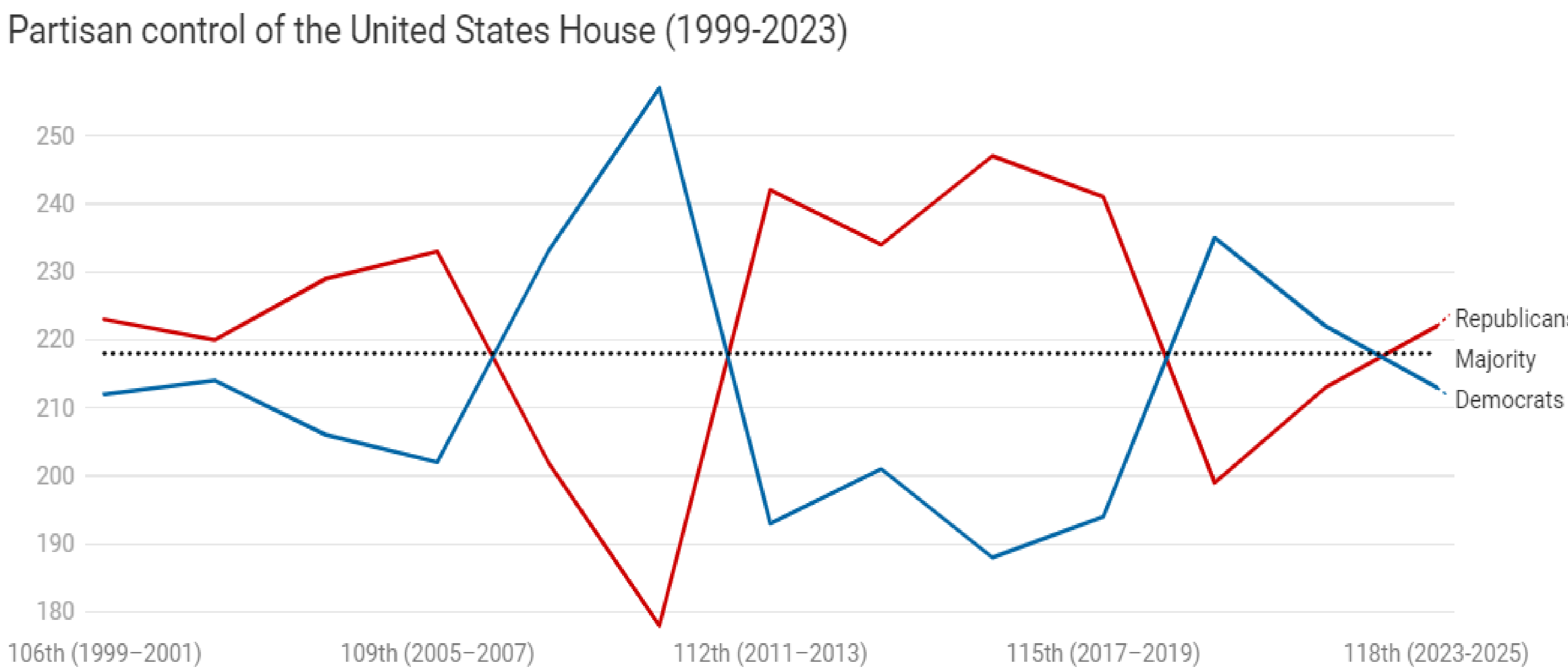
Betting markets favor Republican Senate majority but have swung toward Democrats winning the House since Harris





Source: Polymarket, Bloomberg LP & Deutsche Bank

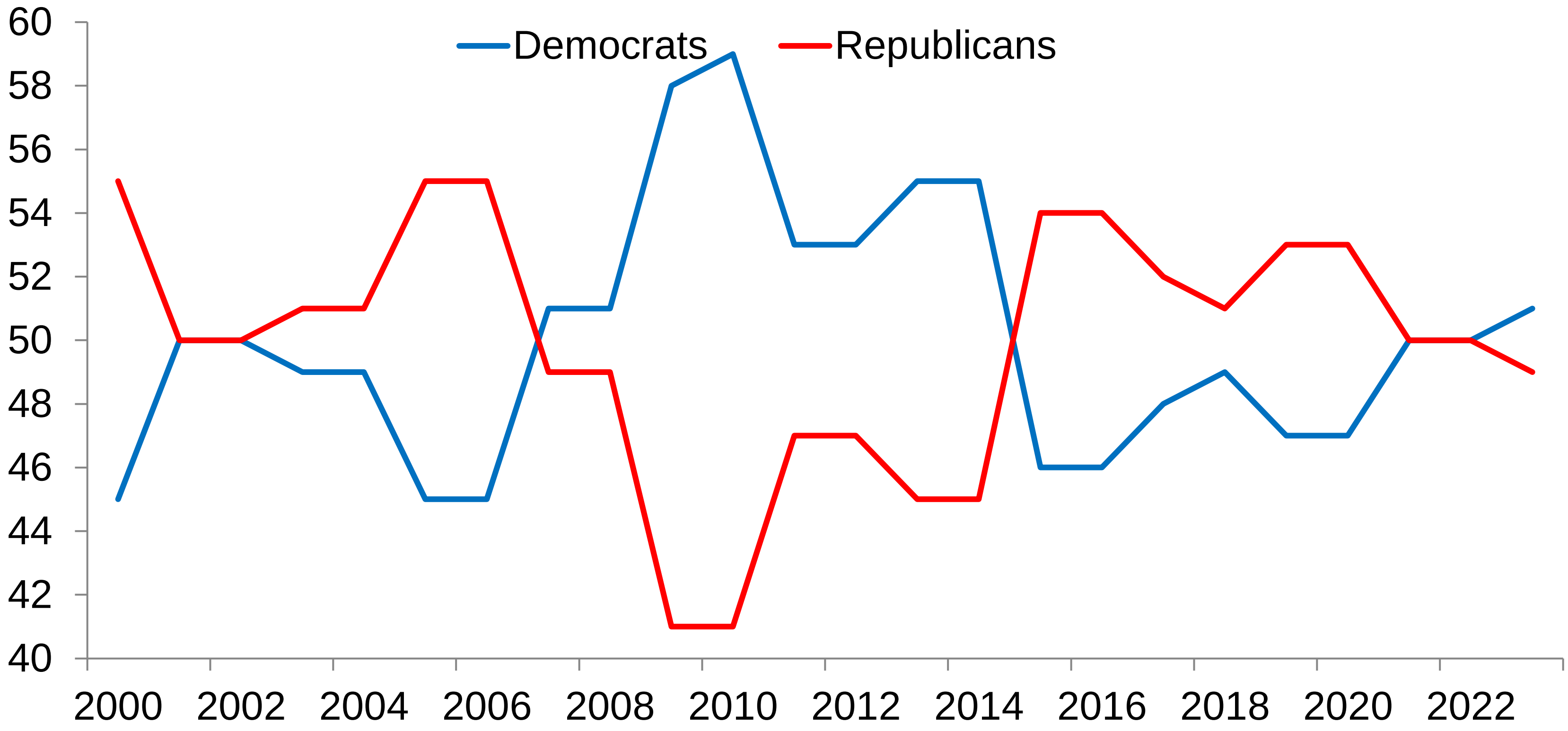
Republicans have had a slim majority in the House



Source: Ballotpedia, Deutsche Bank

Democrats (and independents who caucus with Dems) have had a slim majority in the Senate

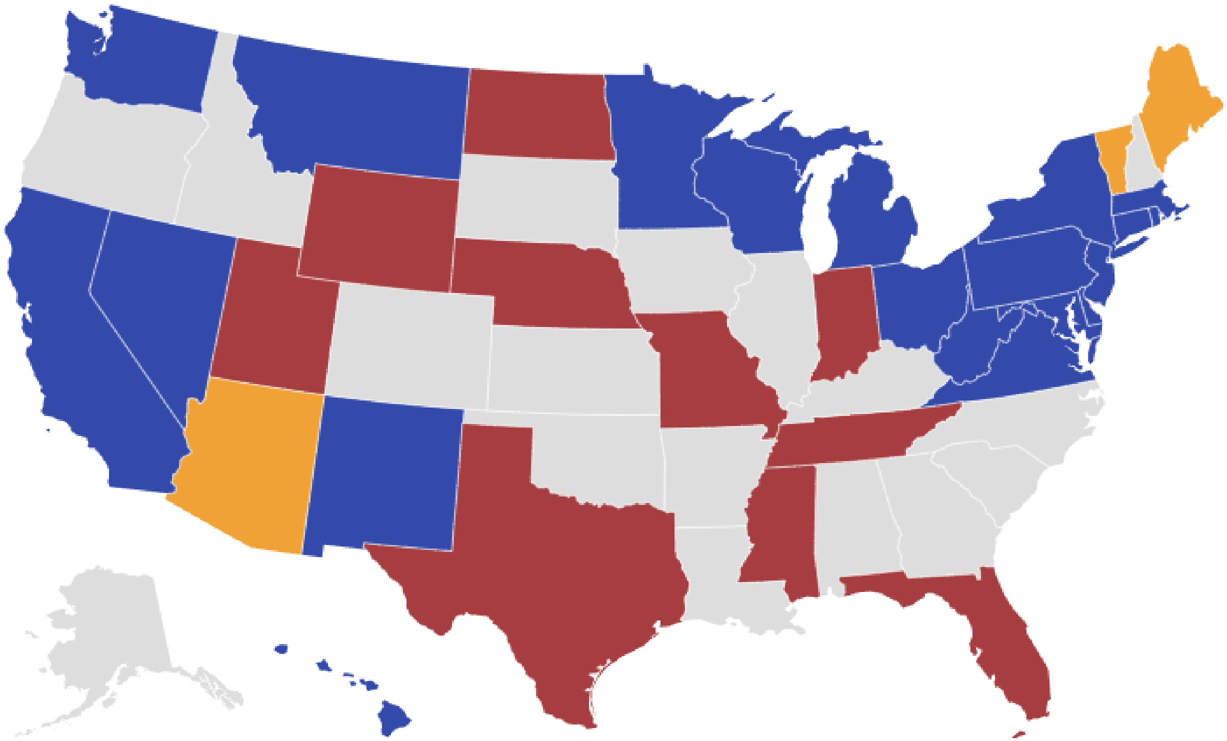
Partisan control of the United States Senate (2000-2023)



Source: Ballotpedia, Deutsche Bank

34 U.S. Senate seats up in 2024: 11 held by GOP, 20 by Dems, 3 by independents who caucus w/ Dems

2024 U.S. Senate elections



States with vacant seats are shaded in the party color of the last incumbent who held the seat.

Source: Ballotpedia

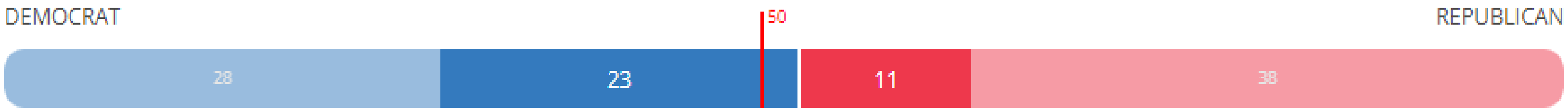
Source: Ballotpedia, Deutsche Bank

2024 Senate Race Ratings: Ratings Summary

RATINGS SUMMARY

SENATE SEATS

Includes seats not up for re-election. Control of Senate marked at 50 seats.



There are currently **48** Democrats, **49** Republicans and **3** Independents in the Senate. The 3 independents caucus with the Democrats, giving Democrats a 51-49 seat majority.

- **Solid:** These races are not considered competitive and are not likely to become closely contested.
- **Likely:** These races are not considered competitive at this point but have the potential to become engaged.
- **Lean:** These races are considered competitive races, but one party has an advantage.
- **Toss Up:** These races are the most competitive; either party has a good chance of winning.

Last updated: August 15, 2024.

Source: The Cook Political Report, Deutsche Bank

2024 Senate Race Ratings

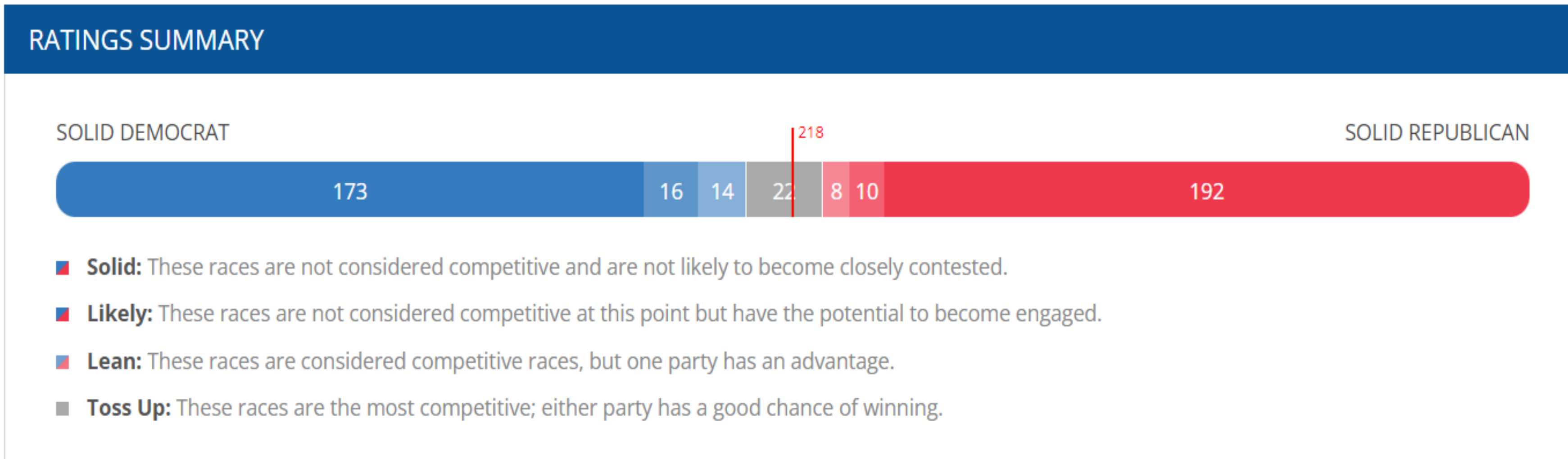
DEMOCRATS | 23 HELD SEATS **REPUBLICANS | 11 HELD SEATS**

SOLID D	LIKELY D	LEAN D	TOSS UP	LEAN R	LIKELY R	SOLID R
CA-Open	MD-Open	NV-Rosen	MI-Open		FL-Scott	IN-Open
CT-Murphy		PA-Casey Jr.	MT-Tester		TX-Cruz	MO-Hawley
DE-Open		WI-Baldwin	OH-Brown			MS-Wicker
HI-Hirono		AZ-Open (I)				ND-Cramer
MA-Warren						NE-Fischer
ME-King (I)						NE-Ricketts
MN-Klobuchar						TN-Blackburn
NM-Heinrich						UT-Open
NY-Gillibrand						WY-Barrasso
RI-Whitehouse						WV-Open
VA-Kaine						
VT-Sanders (I)						
WA-Cantwell						
NJ-Vacant						

Last update: August 15, 2024

Source: The Cook Political Report, Deutsche Bank

2024 House Race Ratings: Ratings Summary

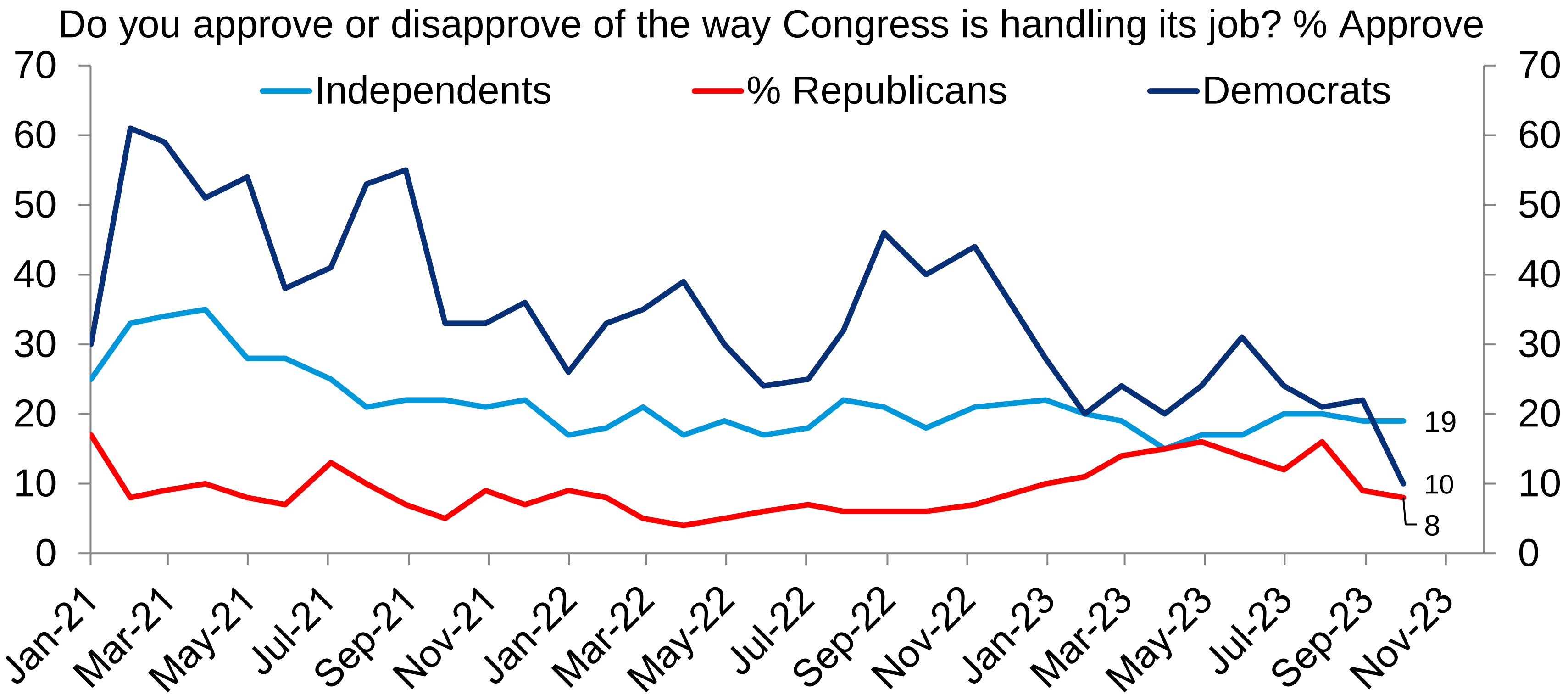


Last updated: August 16, 2024.

Source: The Cook Political Report, Deutsche Bank

Both parties have had a very low opinion of Congress

Congressional Job Approval, Recent Trend, by Political Party



Source: Gallup, Deutsche Bank

Fiscal policies: Proposals and impact

Harris economic policy leanings thus far similar to Biden

	Trump	Harris
Domestic Policy	- Extend 2017 (TCJA) worth $3trn over 10 yrs - De-regulate the economy with a focus on the energy sector - Strengthen executive authority via the "Impoundment Act" - Ban ESG investment incentives - Tax private university endowments - Aggressive immigration enforcement with focus on deportation - End citizenship for kids born in US to foreigners or illegal aliens - Increase military spending, preserve Social Security & Medicare - No tax on tips or Social Security earnings - Potential 10-20% universal baseline tariff on imported goods	- Raise corp tax rate to 28% (from 21% but effective rate ~10%) - Raise tax rate on U.S. multinationals' foreign earnings to 21% (from 10.5%) - $25k first time homebuyer tax credit - Raise top tax rate to 39.6% (from 37%) for those > $400k/yr - Tax capital gains at rate of income for those with over $1mn income - Close carried interest tax loophole - 25% minimum tax on the wealthiest 0.01% - Build 3mn affordable housing units - Refundable child tax credit $3.6k (<5yrs age) and $3k (>5yrs age) - No tax on tips - Potential increase in EITC
Foreign Policy	- "America First" isolationist policy - End support for Ukraine - Re-evaluate NATO alliance - "Reciprical tariffs" on all imports matching tariffs on US exports - Remove China's most favored nation trade status - Potential 60% tariffs on Chinese imports - Remove the US from any climate treaties / commitments	- Strengthen NATO alliance, continue to support Ukraine - Will engage with European partners to confront threats from China - Strengthen traditional rules-based international trade agreements - Paris climate agreement

Source: Trump campaign, Harris campaign, whitehouse.gov & Deutsche Bank

Penn-Wharton model: Trump tax policies would add ~$5.8trn (static) to ~$4.2trn (dynamic) to deficits over next 10 years

Table 1: Budgetary Effects of the Trump Campaign Policy Proposals

Billions of dollars

Provision	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025 - 2034
Individual											
Extend the individual income tax provisions of TCJA	0	-311	-358	-371	-368	-374	-385	-396	-408	-419	-3,388
Eliminate taxes on Social Security benefits	-60	-104	-109	-116	-122	-129	-136	-144	-150	-156	-1,226
Subtotal: Individual	*-60*	*-415*	*-467*	*-487*	*-490*	*-503*	*-521*	*-540*	*-558*	*-575*	*-4,614*
Business											
Extend the business tax provisions of TCJA	-74	-95	-93	-78	-61	-52	-47	-43	-40	-39	-623
Lower the corporate income tax rate to 15%	-51	-44	-50	-54	-59	-61	-64	-66	-72	-75	-595
Subtotal: Business	*-125*	*-139*	*-143*	*-132*	*-120*	*-113*	*-111*	*-109*	*-112*	*-114*	*-1,217*
Effect on primary deficit (-) or surplus (+)	***-185***	***-554***	***-610***	***-619***	***-610***	***-616***	***-632***	***-649***	***-670***	***-689***	***-5,833***
Memorandum:											
Effect on primary deficit (-) or surplus (+), with dynamic effects	*-153*	*-446*	*-484*	*-465*	*-462*	*-449*	*-429*	*-423*	*-416*	*-418*	*-4,146*

Source: Penn-Wharton Budget Model & Deutsche Bank

Penn-Wharton model: Full extension of the TCJA accounts for most of the deficit increase for Trump

Table 1: Revenue Effects of Permanently Extending the Tax Cuts and Jobs Act

DOWNLOAD DATA

Billions of dollars

Tax Provision	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Individual											
New tax rate and bracket structure	0	-276	-229	-240	-248	-257	-266	-276	-284	-293	-2,369
Expand the standard deduction and repeal personal exemptions	0	6	46	49	50	51	53	55	57	58	424
New pass-through business deduction	0	-42	-29	-30	-33	-35	-37	-38	-39	-40	-324
Pass-through business loss limits	0	0	0	0	16	28	29	30	31	33	167
Expand Child Tax Credit (CTC) and new non-child dependent credit	0	-37	-85	-87	-88	-92	-93	-94	-97	-98	-770
Repeal and modifications to itemized deductions	0	42	50	52	55	58	61	64	67	70	520
Increase Alternative Minimum Tax (AMT) exemption phaseout threshold	0	0	-97	-99	-105	-109	-114	-119	-124	-128	-894
Estate Tax Exemption Doubled	0	-4	-15	-15	-16	-17	-18	-19	-20	-21	-143
Subtotal	*0*	*-311*	*-358*	*-371*	*-368*	*-374*	*-385*	*-396*	*-408*	*-419*	*-3,388*
Corporate											
Net interest deduction capped at 30% of income	-5	-7	-7	-7	-7	-7	-7	-8	-8	-9	-71
Changes to the treatment of investment	-37	-52	-57	-50	-40	-33	-28	-24	-22	-20	-364
Amortize research & experimentation costs	-32	-36	-29	-22	-14	-12	-11	-11	-10	-10	-188
Subtotal	*-74*	*-95*	*-93*	*-78*	*-61*	*-52*	*-47*	*-43*	*-40*	*-39*	*-623*
Total (reduction (-) or increase (+) in revenues)	**-74**	**-406**	**-452**	**-449**	**-429**	**-426**	**-431**	**-439**	**-448**	**-458**	**-4,011**
Memorandum:											
Total reduction in revenues, with dynamic effects	*-55*	*-391*	*-434*	*-433*	*-417*	*-413*	*-415*	*-418*	*-426*	*-432*	*-3,834*

Note: Effects on federal outlays include tax refunds and the repeal of the individual mandate for health insurance.

Source: Penn-Wharton Budget Model & Deutsche Bank

Penn-Wharton model: Harris policies would add ~$1.2trn (static) to ~$2trn (dynamic) to deficits over next 10 years

Table 1: Budgetary Effects of the Harris Campaign Policy Proposals

Billions of dollars

Provision	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2025 - 2034**
Individual											
Expand the CTC to $3,000/$3,600	-22	-135	-188	-189	-188	-188	-188	-188	-188	-188	-1,662
Increase CTC to $6,000 for newborns	-3	-13	-15	-15	-15	-14	-14	-14	-14	-14	-132
Expand the EITC	-1	-14	-14	-14	-14	-14	-14	-14	-14	-14	-126
Permanently extend enhanced premium tax credits	0	-2	-22	-23	-25	-26	-28	-31	-33	-35	-225
Down payment support for first-time homebuyers	-26	-34	-35	-34	-9	0	0	0	0	0	-138
Subtotal: Individual	*-52*	*-198*	*-273*	*-276*	*-250*	*-243*	*-245*	*-247*	*-249*	*-251*	*-2,282*
Business											
Raise the corporate income tax rate to 28 percent	69	96	104	112	114	115	117	121	122	126	1,096
Subtotal	*69*	*96*	*104*	*112*	*114*	*115*	*117*	*121*	*122*	*126*	*1,096*
Net Effect on primary deficit (-) or surplus (+), conventional	***17***	***-102***	***-170***	***-164***	***-135***	***-127***	***-128***	***-126***	***-126***	***-124***	***-1,186***
Memorandum:											
Net Effect on primary deficit (-) or surplus (+), with dynamic effects	*-66*	*-210*	*-213*	*-222*	*-196*	*-201*	*-218*	*-222*	*-228*	*-232*	*-2,008*

Source: Penn-Wharton Budget Model & Deutsche Bank

Penn-Wharton model: Impact on economic variables Trump vs. Harris

Table 2: Economic Effects of the Trump Campaign Policy Proposals

Percent Change from Baseline unless otherwise indicated

	2034	2039	2044	2049	2054
Gross domestic product	-0.4	-0.5	-0.8	-1.4	-2.1
Capital stock	-0.4	-0.6	-1.1	-2.5	-4.0
Hours worked	-0.3	-0.4	-0.4	-0.6	-0.6
Average wage	0.0	-0.1	-0.4	-1.0	-1.7
Consumption	2.2	2.5	2.7	2.9	3.2
Debt held by the public	9.3	11.3	12.2	12.5	12.7

Table 2: Economic Effects of the Harris Campaign Policy Proposals

Percent Change from Baseline unless otherwise indicated

	2034	2039	2044	2049	2054
Gross domestic product	-1.3	-1.6	-2.1	-2.8	-3.9
Capital stock	-2.4	-3.2	-4.2	-5.7	-7.8
Hours worked	-0.7	-0.7	-0.6	-0.7	-0.7
Average wage	-0.8	-1.2	-1.7	-2.4	-3.3
Consumption	-0.7	-0.9	-1.3	-1.6	-2.1
Debt held by the public	4.4	5.7	6.6	7.3	7.7

Source: Penn-Wharton Budget Model & Deutsche Bank

Penn-Wharton model: Distributional effects of Harris policies

Table 3: Conventional Distributional Effects of the Harris Campaign Policy Proposals

Income group	2026		2034	
	Average income change, after taxes and transfers	Percent change in income, after taxes and transfers	Average income change, after taxes and transfers	Percent change in income, after taxes and transfers
First quintile	$2,355	18.0%	$2,310	24.4%
Second quintile	$2,260	4.8%	$2,280	3.9%
Middle quintile	$2,165	2.7%	$2,405	2.4%
Fourth quintile	$2,870	2.1%	$2,935	1.8%
80-90%	$2,580	1.2%	$2,115	0.8%
90-95%	$1,850	0.6%	$1,405	0.4%
95-99%	-$880	-0.1%	-$1,970	-0.2%
99-99.9%	-$8,965	-0.5%	-$11,225	-0.5%
Top 0.1%	-$167,255	-0.9%	-$208,080	-0.9%

Source: Penn-Wharton Budget Model & Deutsche Bank

Penn-Wharton model: Distributional effects of Trump policies

Table 3: Conventional Distributional Effects of the Trump Campaign Policy Proposals

	2026		2034	
Income group	**Average income change, after taxes and transfers**	**Percent change in income, after taxes and transfers**	**Average income change, after taxes and transfers**	**Percent change in income, after taxes and transfers**
First quintile	$320	1.4%	$465	6.4%
Second quintile	$870	1.8%	$1,020	1.7%
Middle quintile	$1,740	2.1%	$2,285	2.2%
Fourth quintile	$3,970	2.8%	$5,075	2.9%
80-90%	$6,255	2.9%	$7,030	2.6%
90-95%	$9,020	2.7%	$11,080	2.7%
95-99%	$21,735	3.7%	$24,510	3.4%
99-99.9%	$47,220	2.6%	$47,515	2.1%
Top 0.1%	$376,910	2.7%	$214,935	1.6%

Source: Penn-Wharton Budget Model & Deutsche Bank

CRFB model: Fiscal effects of the Harris agenda to lower costs for American families

Summary of the Fiscal Effects of the Harris Agenda to Lower Costs for American Families

Policy	Ten-Year Deficit Impact
Expand CTC to $3,000 or $3,600 for young children	$1.1 trillion*
Further expand CTC to $6,000 for newborns	$100 billion
Extend the ACA premium tax credit expansion	$400 billion
Expand the EITC for workers without child dependents	$150 billion
Provide a $25,000 first-time homebuyer credit for four years	$100 billion^
Enact additional affordable housing policies for four years	$100 billion'
Lower prescription drug costs	-$250 billion+
Total Impact of the Harris Agenda to Lower Costs for American Families	**$1.7 trillion**
Memo: Impact of Agenda if housing policies are made permanent	*$2.0 trillion*

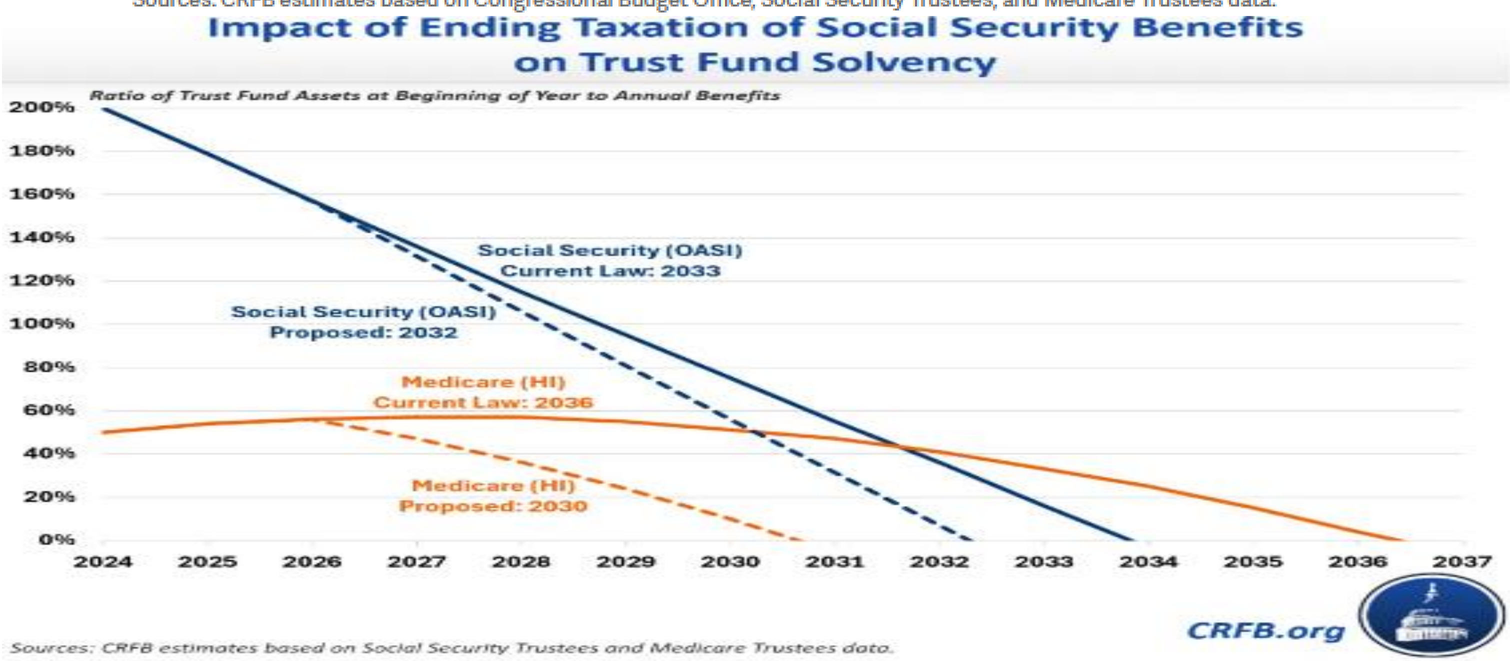
*This estimate is relative to extension of the CTC and related reforms in the Tax Cuts & Jobs Act; relative to current law, the policy would cost $1.8 trillion.
^Based on the Harris campaign's estimate of 4 million eligible homebuyers; we believe that number could be higher and lead to additional costs.
'Actual costs may differ based on not-yet-specified details.
+Assumes prescription drug policies from President Biden's FY 2025 budget.
Sources: CRFB estimates based in part on Joint Committee on Taxation, Congressional Budget Office, and Office of Management and Budget projections.

Source: Committee for a Responsible Federal Budget & Deutsche Bank

CFRB model: Fiscal effects of Trump ending taxation of social security benefits

	Ten-Year Revenue Impact (CBO)	Ten-Year Revenue Impact (Trustees)	Effect on 75-Year Actuarial Balance	New Insolvency Date
Social Security Revenue	-$950 billion	-$1.05 trillion	-0.9% of payroll	2032 (-1 year)
Medicare HI Revenue	-$650 billion	-$750 billion	-0.6% of payroll	2030 (-6 years)
Total	**-$1.6 trillion**	**-$1.8 trillion**	**N/A***	**N/A**

Note: Ten-year budget window is from FY 2026 through FY 2035.
*Percentages of payroll are relative to the Social Security and Medicare tax bases, and thus are not additive.
Sources: CRFB estimates based on Congressional Budget Office, Social Security Trustees, and Medicare Trustees data.



Source: Committee for a Responsible Federal Budget & Deutsche Bank

Under the CBO baseline, deficits start to slow in FY 2026, but that assumes the TCJA expires

CBO's Baseline Projections of Outlays and Deficits, Adjusted to Exclude Effects of Timing Shifts

	Actual, 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
						In billions of dollars						
Adjustments to exclude effects of timing shifts[a]	-11	75	0	0	0	-117	117	0	0	0	-161	-15
Outlays, adjusted for timing shifts												
Mandatory	3,747	4,191	4,127	4,285	4,484	4,648	4,969	5,195	5,455	5,742	6,034	6,336
Discretionary	1,719	1,797	1,832	1,898	1,944	1,986	2,032	2,074	2,116	2,161	2,208	2,259
Net interest	658	892	1,016	1,061	1,084	1,136	1,199	1,278	1,373	1,484	1,594	1,710
Total	**6,123**	**6,880**	**6,975**	**7,244**	**7,512**	**7,770**	**8,199**	**8,547**	**8,944**	**9,387**	**9,837**	**10,305**
Total deficit (-), adjusted for timing shifts[b]	**-1,683**	**-1,990**	**-1,938**	**-1,851**	**-1,756**	**-1,826**	**-2,065**	**-2,193**	**-2,283**	**-2,487**	**-2,661**	**-2,846**
Primary deficit (-), adjusted for timing shifts[b,c]	-1,024	-1,098	-922	-790	-672	-690	-867	-915	-910	-1,004	-1,066	-1,136
						As a percentage of GDP						
Outlays, adjusted for timing shifts												
Mandatory	13.9	14.7	13.9	13.9	14.0	14.0	14.5	14.6	14.7	14.9	15.1	15.3
Discretionary	6.4	6.3	6.2	6.2	6.1	6.0	5.9	5.8	5.7	5.6	5.5	5.5
Net interest	2.4	3.1	3.4	3.4	3.4	3.4	3.5	3.6	3.7	3.9	4.0	4.1
Total	**22.7**	**24.2**	**23.5**	**23.5**	**23.5**	**23.5**	**23.9**	**24.0**	**24.2**	**24.4**	**24.7**	**24.9**
Total deficit (-), adjusted for timing shifts[b]	**-6.2**	**-7.0**	**-6.5**	**-6.0**	**-5.5**	**-5.5**	**-6.0**	**-6.2**	**-6.2**	**-6.5**	**-6.7**	**-6.9**
Primary deficit (-), adjusted for timing shifts[b,c]	-3.8	-3.9	-3.1	-2.6	-2.1	-2.1	-2.5	-2.6	-2.5	-2.6	-2.7	-2.7
Addendum:												
Baseline deficit (-), unadjusted												
In billions of dollars[b]	-1,694	-1,915	-1,938	-1,851	-1,756	-1,942	-1,949	-2,193	-2,283	-2,487	-2,822	-2,862
As a percentage of GDP[b]	-6.3	-6.7	-6.5	-6.0	-5.5	-5.9	-5.7	-6.2	-6.2	-6.5	-7.1	-6.9

Source: CBO & Deutsche Bank

Full extension of the TCJA would add over $4trn to deficits over the next 10 years

Table 2.

Budgetary Effects of Selected Alternative Assumptions About Revenue Policies Related to the 2017 Tax Act

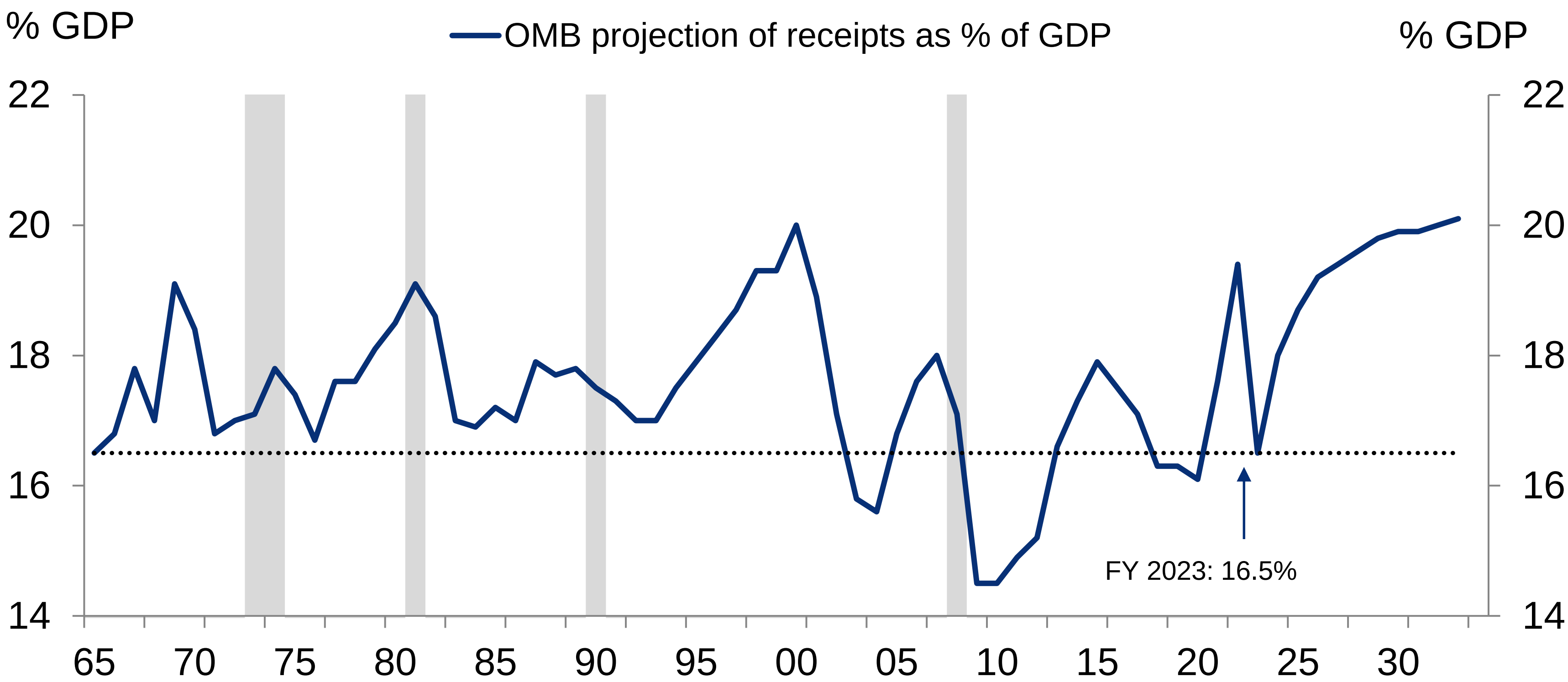
Billions of dollars

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total 2025–2029	Total 2025–2034
The 2017 tax act's changes to individual income tax provisions are extended[a]												
Increase in the primary deficit [JCT's estimate]	6	147	368	355	364	374	387	403	419	434	1,239	3,256
Increase in net interest outlays	*	3	12	24	35	48	62	77	94	111	74	467
The 2017 tax act's higher estate and gift tax exemptions are extended[b]												
Increase in the primary deficit [JCT's estimate]	1	3	15	17	18	20	21	22	24	25	55	167
Increase in net interest outlays	*	*	*	1	2	2	3	4	5	6	3	22
The 2017 tax act's changes to the tax treatment of investment costs are extended[c]												
Increase in the primary deficit [JCT's estimate]	74	48	58	54	39	29	23	19	17	17	273	378
Increase in net interest outlays	2	4	6	8	9	10	12	13	14	15	28	91
Certain business tax provisions altered by the 2017 tax act are maintained[d]												
Increase in the primary deficit [JCT's estimate]	0	11	19	19	19	20	20	20	21	22	68	172
Increase in net interest outlays	0	*	1	1	2	3	3	4	5	6	4	25
Addendum:												
Primary deficit in CBO's baseline[e]	821	687	591	622	671	676	726	808	875	929	3,392	7,405
Net interest outlays in CBO's baseline	951	1,005	1,049	1,105	1,170	1,241	1,328	1,430	1,527	1,628	5,280	12,435

Source: CBO & Deutsche Bank

If Harris' tax proposals mirror Biden, receipts would rise to ~20% of GDP

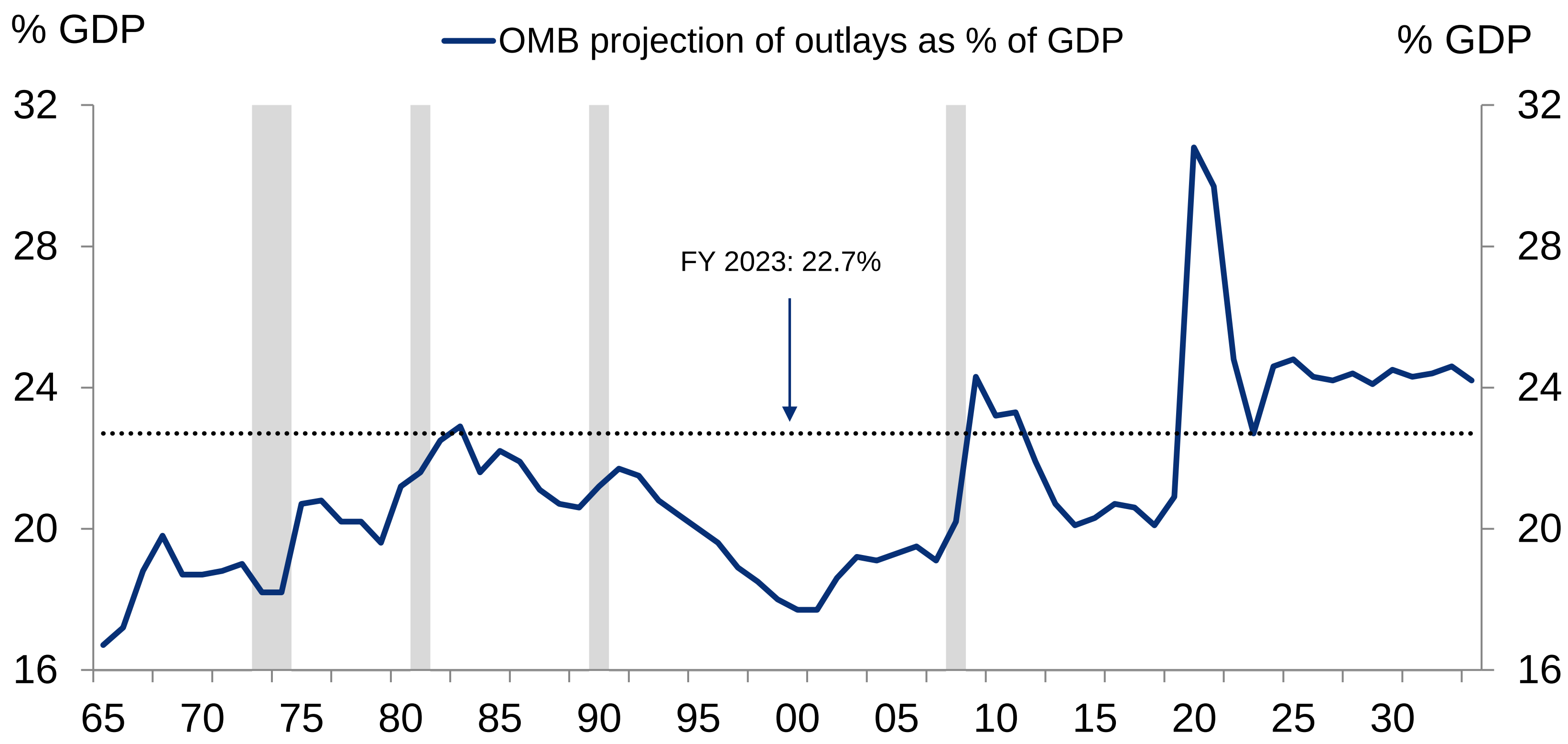
OMB projection of President Biden's budget (March 2024)



Source: OMB, Haver Analytics, Deutsche Bank

Biden's budget: Total federal government spending would rise to ~25% of GDP vs 24.2% in FY 2024 (est)

OMB projection of President Biden's budget (March 2024)



Source: OMB & Deutsche Bank

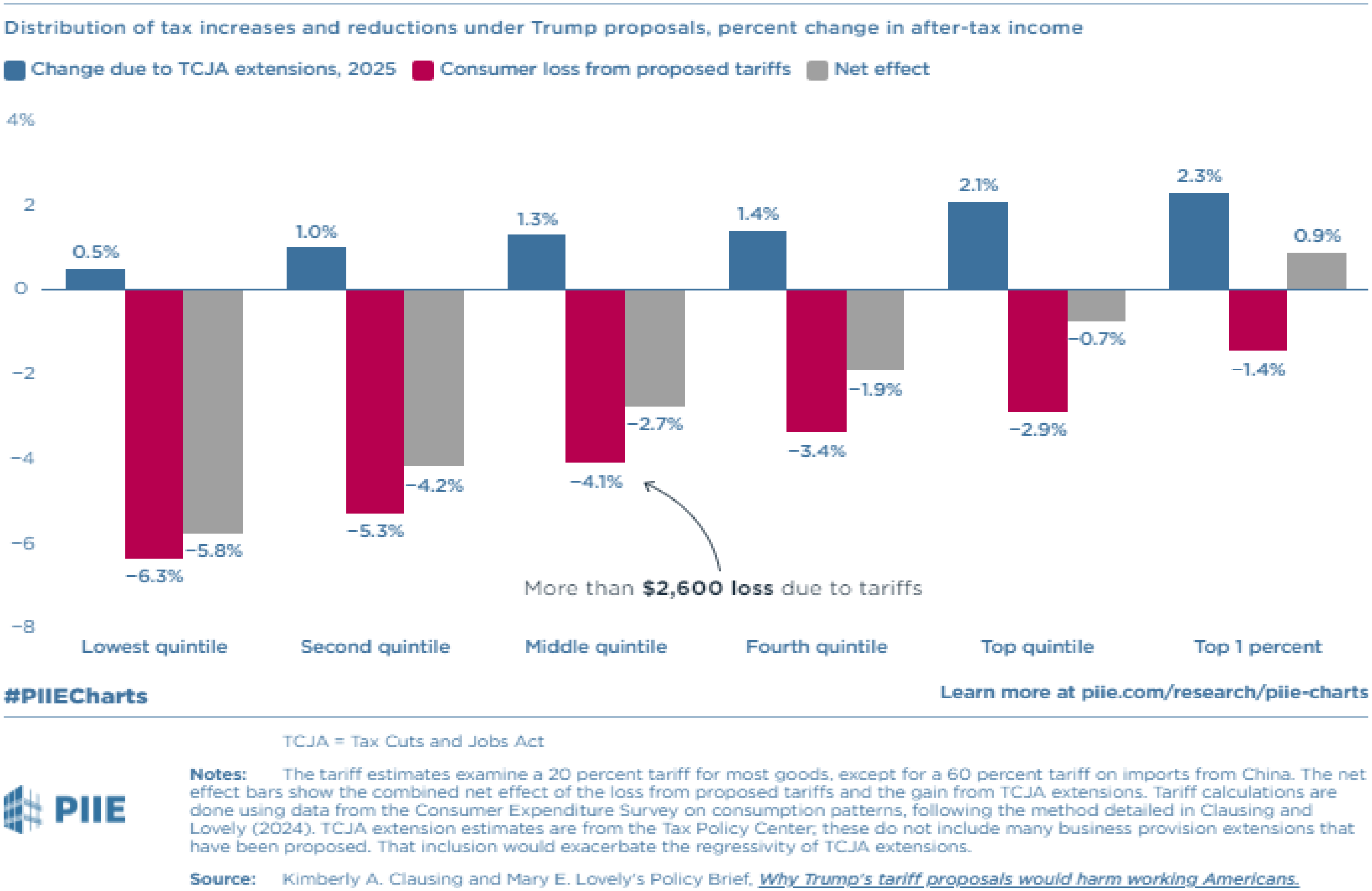
Trade policy

Both candidates have embraced tariffs as a policy tool but Trump's proposals are far larger than Harris'

Trump	Harris
- Potential 10-20% universal baseline tariff on imported goods - "Reciprical tariffs" on all imports matching tariffs on US exports - Remove China's most favored nation trade status - Potential 60% tariffs on Chinese imports	- Strengthen traditional rules-based international trade agreements - Supports WTO reform - Had opposed the re-negotiated USMCA as a Senator - Has supported unilateral actions against Chinese trade policies in the past - Would use "targeted and strategic" tariffs - 100% tariff on China EVs (Biden action) - Possible support for tariffs on Chinese EV batteries, semiconductors, steel

Source: Trump Campaign, Harris Campaign & Deutsche Bank

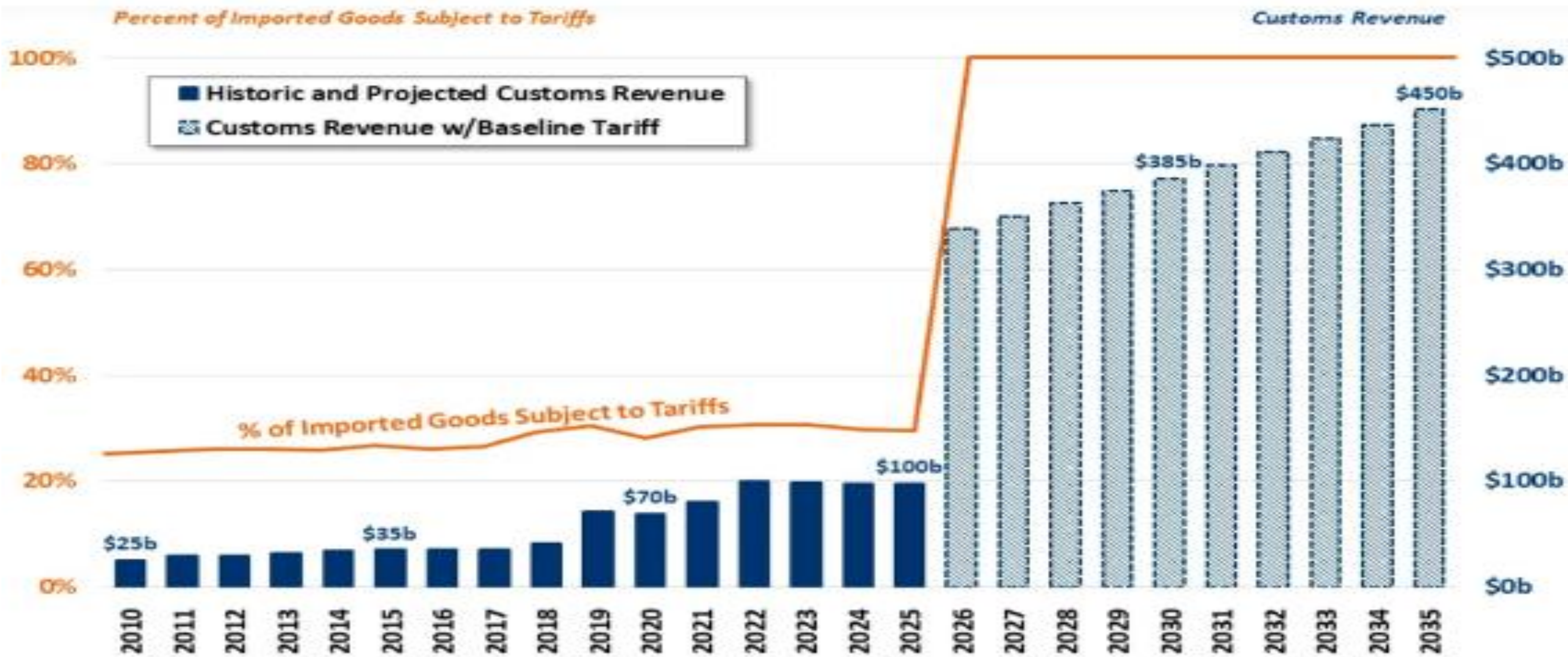
PIIE model: Trump's bigger tariff proposals would cost the typical American household over $2,600 per year



Source: Peterson Institute for International Economics & Deutsche Bank

The revenue contribution from tariffs could be substantial but even dynamic estimates are highly uncertain

Potential customs revenue impact of universal baseline tariff according to CRFB



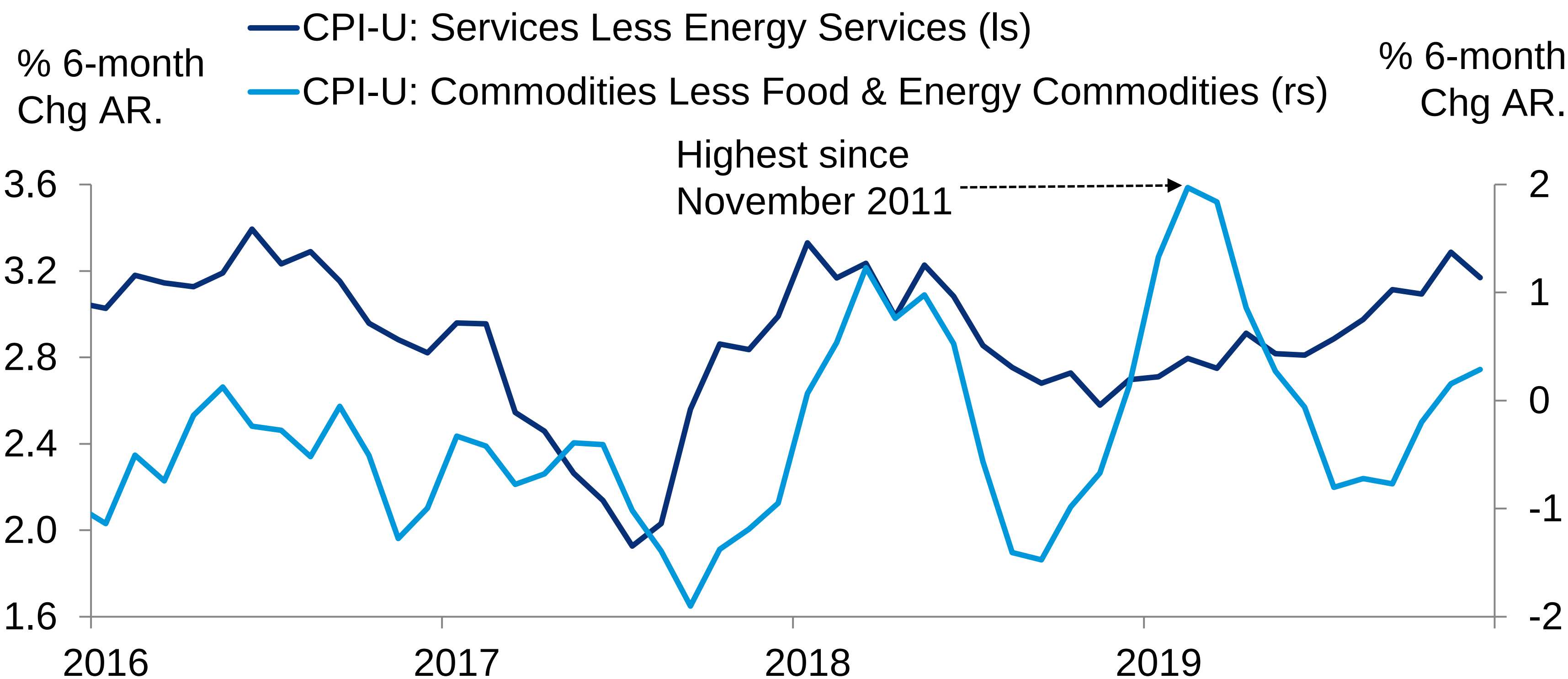
Fiscal impact of President Trump's tariff proposal according to outside estimates

	Revenue Impact (FY 2026-2035)	Debt-to-GDP Impact (FY 2035)
Conventional Estimate	$2.5 Trillion	-7 percent of GDP
Dynamic Estimate	$2.0 Trillion	-4 percent of GDP

Source: CBO, Census, BEA, USITC, Tax Foundation, CRFB & Deutsche Bank

The last trade war: Sharp rise in core goods prices in the wake of the 2018 tariffs

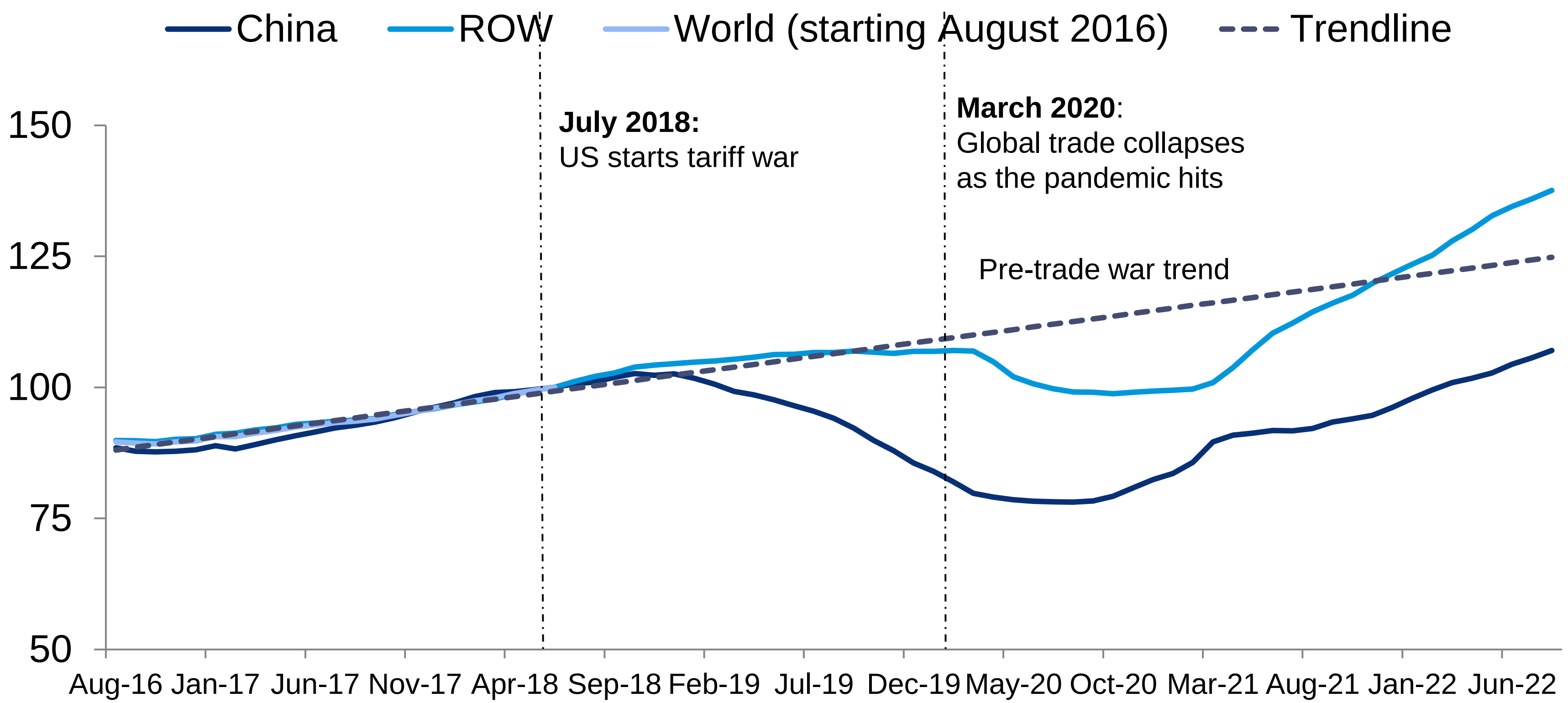
Core goods prices accelerated sharply following the imposition of tariffs



Source: BLS, Haver Analytics & Deutsche Bank

While imports from China remain below pre-trade war trend, imports from rest of the world are above

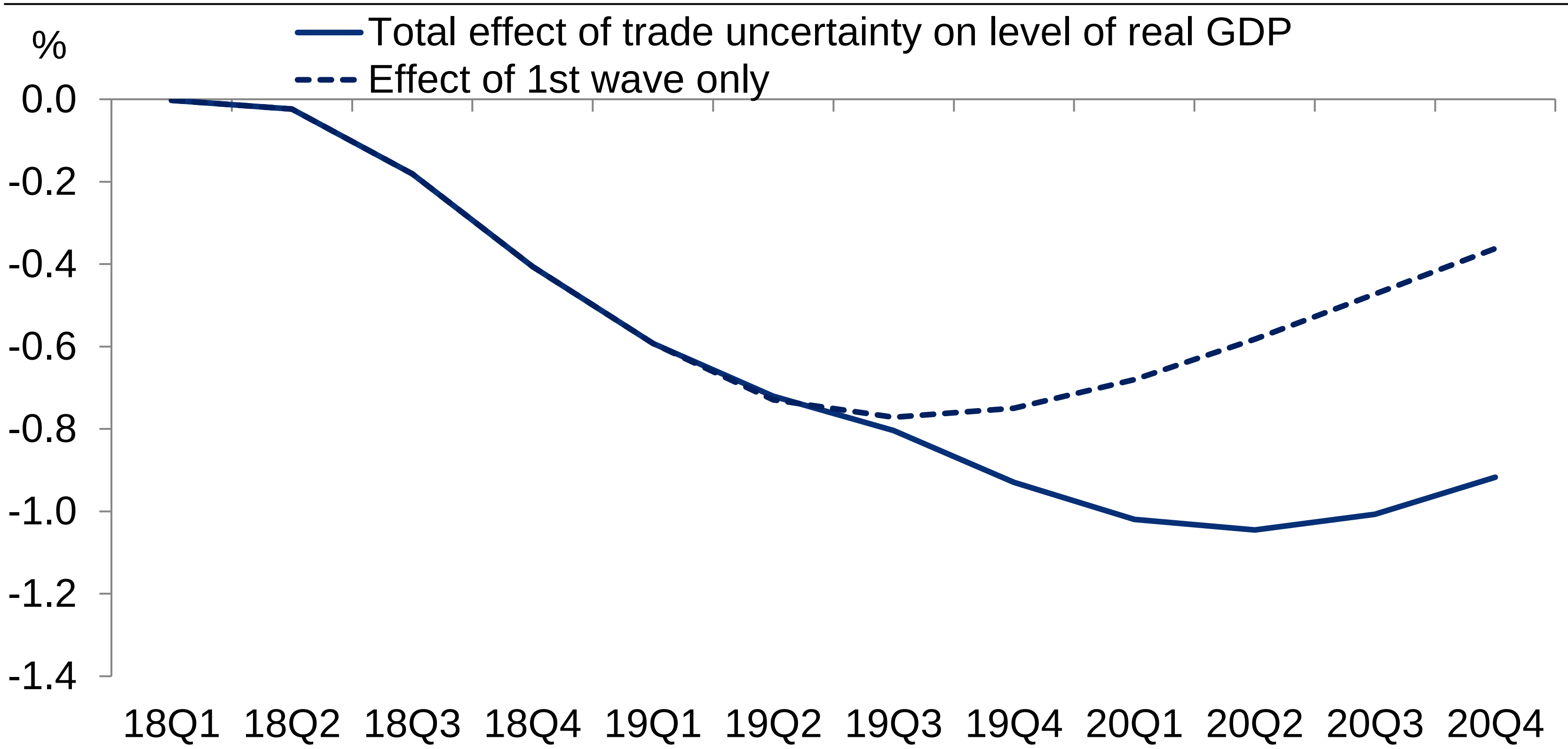
Value of US goods imports from China and rest of the world, 2016-2022 (June 2018=100)



Source: PIIE, Deutsche Bank

Research from Fed staff shows that spikes in trade policy uncertainty tend to depress GDP

Effects of trade policy uncertainty shocks on U.S. level GDP



Source: Caldara et. al (2019), Deutsche Bank

Immigration policy impact

Large immigration crackdown could impact fiscal outlook as the recent surge was projected to lower deficits by ~900bn over 10yrs

Estimated Increases in Revenues and Outlays From the Immigration Surge, by Fiscal Year

Billions of dollars

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total 2024–2028	Total 2024–2034
Increase in revenues	42	55	71	86	99	108	119	131	143	155	167	352	1,175
Increase or decrease (-) in outlays													
Mandatory spending	6	11	13	15	17	18	19	21	23	25	25	62	194
Net interest on federal debt	*	-2	-2	*	*	1	7	13	20	24	24	-5	84
Total	6	9	11	14	16	19	27	35	43	48	50	56	278
Total decrease (-) in the deficit	**-36**	**-46**	**-60**	**-72**	**-83**	**-89**	**-92**	**-96**	**-99**	**-107**	**-117**	**-296**	**-897**

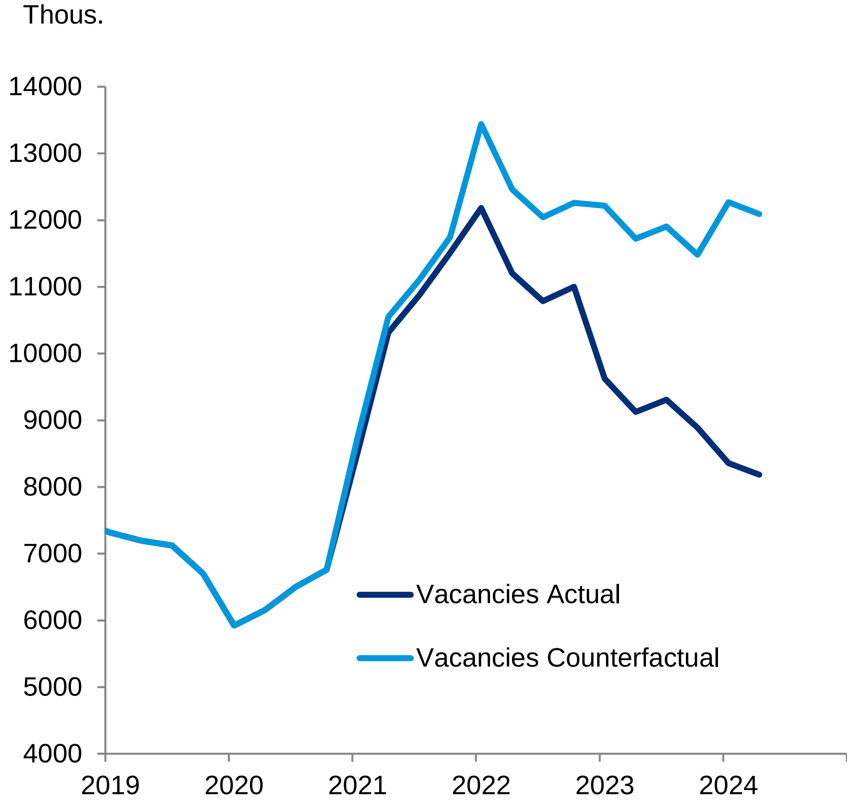
Data source: Congressional Budget Office. See www.cbo.gov/publication/60039#data.

* = between -$500 million and $500 million.

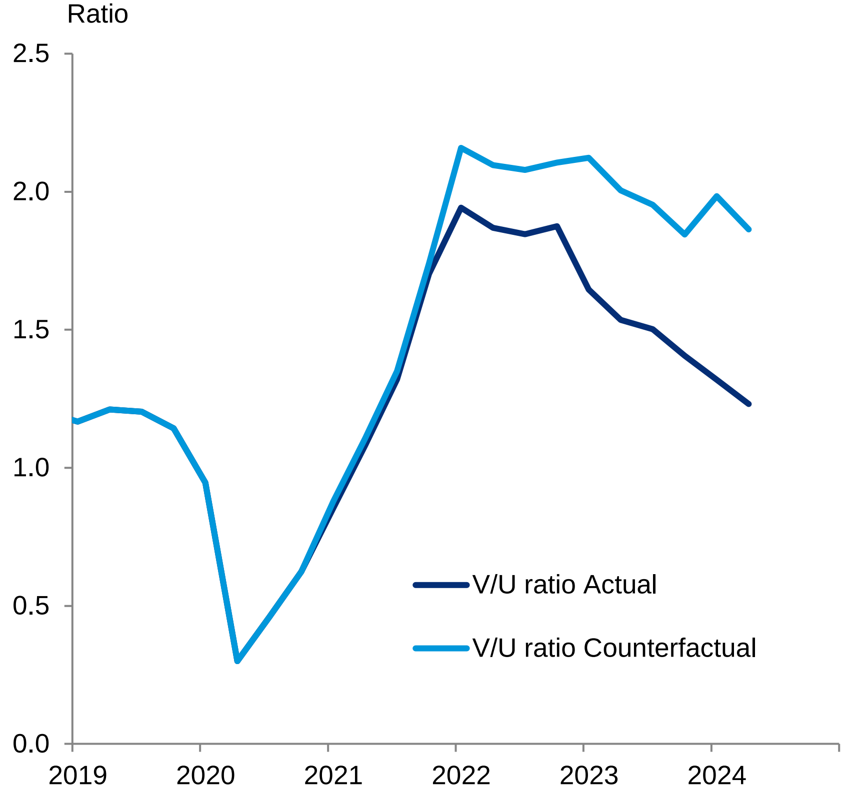
Source: CBO & Deutsche Bank

Immigration impact on inflation estimated through vacancy rate counterfactual

Vacancies counterfactual



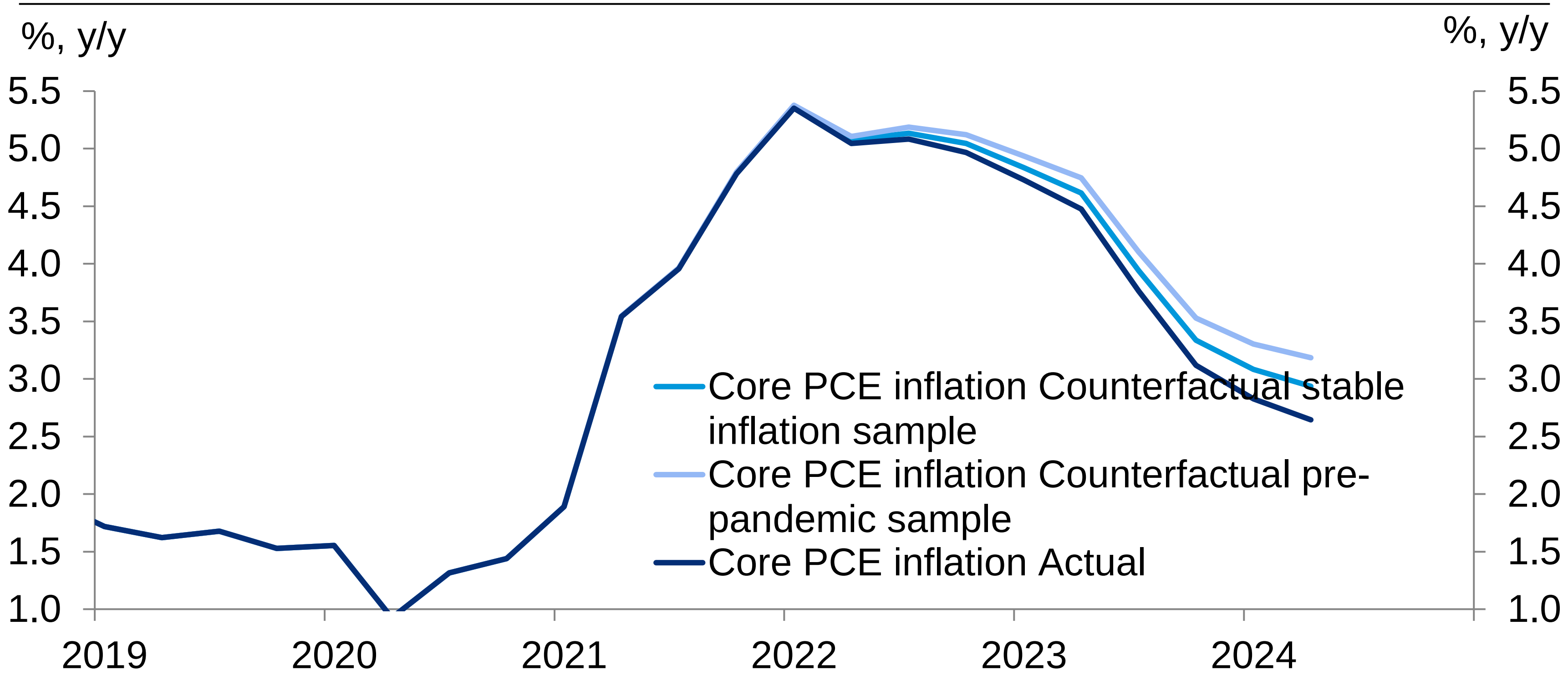
V/U ratio counterfactual



Source: BLS, Haver Analytics & Deutsche Bank

Our simulations suggest that immigration could have reduced inflation by 25-50bps by the first quarter of 2024

Inflation counterfactual

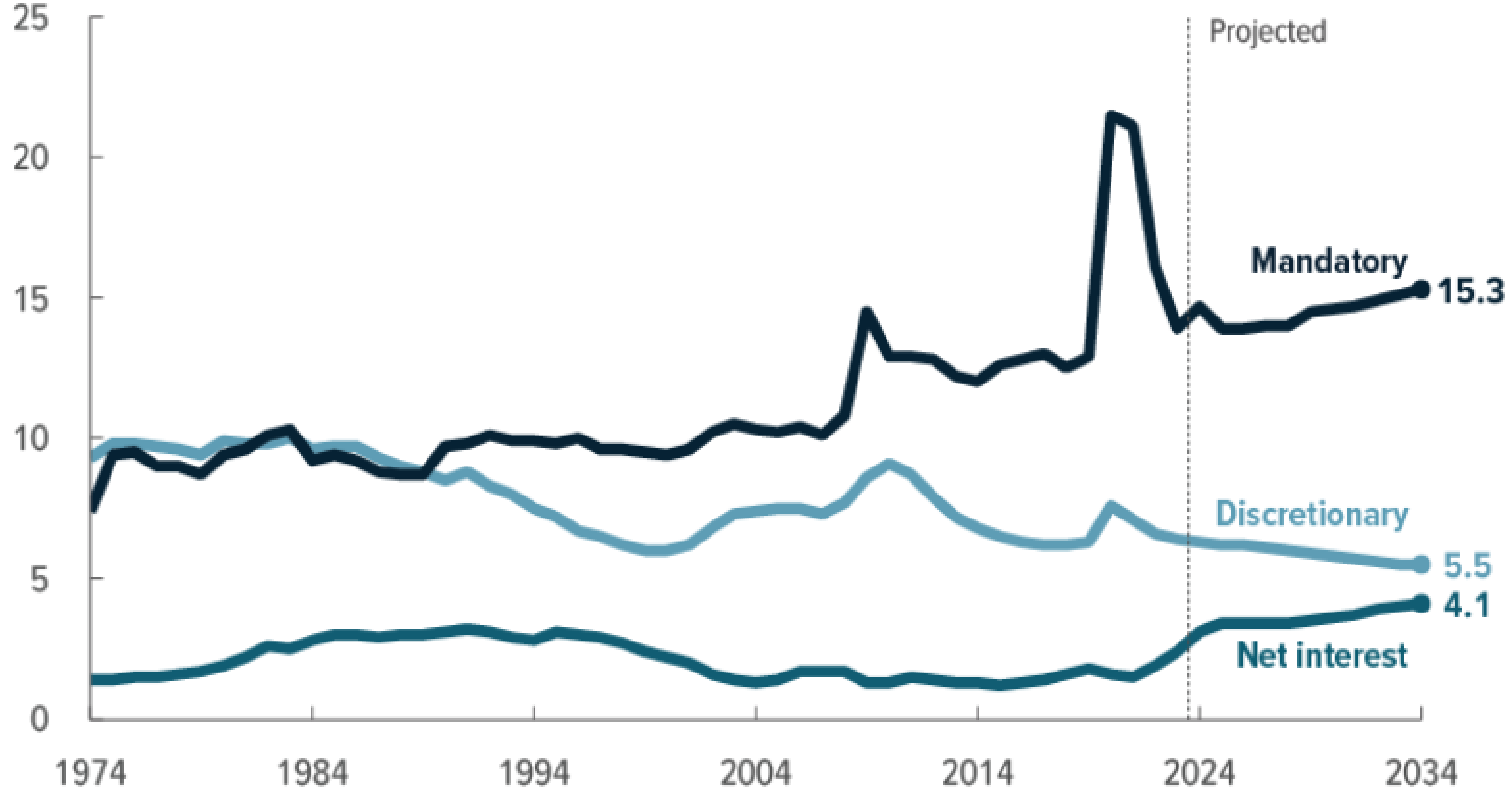


Note: To translate these counterfactual labor market outcomes into inflation effects, we leverage a variant of a Phillips curve model that was introduced in the 2023 USMPF paper. Relative to a traditional Phillips curve model, this approach introduced a (possibly non-linear) relationship between inflation and the V/U ratio and controlled for supply side developments via the ISM suppliers deliveries index.

Source: BLS, Haver Analytics & Deutsche Bank

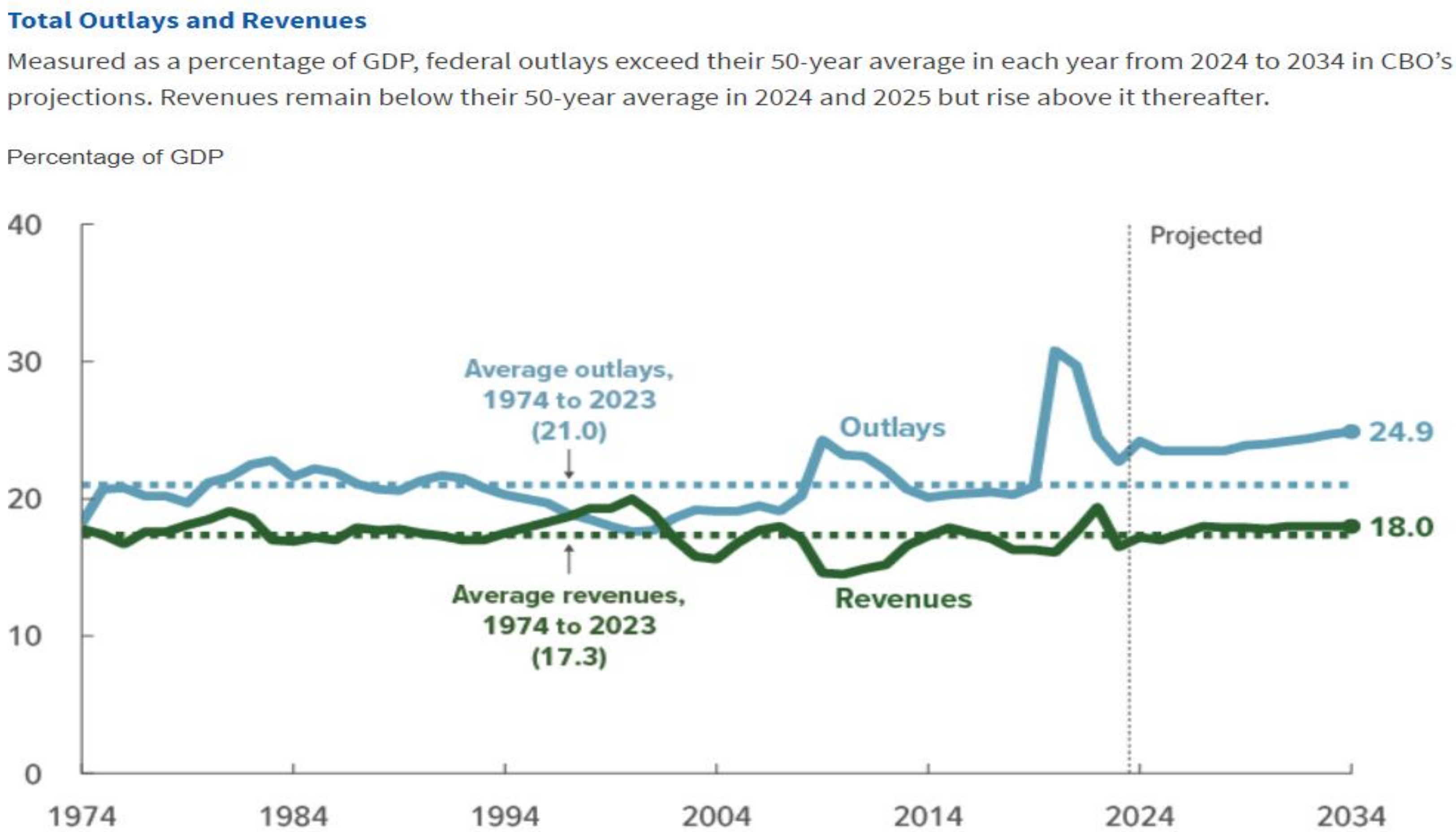
Fiscal sustainability

The reality is that net interest costs and mandatory spending will drive deficits due to retirement of baby boomers …



Source: CBO, Haver Analytics, Deutsche Bank

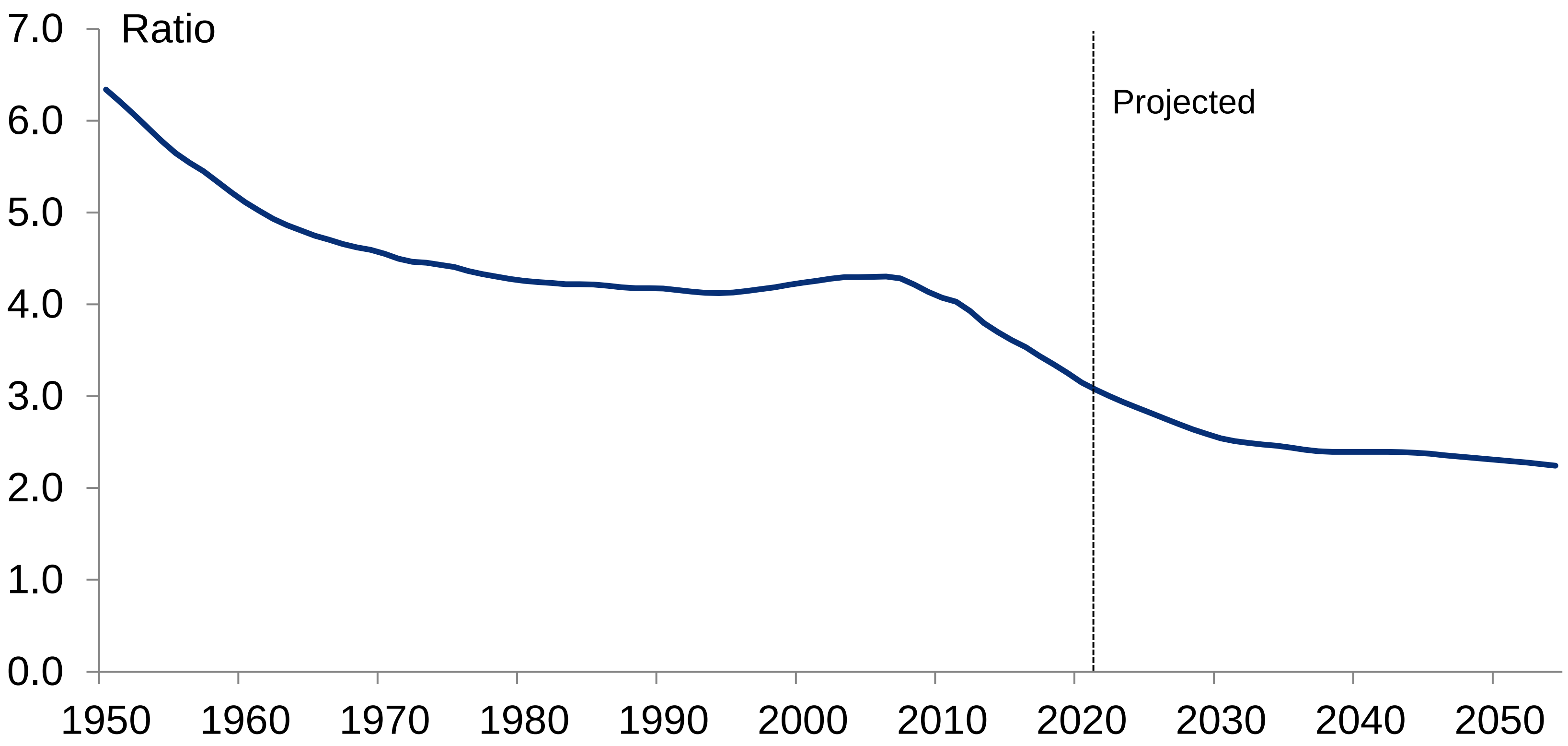
…And revenues will need to rise if there is to be any serious effort to address the unsustainable fiscal trajectory



Source: CBO, Haver Analytics, Deutsche Bank

Ratio of people ages 25 to 64 to people ages 65 or older is ~3 and will fall close to 2 by mid-2050s

Population Ages 25 to 64 Relative to the Population Age 65 or Older

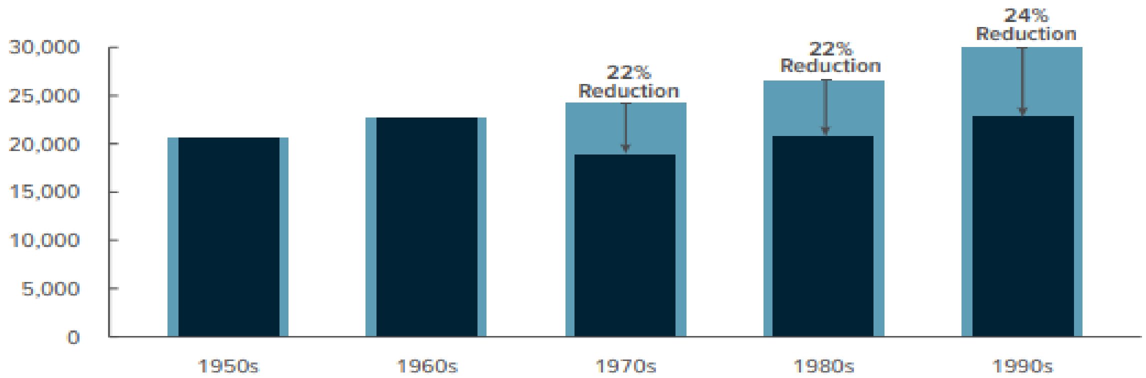


Source: CBO, Deutsche Bank

Payroll tax will have to rise within 10 years to shore up Social Security or benefits will be cut severely beginning in 2034

Reductions in Average Initial Benefits for Retired Workers in the Payable-Benefits Scenario, by Birth Cohort

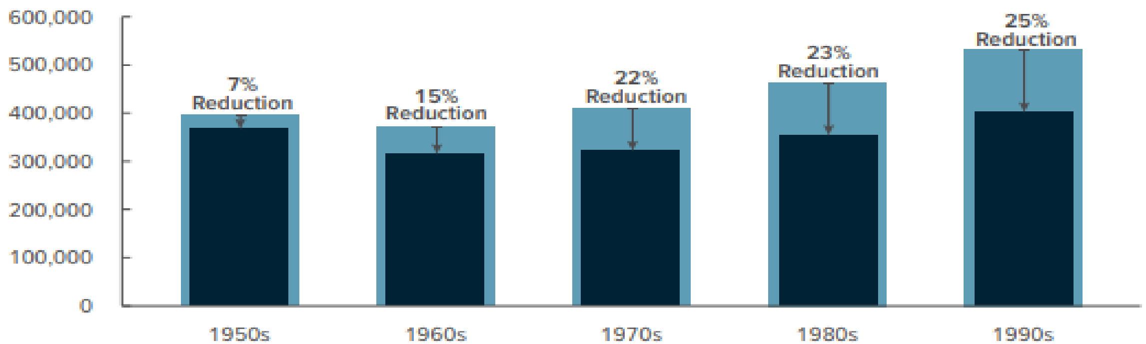
2024 dollars



The amount of benefits that can be paid from Social Security's revenues is projected to fall short of scheduled benefits beginning in 2035, when people born in 1970 turn 65. As a result, average initial retirement benefits would be lower for people born in the 1970s and later cohorts.

Reductions in Average Lifetime Social Security Benefits in the Payable-Benefits Scenario, by Birth Cohort

2024 dollars



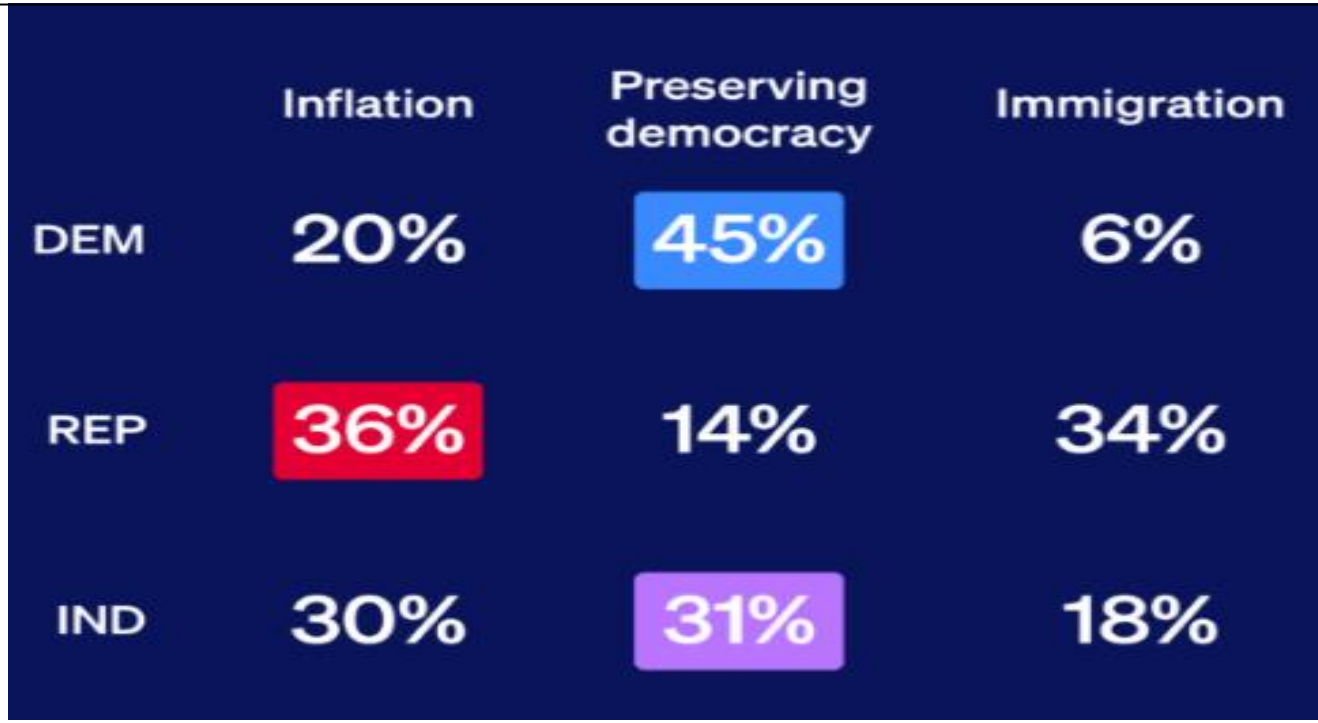
Average lifetime Social Security benefits for all cohorts are smaller in the payable-benefits scenario because at least some members of every cohort experience benefit reductions in some years. The decline in lifetime benefits is smaller for earlier cohorts, who begin collecting benefits before the combined trust funds' balance is exhausted.

Source: CBO & Deutsche Bank

Views on the issues

Inflation, immigration and "preserving democracy" top issues motivating voters

What is your top issue when you think about voting in November. Share of respondents who said:

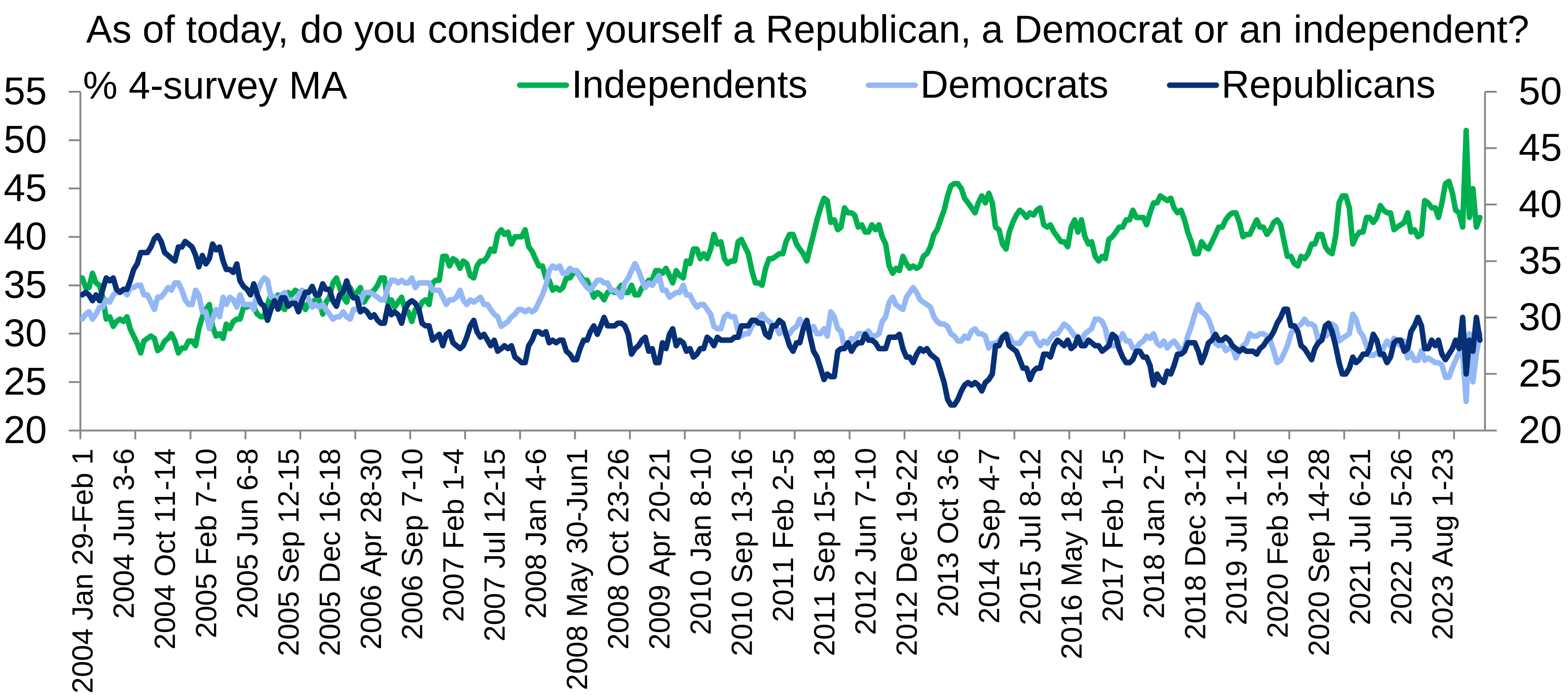


	Inflation	Preserving democracy	Immigration
DEM	20%	45%	6%
REP	36%	14%	34%
IND	30%	31%	18%

Interviews conducted June 10 through June 12, 2024. n =1184, Margin of error: +- 3.8 pct points. Source: https://www.pbs.org/newshour/politics/heres-how-americans-feel-about-biden-and-trump-as-election-season-revs-up, Deutsche Bank

Voters have gradually moved away from party affiliation over the past two decades

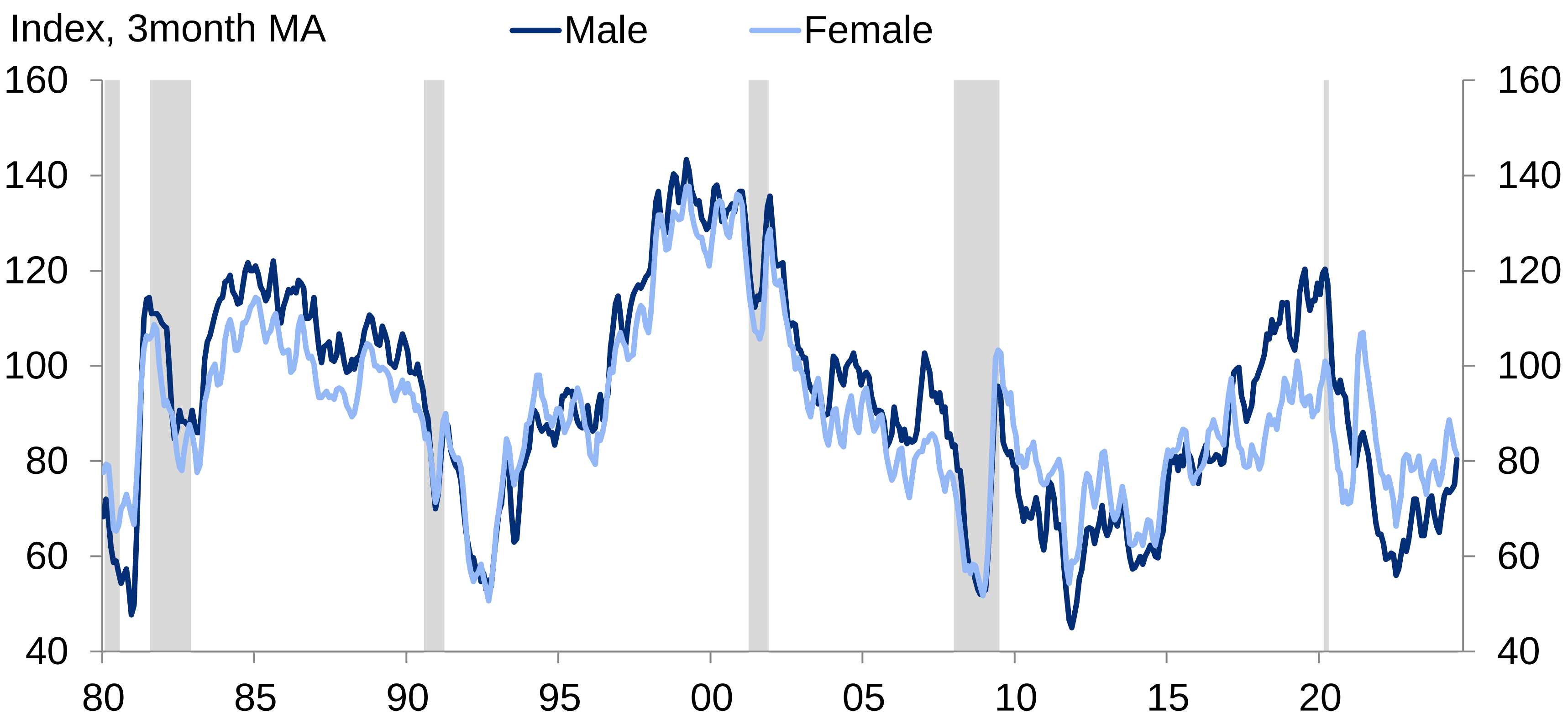
How the electorate defines itself by party affiliation



Source: Gallup, Deutsche Bank

Men were more supportive of Trump economic policy, women more supportive of Biden's economic policy

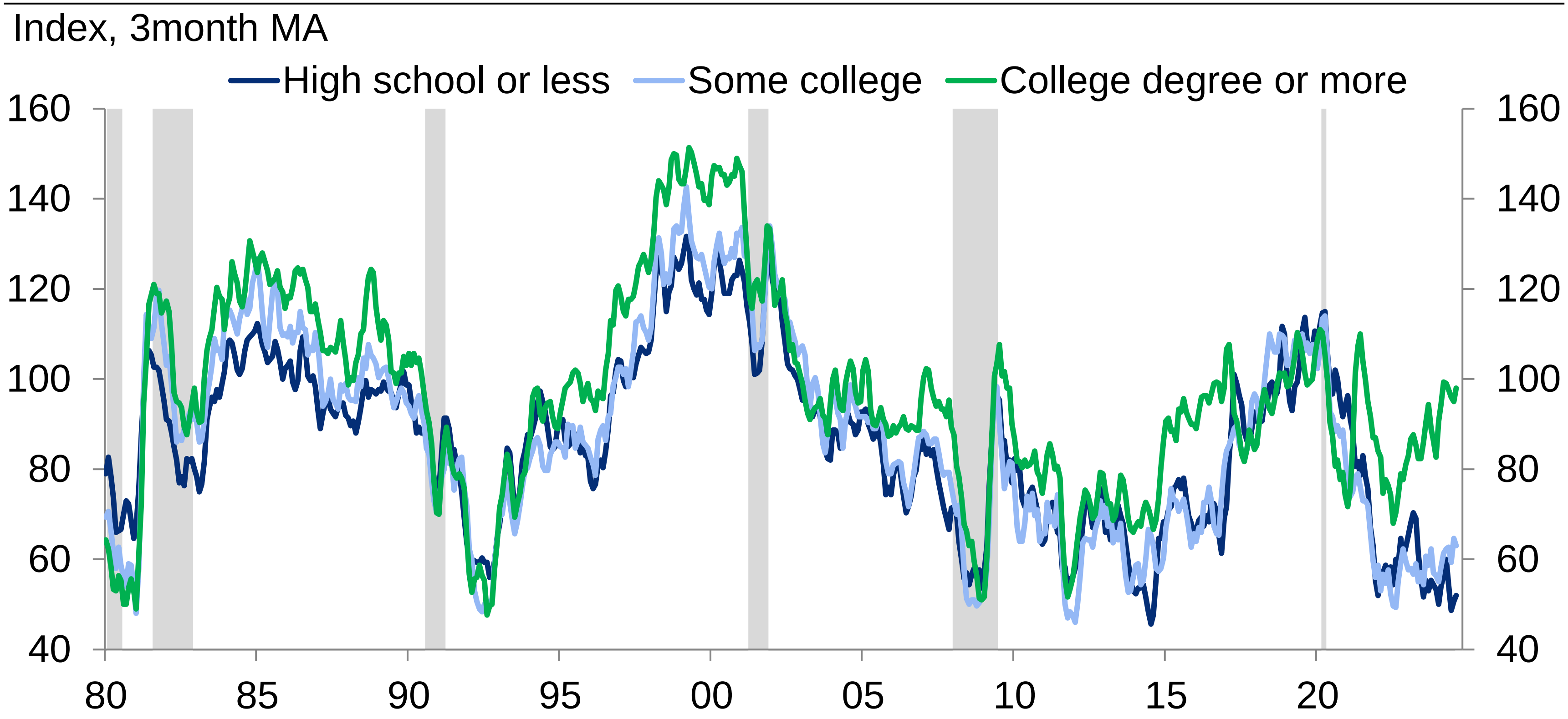
Consumer opinions about government economic policy by gender



Source: University of Michigan, Haver Analytics, Deutsche Bank

Opinions on government economic policy have fallen most for those without a college degree

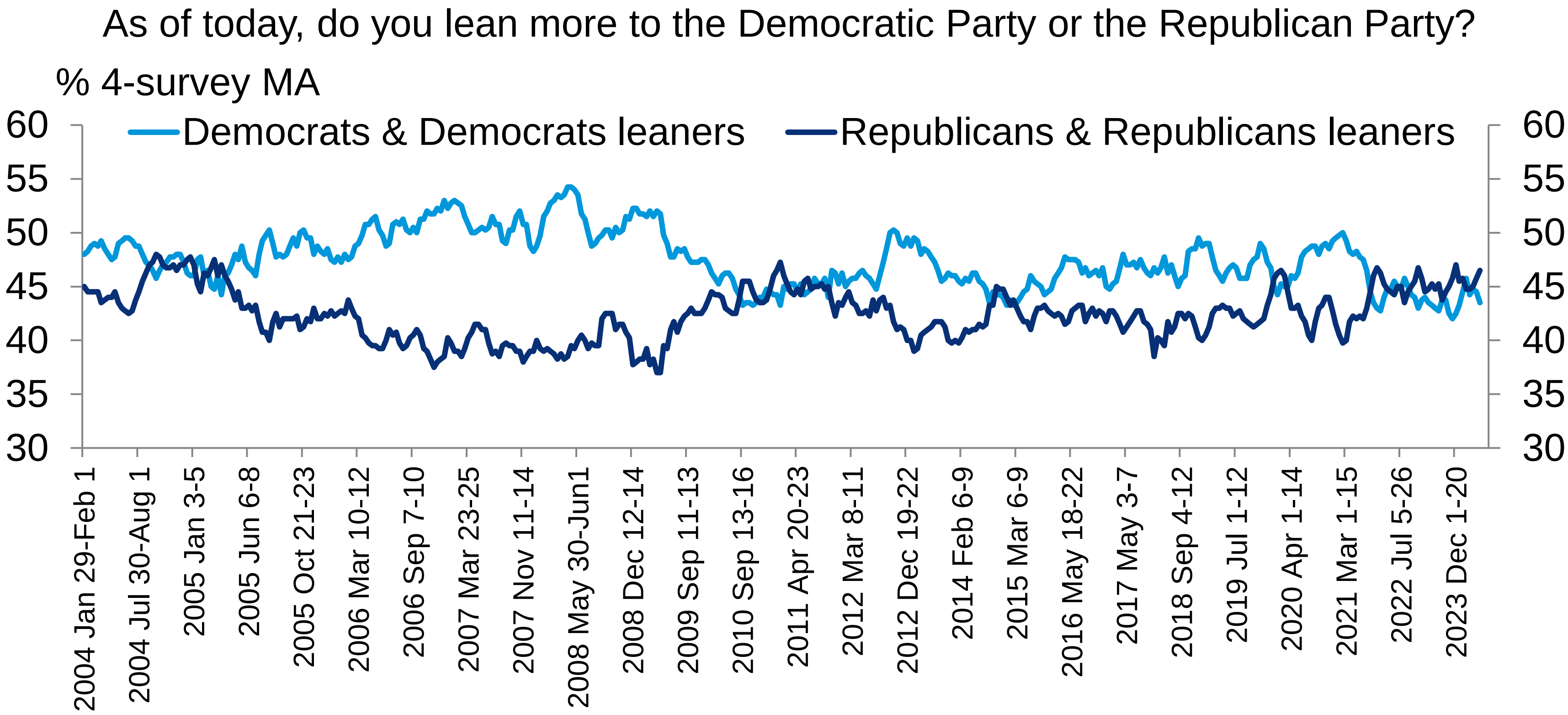
Consumer opinions about govt economic policy by education level



Source: University of Michigan, Haver Analytics, Deutsche Bank

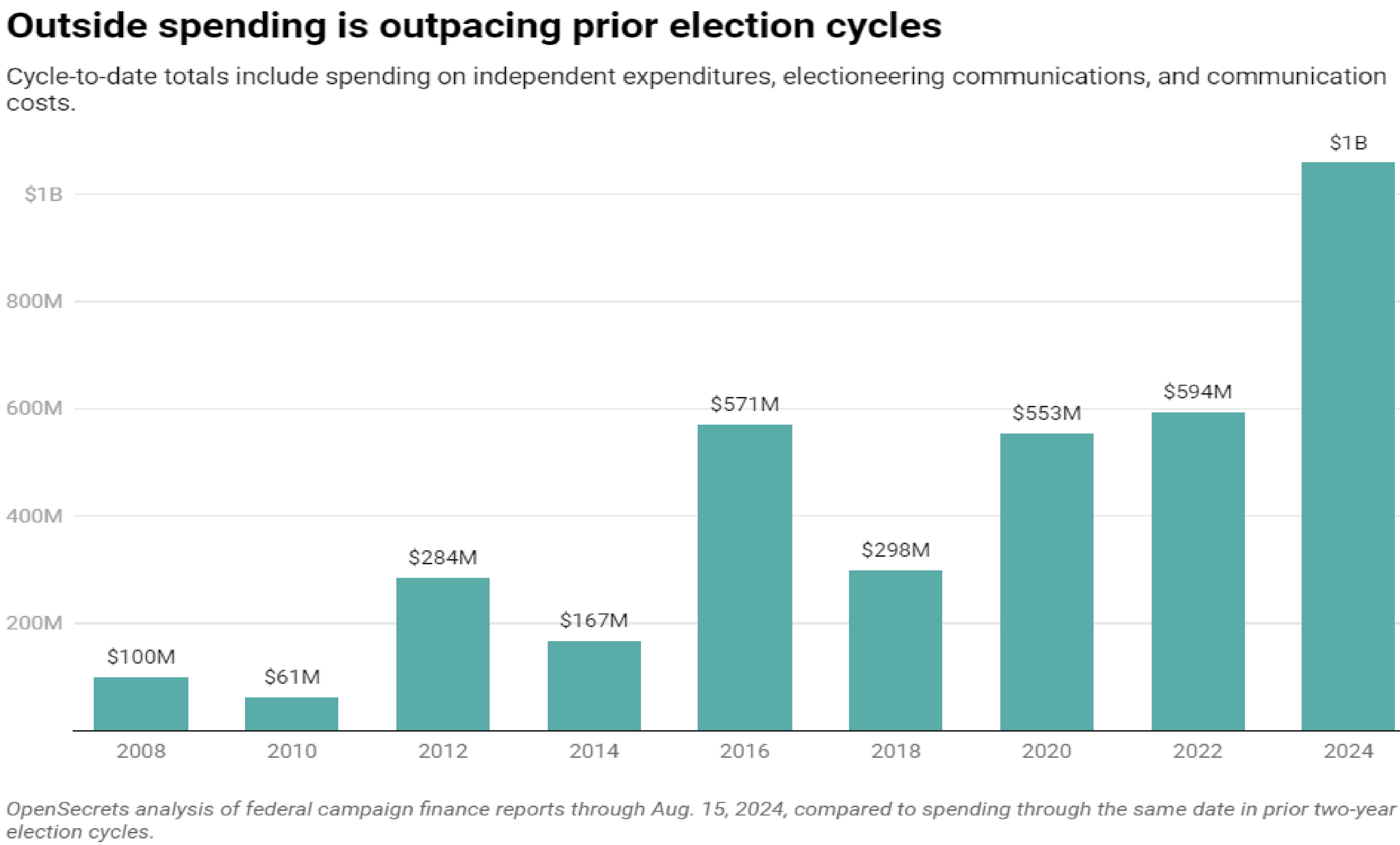
US voters have leaned slightly more towards Republicans in recent years

Political party lean



Source: Gallup, Deutsche Bank

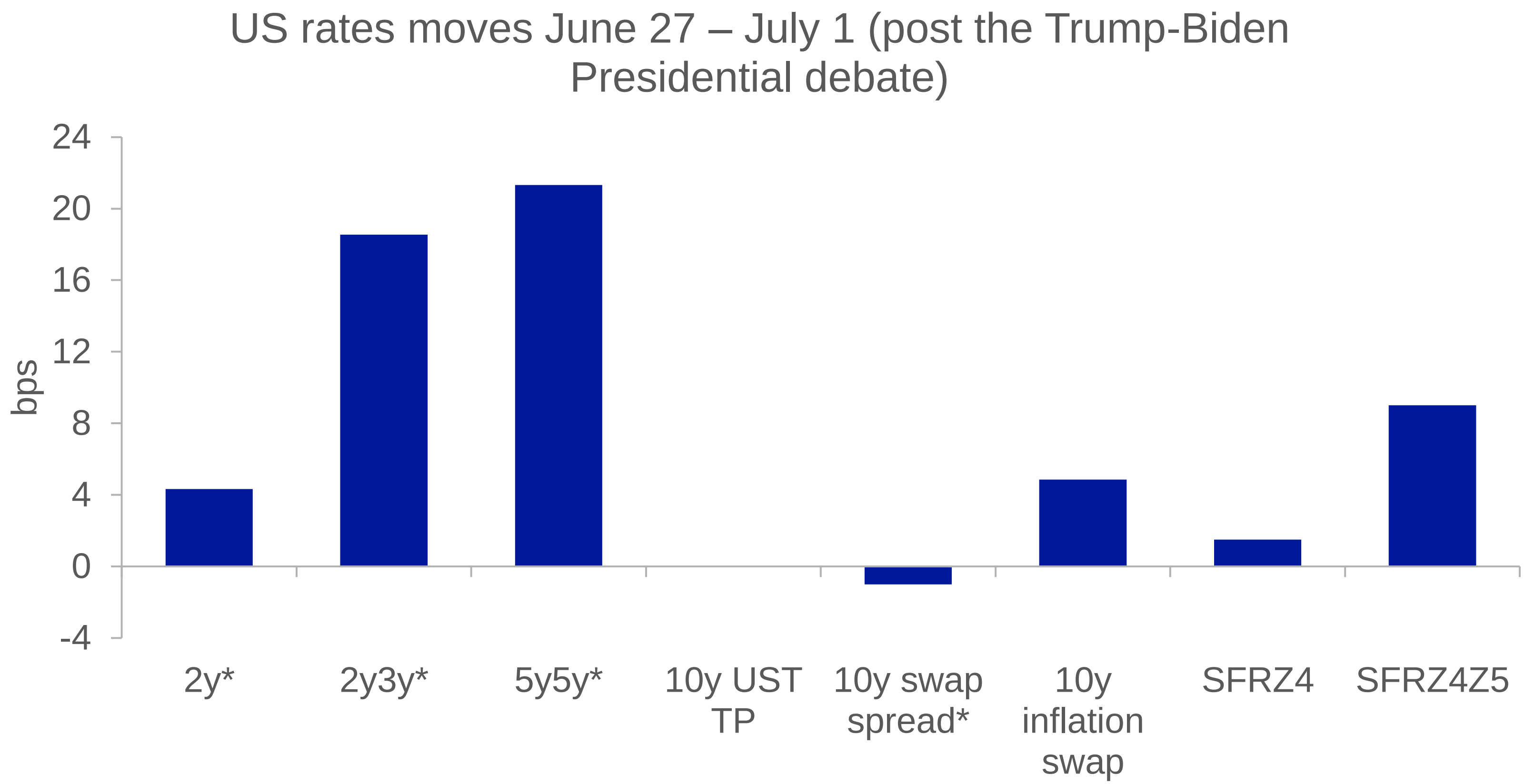
Super PACs and other outside groups have poured ~$1.1bn into 2024 elections – nearly double 2020



Source: OpenSecrets.org, Deutsche Bank

Markets

Financial markets priced higher inflation and less Fed rate cuts in the wake of Trump's first debate with Biden

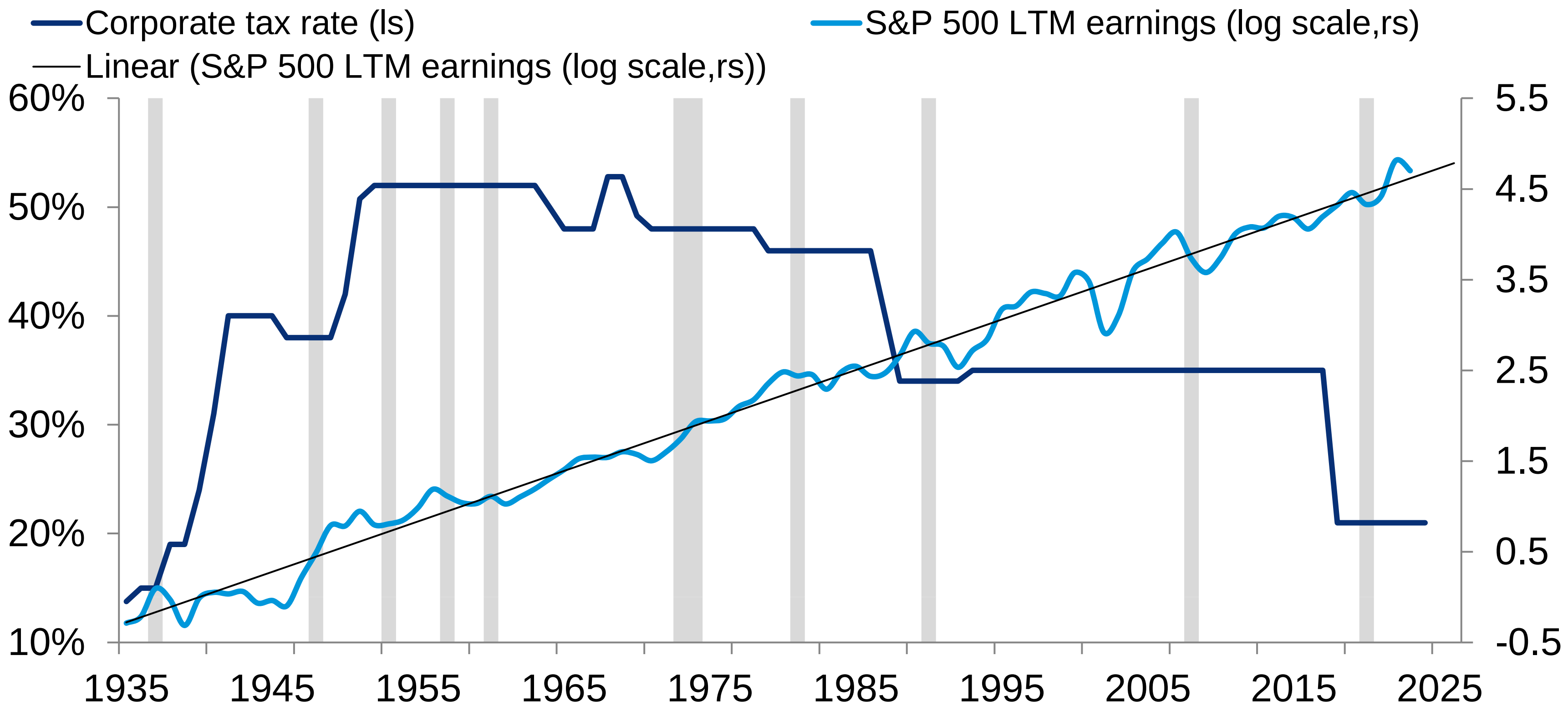


**Based on SOFR rates*

Source: Bloomberg Finance LP, Deutsche Bank Rates Strategy (Matthew Raskin & team)

Over time, little relationship between corporate tax rate and S&P 500

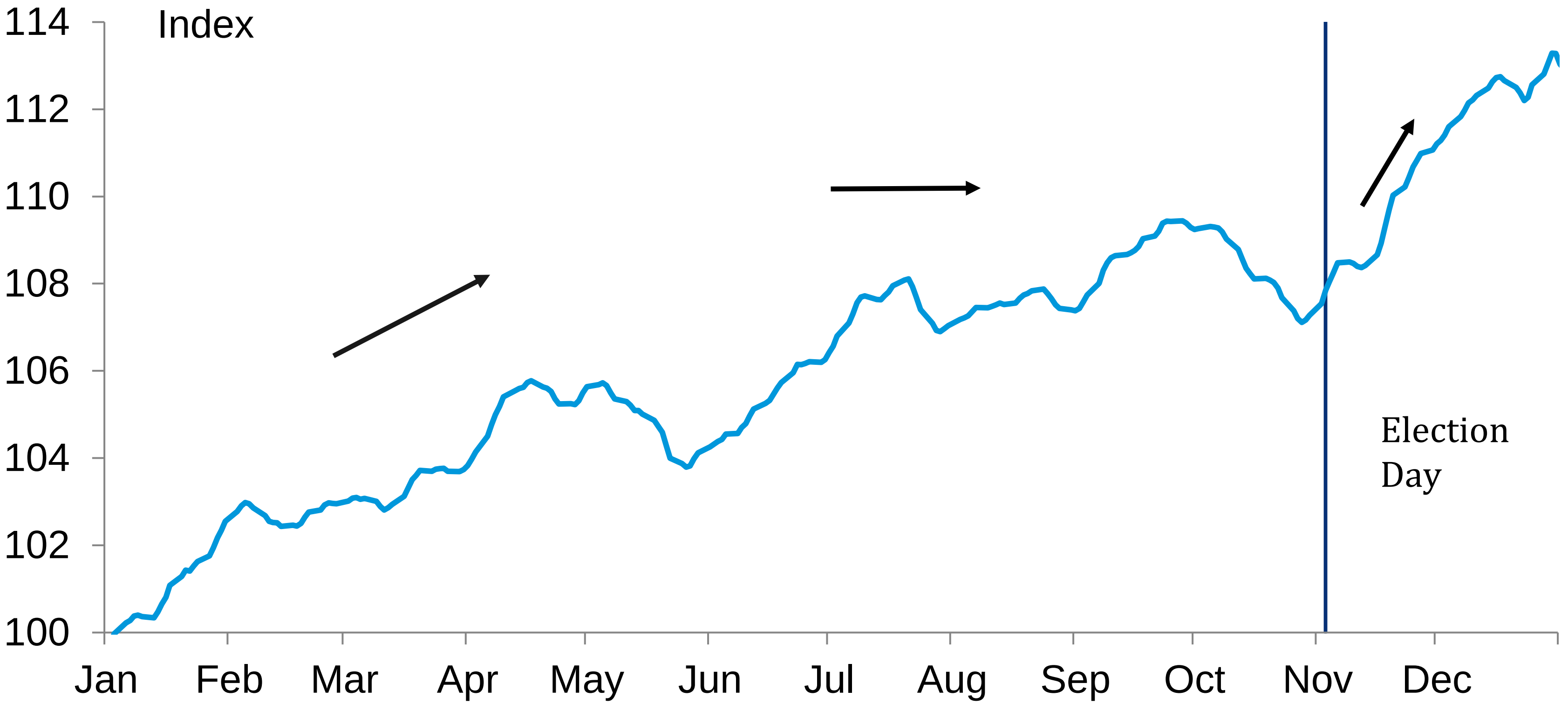
Corporate tax rate versus S&P500 earnings



Source: IRS, Robert Shiller data, Blomberg Finance LP, Deutsche Bank

Around close presidential elections, stock prices typically level out ahead of event and rally after

S&P 500 around close Presidential elections (mean, 5d ma)

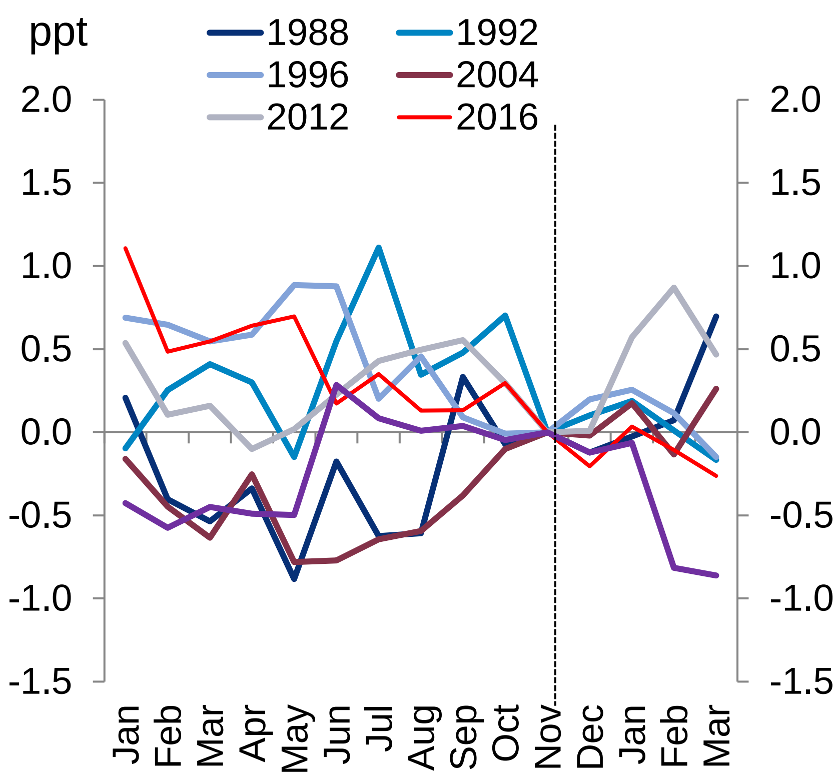


*elections in 1952, 1968, 1976, 2004, 2012 and 2016; excludes recession years 1960, 1980, 2000 and 2008

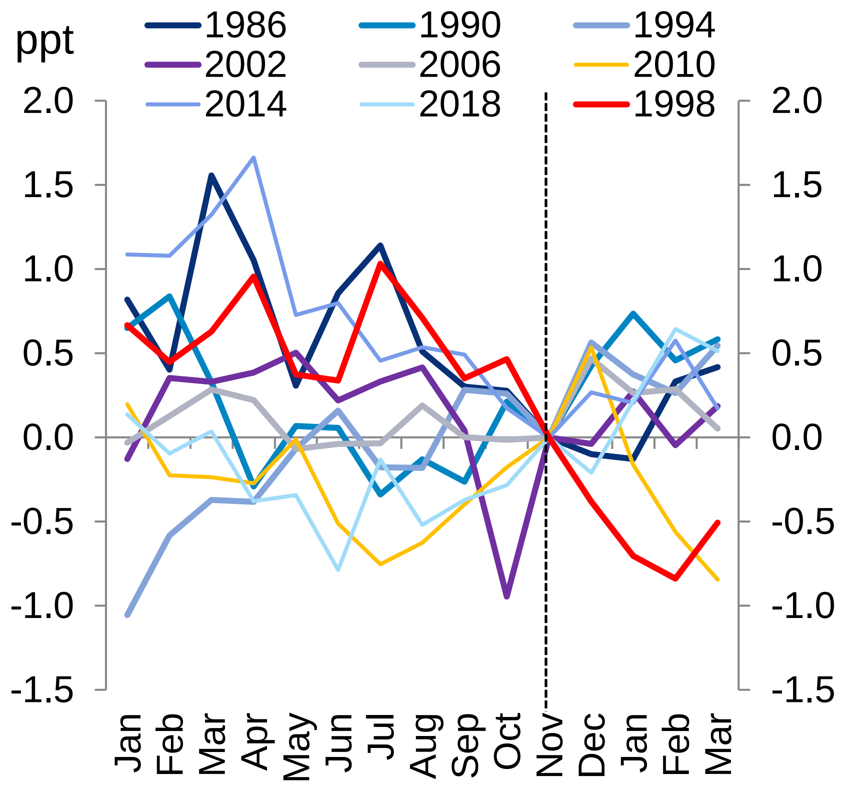
Source: S&P, DB Global Asset Allocation, Deutsche Bank

Shifts in deviations from Fed policy rules have been smaller around presidential elections than midterms

Deviations from policy rules into presidential elections



Deviations from policy rules into mid-term elections



*Omits 2008 and 2020 crisis periods, when the FFR was constrained by the ZLB.

Source: FRB, Deutsche Bank Rates Strategy (Matthew Raskin & Team)

Fed has held rates steady in recent decades during election years but consistent with economic conditions

Election	Jan EOP - Oct EOP change in ff rate (ppt)	Feb EOP - Oct EOP change in ff rate (ppt)	Mar EOP - Oct EOP change in ff rate (ppt)	Apr EOP - Oct EOP change in ff rate (ppt)	May EOP - Oct EOP change in ff rate (ppt)	Jun EOP - Oct EOP change in ff rate (ppt)	Jul EOP - Oct EOP change in ff rate (ppt)	Aug EOP - Oct EOP change in ff rate (ppt)	Sep EOP - Oct EOP change in ff rate (ppt)
8-Nov-60	-1.25	-1.25	-1.25	-1.25	-0.75	-0.75	-0.50	-0.25	-0.25
3-Nov-64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75
5-Nov-68	1.25	1.25	0.75	-0.25	-0.13	0.50	0.00	0.25	0.50
7-Nov-72	1.75	1.63	0.88	0.57	0.13	0.38	0.38	-0.25	0.00
2-Nov-76	0.18	0.13	-0.05	-0.08	-0.65	-0.69	-0.30	-0.29	-0.29
4-Nov-80	0.37	-2.56	-6.08	-0.87	2.71	3.33	3.84	3.03	0.58
6-Nov-84	0.63	0.63	-0.50	-0.50	-0.50	-0.50	-1.25	-1.50	-1.00
8-Nov-88	1.50	1.63	1.38	1.38	0.88	0.69	0.44	0.00	0.00
3-Nov-92	-1.00	-1.00	-1.00	-0.75	-0.75	-0.75	-0.25	-0.25	0.00
5-Nov-96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7-Nov-00	1.00	0.75	0.50	0.50	0.00	0.00	0.00	0.00	0.00
2-Nov-04	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.25	0.00
4-Nov-08	-2.00	-2.00	-1.25	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
6-Nov-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8-Nov-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3-Nov-20	-1.50	-1.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: FRB & Deutsche Bank


What happens if there is tie?

If neither candidate receives 270 electoral votes, the President would be picked by the House of Representatives

If no candidate receives a majority of electoral votes, the Presidential election leaves the Electoral College process and moves to Congress.

The House of Representatives elects the President from the three (3) Presidential candidates who received the most electoral votes. Each State delegation has one vote and it is up to the individual States to determine how to vote. (Since the District of Columbia is not a State, it has no State delegation in the House and cannot vote). A candidate must receive at least 26 votes (a majority of the States) to be elected.

The Senate elects the Vice President from the two (2) Vice Presidential candidates with the most electoral votes. Each Senator casts one vote for Vice President. (Since the District of Columbia is not a State, it has no Senators so does not participate in the vote). A candidate must receive at least 51 votes (a majority of Senators) to be elected.

If the House of Representatives fails to elect a President by Inauguration Day, the Vice-President Elect serves as acting President until the deadlock is resolved in the House.

Source: National Archives FAQs

What would happen if there was a tie or a dispute over the election results in a key swing state?

A tie is a statistically remote possibility, even in smaller States, and would not be known until late November or early December, after a recount and after the Secretary of State for the State had certified the election results. But if a state's popular vote were to end in a tie between candidates, State law in place before the general election would determine what procedure would be followed in breaking the tie (See 3 U.S.C. §5).

Following the November 2017 election, one candidate for a Virginia House of Delegates seat was ahead by two (2) votes. Since the results were so close, there was a recount which found that one (1) vote had been miscounted. After the recount, the candidates had the same number of votes. Following State law, they drew lots for a winner. The candidates put their names on individual pieces of paper and put the pieces in a bowl. A neutral third party pulled a name out of the bowl and that candidate was declared the winner.

A very close finish could also result in a run-off election or legal action to decide the winner. Just like a tie, State law determines how the winner is decided, and would be conclusive in determining the selection of electors. The 2022 Electoral Count Reform Act provided for expedited court action if one of more of the candidates disputes the election results so that the electors can be appointed no later than six (6) days before the meeting of the electors.

Source: National Archives FAQs

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Matthew holds a Ph.D. in Economics from the University of California, Los Angeles. While at UCLA, he worked at the U.S. Department of the Treasury in the Office of Financial Research. Prior to graduate school, he spent two years as a research analyst in the macroeconomics department at the Federal Reserve Bank of Philadelphia.

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Appendix 1
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