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2024 Election: Our Final Call

As we head into the last few days of the 2024 election, we continue to believe that former President Donald Trump has a slight edge over Vice President Kamala Harris. We see the Republicans picking up a net of three Senate seats, to take a slim 52-48 seat majority. We also expect Republicans to maintain control of the House, but whichever party is in charge of the lower chamber, will likely be faced with a very slim 5-10 seat majority.

In this nearly toss-up presidential election, should Harris win, we'd expect the House to flip to Democratic control but the GOP to still pick up the Senate. Divided government would reign.

As a side note, if our base case comes to fruition, the filibuster is likely to stay in place as we see at least three Republican Senators (Sens. McConnell, Murkowski and Collins) who would be unwilling to change the rules for passing legislation in that chamber with a simple majority. In a divided government, there is no need to eliminate the filibuster since either the House or White House would be controlled by the other party and partisan measures out of the Senate would be very unlikely to pass the lower chamber or be signed into law.

We think it is likely that we may not know who wins the White House on Tuesday, or for that matter control of the House or Senate control, highlighting just how close this election is on many different fronts. Recall that in 2022, some House races in California were not officially called until early *December* and now, at least five close House races in the Golden State could help determine control of the lower chamber.

On our conference call on Wednesday with a former Trump pollster and former conservative GOP strategist, our speakers gave an edge to Harris and thought the House would flip to Democrat control but predicted the GOP would win the Senate. We will incorporate some of the takeaways from that call into this piece, but to hear their entire reasoning you can find a replay of that call [here](#).

Polls A week or so ago, Trump seemed to have the momentum, but recent polls indicate that shift has slowed, if not slightly reversed toward Harris. For example,

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RealClearPolitics.com (RPC) had Trump leading in *all* the battleground states but that edge switched this week in Wisconsin and Michigan where Harris has a lead of less than 1% in each state. This could simply be polling noise as the changes are very small. However, we note that putting these two states in the Harris column would not give her enough to win the Electoral College if Trump’s lead in the other battlegrounds held. Trump’s margin in the rest of the battlegrounds of Pennsylvania, Nevada, and North Carolina is below 1%, so well within the margin of error.

We would note that Fivethirtyeight.com has the battlegrounds even closer with Nevada and Pennsylvania tied and a slightly bigger lead of 1% for Harris in Michigan and Wisconsin. Conversely, RPC has Trump up barely by 0.9% in Nevada and 0.3% in Michigan. Turnout will be key across all of these key states.

Also, in the past two elections, the polling did not align with actual results. Not only did the national polls underestimate Trump’s numbers on election day in both 2016 and 2020 by 1.1 and 2.7 points respectively, but his final election results in those years were also underestimated in all battlegrounds states besides Arizona and Nevada in 2016 and Georgia in 2020 while the poll averages for RPC got it spot on for Nevada and Pennsylvania in 2020. (See table below.) If these errors continue this cycle, Trump will very likely be the next president.

Battleground State		2016	2020	2024
Arizona	Final RPC Ave.	Trump +4.0%	Biden +0.9	Trump +2.4
	Actual Outcome	Trump +3.5%	Biden +0.3	
Georgia	Final RPC Ave.	Trump +4.8	Trump +1.0	Trump +2.6
	Actual Outcome	Trump +5.1	Biden +0.3	
Michigan	Final RPC Ave.	Clinton +3.6	Biden +4.2	Harris +0.8
	Actual Outcome	Trump +0.3	Biden +2.8	
Nevada	Final RPC Ave.	Trump +0.8	Biden +2.4	Trump +0.9
	Actual Outcome	Clinton +2.4	Biden +2.4	
North Carolina	Final RPC Ave.	Trump +0.8	Trump +0.2	Trump +1.4
	Actual Outcome	Trump +3.6	Trump +1.3	
Pennsylvania	Final RPC Ave.	Clinton +3.1	Biden +1.2	Trump +0.3
	Actual Outcome	Trump +0.7	Biden +1.2	
Wisconsin	Final RPC Ave.	Clinton +6.5	Biden +6.7	Harris +0.3
	Actual Outcome	Trump +0.7	Biden +0.7	

Source: RealClearPolitics.com (RCP)

We note our conference call speakers’ suggestion that there could be some underestimating for Harris in some of the polling. They noted that in many of these battleground states, the Democratic Senate candidate has a larger lead than Trump does.

They believe there may be some reverse coattails where these Senate help Harris outperform her polls in some of these battlegrounds. We are a bit more skeptical.

They also pointed to the gubernatorial race in North Carolina where a controversial Republican is polling way behind his Democratic competitor by ~14 points. That state, which went for Trump in both 2016 and 2020, was one they especially thought could flip to Harris, given the potential down ballot drag of the governor's race.

Betting Markets

The betting markets continue to clearly favor Trump with the RPC average betting odds giving Trump 60.6% chance to win versus 38.1% for Harris. Accusations of manipulation by Trump supporters have dogged the betting markets, but those markets have been consistently favored Trump for a while. Such manipulation would likely have had to have been steady to keep the numbers where they are, which leads us to believe Trump would still be leading regardless.

Betting Odds Data

BETTING ODDS	TRUMP	HARRIS
RCP Average	60.6	38.1
BetOnline	62	38
Betfair	58	37
Betsson	62	38
Bovada	61	39
Bwin	63	38
Points Bet	62	39
Polymarket	59	37
Smarkets	58	39

Source: RCP

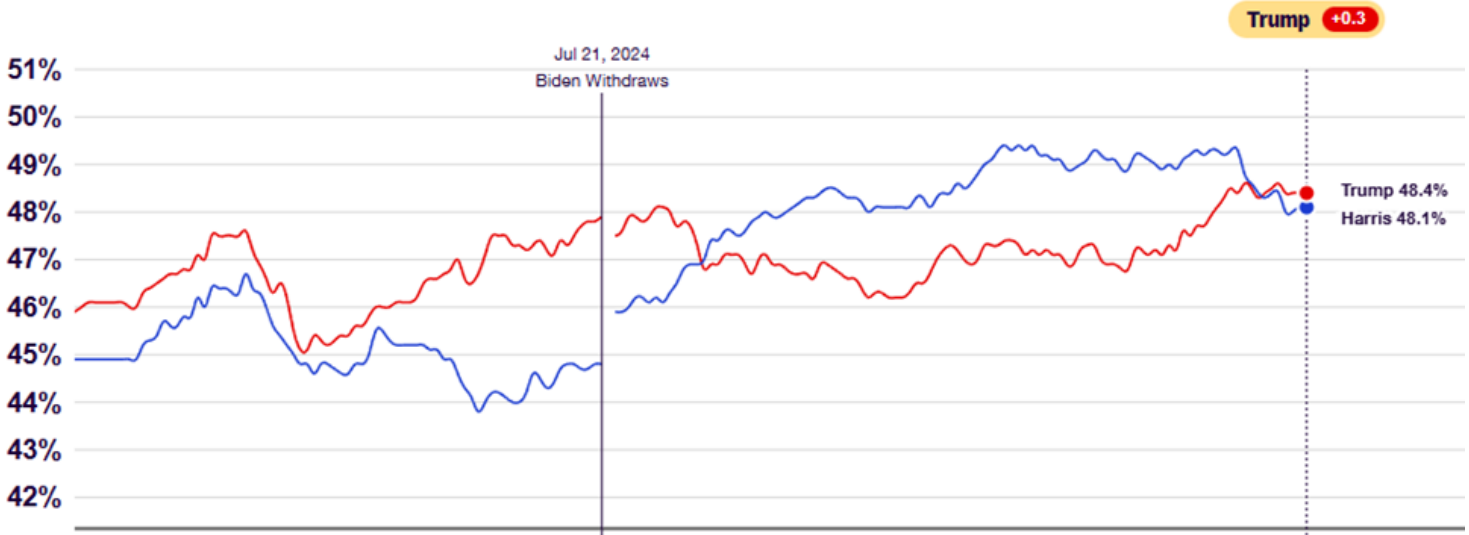
Did Biden Drop Out Too Early?

Conventional wisdom is that President Biden dropped out of the race too late, limiting the Harris camp's ability and time to run a fully effective campaign. We have a different take.

We offer the opposite argument that maybe Biden dropped out too *early*. On July 21, Biden announced his intention not to run, when Trump was up 3 points in the RPC national polling averages. Shortly after Biden's announcement, Harris was anointed the Democrat nominee. She then took the lead in the RPC national averages on Aug. 5 and maintained that position until Oct. 26.

Trump vs. Harris

(Trump vs. Biden Before July 21, 2024)



Source: RCP

The positive press coverage for Harris, boost in enthusiasm for her candidacy, and stumbles by the Trump campaign in its attacks gave the Democrats a honeymoon period in our view. While running a compacted campaign is difficult, we discount that as a reason for Harris being overtaken by Trump. Had Biden dropped out on, say, Aug. 21 instead of July 21, Harris may still be in that honeymoon period and the odds of her winning might be considerably higher.

Races to Watch

On election night, we can get a sense idea of how the elections are faring for the two parties by focusing on a few East Coast races where the polls close relatively early, compared to the rest of the country. That is not to say, other races outside the eastern time zone aren't worth watching, but the outcome of those races is likely to be unknown until very late on election night or even later.

In Virginia, where polls close at 7 pm ET, there are a couple of races to watch. In Virginia's 2nd, freshman Rep. Jen Kiggans (R) is facing Missy Cotter Smasal (D) in a purple/competitive district. Kiggans won in 2022 by defeating Rep. Elaine Luria (D) by less than 3 points, and if she loses, it could be a precursor of a long night for the GOP.

Virginia's 7th congressional district is open since the current congresswoman, Democrat Abigail Spanberger (D), is retiring and potentially will run for governor of the state. This is a slight lean Democratic district, so if Eugene Vindman (D) loses to Derrick Anderson (R) it could be a long night for Democrats.

In New York's 19th congressional district, GOP incumbent Rep. Marc Molinaro (R) is locked in a tight race with Josh Riley (D). If one party or the other pulls away here, it could help indicate who controls the House. Note that this is a rematch from 2022, where Molinari won by ~4,500 votes. Polls close in New York at 9 pm ET.

Rep. Mike Lawler (R) is slightly favored to win in New York's 17th congressional district against former Rep. Mondaire Jones (D). Given that Lawler is favored, a narrow loss by Lawler likely signals that Democrats will retake the House while a somewhat comfortable win by Lawler is a sign that the GOP can hold on to that chamber.

Other races in the eastern time zone to watch where the incumbent is slightly favored includes: 1) Rep. Tom Kean's Jr. (R-NJ) vs. Sue Altman; 2) Rep. Susan Wild (D-PA) vs. Ryan Mackenzie (R); 3) Rep. Matt Cartwright (D-PA) vs. Rob Bresnahan (R); 4) Rep. Don Davis (D) vs. Laure Buckhout (R); 5) Rep. Jared Golden (D) vs. Austin Theriault (R). Losses by the incumbents could be telling.

Finally, GOP firebrand and former Freedom Caucus Chair Rep. Scott Perry (R) is facing Janelle Stelson (D) in this tossup race. A loss by Perry would be a blow to the GOP but one the GOP might be able to withstand as it would be perceived as an outlier race and a referendum on the incumbent's controversial views.

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