Subject: Presidential Election Expectations   August 21, 2020
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Consumer sentiment is influenced by expected changes in economic policies, which play an essential role in presidential campaigns. The surveys have traditionally asked about which candidate consumers thought would actually win the election, not for which candidate they intended to vote or preferred. The most recent surveys indicate that slightly more consumers anticipate a Biden than a Trump win (49% vs. 46%). Other questions were asked about which candidate would be better for the economy and for their own finances. Trump held the lead on the economy (37% vs. 33%), with 29% who thought both would perform equally. On personal finances, Trump led Biden (33% vs. 25%), but the most common reply was that it would make no difference (42%). As shown in the table below, aside from the anticipated alignment by party identification, significant differences existed for education, with a college degree or above expecting a Biden victory, and across incomes, with the highest income groups more likely to expect a Biden win. The Trump advantage on the economy was reflected among those older and with less formal education, although Democrats were much more likely to report no difference between the candidates on the economy. For personal finances, only the youngest and poorest consumers favored Biden over Trump. The major finding, however, was that in nearly all subgroups more consumers thought it would make no difference to their personal finances whoever was elected; the exceptions were among the oldest and richest subgroups who gave Trump a slight advantage. Needless to say, the more definitive measures will occur after both conventions and during the campaigns and debates in September and October.

Presidential Election Expectations
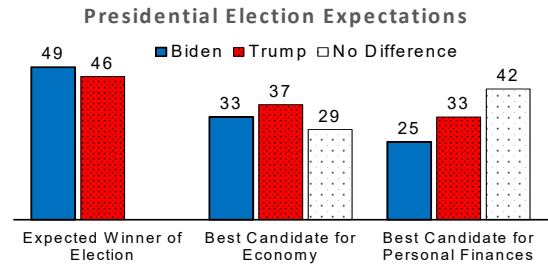
The dramatic shifts in consumers' economic assessments that immediately followed Trump's 2016 win was due to the fact that Trump's victory was unexpected by the vast majority—nearly two-thirds of consumers anticipated a Clinton victory. Moreover, partisanship has played a dominant role in determining the level of consumer optimism since Trump's election. Two predictions emerged several years ago based on my analysis. First, partisanship produces differences in the level of optimism, but time series correlations among subgroups remain extremely high as well as with the corresponding macro economic trends. Second, unlike other stable subgroup differences that have been long observed, for example across age or income groups, the partisan "deck chairs" are likely to shift between optimism and pessimism with changes in the party of the winning candidate. Needless to say, these were pre-pandemic predictions, and it would not be surprising if the coronavirus has altered, at least temporarily, insights based on past trends. Importantly, preference among Independents is critical in determining the winner, and their assessments have remained equal to the average across Democrats and Republicans.

Expected Presidential Election Results and Best Candidate for Economy and Personal Finances
(July - August(p) data; "Don't knows" percentages are not shown in the table.)

| | Expected Winner of Election | | Best Candidate for Economy | | | Best Candidate for Personal Finances | | |
	Biden	Trump	Biden	Trump	No Difference	Biden	Trump	No Difference
All	49%	46%	33%	37%	29%	25%	33%	42%
Party								
Democrat	84	15	70	3	27	56	5	39
Independent	46	47	25	33	41	17	27	55
Republican	13	85	2	87	11	2	75	23
Age								
18 - 34	51	46	39	27	33	30	22	47
35 - 44	47	46	25	31	44	16	30	54
45 - 54	47	43	38	38	20	26	35	37
55 - 64	46	50	29	45	26	23	40	37
65 or older	53	44	33	44	22	27	37	36
Education								
High sch or less	38	58	22	41	37	16	32	51
Some college	40	57	27	43	30	22	34	44
College degree	56	39	39	37	23	29	34	36
Advanced degree	59	32	41	29	28	29	29	40
Income								
Bottom 20%	44	50	29	32	37	23	20	56
Second 20%	46	49	31	38	30	26	34	39
Middle 20%	52	45	36	36	28	25	31	42
Fourth 20%	48	49	32	40	26	25	37	37
Top 20%	60	34	41	36	23	28	37	34
Top 10%	64	30	50	30	20	32	36	31