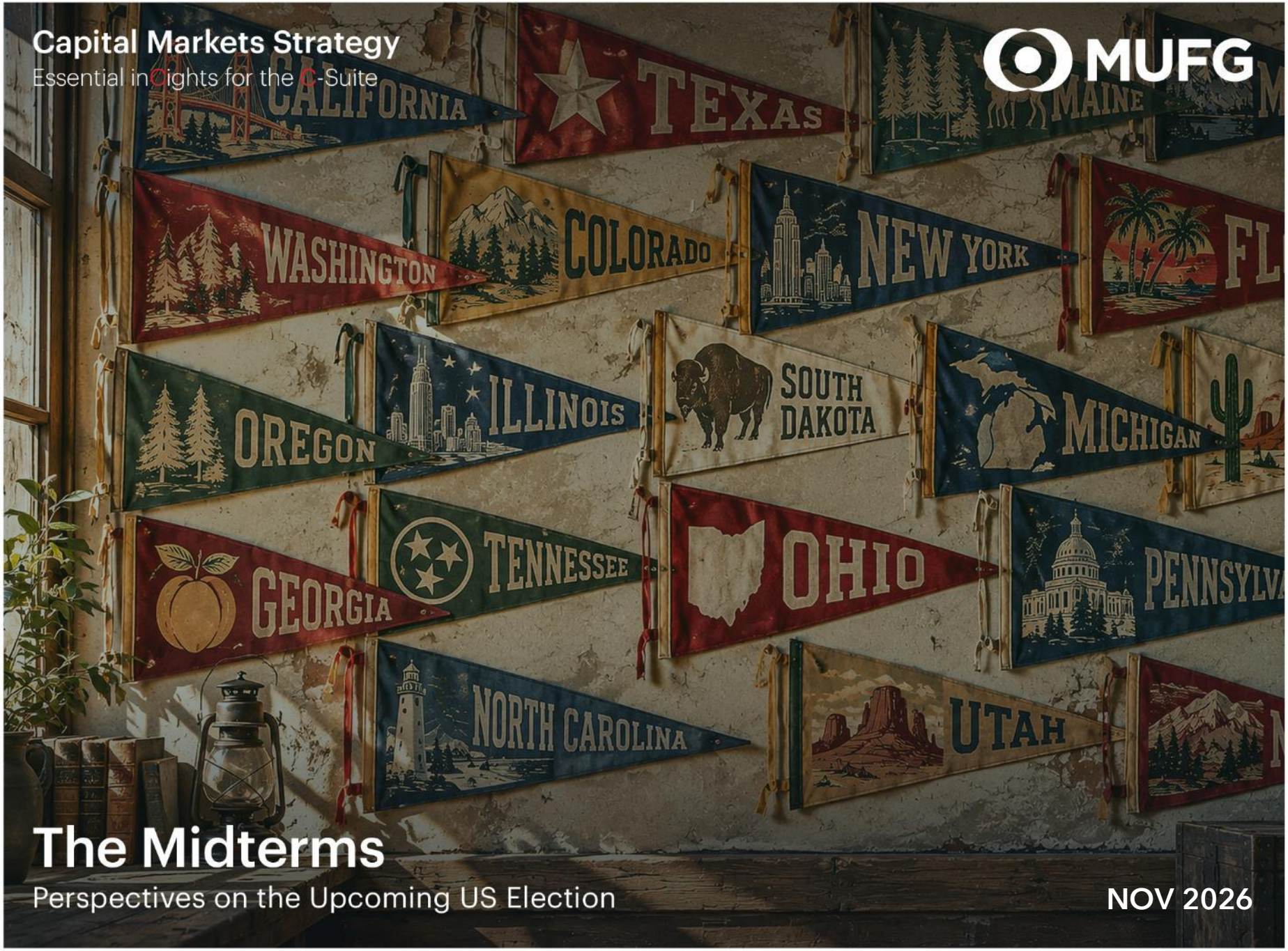
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UTAH
The Midterms
Perspectives on the Upcoming US Election
NOV 2026

"So order comes only to those who obey,

The unbearable silence;

And peace to those who have ceased to demand it.

It is here that we must learn to exist.

It is now that we must learn to love."

Excerpt from critically acclaimed British poet, W.H. Auden,
in his Pulitzer Prize-winning poem, *The Age of Anxiety* (1944)

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2. Midterm Election Assessment
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4. The US House of Representatives
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7. Market Implications
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Summary Conclusions

I

Historical Perspective

Going back to WWII, the incumbent political party has lost, on average, 26 seats in the US House of Representatives and 4 seats in the US Senate. When the Presidential approval rating is below 50% the historical average of lost House seats jumps to 35.

II

Midterm Election Assessment

We believe Democrats are positioned to flip the House, making divided government highly likely. However, current polling suggests a gain of roughly 20-24 seats, short of a "wave" election (i.e., net swing in house > 30 seats) and below the post-WWII average. The Senate is a "toss-up" that is likely to be decided by a handful of races. Somewhat counter-intuitively, "wave" elections tend not to happen in election years with high turnout.

III

Key Voter Issues

As infamously stated by James Carville in 1992: "It's the economy, stupid." With inflation well above 3% and energy prices over 70% higher YTD, polling data strongly suggests that the economy is still the #1 issue with voters in 2026.

IV

The US House of Representatives

The incumbent party has suffered losses in the US House in 37 of the last 40 midterm elections. With Republicans holding just a narrow 4-person majority today, Democrats are highly likely to win back control of the US House in 2026.

Summary Conclusions

V

The US Senate

Historically, the President's party loses approximately four Senate seats in midterm elections. We believe that Republicans face additional exposure in 2026 as they defend 22 seats compared to just 13 for Democrats. With several key battlegrounds polling well within the margin of error, control for the US Senate remains "too close to call."

VI

The Gubernatorial Elections

Of the 36 Gubernatorial elections in 2026, 18 seats are held by Republicans and 18 are held by Democrats. While neither party has a clear structural advantage, the national environment has made more Republican seats competitive, including Ohio, Iowa, Nevada and Georgia.

VII

Market Implications

US stocks have advanced in the year following every midterm election for the past 80 years. While that is quite possible in the year ahead as well, we would note that the economy and markets are likely to be driven by much larger forces outside of Washington – expanding AI infrastructure buildout, rising energy prices, elevated interest rates and growing sovereign debt burdens.

VIII

Legislative Implications

Large complex legislation is very difficult in today's Washington, especially in the absence of a filibuster proof majority. With Democrats highly likely to take the House, and either party likely to have a razor thin majority in the Senate, expectations for post-midterm legislation are limited. Look for President Trump to continue to use EOs to advance his policy agenda.

1. Historical Perspective

“So we beat on, boats against the current, borne back ceaselessly into the past.”

F. Scott Fitzgerald, at the end of his novel, *The Great Gatsby*,
in one of the most poignant and memorable
closing lines in American literature (1925)

“Change Elections” the New Normal in US

Since 2000, 11 of the 13 federal US elections, including each of the last six, resulted in a change in the party controlling the House, Senate, and/or White House. This outpaces the average of the 1960s – 90s where one to two of the five elections per decade resulted in party control change.

Last 25 Years

1960’s	1970’s	1980’s	1990’s	2000’s	2010’s	2020’s
1960	1970	1980	1990	2000	2010	2020
1962	1972	1982	1992	2002	2012	2022
1964	1974	1984	1994	2004	2014	2024
1966	1976	1986	1996	2006	2016	?
1968	1978	1988	1998	2008	2018	2026

Change election

Source: (1) Mehlman Consulting. The American Presidency Project, UC Santa Barbara.

Historical Perspective

Republicans control the White House and both chambers of the US Congress for only the third time since George W. Bush was President in 2002. In the 14 US midterm elections dating back to 1970, there has been a change in party control in either chamber (House or Senate) on seven occasions, but five of those have occurred in the last five midterm elections.

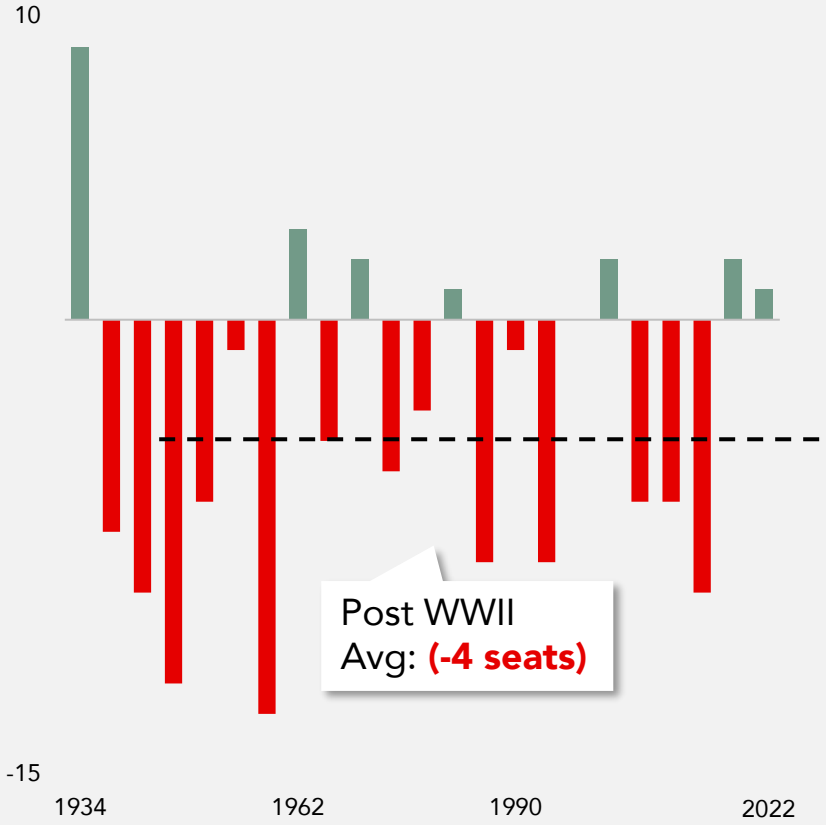
The US midterms since 1970

Midterm		President	Pre-election		Post-election	
			House	Senate	House	Senate
1970	R	Richard Nixon	D	D	D	D
1974	R	Gerald Ford	D	D	D	D
1978	D	Jimmy Carter	D	D	D	D
1982	R	Ronald Reagan	D	R	D	R
1986	R	Ronald Reagan	D	R	D	D
1990	R	George H.W. Bush	D	D	D	D
1994	D	Bill Clinton	D	D	R	R
1998	D	Bill Clinton	R	R	R	R
2002	R	George W. Bush	R	49 / 49 ; 2 indp.	R	R
2006	R	George W. Bush	R	R	D	D
2010	D	Barack Obama	D	D	R	D
2014	D	Barack Obama	R	D	R	R
2018	R	Donald Trump	R	R	D	R
2022	D	Joe Biden	D	D	R	D
2026	R	Donald Trump	R	R	?	?

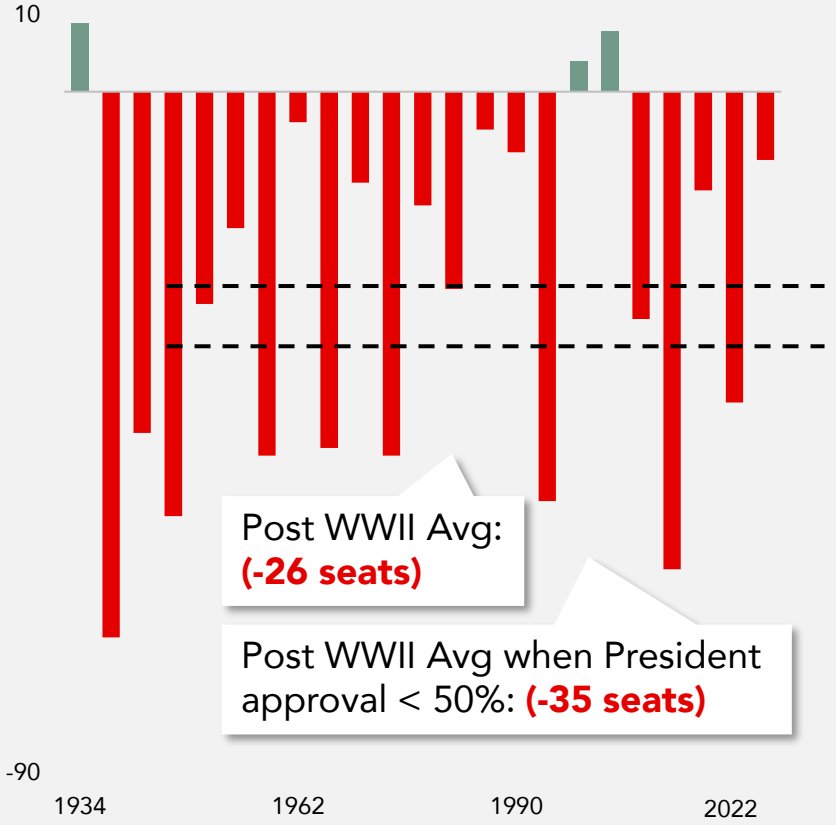
Incumbent Party Often Loses Seats

The incumbent party has lost seats in the US House in 37 of the last 40 midterm elections. Going back to World War II, the party in power has lost, on average, 26 seats in the House and 4 seats in the Senate. When the President's approval rating is under 50%, the average number of House seats lost jumps to 35.

Senate seat change, President's party



House seat change, President's party

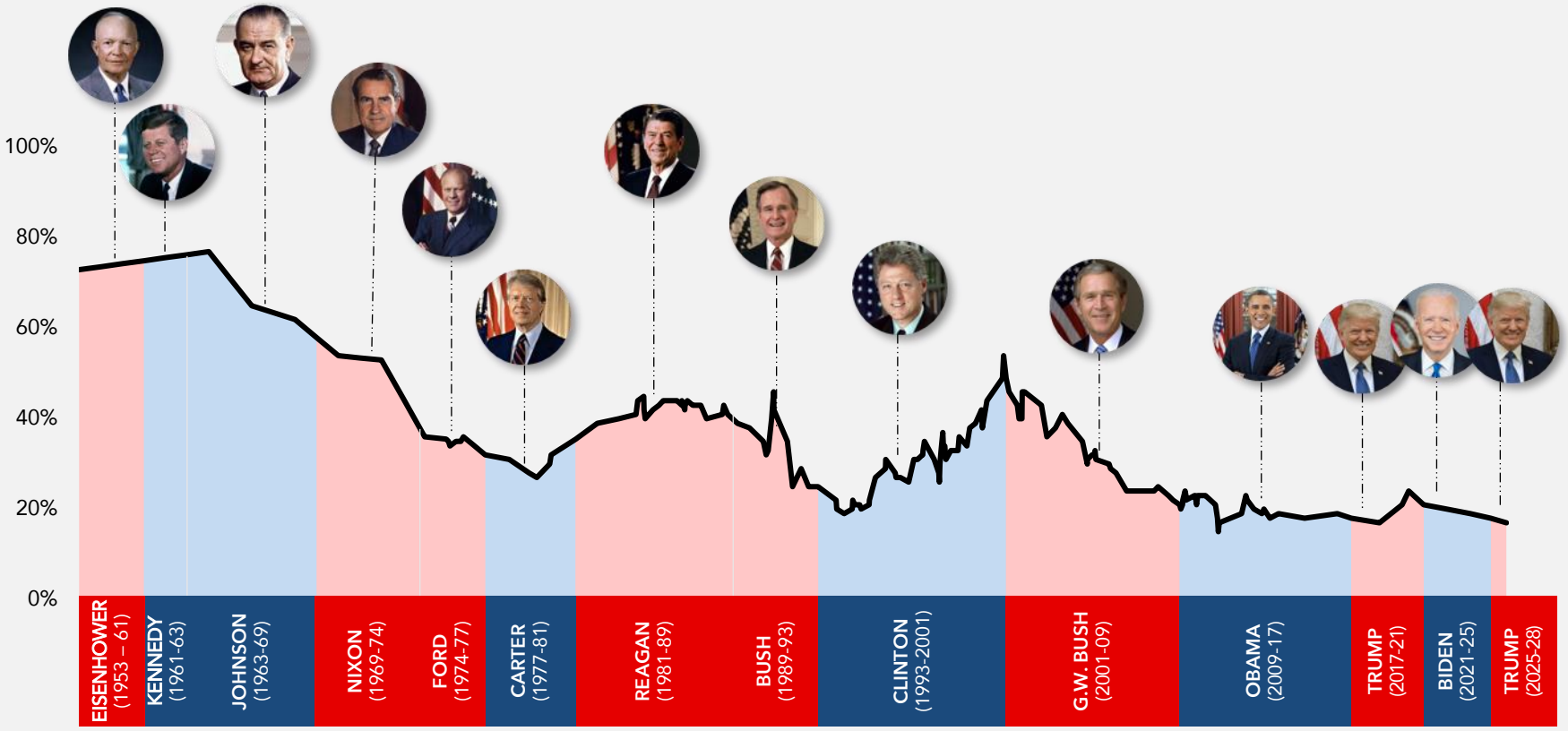


Source: (1-2) The American Presidency Project, UC Santa Barbara.

Public Trust in Government Has Been Declining

With the exception of one year following September 11th and the subsequent start of the Iraq war, US public trust in government has been below 50% since the mid-1970s.

% who say they trust the government to do what is right just about always / most of the time



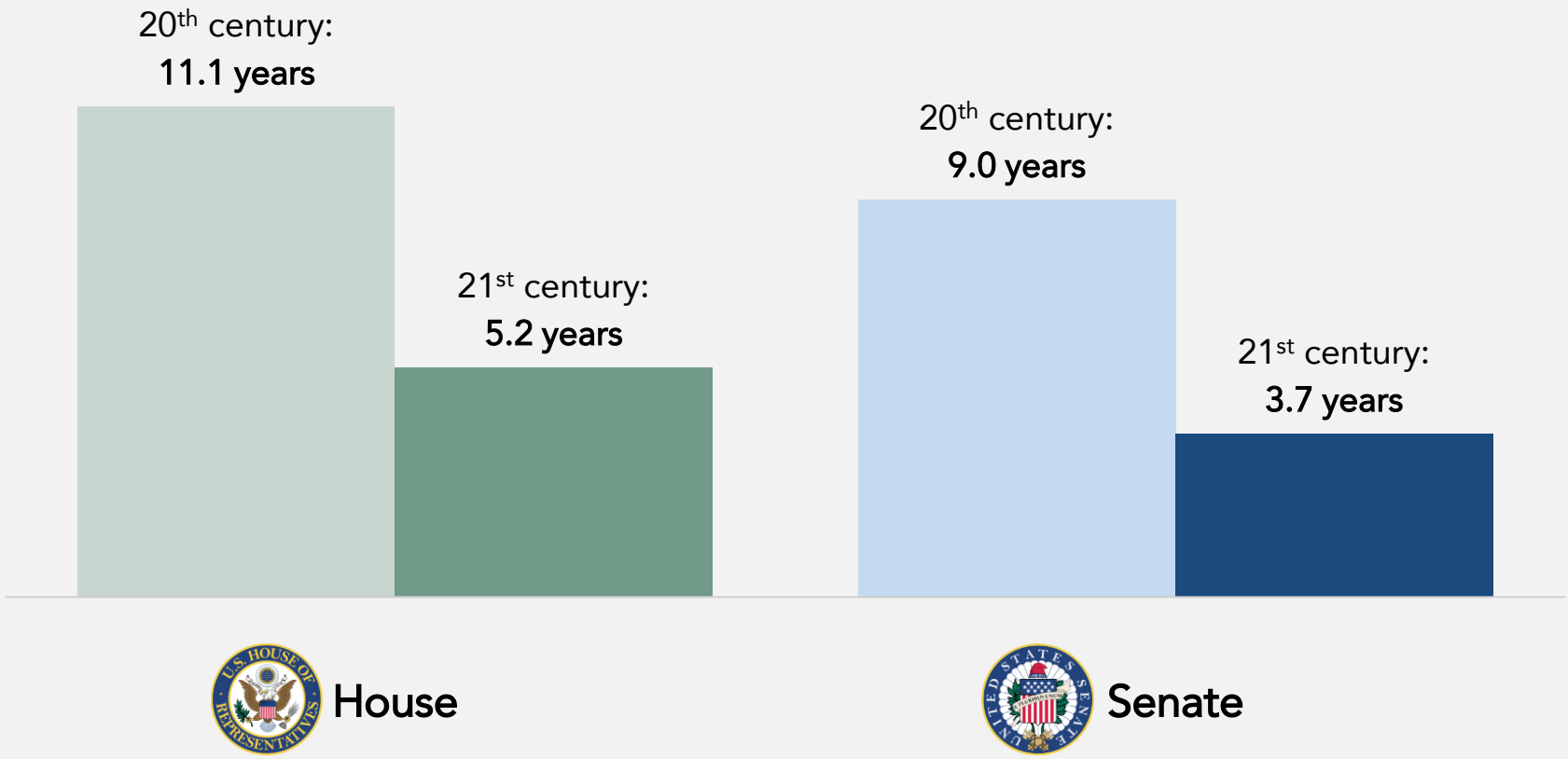
Source: (1) Pew Research Center. Data from 175 surveys collected from December 1958 – December 2025. Graph is moving average.

Pew Research Center

Congressional Control Declining for Both Parties

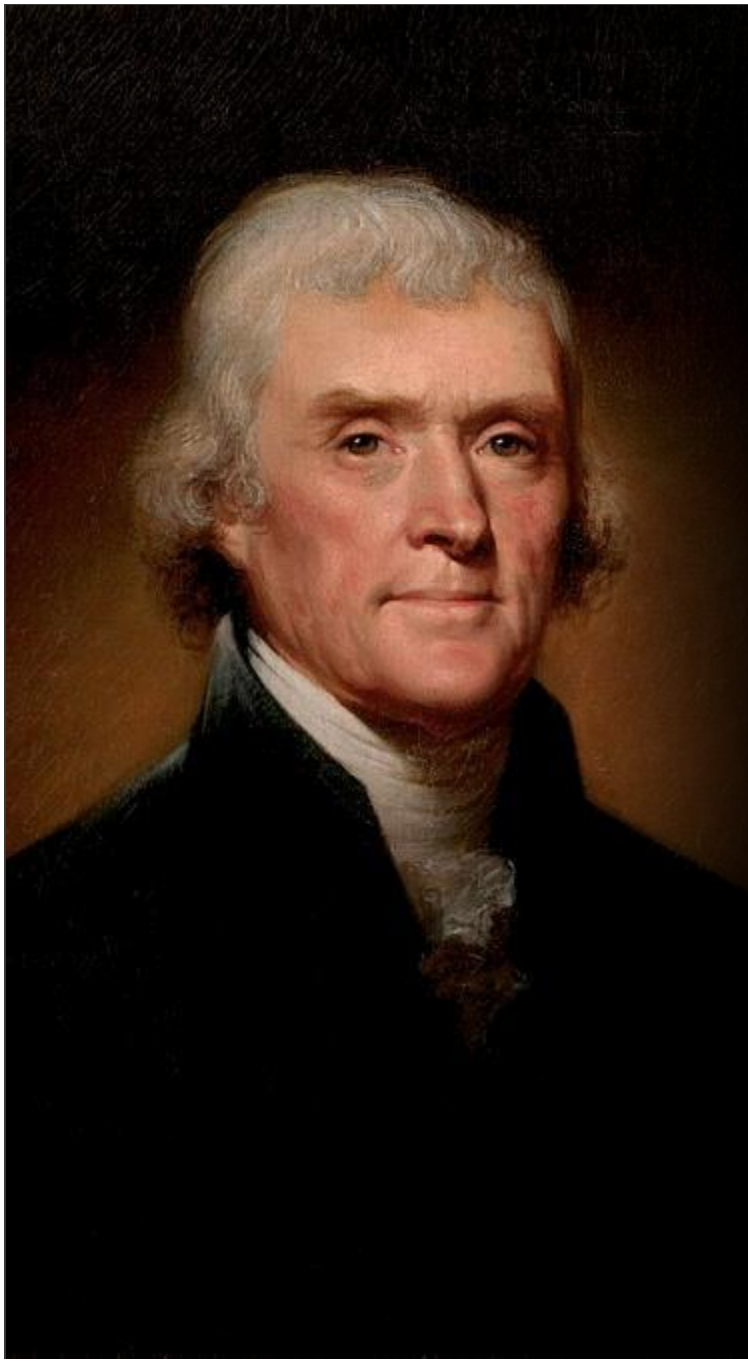
The average duration of one party holding control in either chamber of Congress has declined by roughly half in the last century. With a more divided electorate, Congressional control in each house is swinging between parties roughly every 4-5 years, or every 2-3 election cycles.

Average duration of control in Congress



Source: (1) Mehlman Consulting (Bruce Mehlman).

2. Midterm Election Assessment



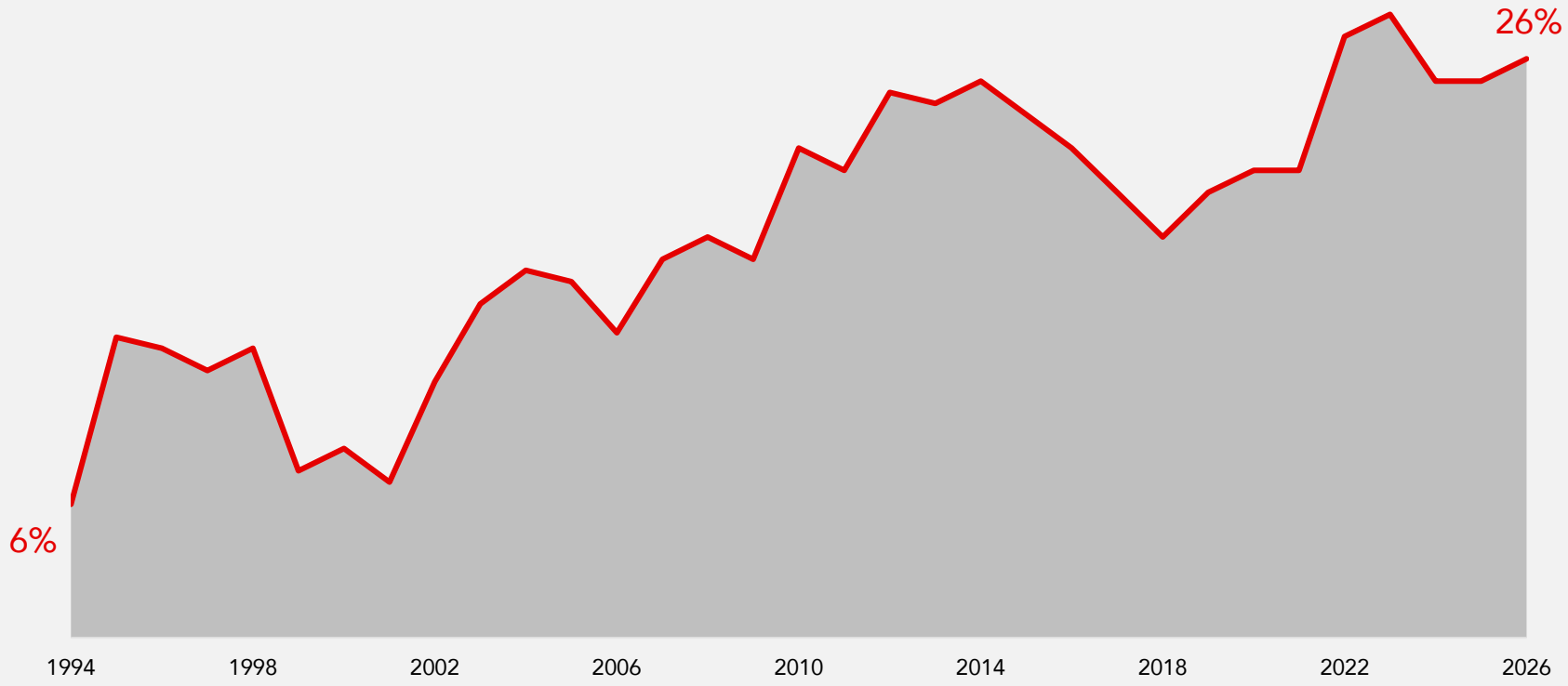
"If there be any among us who would wish to dissolve this union or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated, where reason is left free to combat it."

President Thomas Jefferson's First Inaugural Address (March 4, 1801)

Unfavorable Opinions of Both Political Parties

The share of Americans who express unfavorable opinions of both major parties has grown from just 6% in 1994 to 26% in 2026. Further, negative partisan views of the opposing party remain more common today compared to a decade ago.

% of Americans who have an unfavorable view of the Republican and Democratic parties

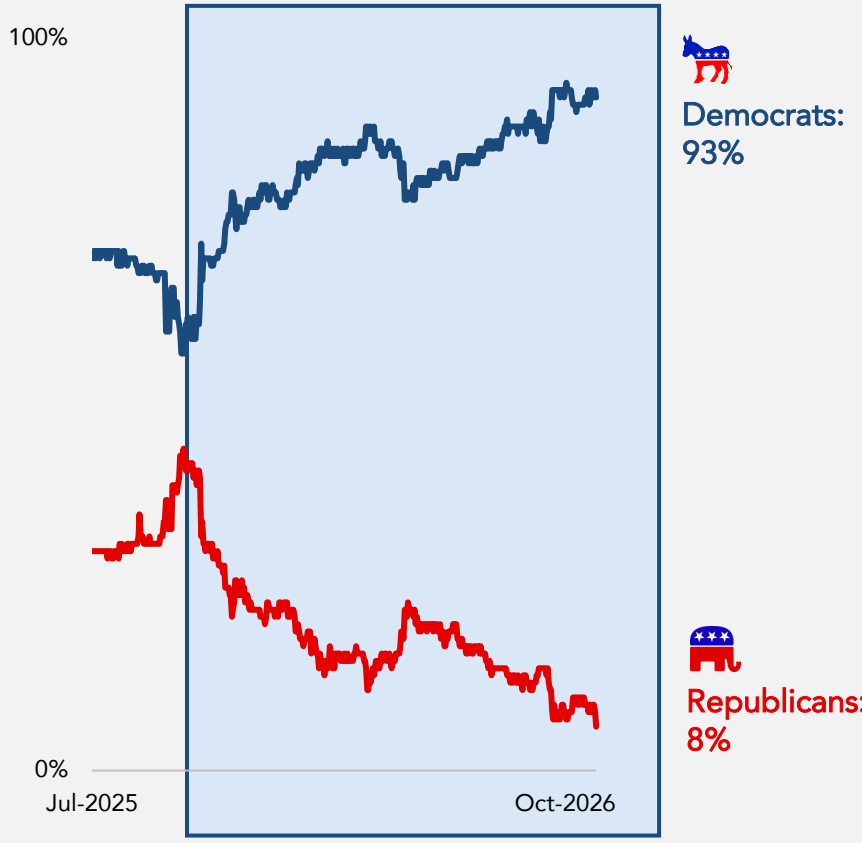


Source: (1) Pew Research Center. "Americans Continue to View Both the Republican and Democratic Parties Negatively." (May 2026) Based on those who rated both the Republican and Democratic Parties. Yearly averages of survey data from Pew Research Center American Trends Panel (2020-2026) and Pew Research Center phone surveys of US adults (1994-2019).

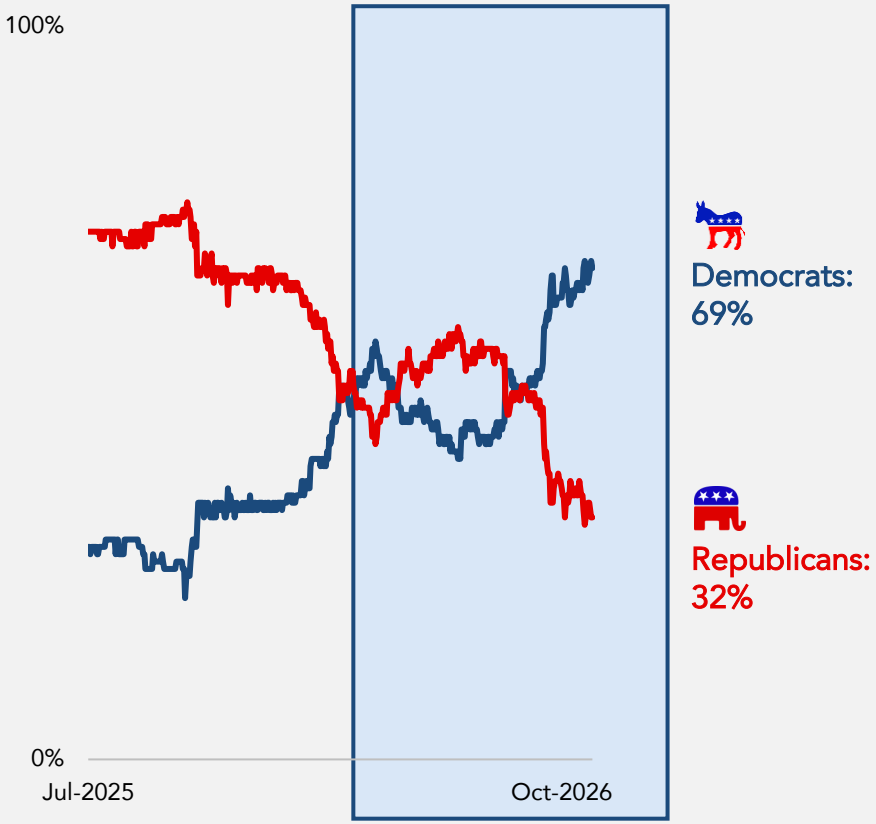
Which Party Will Win the House & Senate?

Betting markets are currently pricing in a change of control in both the US Senate and House of Representatives.

Polymarket Odds:
Which party will win the House in 2026?



Polymarket Odds:
Which party will win the Senate in 2026?



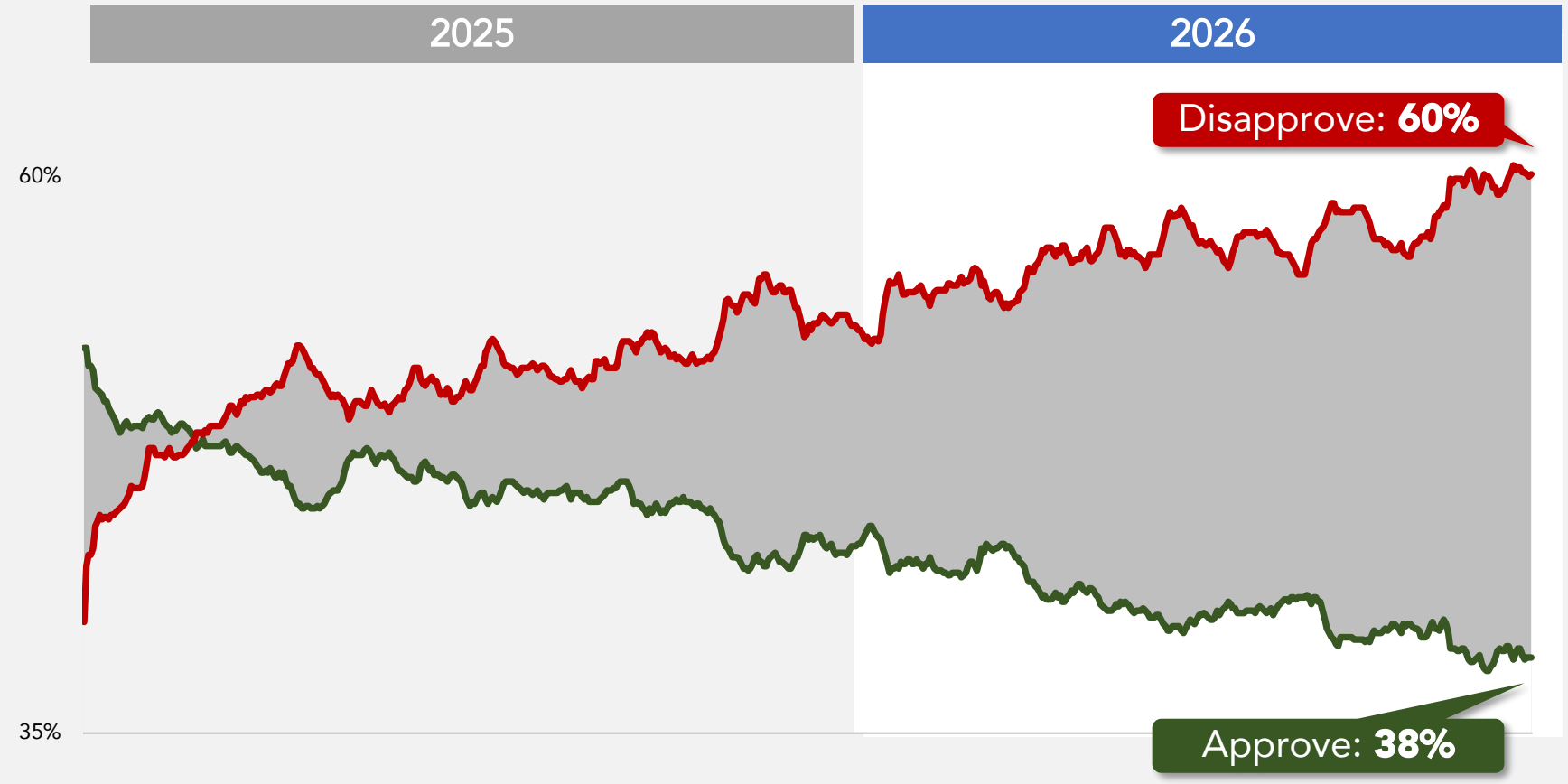
Source: (1-2) Bloomberg. Data is Polymarket market betting odds. Data as of October 29, 2026.

Polymarket Prediction Market Odds

President Trump Job Approval Ratings

Historically, Presidential approval ratings have been the single most reliable leading indicator of US midterm election outcomes, which have typically been unkind to incumbents. The correlation is strong though not always deterministic (1998, 2002).

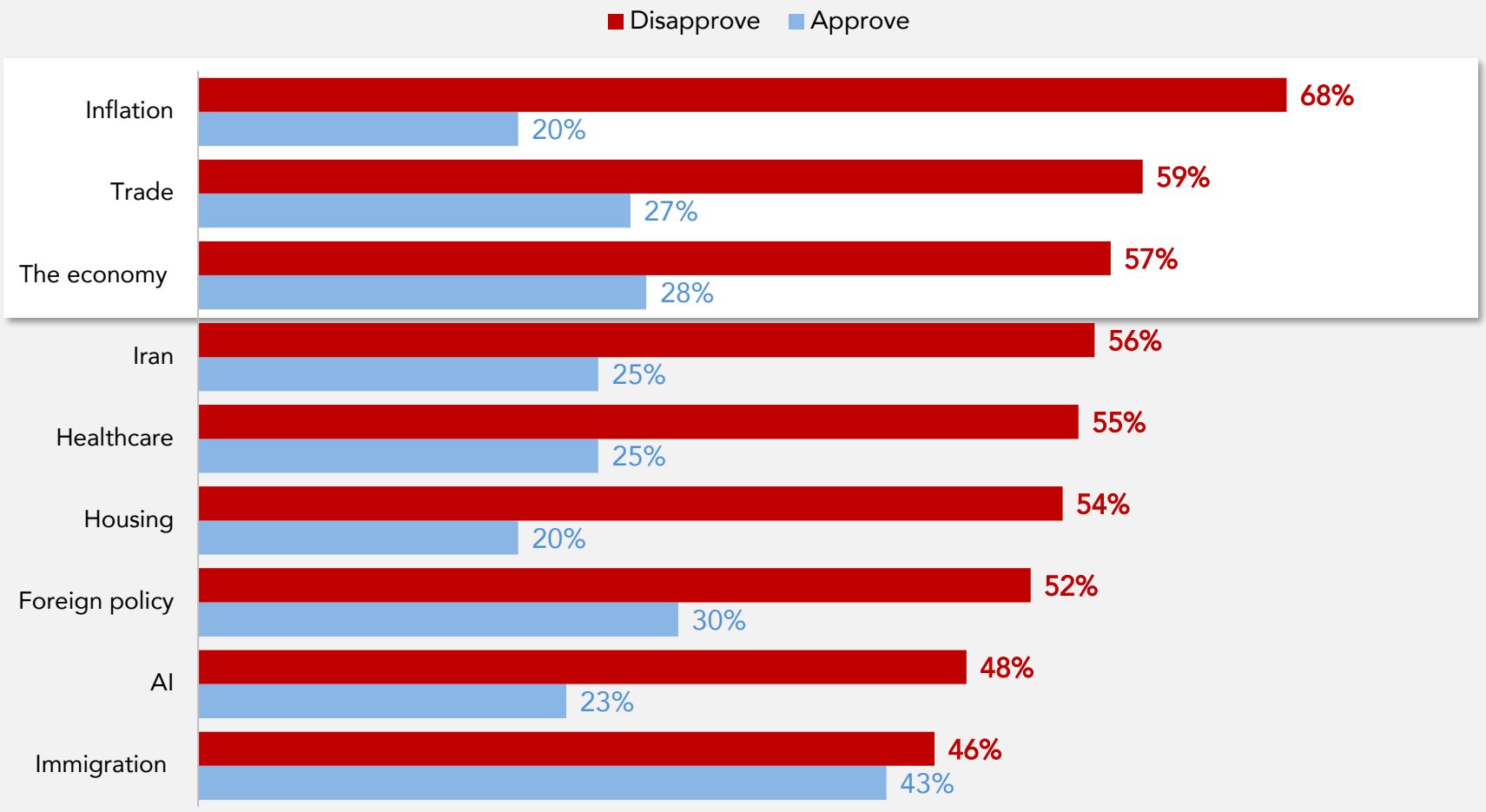
Real Clear Politics President Trump job approval ratings



Source: (1) RealClearPolitics. Bloomberg. Data as of October 29, 2026.

Voters Disapprove Most on Economic Issues

To what extent do you approve or disapprove of how President Trump is doing on the following issues?

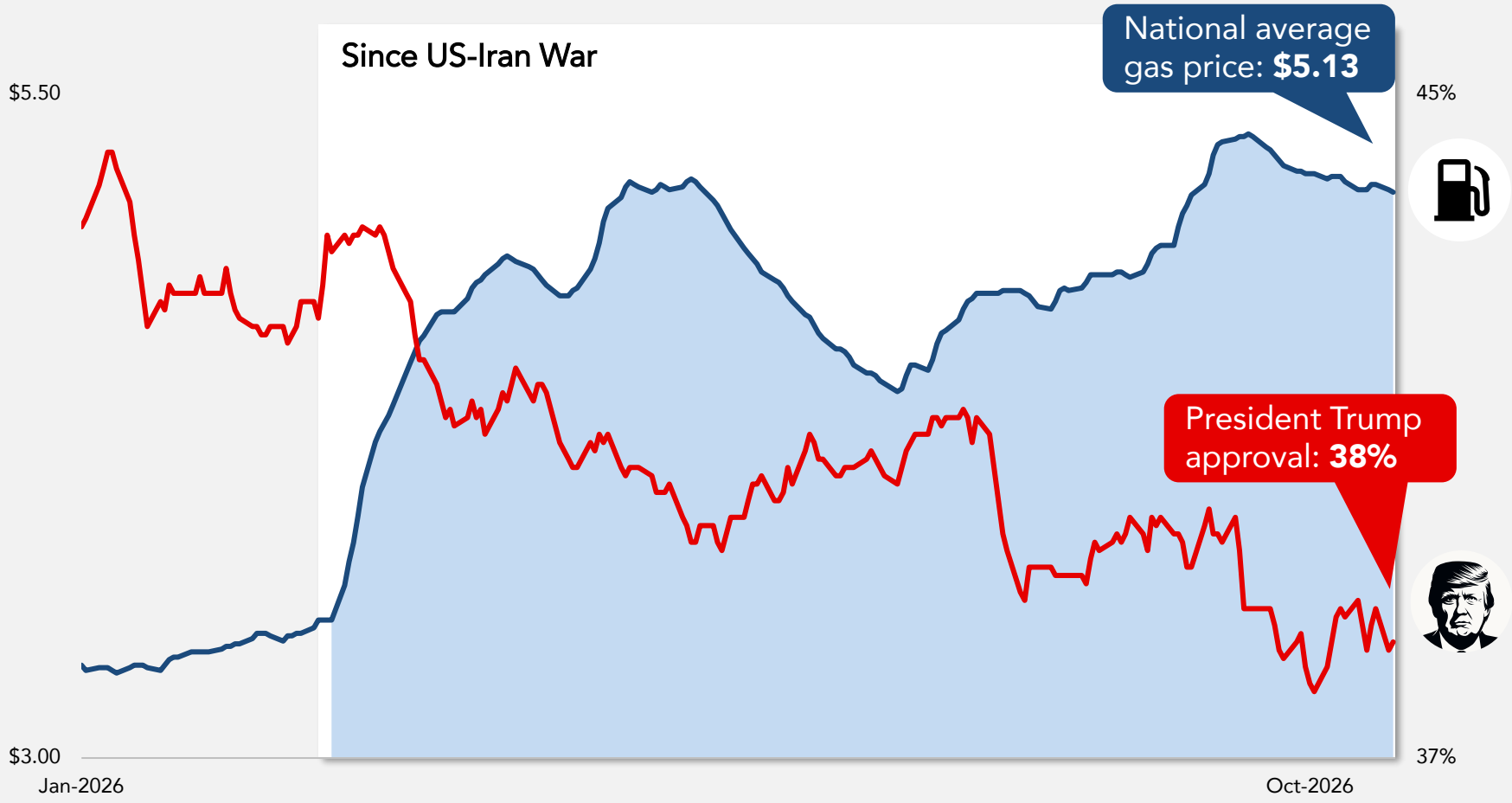


Source: (1) FT, "US Midterm Elections 2026: The FT's Guide." FT/Focaldata poll of 2,275 registered voters conducted on Oct 3-6, 2026. Results are statistically significant within +/-2.5 ppts.

Presidential Approval & Gas Prices

The US-Iran War's impact on gas prices has been an inflection point in the President's approval ratings.

US national average gas price vs. President Trump approval ratings

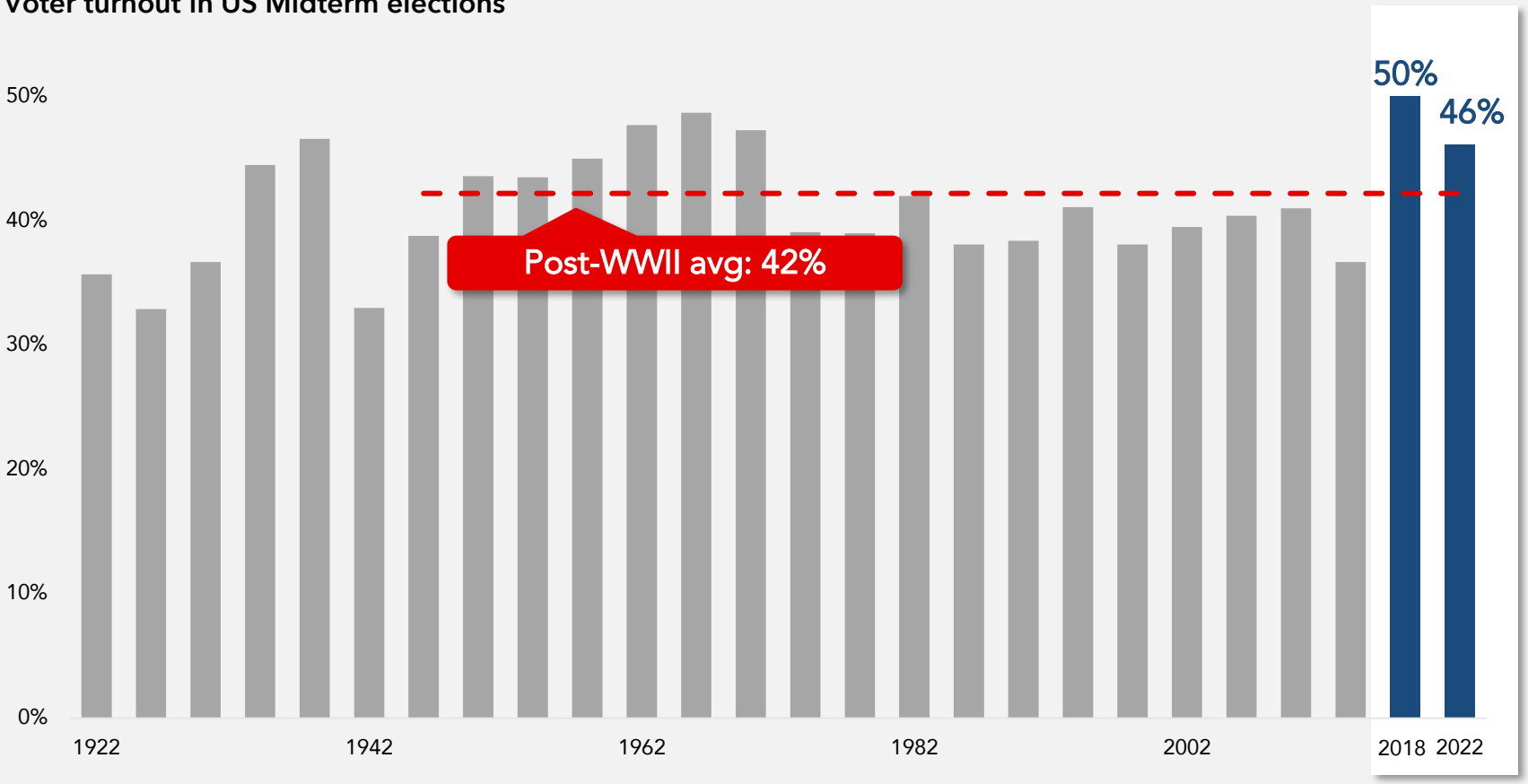


Source: (1) Bloomberg. Data as of October 29, 2026. Approval ratings is RealClearPolitics. National average gas price includes all grades.

Heighted Voter Engagement

For decades, non-presidential midterm elections hovered in the 40% area for voter turnout. The 2018 and 2022 cycles demonstrated a sustained era of heightened voter engagement compared to midterms in recent decades. Look for strong voter turnout again 2026, fueled by surging primary participation in states such as Texas, heightened Democratic engagement and widespread economic concerns motivating voters in both parties.

Voter turnout in US Midterm elections



Source: (1) US Elections Project. Vital Statistics of American Politics.

3. Key Voter Issues

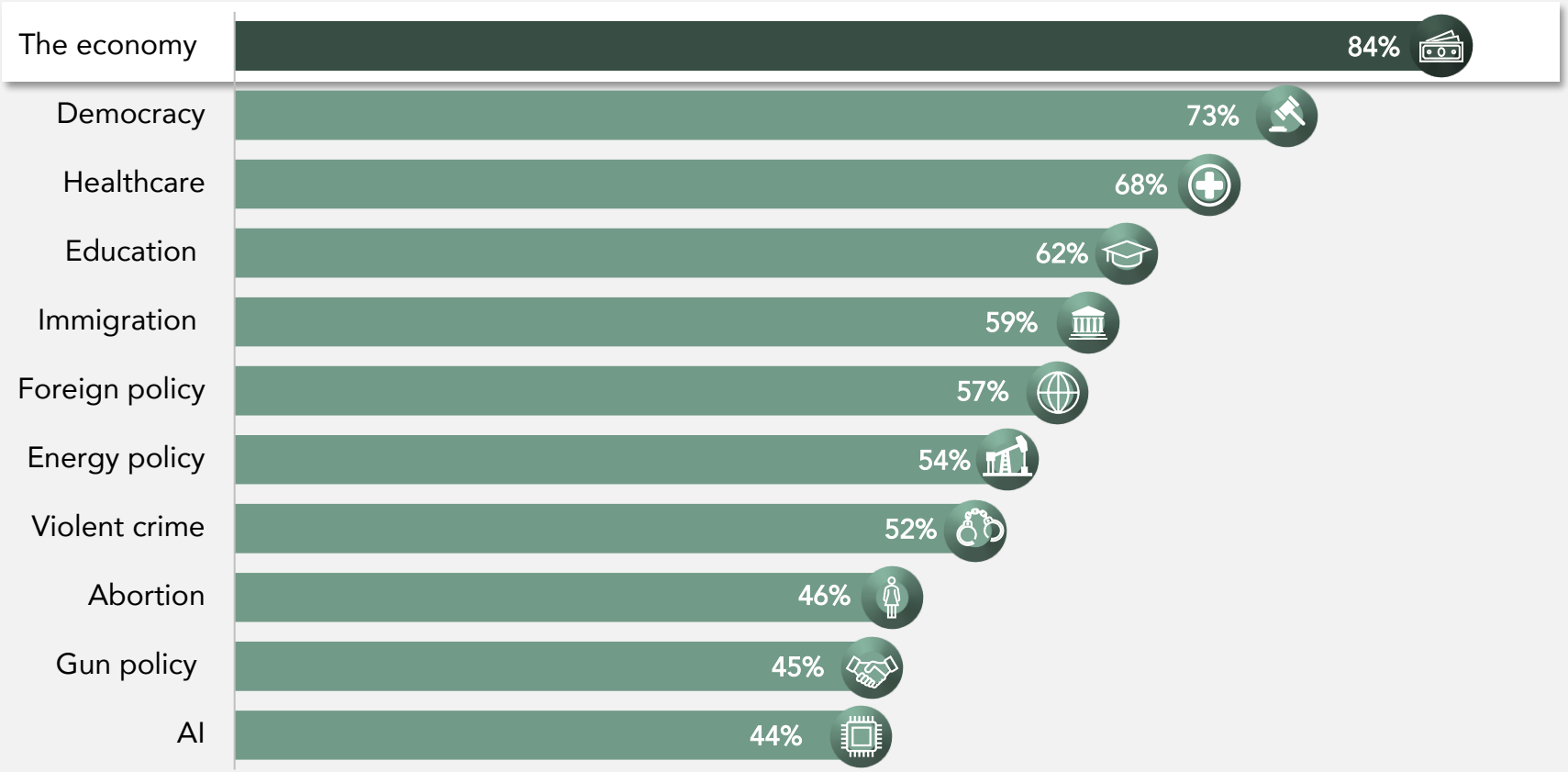
“It’s the economy, stupid.”

James Carville,
Democratic Party Strategist, 1992

Economy Ranks as Top Voter Issue

A recent Pew Research survey found that the economy is the dominant issue for both Republican and Democratic candidate supporters in the 2026 midterm election.

% of registered voters who say each of the following issues are *very important* to their vote in the 2026 midterms

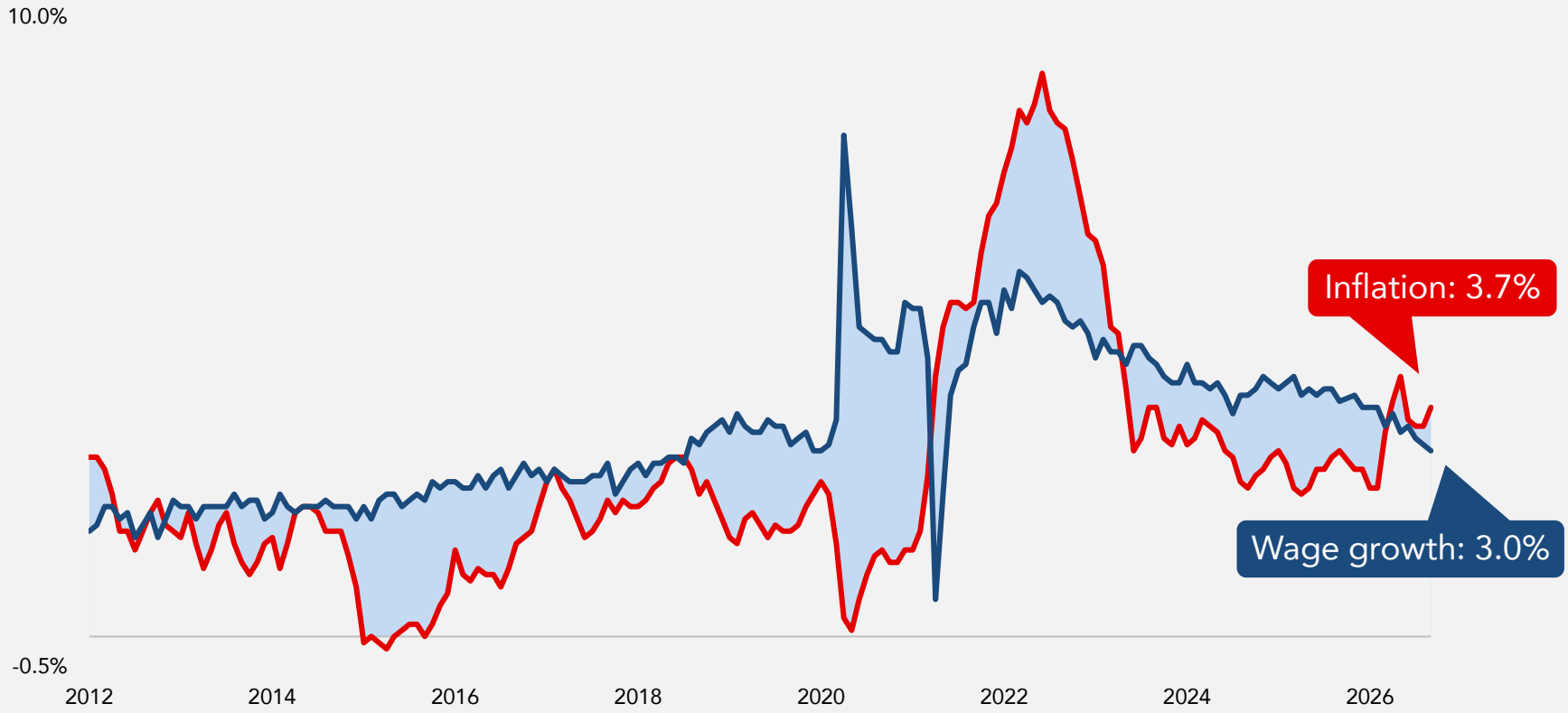


Source: (1) Pew Research, "Economy Ranks as Top Issue in Midterms for All Voters – But Partisans Differ Over the Importance of Other Issues." (October 2026). Survey of 5,062 US adults who are registered voters conducted on September 28- October 4, 2026.

Headline US Inflation Outpacing Wage Growth

Average hourly earnings continued to decelerate in September, up just 3.0% y/y and below the annual inflation rate. Real wage growth has been negative since April and is directly eroding household affordability, reinforcing voters' focus on inflation as a core issue heading into the midterm elections.

Headline CPI vs. average hourly wages, y/y

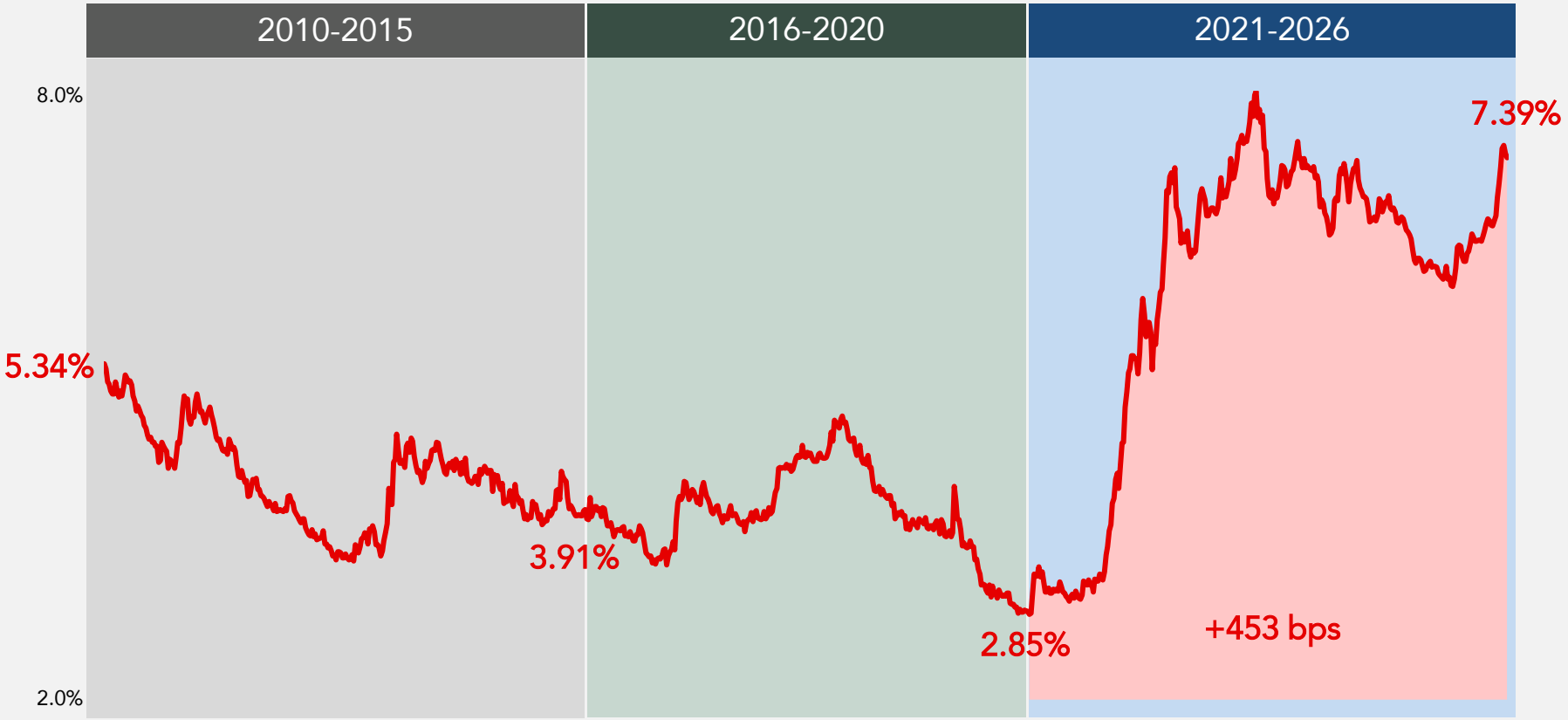


Source: Bloomberg. Data as of October 29, 2026.

US Mortgage Rates at Highest Level Since 2023

The impact of higher UST yields – driven by higher term premia, fiscal supply and an evolving buyer base – has rippled through US mortgage and housing markets.

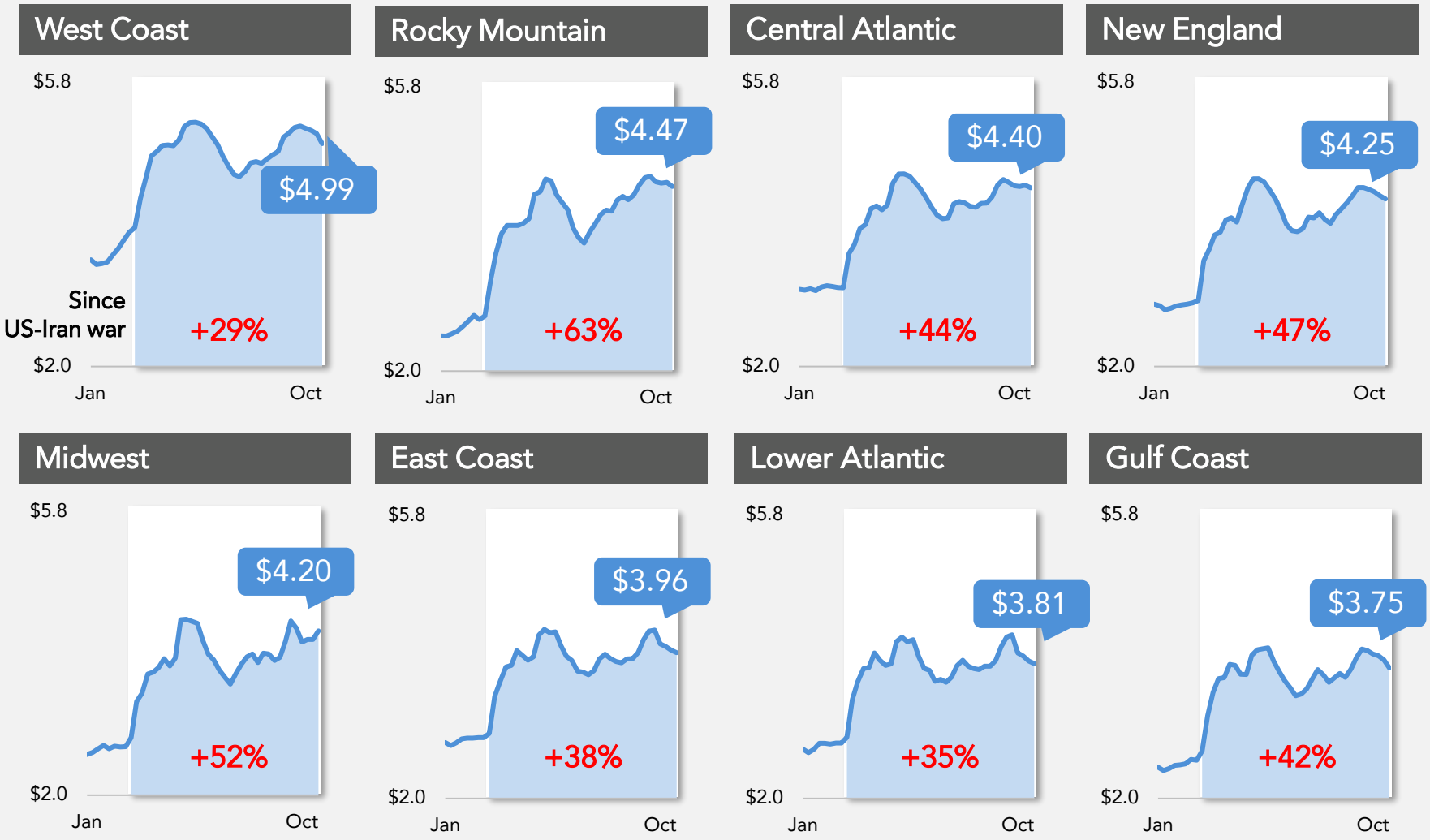
US 30-year fixed mortgage rate, national average



Source: (1) Bloomberg. Data as of October 29, 2026. Bankrate.com US Home Mortgage 30 Year Fixed National Average.

Rising US Gas Prices by Region

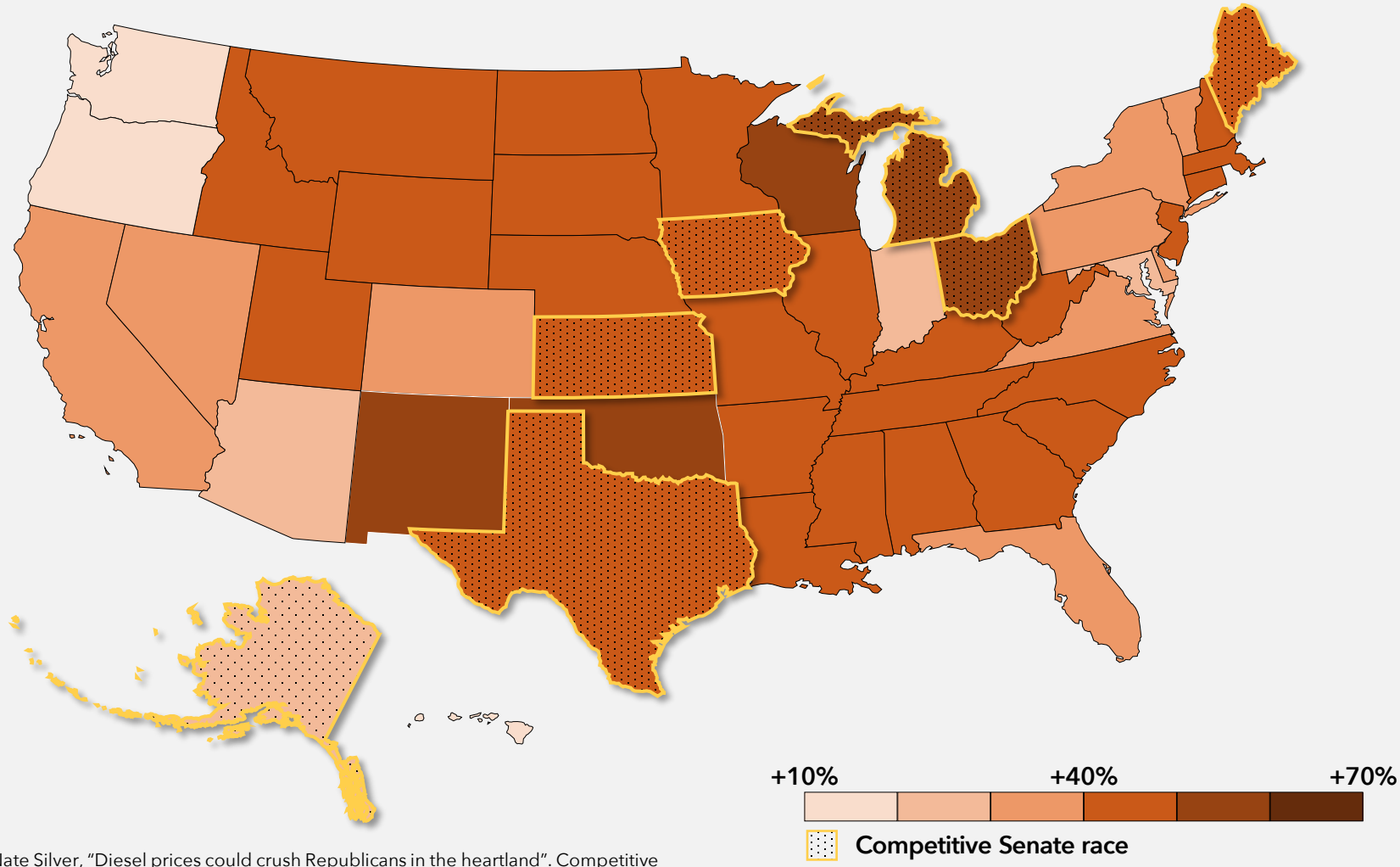
US regular gasoline prices by region



Source: (1-8) Bloomberg. Data as of October 29, 2026. EIA regions. Regular gasoline prices including all taxes. Weekly data.

Where Gas Prices Have Increased the Most?

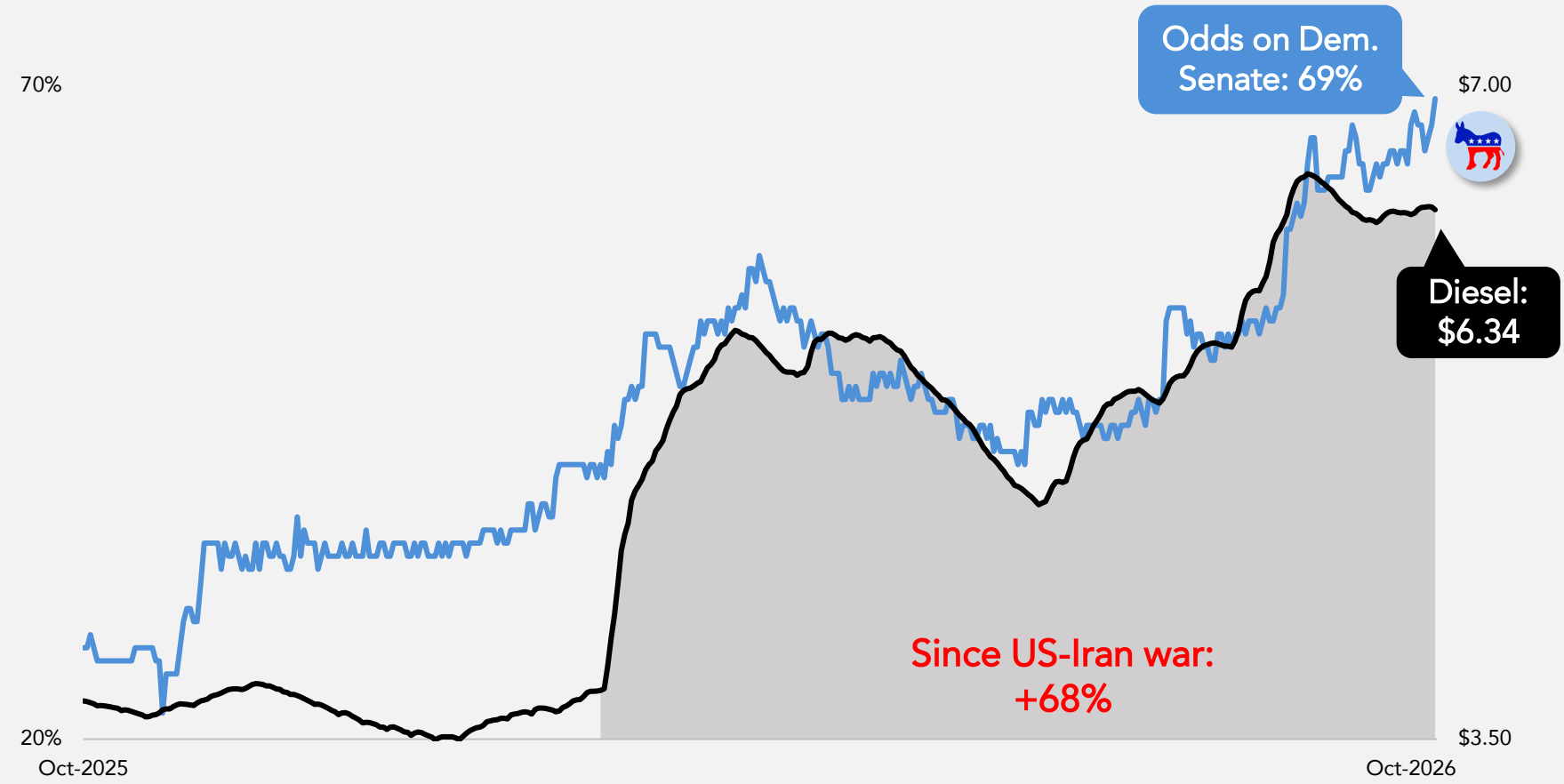
Percentage change in regular gas prices on Sept. 22, 2026 versus one year earlier



Source: Nate Silver, "Diesel prices could crush Republicans in the heartland". Competitive Senate States are Cook Political Report toss-up races.

Democratic Senate Odds Have Risen Alongside the Price of Diesel

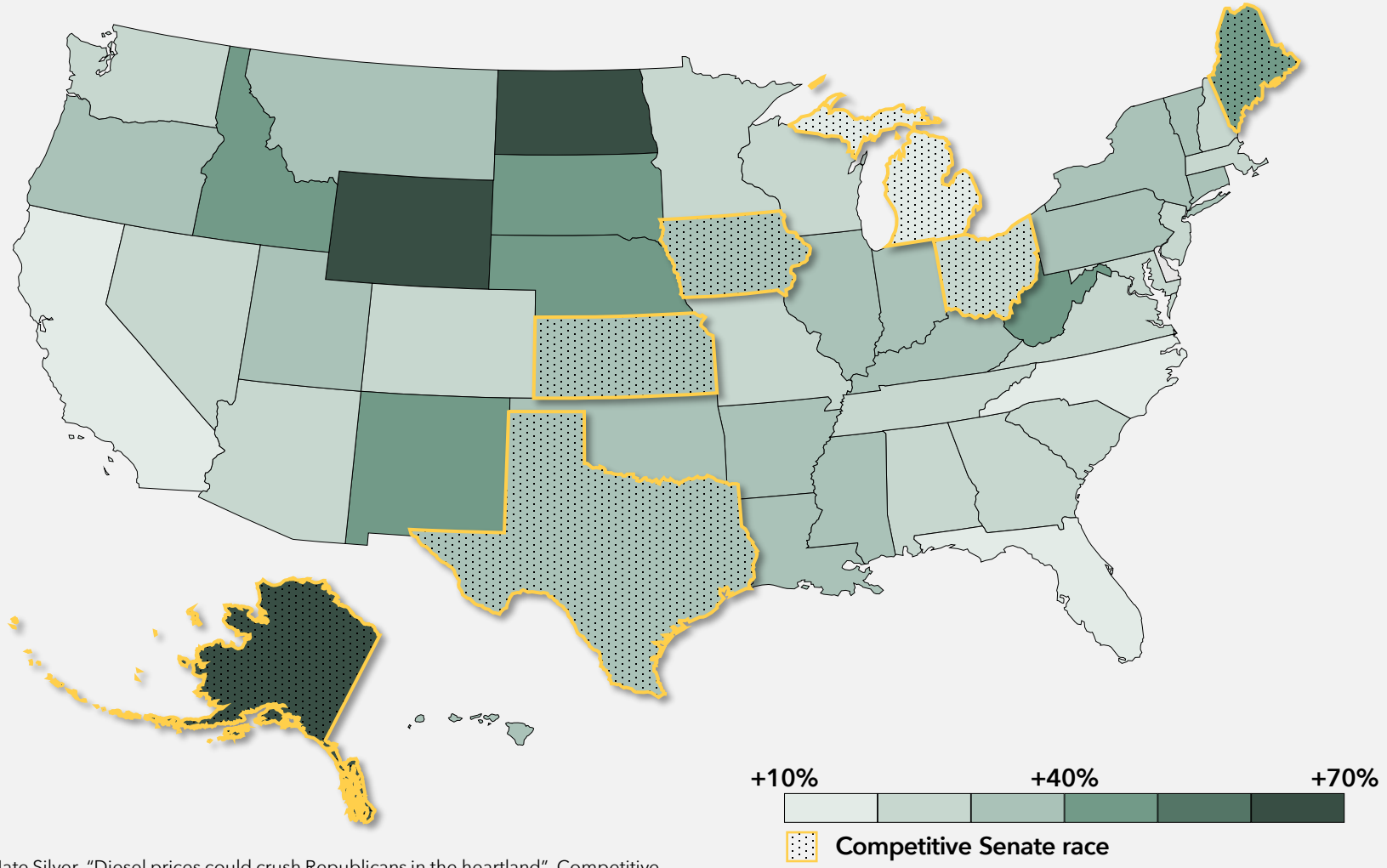
Diesel prices and Polymarket odds on Democratic Senate



Source: (1) Bloomberg. Data as of October 29, 2026. John Authers. Data is Polymarket market betting odds.

Which States Depend the Most on Diesel?

Diesel and heating oil as a share of combined diesel and gasoline use (2024)

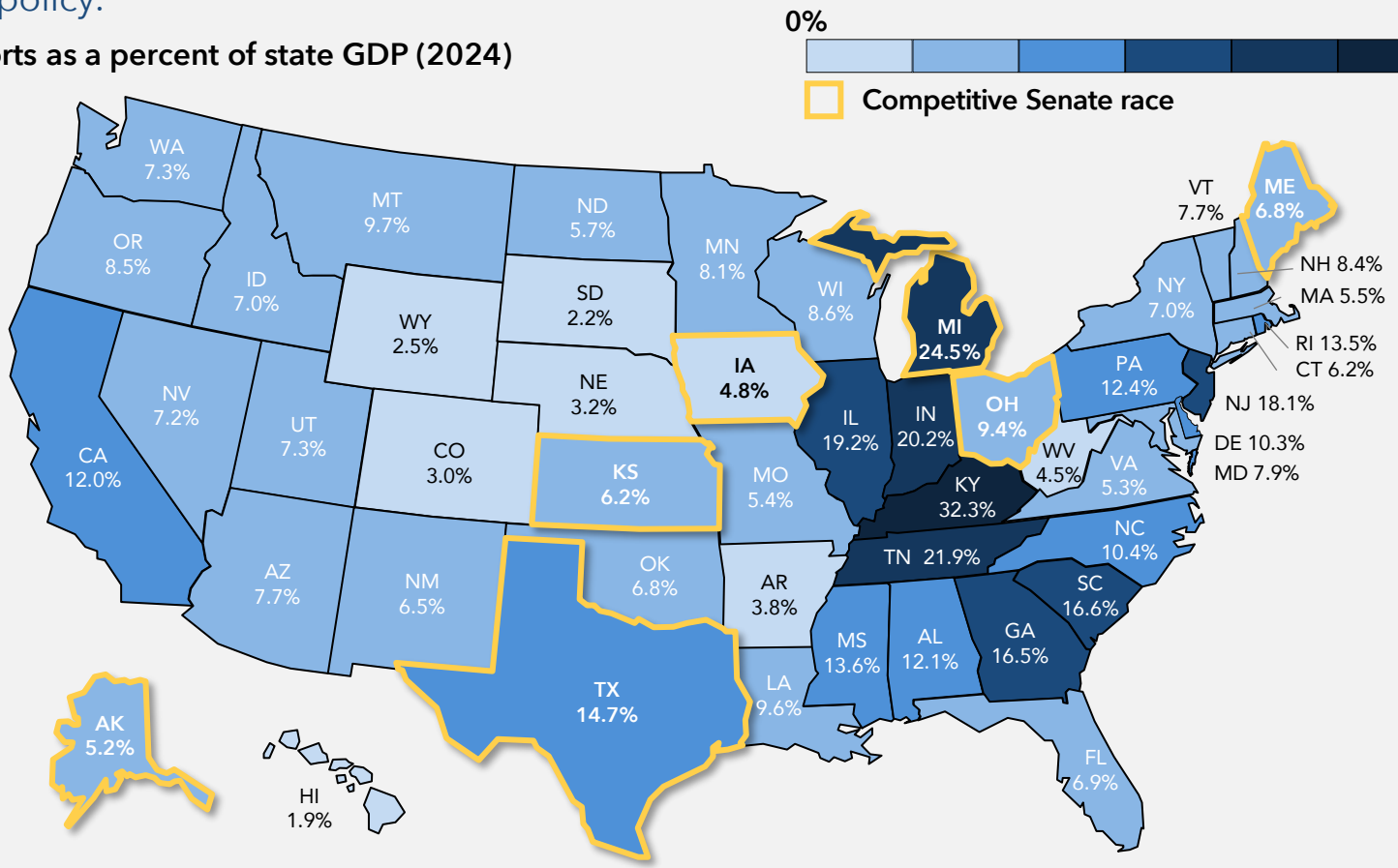


Source: Nate Silver, "Diesel prices could crush Republicans in the heartland". Competitive Senate States are Cook Political Report toss-up races.

Key Swing States More Exposed to Tariffs

Trump's trade policy has contributed to affordability pressures, with the household costs due to tariffs estimated at $1,100 annually. Key battleground states that have more concentrated manufacturing and farm economies are more exposed. However, according to a new Cato Institute / Morning Consult survey, nearly 60% of respondents have an unfavorable opinion on the President's handling of US trade policy.

Share of imports as a percent of state GDP (2024)

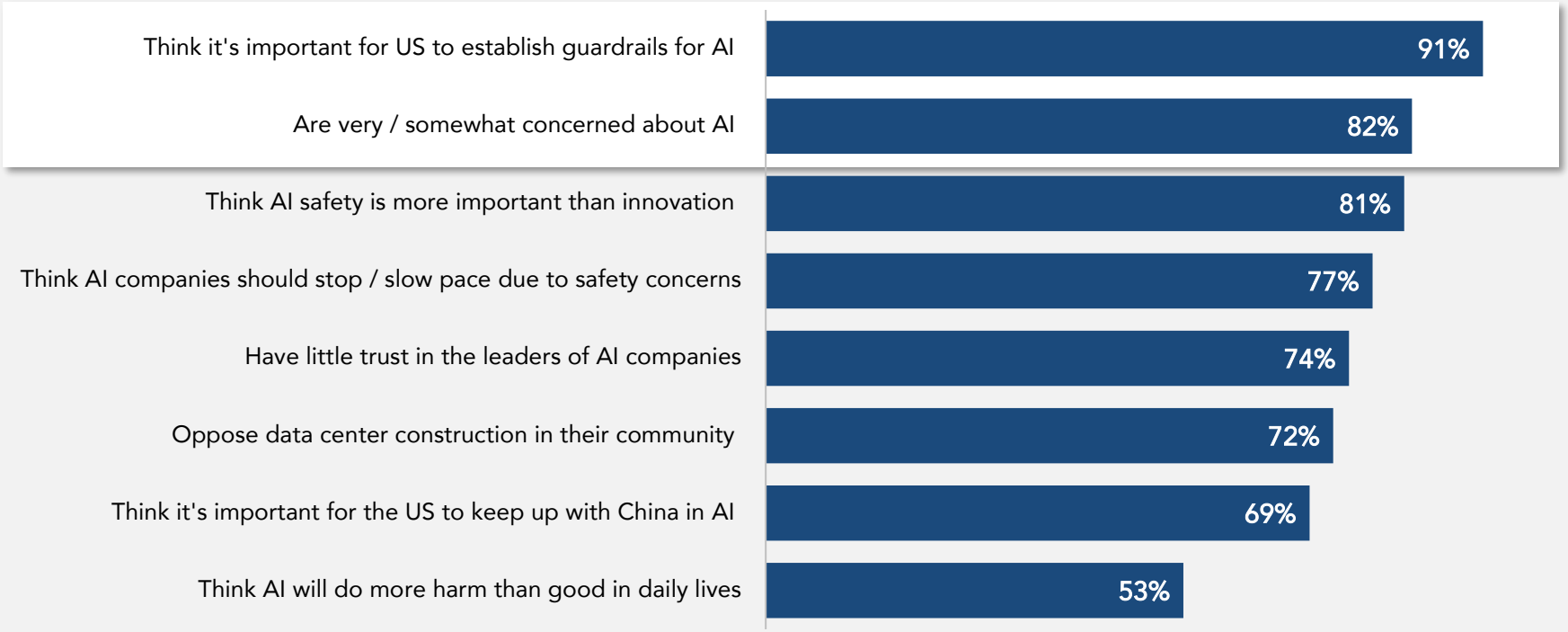


Source: (1) National Association of Realtors. Competitive Senate race data is from Cook Political Report. Cato Institute "75% of Americans Say Tariffs Will be Important to Their Vote in the Midterms." Data is 2024.

AI Emerging as More Prominent Issue Ahead of US Midterm Elections

As we approach the US midterm elections on November 3rd, artificial intelligence has become a more prominent issue with voters given: (1) data center energy costs; (2) physical footprint and land use; (3) labor market displacement concerns; and (4) limited regulatory frameworks. According to a recent Quinnipiac University poll, more than 80% of Americans have expressed significant concerns with AI and believe the government is not doing enough on regulation.

Percentage of respondents who agree with each statement:

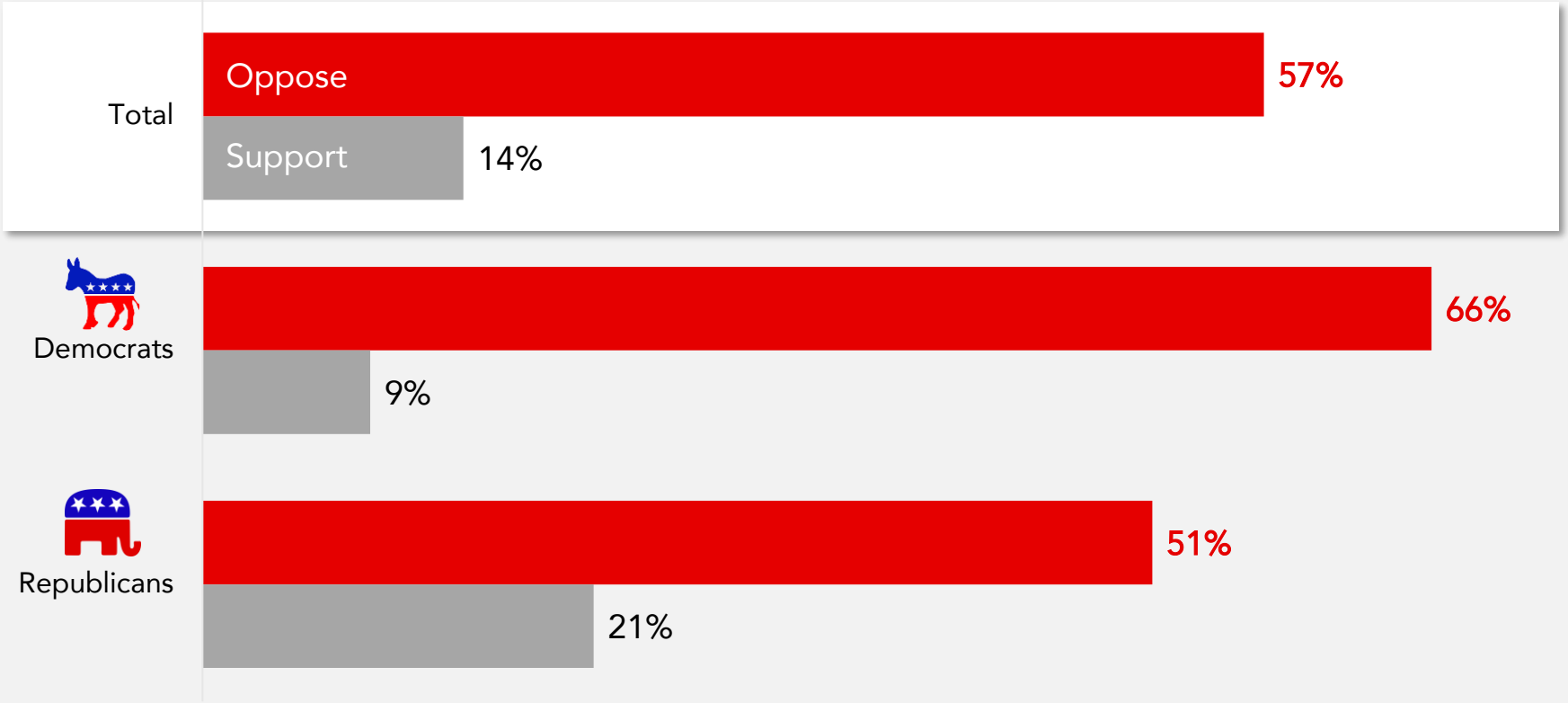


Source: (1) Quinnipiac University. Poll of 1,202 adults conducted from September 24-27, 2026, throughout the contiguous US.

Data Centers are a Bipartisan Issue

A recent Reuters / Ipsos poll found that 77% of Americans are concerned about data centers raising electricity costs. Two-thirds of Democrats and half of Republicans said they would oppose a data center in their community.

Reuters / Ipsos poll: Would you support or oppose a data center being built in your community?

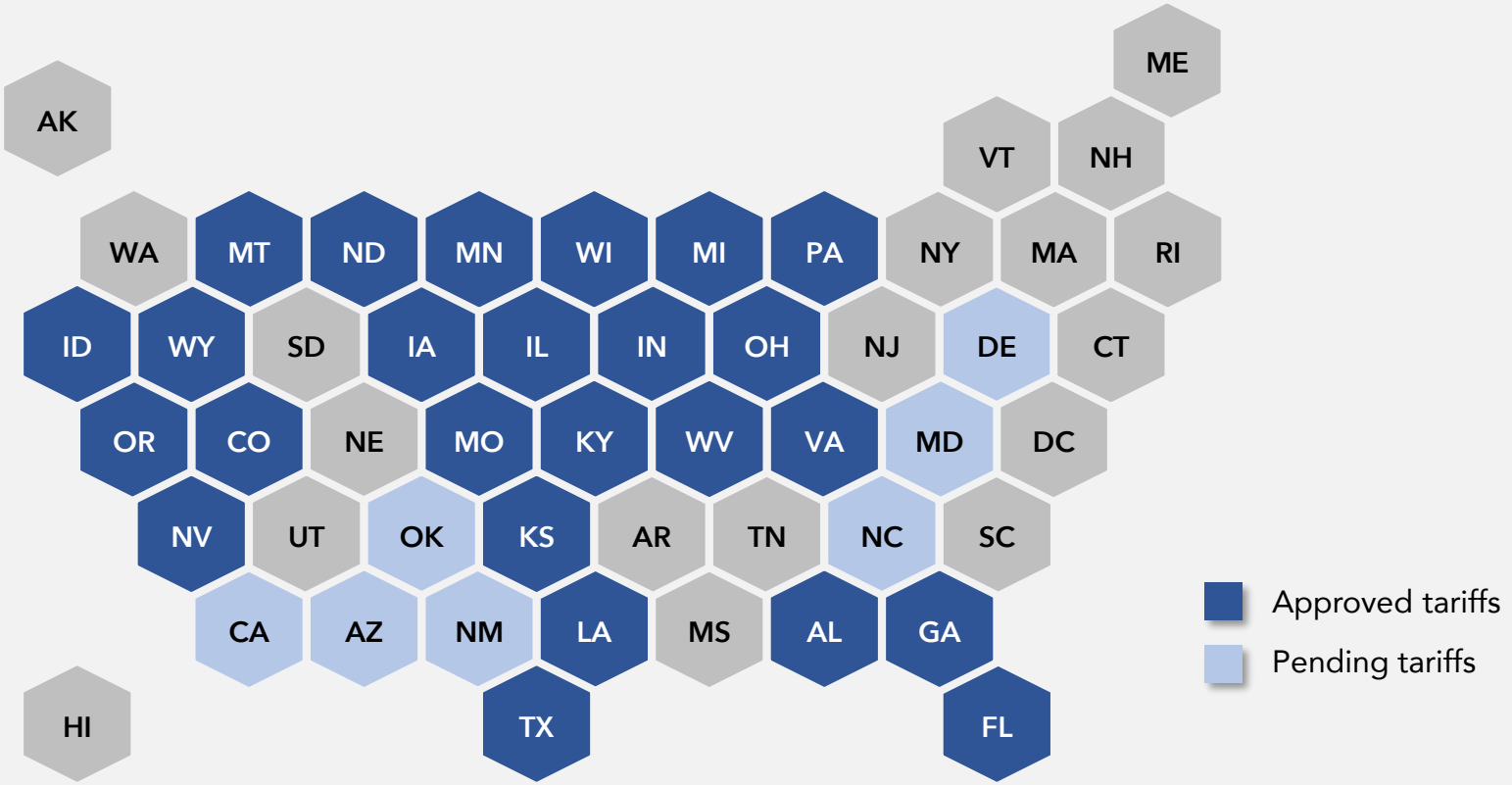


Source: (1) Reuters/Ipsos poll conducted on June 3-8, 2026. Sample of 4,531 general population adults aged 18 and older.

Data Center Power Regulation

According to Bloomberg Government, 15 states have enacted legislation to protect residential ratepayers from data center expansion costs, while 25 states have approved at least one large load tariff (specialized rate structure designed by utilities) for hyperscaler energy consumers.

State by state status on large load tariffs

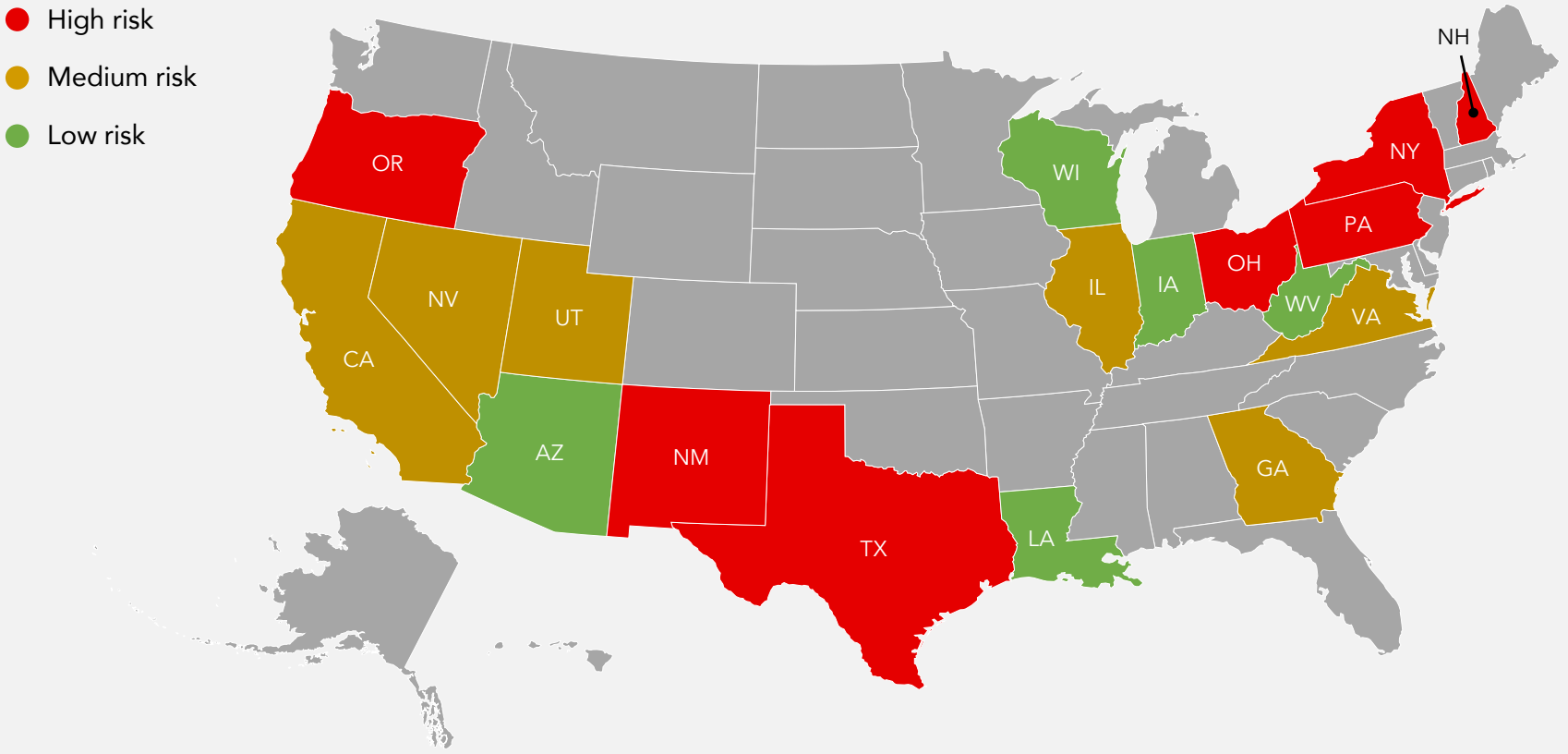


Source: (1) Bloomberg Government, "Congress Pushes Industry, States on Data Center Costs: Explained". Edison Electric Institute. Includes states that have approved at least one large load tariff as of September. In utility regulation, a tariff refers to a legally binding rate schedule, terms of service and cost-allocation framework, rather than an import tax.

States at Risk of Data Center Regulatory Action

According to Henrietta Treyz at Veda Partners, the regulatory outlook has declined across several data center markets. 87% of the total planned US data center capacity tracked by Veda is at medium to high regulatory risk.

Status of states at risk of data center regulatory action



Source: DataCenterBans. Veda Partners (Henrietta Treyz), "Data Center State Regulation Tracker – September 23 Update". Data as of September 30, 2026.

4.
The US House of Representatives

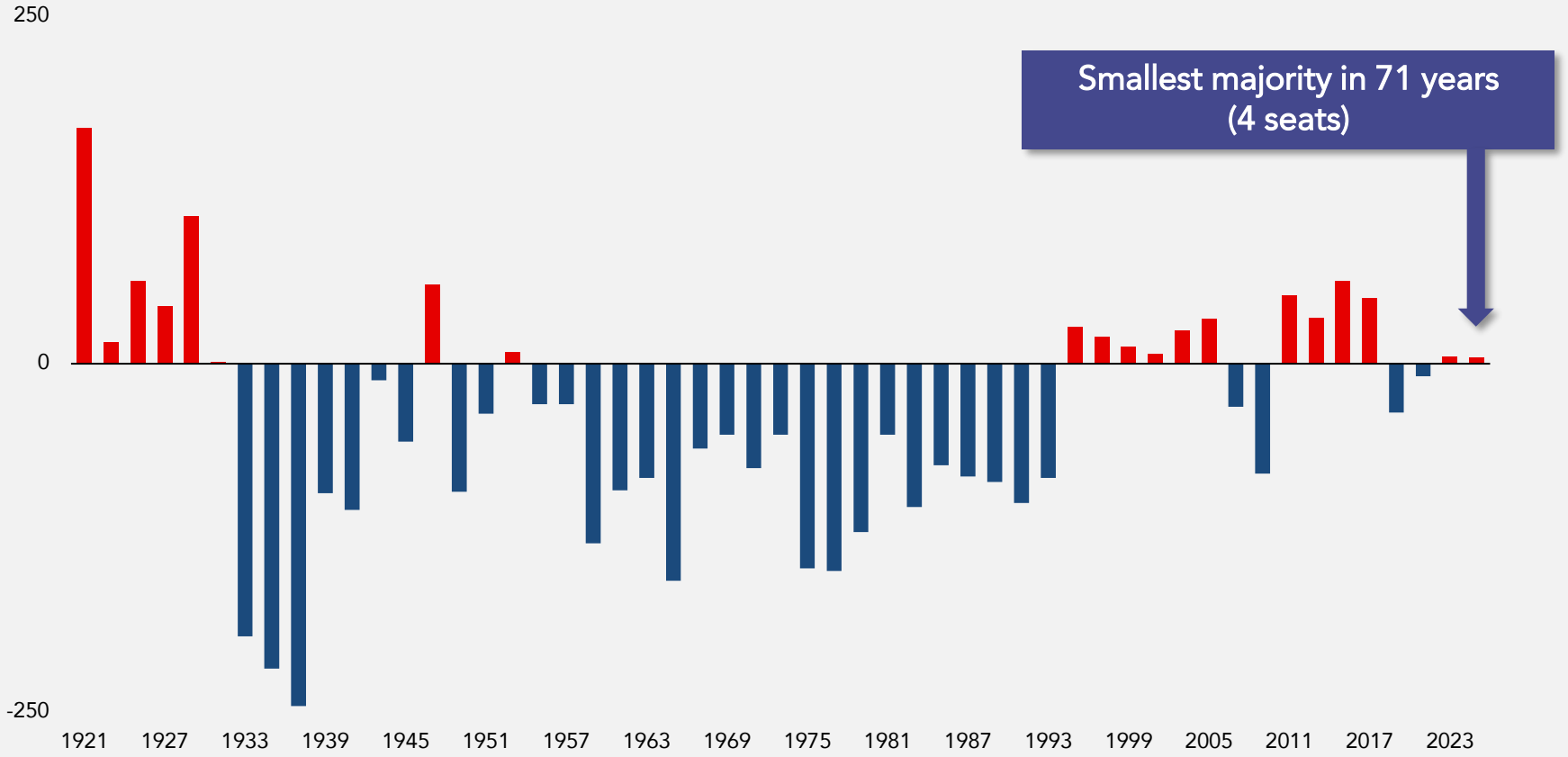
"The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

Franklin D. Roosevelt,
32nd President of the United States (1882-1945)

Smallest US House Majority in Over 70 Years

At the start of the current 119th Congress, the Republican Party held a 4-seat majority, the narrowest majority in the US House of Representatives since 1954. With so narrow a majority, and all 435 seats up for election, we expect Democrats to take control of the House.

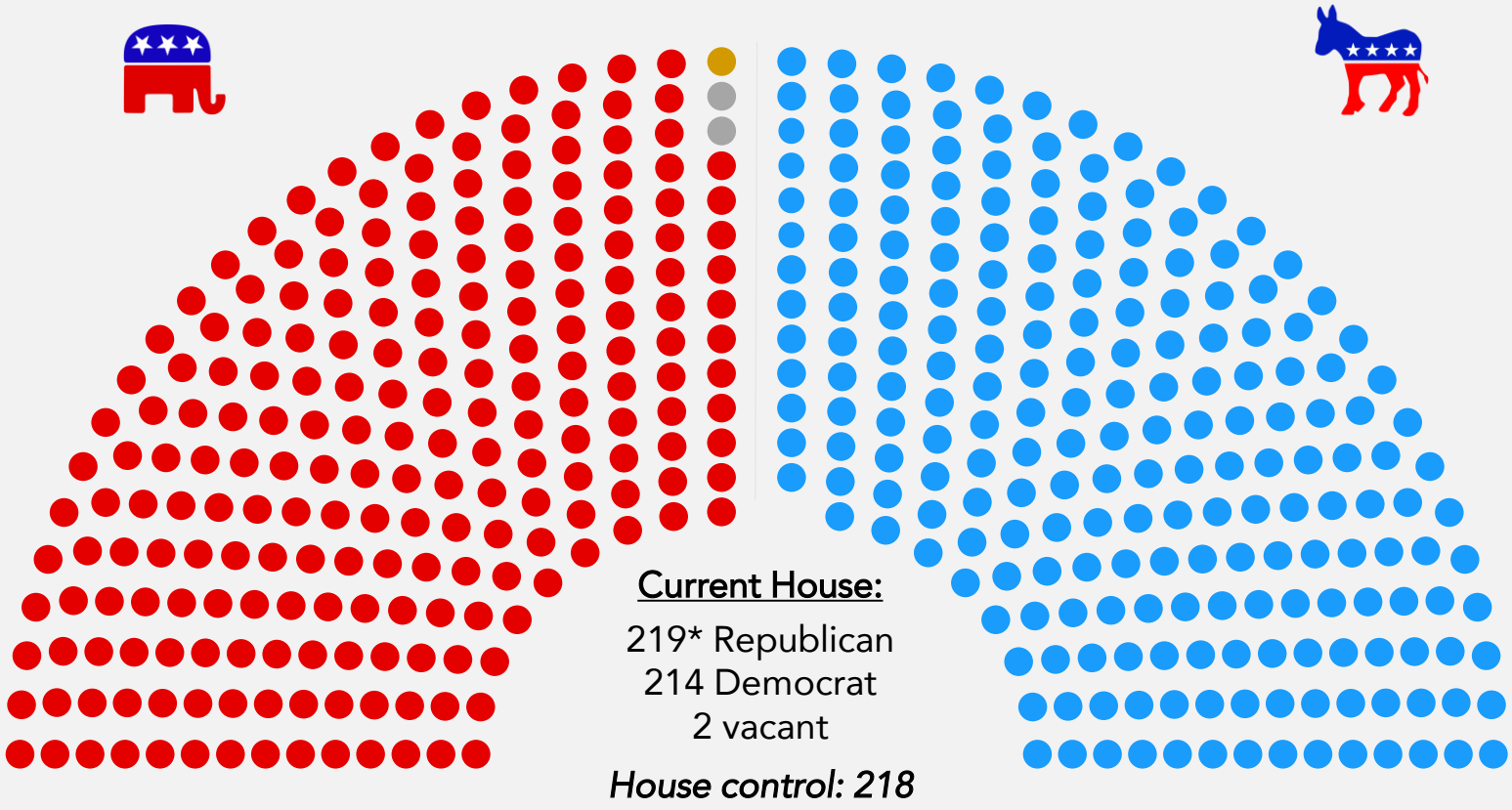
Party control margins in the U.S. House



Source: (1) Mehlman Consulting, "Age of Disruption".

US House of Representatives: Pre-Election Snapshot

As happens every two years, all 435 seats in the US House of Representatives are up for election. In 37 of the last 40 US midterm elections, the President's political party has suffered losses in the House - the three exceptions being FDR (1934), Bill Clinton (1998) and George Bush (2002). With Republicans holding a "razor-thin" majority in the House, Democrats look poised to win back control over the chamber.

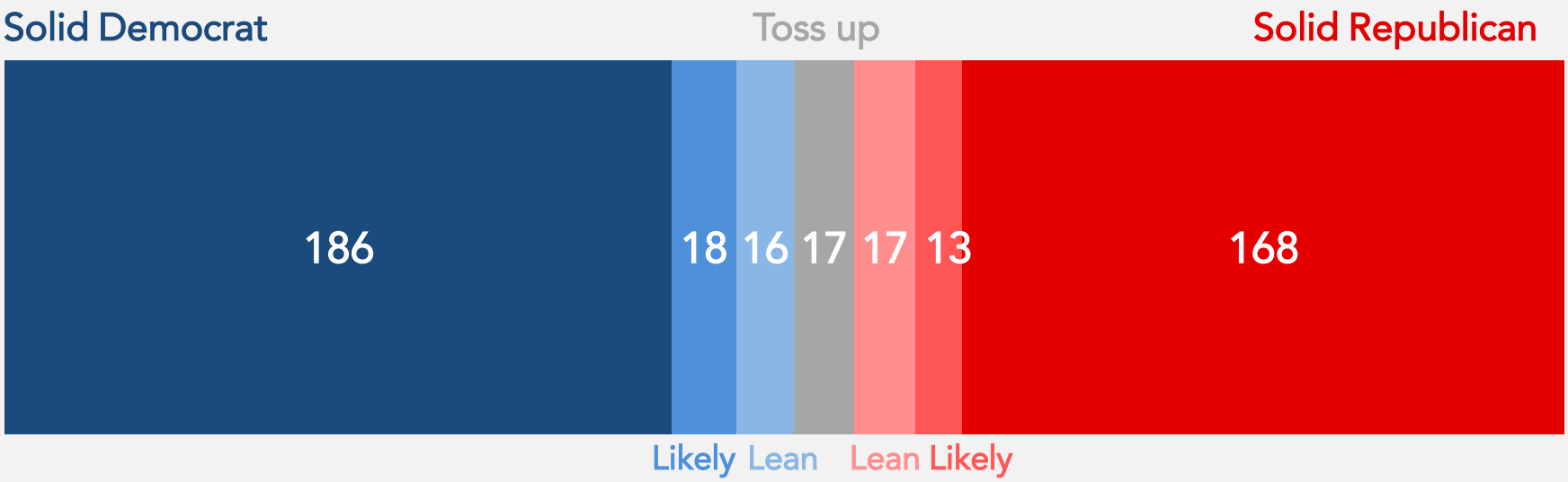


*Source: (1) Bloomberg Government. *Yellow indicates an independent who caucuses with Republicans. 218 needed for House control when all 435 seats are filled. House control when not all seats are filled is determined by simply majority.*

Key US House Races to Watch

All 435 seats in the US House of Representatives will be up for election in 2026. An analysis by the Cook Political Report highlights 17 toss-up races for the US House of Representatives with Democrats defending 5 toss-up seats and Republicans defending 12 toss-up seats. The Republican party currently controls the House with 219 seats (218 needed for majority).

2026 House race ratings



Source: (1) The Cook Political Report. Data as of October 29, 2026.

House Races to Watch

While all 435 seats in the US House of Representatives are up for election, 17 are considered a "toss up"

"Toss-up" seats in the 2026 US House of Representatives election

State	Dem. Candidate	Rep. Candidate
California – 22	Villegas	***Valadao****
Florida – 14	***Castor****	Beltran
Florida – 22	Dandiya	Askar
Iowa – 02	James	Mitchell
Kentucky – 06	Dembo	Alvarado
Michigan – 04	McCann	***Huizenga****
Michigan – 07	Lawrence	***Barrett****
Michigan – 10	Hines	Bouchard
Montana – 01	Forstag	Flint
N. Carolina – 01	***Davis****	Buckhout
New York – 17	Conley	***Lawler****
Ohio – 07	Poindexter	***Miller****
Ohio – 09	***Kaptur****	Merrin
Pennsylvania – 08	Cognetti	***Bresnahan Jr.****
Texas – 15	Pulido	***De La Cruz****
Texas – 35	Garcia	De La Cruz
Virginia – 01	Taylor	***Wittman****

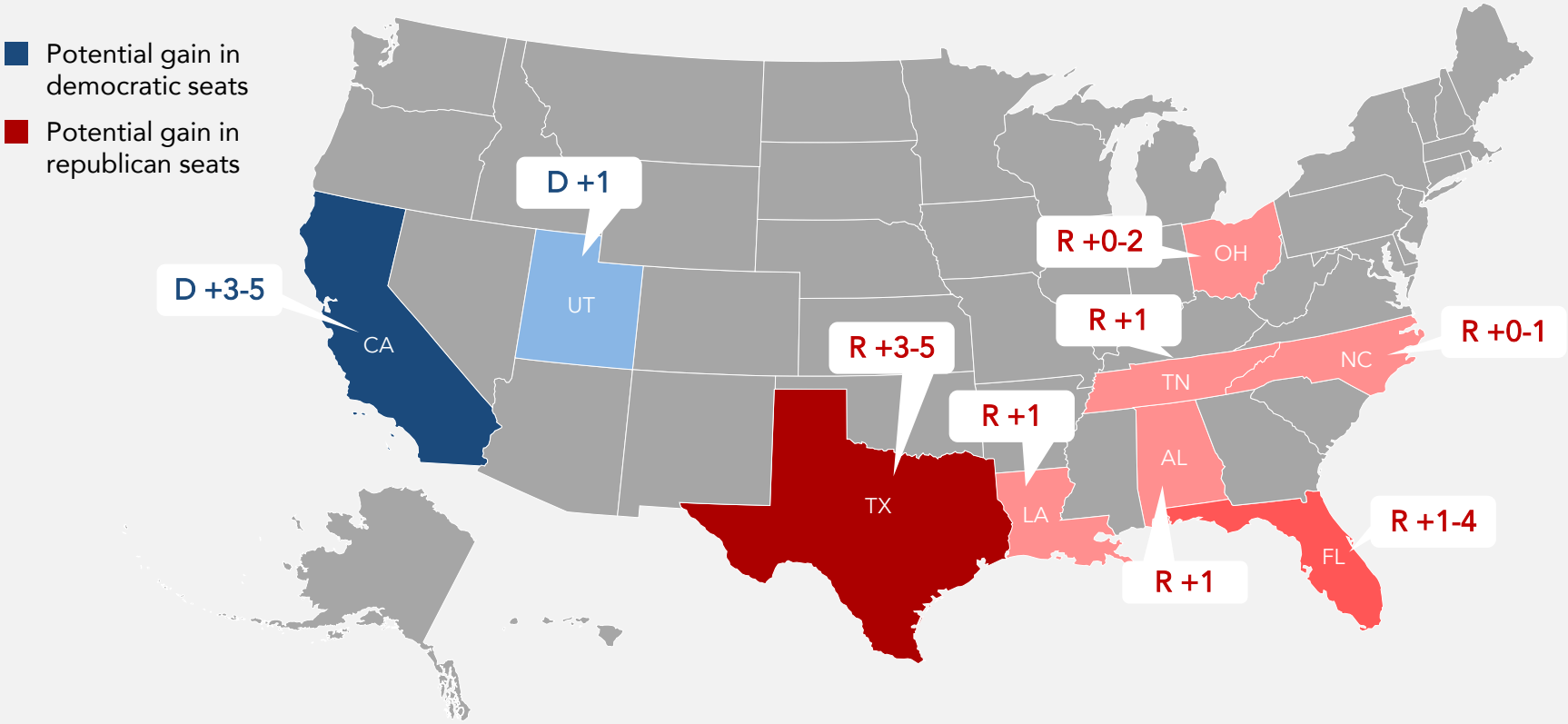
Source: (1) Cook Political Report. Data as of October 29, 2026.

***Incumbent**

Mid-Decade Redistricting Provides Modest Net Advantage to Republicans

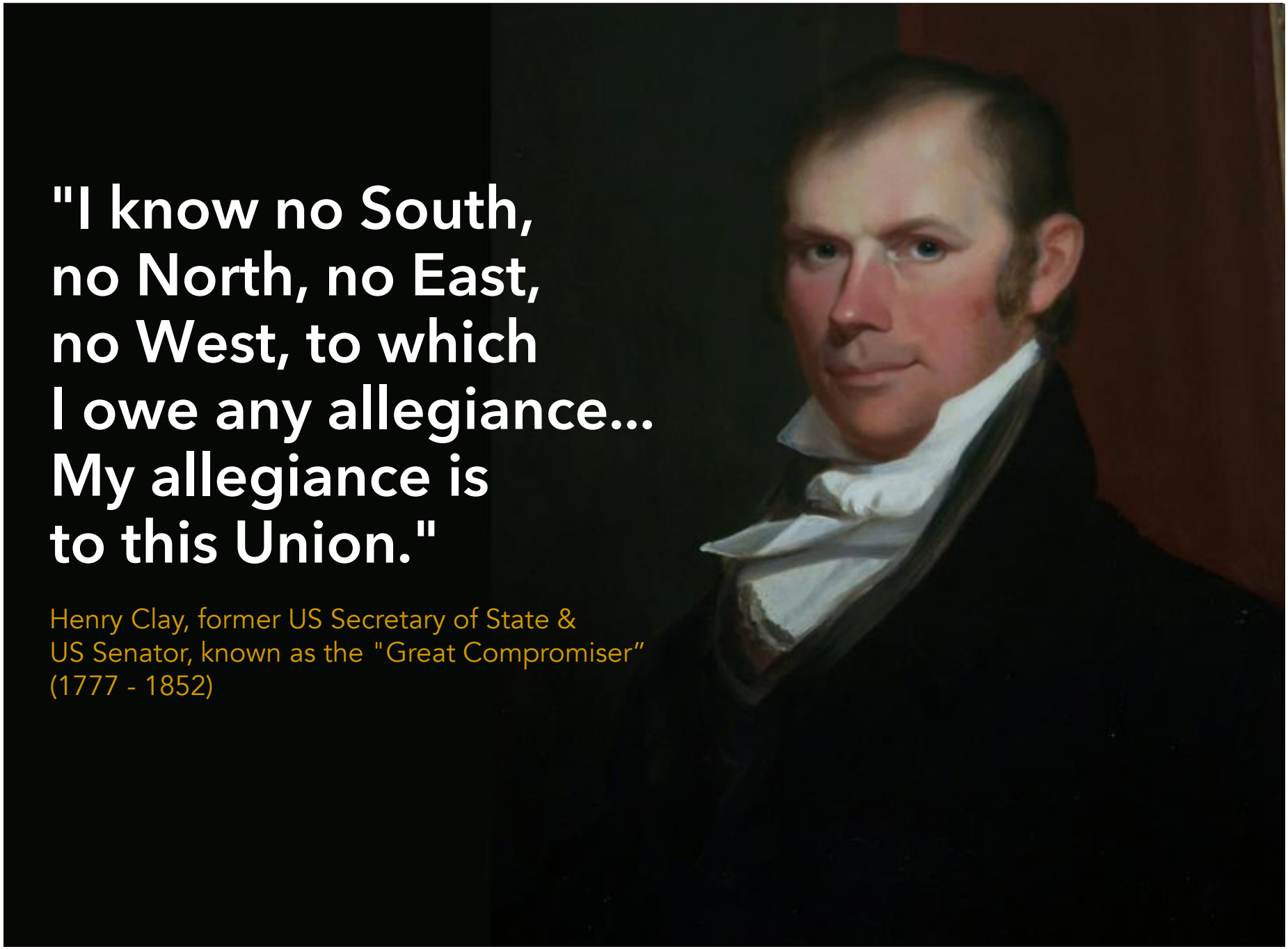
While states must redraw district lines every 10 years following the completion of the US Census, 9 states enacted or used new or revised congressional maps ahead of the 2026 midterm election. Five states (CA, TX, FL, TN, NC) conducted voluntary redistricting while four other states (UT, OH, LA, AL) were required due to state laws or court-ordered litigation.

Status of congressional redistricting ahead of 2026 midterm elections



Source: Ballotpedia. Data as of September 28, 2026. Seats in play data from Cook Political.

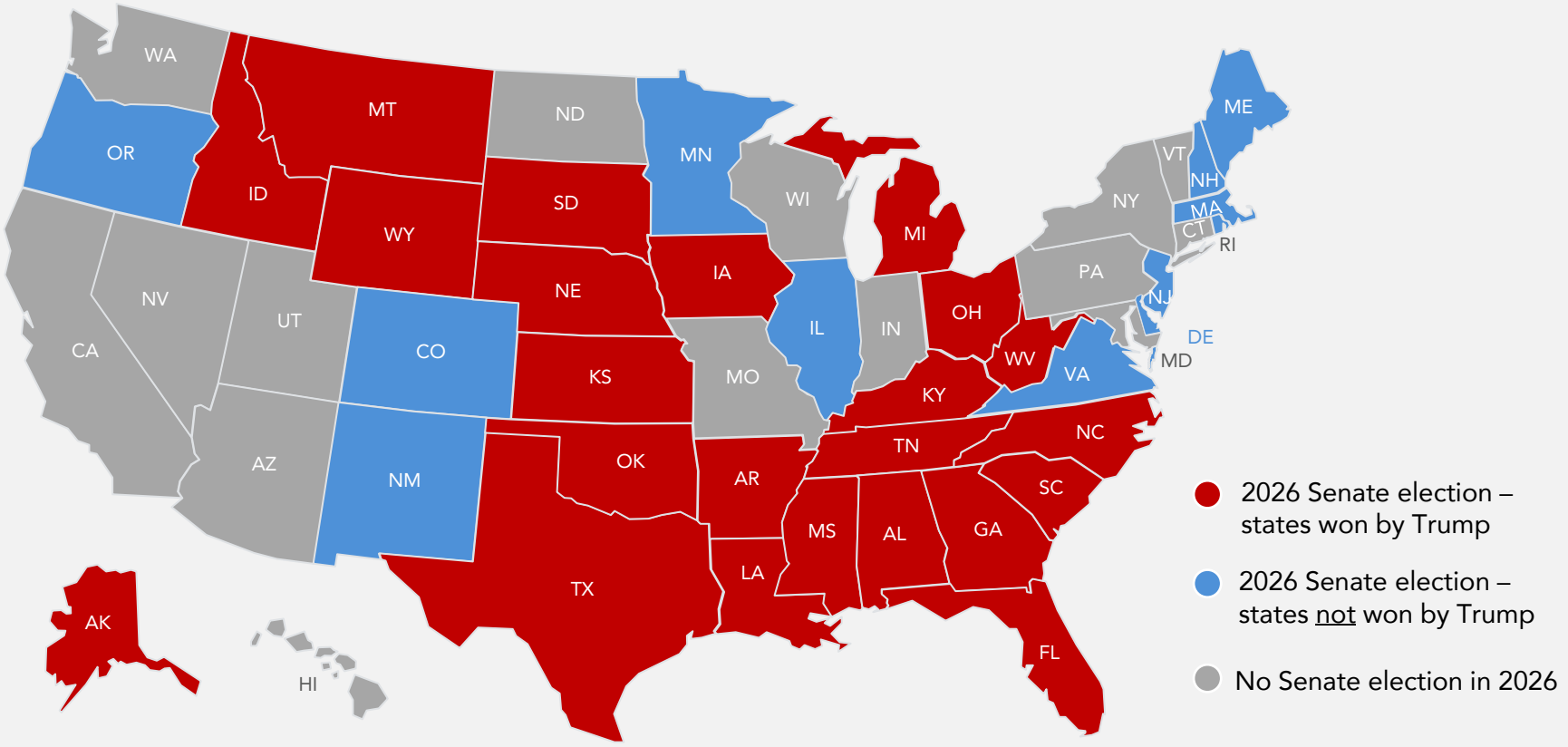
5. The US Senate


"I know no South,
no North, no East,
no West, to which
I owe any allegiance...
My allegiance is
to this Union."
Henry Clay, former US Secretary of State &
US Senator, known as the "Great Compromiser"
(1777 - 1852)

Breakdown of 2026 US Senate Elections

While the House election tends to be more of a "national election", the Senate races are heavily influenced by regional issues, candidate quality and which Senators happen to be defending their seats in a given election cycle (only 1/3 of Senate seats are up for election). While history suggests the party in power loses an average of 4 seats in the midterm elections, this election may be closer.

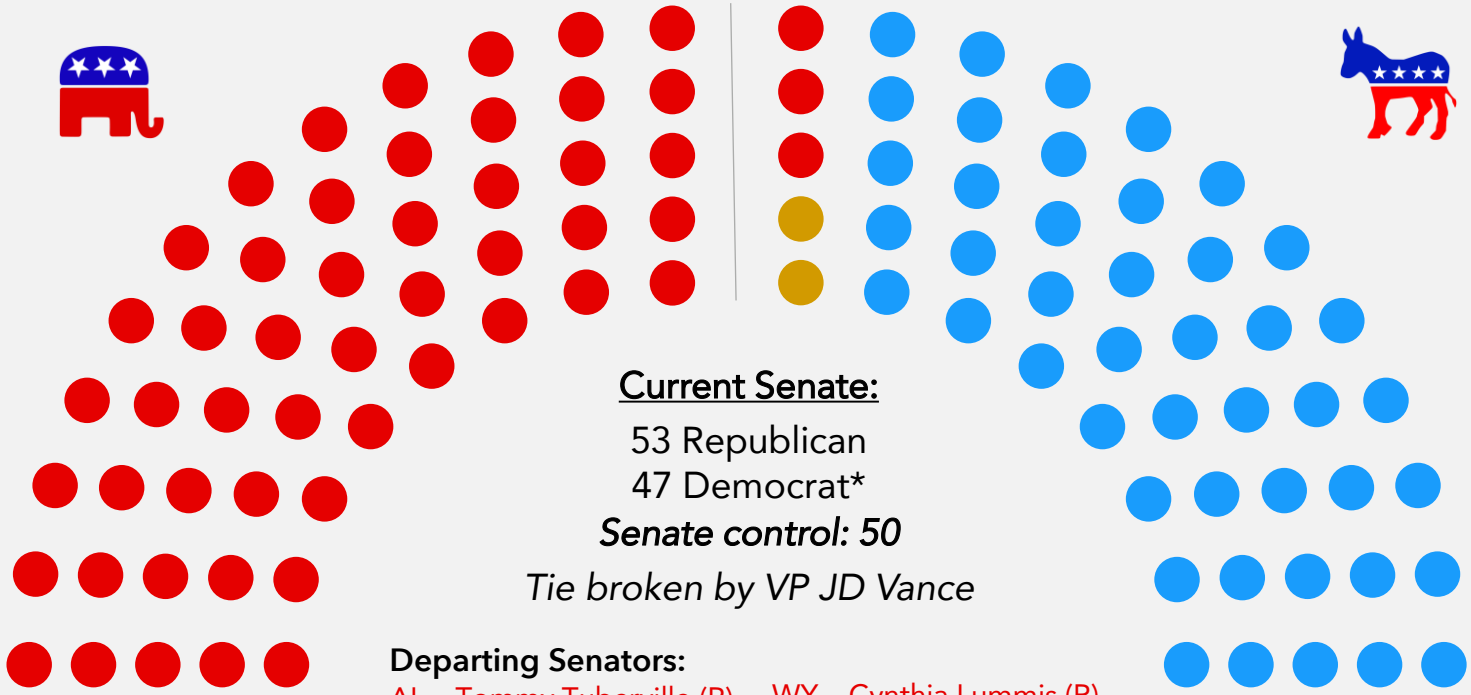
US Senate elections in 2026



Source: (1) Real Clear Politics, 270toWin. Data as of October 29, 2026.

The US Senate: Pre-Election Snapshot

Given the narrowly held majority in the US Senate, Democrats have a greater than previously expected opportunity to take control of the chamber. Of the 35 Senate seats up for election in 2026 (33 regular and 2 special), Republicans are defending 22 while Democrats are defending only 13. Further, seven Republican Senators are retiring compared to four retiring Democrats.



Current Senate:

53 Republican
47 Democrat*

Senate control: 50

Tie broken by VP JD Vance

Departing Senators:

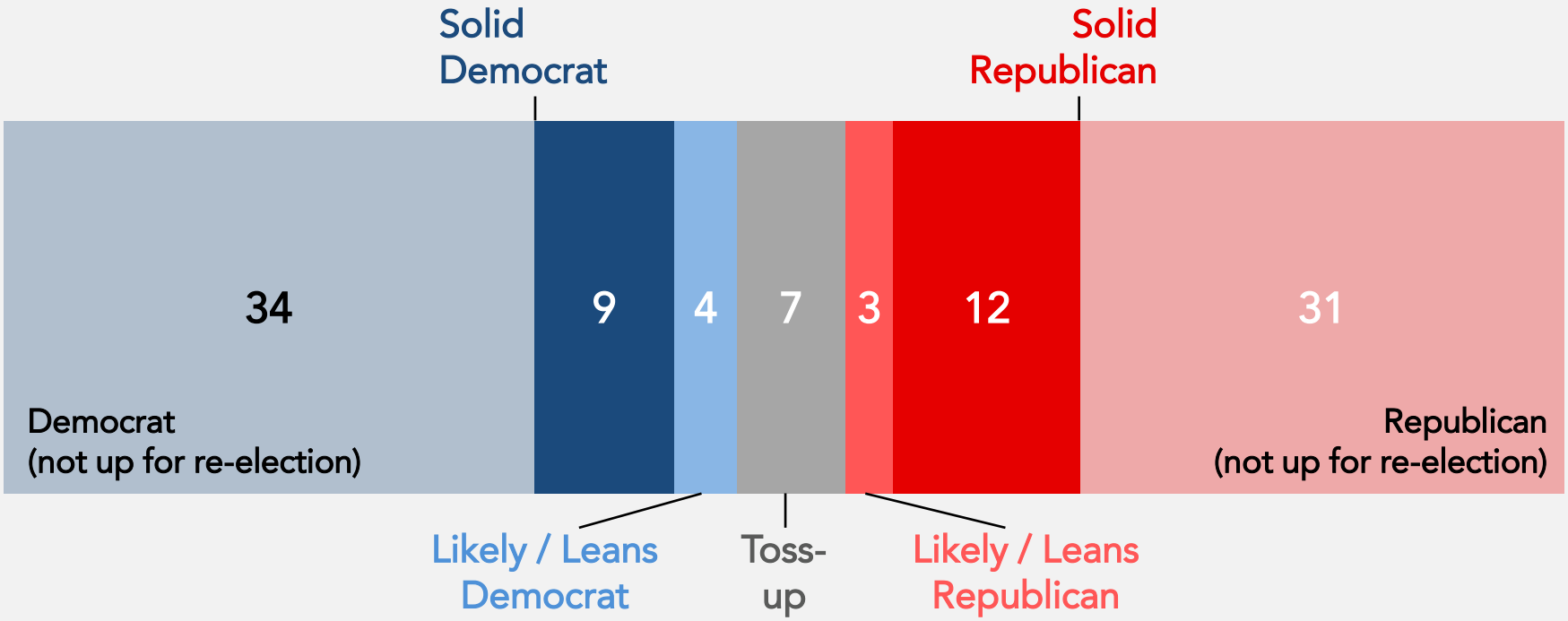
AL – Tommy Tuberville (R)
IA – Joni Ernst (R)
KY – Mitch McConnell (R)
MT – Steve Daines (R)
NC – Thom Tillis (R)
OK – Alan Armstrong (R)
WY – Cynthia Lummis (R)
IL – Dick Durbin (D)
MI – Gary Peters (D)
MN – Tina Smith (D)
NH – Jeanne Shaheen (D)

*Source: (1) Bloomberg Government. Ballotpedia. *Yellow indicates two independents who caucus with Democrats. Tommy Tuberville (AL) is departing the Senate to run for Governor.*

“Structural Advantage” for Democrats in the Senate

In any given election year, Republicans or Democrats will have a “structural advantage” in the US Senate race based on which seats are up for election (Senators serve six-year terms). In 2026, 35 Senate seats are up for election, of which 22 are held by Republicans. 14 of the 35 seats are considered “vulnerable” with Republicans defending 10. Democrats, therefore, have a “structural advantage” in the current election cycle, and can take control with a net gain of four seats.

2026 Senate race ratings



Source: (1) The Cook Political Report. Data as of October 29, 2026.

“Structural Advantage” for Democrats in the Senate

35 US Senate seats are up for election in 2026, of which 22 are held by Republicans. 14 of those 35 seats are considered “vulnerable” with Republicans defending 10.

Vulnerable Democratic seats in the 2026 US Senate election

Democrats: 13 held seats

Republicans: 22 held seats

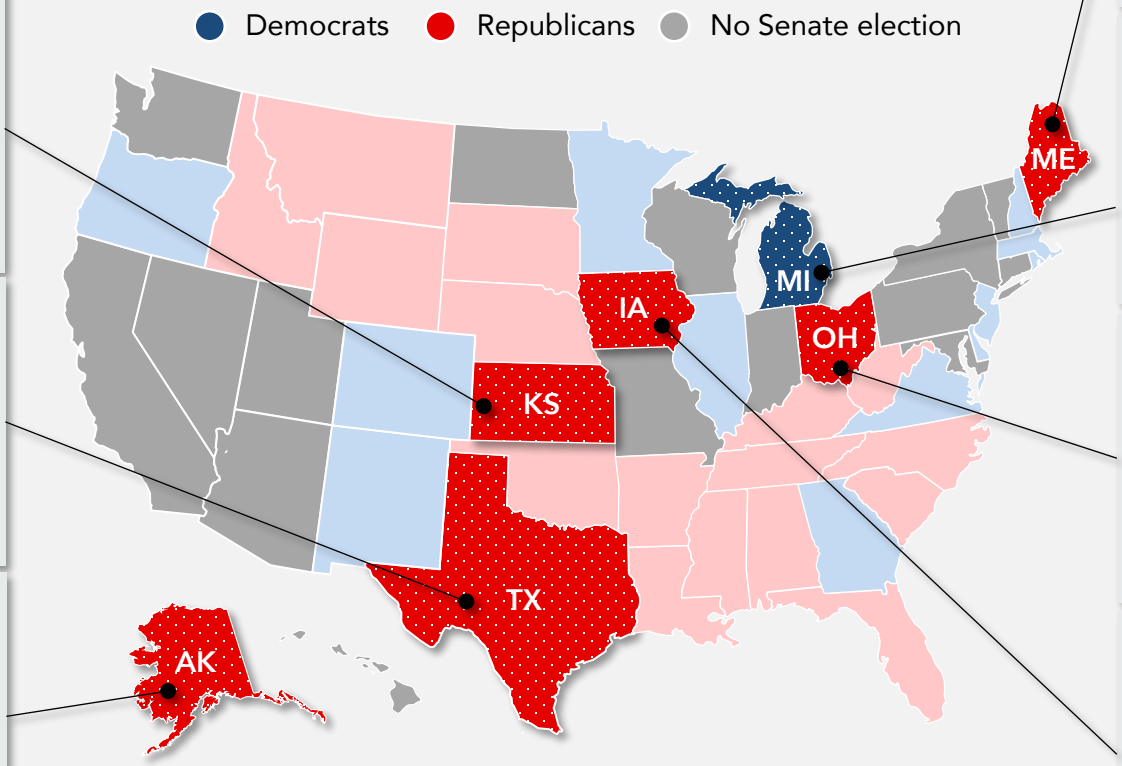
Solid Democrat	Likely / Leans Democrat	Toss up	Likely / Leans Republican	Solid Republican
Hickenlooper (CO)	Ossoff (GA)	Sullivan (AK)	Ricketts (NE)	***OPEN*** (AL)
Coons (DE)	*OPEN* (MN)	*OPEN* (IA)	Hyde-Smith (MS)	Cotton (AR)
OPEN (IL)	*OPEN* (NC)	Marshall (KS)	Graham (SC)	Moody (FL)
Markey (MA)	*OPEN* (NH)	Collins (ME)		Risch (ID)
Booker (NJ)		*OPEN* (MI)		***OPEN*** (KY)
Luján (NM)		Husted (OH)		***OPEN*** (LA)
Merkley (OR)		*OPEN* (TX)		***OPEN*** (MT)
Reed (RI)				***OPEN*** (OK)
Warner (VA)				Rounds (SD)
				Hagerty (TN)
				Capito (WV)
				OPEN (WY)

Denotes 14 seats considered vulnerable, 10 of which are currently held by Republicans

Source: (1) The Cook Political Report. Data as of October 29, 2026.

Key Senate Races to Watch

Of the 35 US Senate seats up for election in 2026, control of the chamber may come down to a handful of competitive contests.



+0.2%

Sen. Roger Marshall (R)
vs.
Adam Hamilton (D)
Trump +16.2%

+2.1%

Ken Paxton (R)
vs.
James Talarico (D)
Trump +13.6%

+1.2%

Sen. Dan Sullivan (R)
vs.
Rep. Mary Peltola (D)
Trump +13.1%

+1.4%

Sen. Susan Collins (R)
vs.
Troy Jackson (D)
Harris +6.9%

+3.2%

Mike Rogers (R)
vs.
Abdul El-Sayed (D)
Trump +1.4%

+2.6%

Jon Husted (R)
vs.
Sherrod Brown (D)
Trump +11.2%

+0.5%

Rep. Ashley Hinson (R)
vs.
Josh Turek (D)
Trump +13.2%

Source: Cook Political Report. RealClearPolitics average of polls as of October 29, 2026. Political party based on current party holding contested seat. Other highlighted states are classified as likely safe incumbent party seats. Trump / Harris percentage is actual 2024 election results.

Democrat Held US Senate Seats

Democrats are defending only 13 of the 35 Senate seats up for election in 2026; President Trump won in only two of those states in 2024.

State		Democrat	Republican	Available RCP Polling	2024 state election results
1.	Colorado	Sen. John Hickenlooper	Mark Baisley		Harris
2.	Delaware	Sen. Chris Coons	Michael Katz		Harris
3.	Georgia	Sen. Jon Ossoff	Mike Collins	Ossoff +8.2	Trump
4.	Illinois	Juliana Stratton	Don Tracy		Harris
5.	Massachusetts	Sen. Ed Markey	John Deaton		Harris
6.	Michigan	Abdul El-Sayed	Mike Rogers	El-Sayed +3.2	Trump
7.	Minnesota	Peggy Flanagan	Michele Tafoya	Flanagan +5.1	Harris
8.	New Hampshire	Chris Pappas	John E. Sununu	Pappas +6.7	Harris
9.	New Jersey	Sen. Cory Booker	Justin Murphy		Harris
10.	New Mexico	Sen. Ben Ray Luján	Larry Marker		Harris
11.	Oregon	Sen. Jeff Merkley	David Brock Smith		Harris
12.	Rhode Island	Sen. Jack Reed	Raymond McKay		Harris
13.	Virginia	Sen. Mark Warner	Bert Mizusawa		Harris

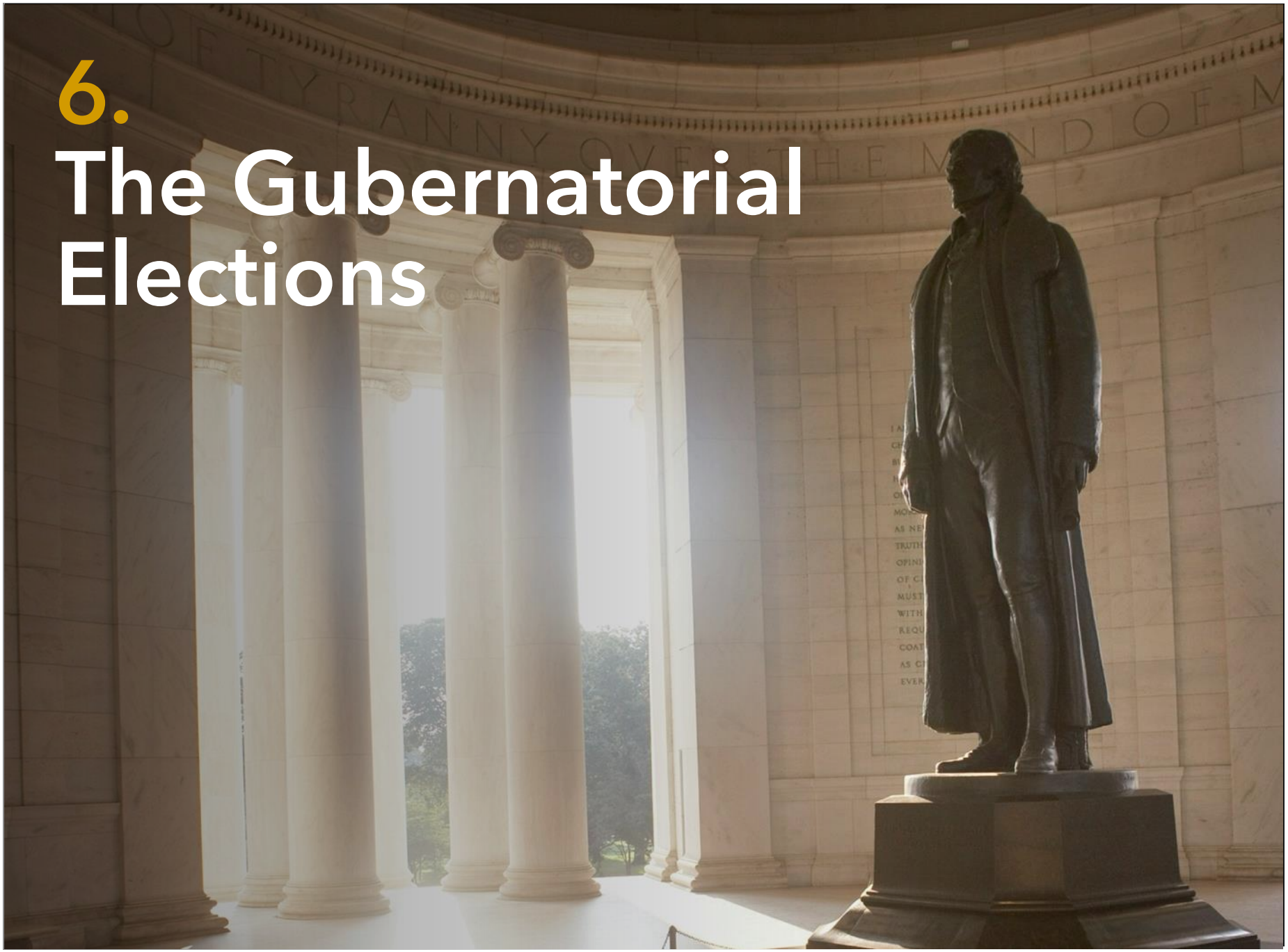
Source: (1) Real Clear Politics. 270toWin. Senators Dick Durbin (IL), Gary Peters (MI), Tina Smith (MN), and Jeanne Shaheen (NH) are not running for re-lection. Georgia, Michigan, Minnesota, and New Hampshire are Real Clear Politics Polling. Polling data as of October 29, 2026.

Republican Held US Senate Seats

Republicans are defending 22 of the 35 Senate seats up for election in 2026; President Trump won in 21 of those states in 2024.

State		Democrat	Republican	Available RCP Polling	2024 state election results
14.	Alabama	Everett Wess	Barry Moore		Trump
15.	Alaska	Mary Peltola	Sen. Dan Sullivan	Peltola +1.2	Trump
16.	Arkansas	Hallie Shoffner	Sen. Tom Cotton		Trump
17.	Florida	Angie Nixon	Sen. Ashley Moody	Moody +6.2	Trump
18.	Idaho	Todd Achilles (I)*	Sen. Jim Risch		Trump
19.	Iowa	Josh Turek	Ashley Hinson	Hinson +0.5	Trump
20.	Kansas	Adam Hamilton	Sen. Roger Marshall	Hamilton +0.2	Trump
21.	Kentucky	Charles Booker	Andy Barr		Trump
22.	Louisiana	Jamie Davis	Julia Letlow		Trump
23.	Maine	Troy Jackson	Sen. Susan Collins	Jackson +1.4	Harris
24.	Mississippi	Scott Colom	Sen. Cindy Hyde-Smith		Trump
25.	Montana	Alani Bankhead	Kurt Alme		Trump
26.	Nebraska	Dan Osborn (I)*	Sen. Pete Ricketts		Trump
27.	North Carolina	Roy Cooper	Michael Whatley	Cooper +10.7	Trump
28.	Ohio	Sherrod Brown	Sen. Jon Husted	Brown +2.6	Trump
29.	Oklahoma	N'Kiyla Jasmine Thomas	Kevin Hern		Trump
30.	South Carolina	Annie Andrews	Sen. Darline Graham	Graham +2.7	Trump
31.	South Dakota	Brian Bengs (I)*	Sen. Mike Rounds		Trump
32.	Tennessee	Marquita Bradshaw	Sen. Bill Hagerty		Trump
33.	Texas	James Talarico	Ken Paxton	Talarico +2.1	Trump
34.	West Virginia	Rachel Fetty Anderson	Sen. Shelley Moore Capito		Trump
35.	Wyoming	James W. Byrd	Harriet Hageman		Trump

Source: (1) Real Clear Politics. 270toWin. Senators Tommy Tuberville (AL), Joni Ernst (IA), Mitch McConnell (KY), Steve Daines (MT), Thom Tillis (NC), Alan Armstrong (OK), and Cynthia Lummis (WY) are not running for re-election. Todd Achilles, Dan Osborn, and Brian Bengs are all running as Independents. Alaska, Florida, Iowa, Kansas, Maine, North Carolina, Ohio, South Carolina, and Texas are Real Clear Politics Polling. Polling data as of October 29, 2026.



6. The Gubernatorial Elections

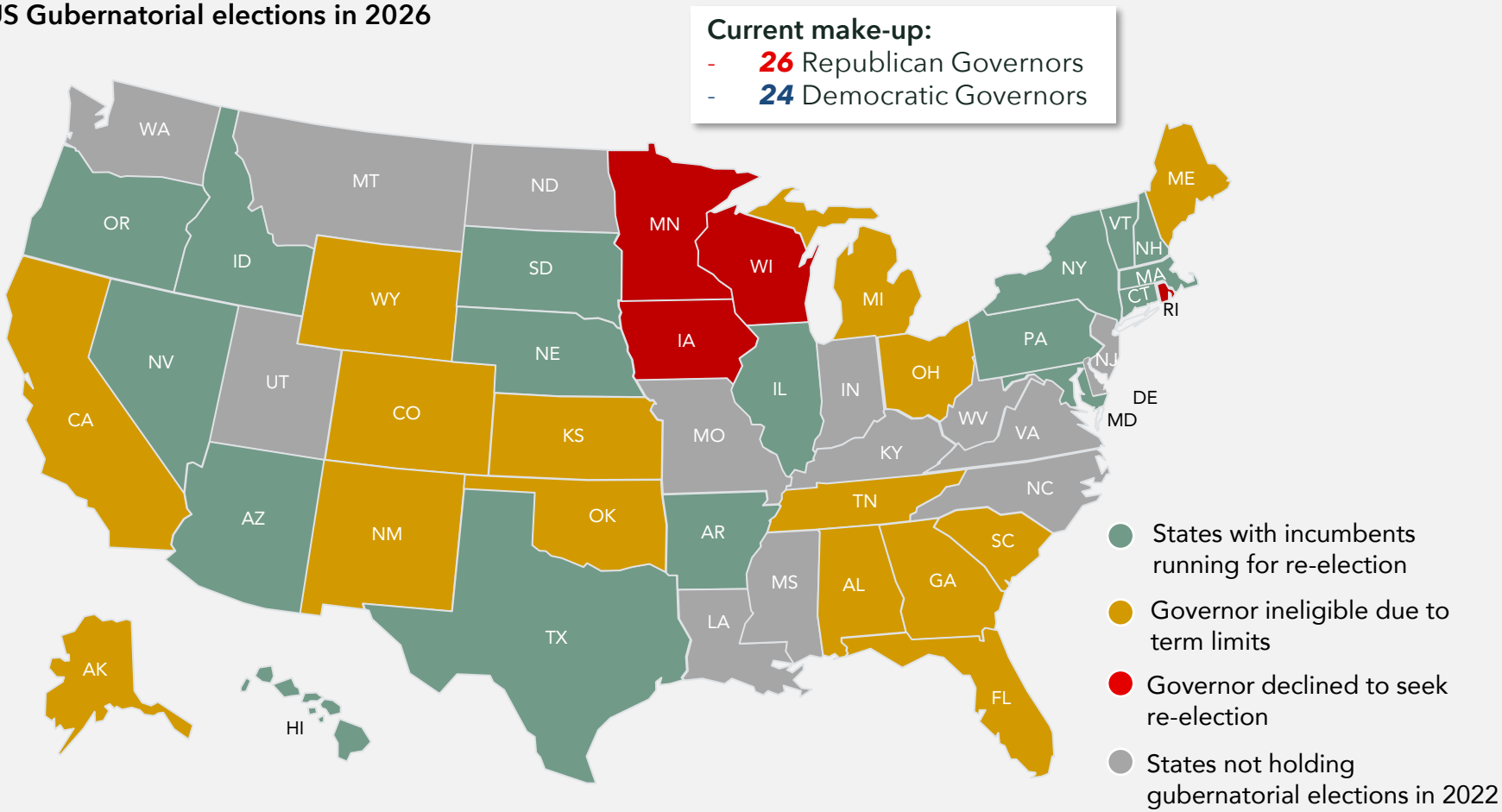
“People will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

Maya Angelou, acclaimed US writer,
poet & civil rights activist (1928 – 2014)

The Gubernatorial Elections

Neither party has a clear structural advantage in the 36 Gubernatorial elections in 2026 with Democrats and Republicans each defending 18 seats. However, the Democratic generic ballot lead is helping lift Democrats in races that would otherwise be tougher.

US Gubernatorial elections in 2026



Source: (1) Real Clear Politics, 270toWin. Rhode Island governor Dan McKee ran for re-election, but lost in the primary.

Key Gubernatorial Races to Watch

Of the 36 Gubernatorial races in 2026, four are considered "toss ups" based on the most recent polling data (with Republicans defending two of the four toss ups).

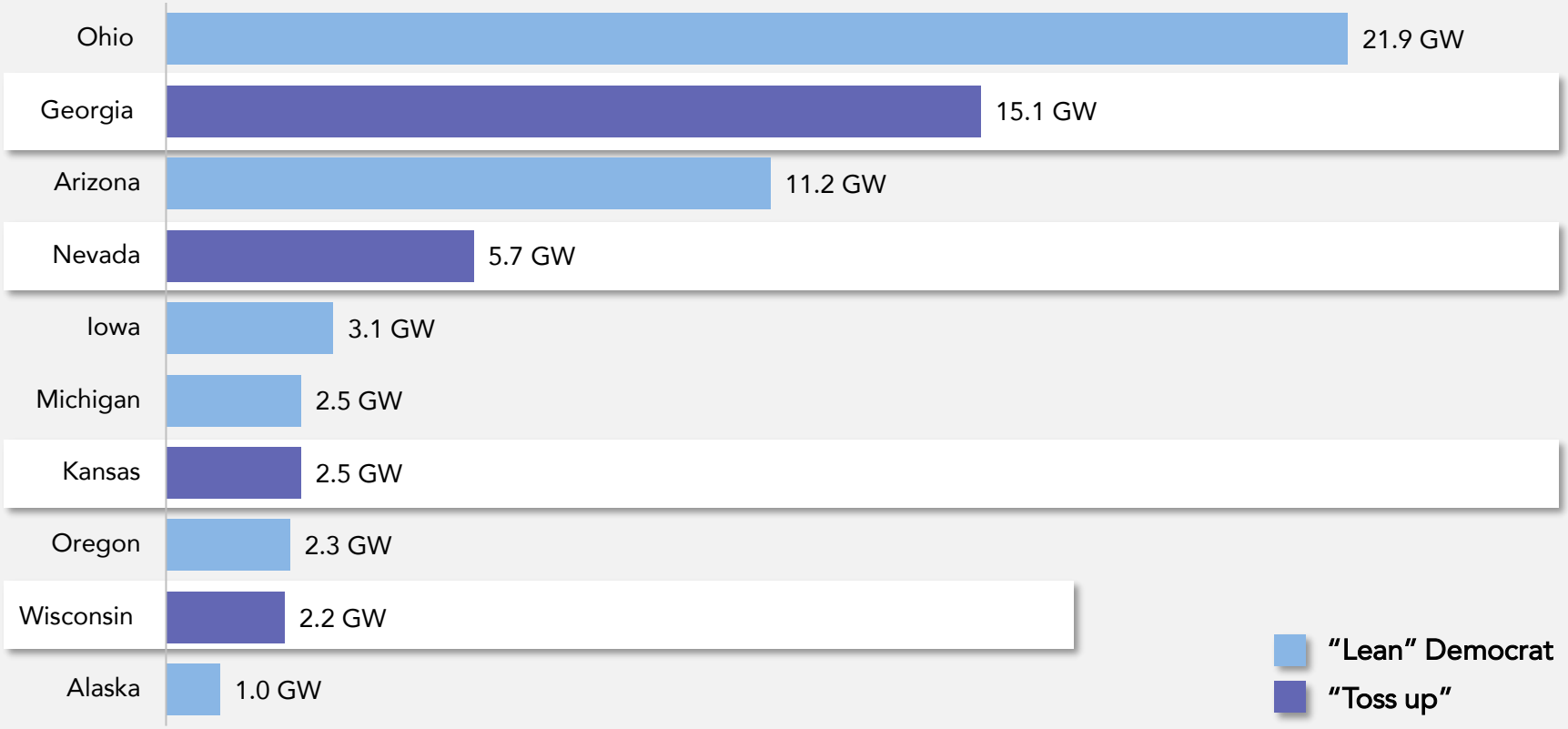
Current controlling party	State	Republican	Democrat	Latest Polling
Republican	Georgia	Jackson	Bottoms	Jackson +1.2
Democrat	Kansas	Masterson	Holscher	Masterson +5.6
Republican	Nevada	Lombardo	Ford	Tie
Democrat	Wisconsin	Tiffany	Crowley	Crowley +4.5

Source: (1) The Cook Political Report. Real Clear Polling. Ballotpedia. Data as of October 29, 2026.

Governors Hold More Leverage in Data Center Buildout

Although federal regulators oversee broader energy market and environmental standards, state officials control zoning, land use and utility rates for data centers. With rising electricity costs topping the public agenda, governors face growing pressure to slow the rapid pace of the buildout.

Planned data center capacity in states with a close race for governor



Source: (1) Cleanview, "Voters Will Soon Decide the Fate of America's Trillion-Dollar AI Buildout." Toss-up and close governor races as per Cook Political Report. Data as of October 29, 2026.

7.
Market Implications

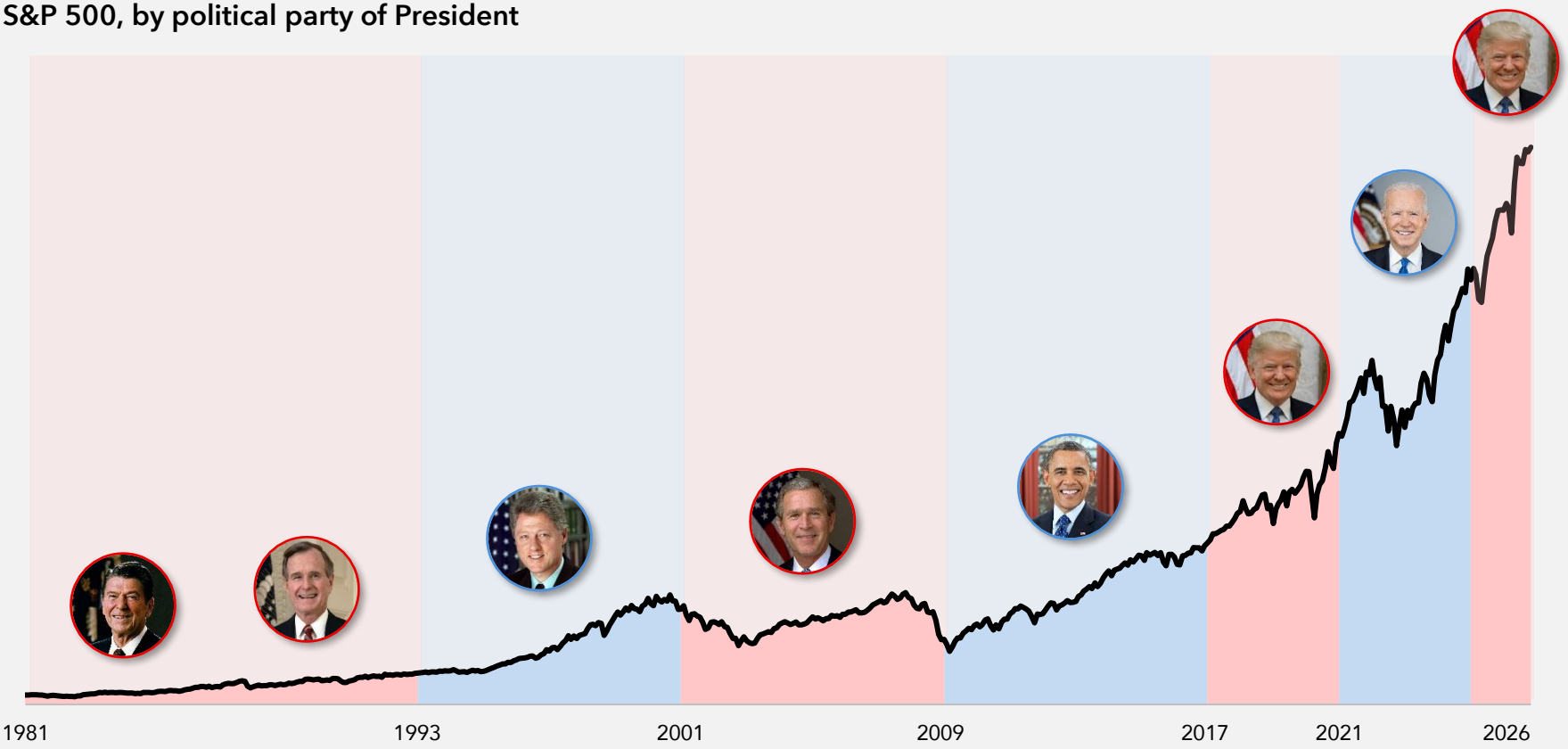
“Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.”

Sir John Templeton, pioneering investor and
founder of Templeton Growth Fund (1912 - 2008)

Business & Economic Cycle Matter More than Election Cycle

Historically, the private sector, more so than the public sector, has been the prevailing driver of US equity markets. While policy prescriptions have a critically important impact at a sector level, US equities have continued their historic rise in recent decades under both Republican and Democratic leadership. Over time, the business and economic cycle (macro, fundamentals, valuations) will matter more for earnings and stock prices than the election cycle.

S&P 500, by political party of President

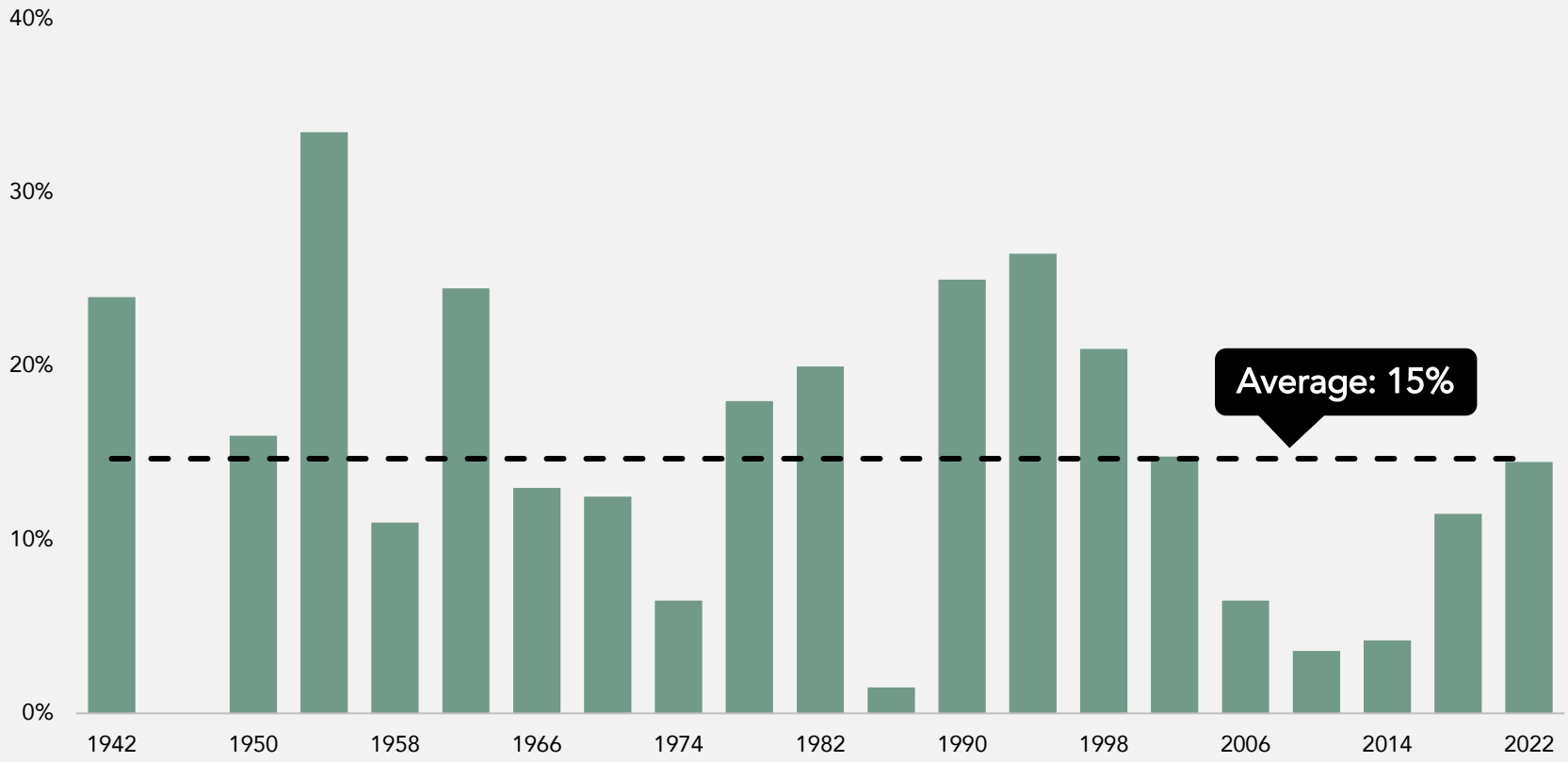


Source: (1) Bloomberg. Data as of October 29, 2026. Date of party control based on inauguration dates.

Post-Election Equity Market Rallies

US stocks have advanced in the year following every midterm election for the past 80 years. While that is quite possible in the year ahead as well, we would note that the economy and markets are likely to be driven by much larger forces outside of Washington - expanding AI infrastructure buildout, rising energy prices, elevated interest rates and growing sovereign debt burdens.

S&P 500 one-year performance after Midterm Elections

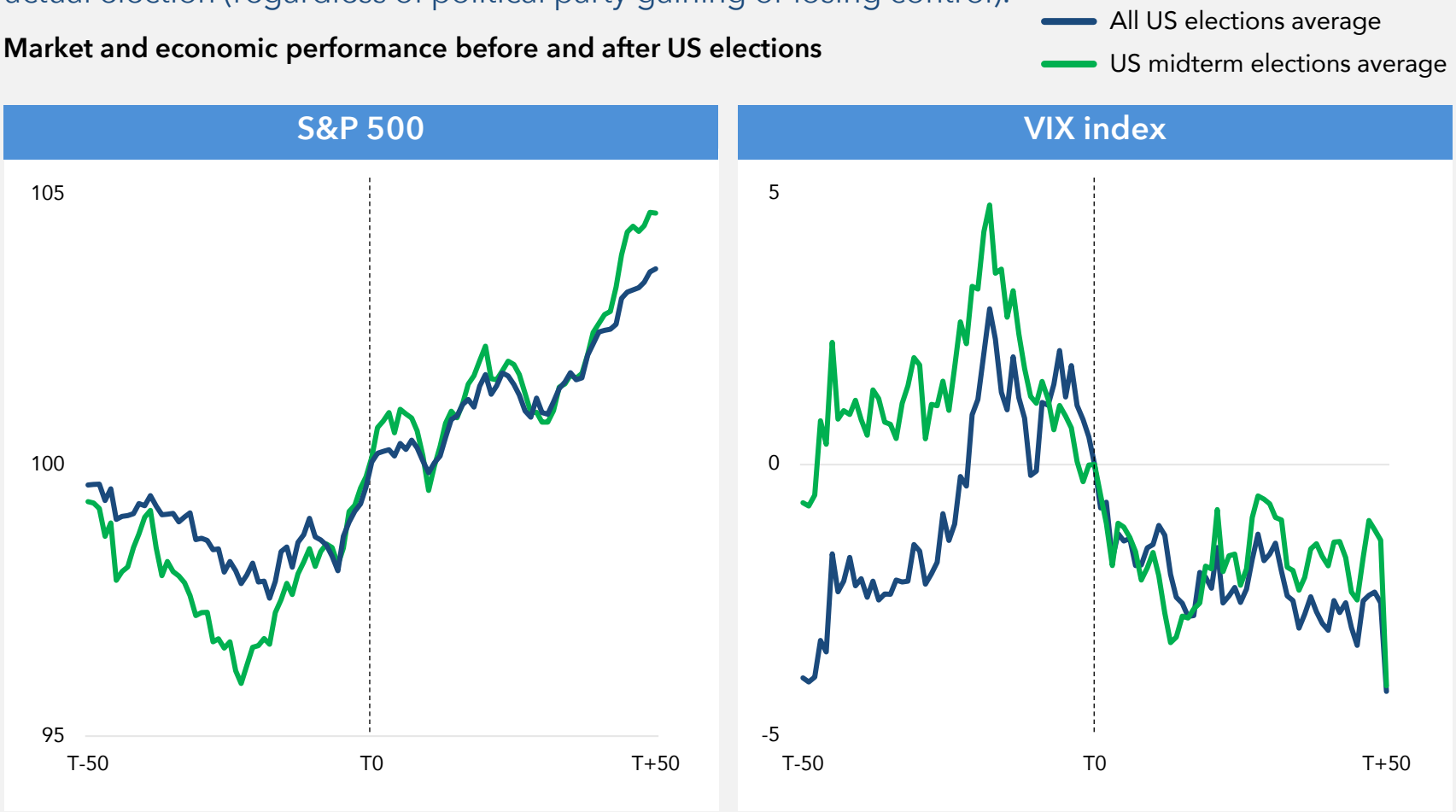


Source: (1) Dow Jones Market Data. WSJ, "After Punishing Year for Stocks, Investors Aren't Betting on Post-Midterm Rally" (October 2, 2022).

Equities Pre & Post Midterm Elections

Historically, markets have tended to underperform during the period of pre-election uncertainty, with the post election rallies on higher certainty often beginning in the days immediately preceding the actual election (regardless of political party gaining or losing control).

Market and economic performance before and after US elections

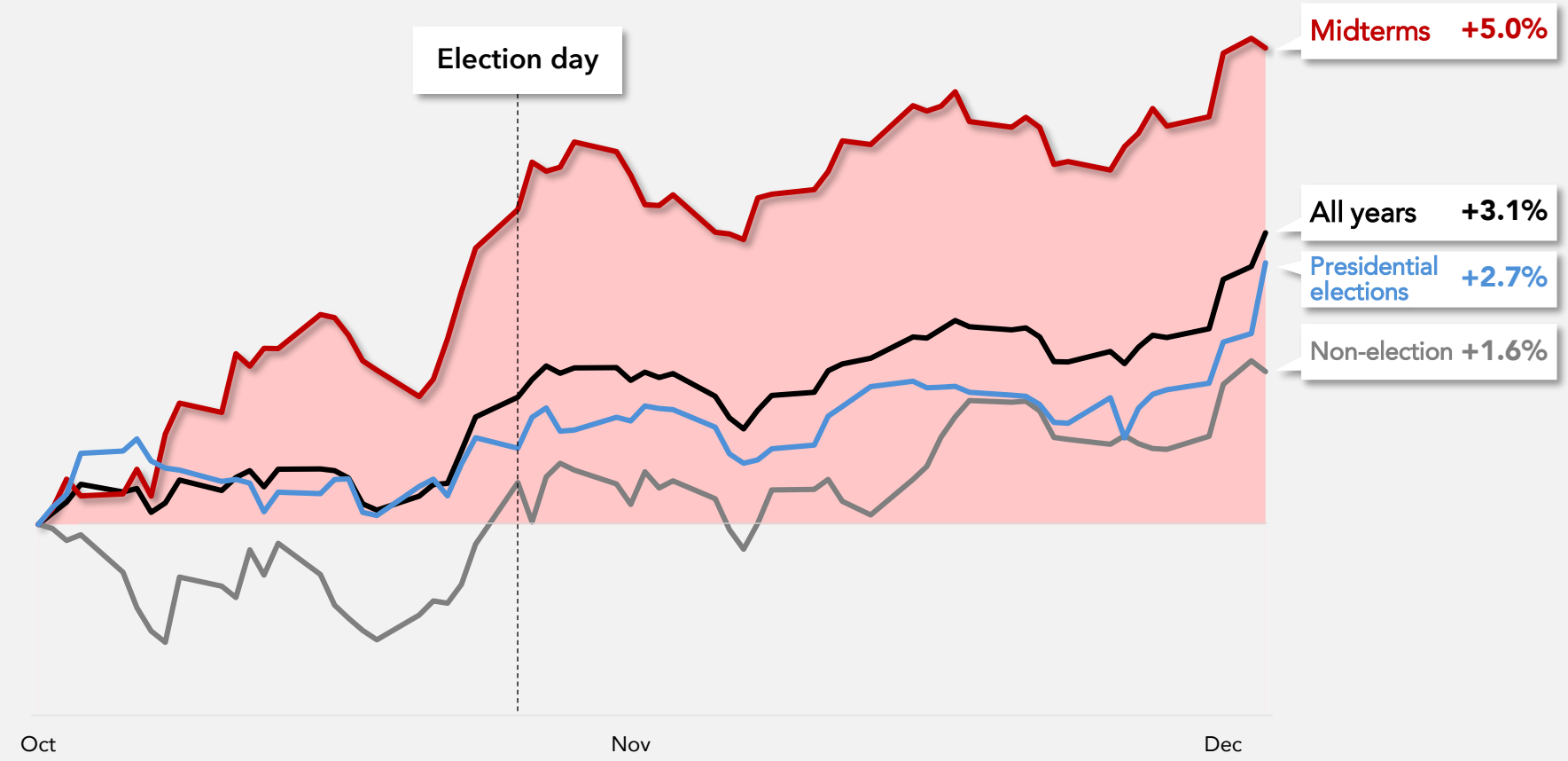


Source: (1) Bloomberg. Election data since 1960 for S&P 500 and since 1990 for VIX. Election day = 100 for S&P 500. Election day = 0 for VIX index.

Q4 Has Historically Been Strongest in Midterm Years

The S&P 500 has gained an average of 5% in Q4 during midterm election years going back to 1930, more than double the 1.6% gain in non-election years.

Average Q4 S&P 500 performance (1930-2025)

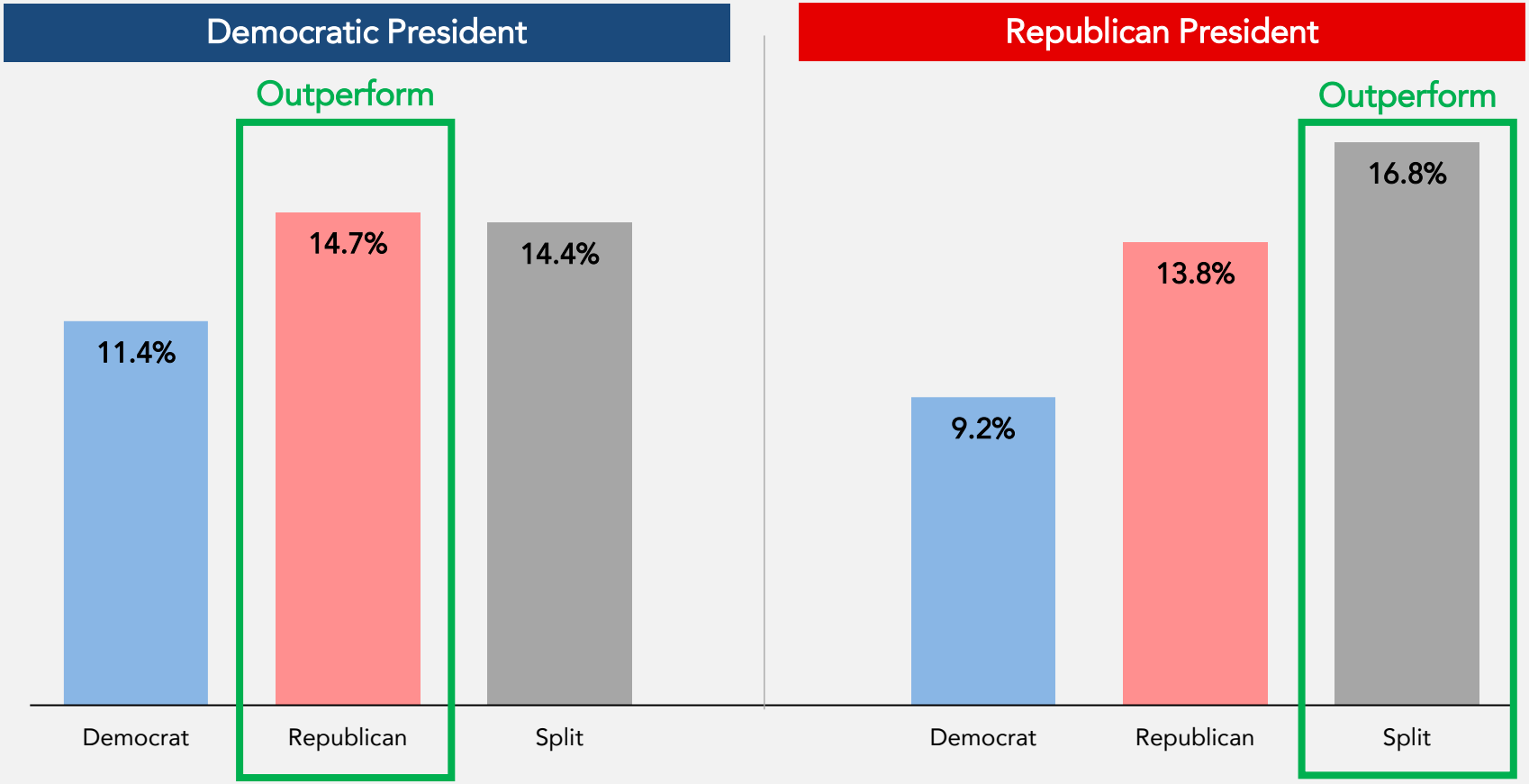


Source: (1) Bloomberg. Citadel Securities. Data is 1930 through 2025.

Stocks Outperform Under Divided Government

Markets tend to outperform under divided government as periods with the party controlling the White House and both chambers of Congress typically precipitate larger policy changes. However, with razor thin majorities and a complex macro backdrop, market returns may not follow their historical trend.

Average S&P 500 annual returns based on Congress makeup

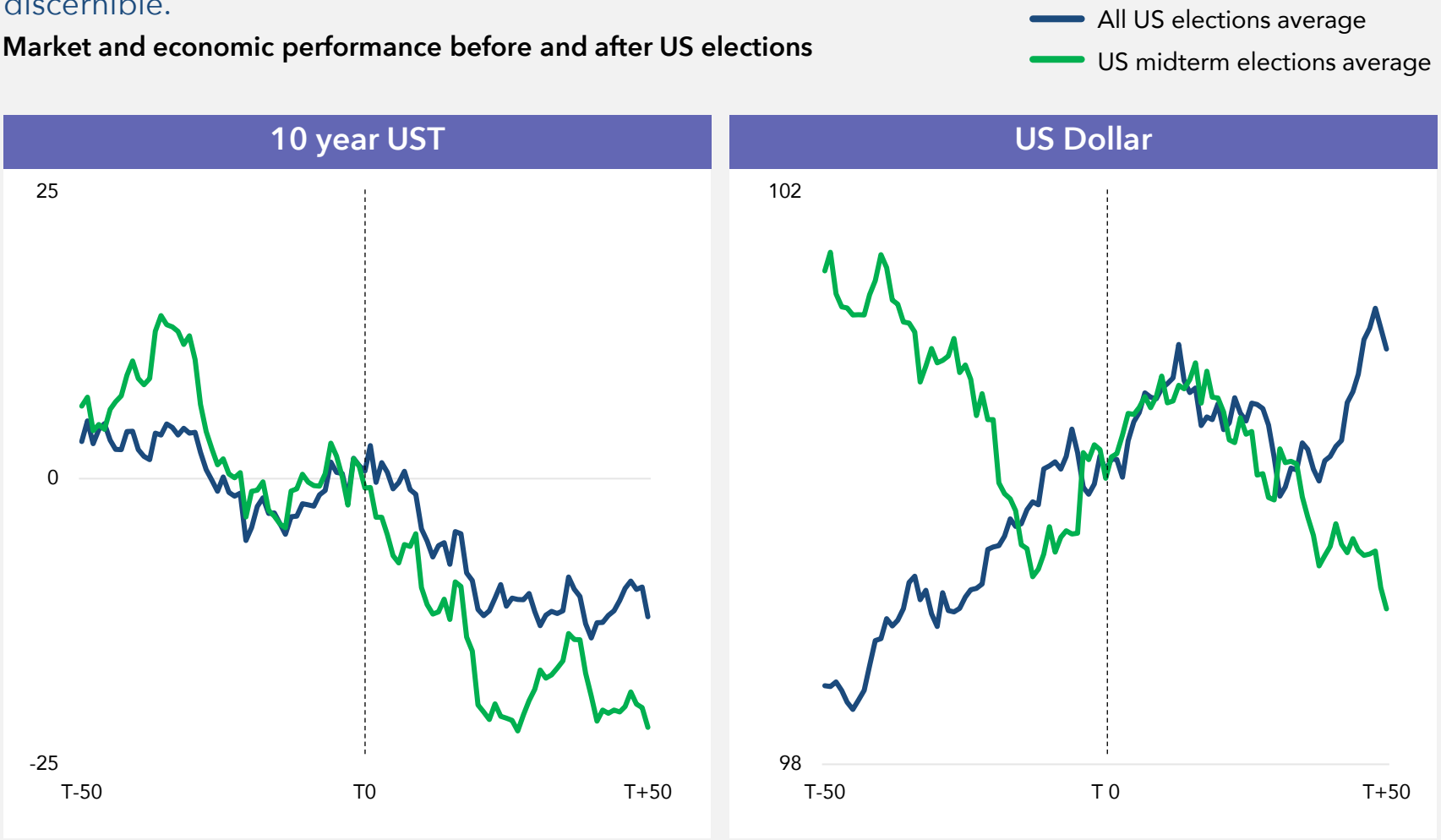


Source: (1) Bloomberg. Data is calculated from 1950-2025. Election data starts one day prior to US election and end date is 366 days later.

FX & Rates Pre & Post Midterm Elections

Notably, historical data around US equities pre and post midterm elections offers more consistent patterns than exists in rates and currency markets, where the post election patterns are generally less discernible.

Market and economic performance before and after US elections



Source: (1) Bloomberg. Election data since 1972 for DXY and since 1964 since 10 year UST. Election day = 100 for DXY. Election day = 0 for 10 year UST.

8. Legislative Implications

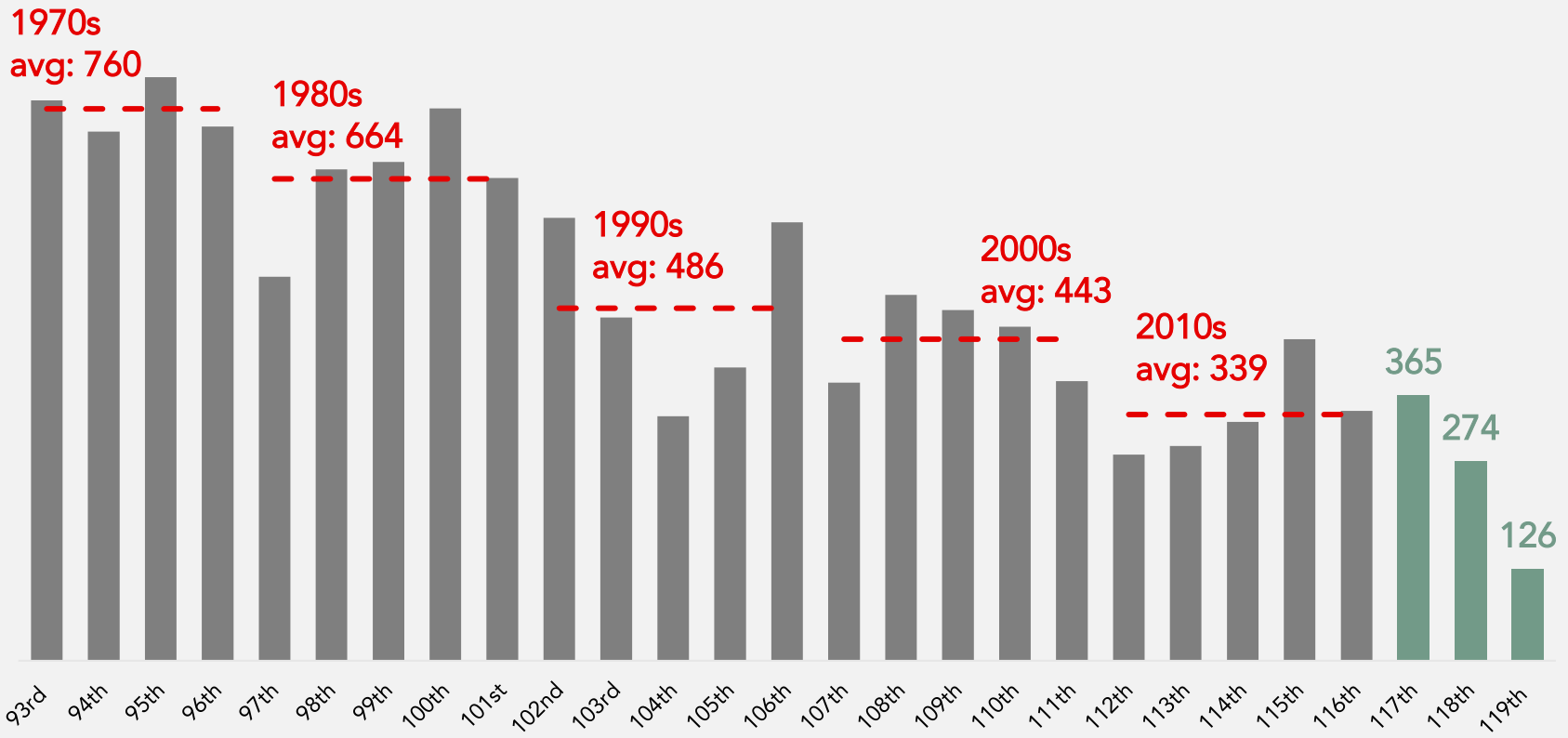
“At a certain point, you run out of spending other people’s money.”

Margaret Thatcher, first woman & longest serving
UK Prime Minister of the 20th Century (1925 – 2013)

Legislation is Challenging in Today's Washington

Large, complex legislation is very difficult in today's Washington. In addition, the probability of either party gaining a 60-person, filibuster-proof, majority in the US Senate is exceptionally low. If Democrats win the House, as forecasts currently expect, we anticipate that President Trump will continue to rely on executive action to advance his policy priorities.

Enacted legislation by US Congress

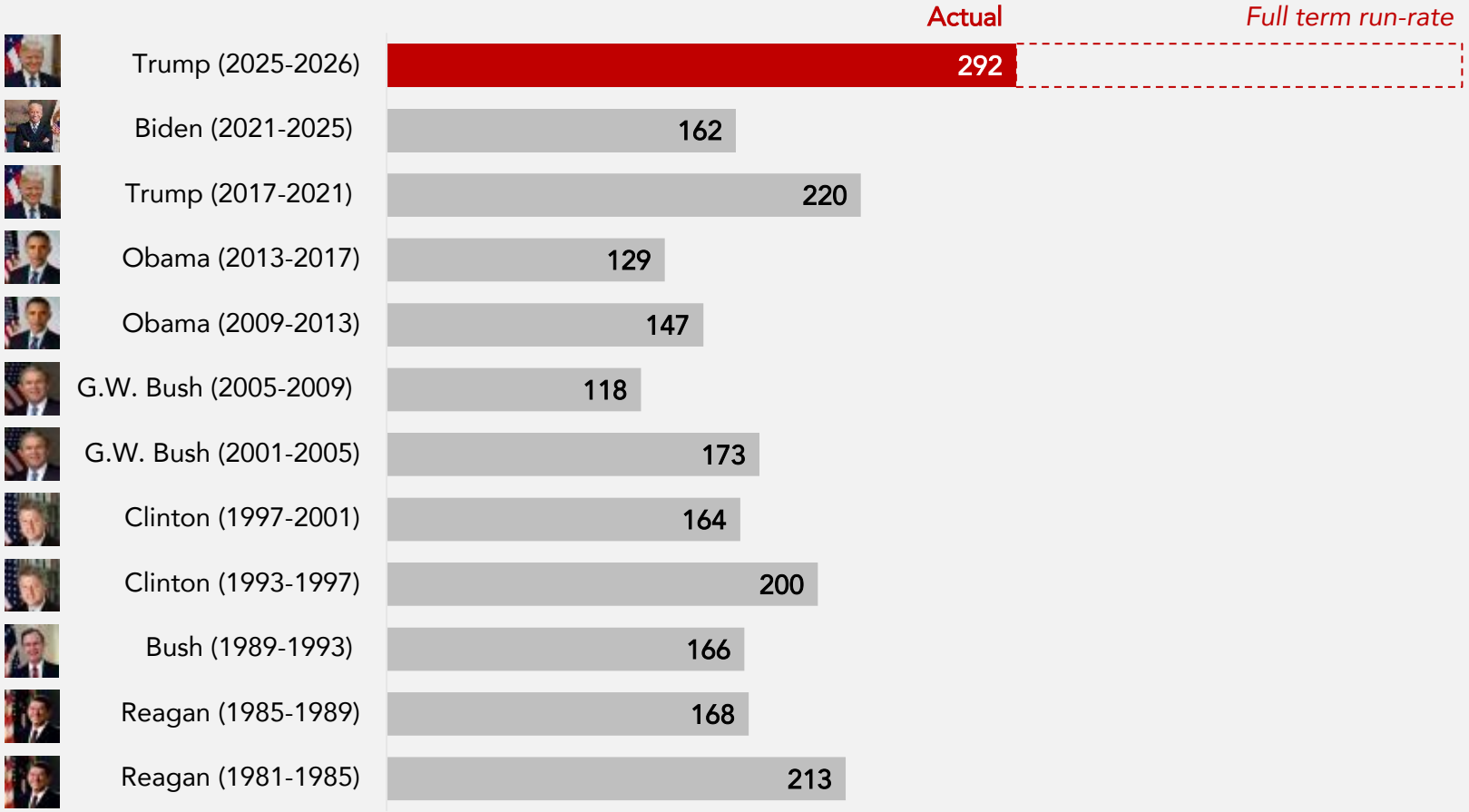


Source: (1) GovTrack Statistical and Historical Comparison. Data accessed October 21, 2026.

President Trump Turning to EO's

Executive orders (EOs) and regulatory influence have long been important (though inherently temporary) tools of US Presidential authority. In his second term, President Trump has already utilized executive actions to carry out key agenda items, more than any other president in recent history.

Executive orders by President, by term



Source: (1) MUFG Government Affairs Office. UC Santa Barbara American Presidency Project. Data for President Trump EO's through October 22, 2026.

Tax & Trade Implications

Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
Trade oversight and accountability: Increase oversight of tariff actions, trade authorities, and executive branch measures while examining the economic impacts of trade restrictions	**Fragmented trade agenda:** Elevated tariffs and trade restrictions stay in place, while Dems limit major expansion of trade measures in Congress and increase oversight of Trump Administration
Worker-centered trade and industrial policy: Prioritize domestic manufacturing, supply-chain resilience, and targeted trade enforcement designed to support US workers and industry	**Domestic manufacturing and nearshoring:** Support domestic manufacturing, critical minerals development, and North American industrial investment
Strategic economic security: Maintain restrictions targeting China in critical technologies, semiconductors, batteries, critical minerals, and national-security-related sectors	**Strategic competition with China:** Continue tariffs, export controls, and investment restrictions while increasing North American supply-chain integration through USMCA negotiations
Pursue tax changes: Pressure GOP to raise corporate taxes, impose data center energy tax use, revive Biden-era clean energy tax credits	**Digital asset tax:** Continue bipartisan efforts to establish digital asset tax parity, update IRS treatment of digital assets

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).

Energy Implications

Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
Reviving clean energy focus: Restoring some Biden-era renewable energy incentives, strengthening Low Income Home Energy Assistance Program, permitting relief becomes negotiating leverage	**"All of the above" energy approach:** Pursuing energy abundance to meet growing electricity demand from AI manufacturing, and electrification
Investigating Trump Admin: Investigating Trump Admin. cancellations of offshore wind projects worth $4B, DOD and Interior delays of approvals for projects	**Permitting reform:** Pursuing bipartisan permitting reform, with provisions for renewables
Energy affordability: Linking Iran War to high gas prices, pursuing measures limiting homeowners' energy bill increases	**Energy affordability:** Mitigating data centers' pressure on utility costs for residential ratepayers via bipartisan *Ratepayer Protection Pledge* or other legislation
Protecting federal land: Advancing proposals to protect scope and usage of public lands	**Expanding nuclear energy output:** Incentivizing investment and deployment opportunities for new generation nuclear reactors
Industry investigations: Investigations, subpoenas for O&G executives on wartime profits, tax breaks for LNG exporters	**Prioritizing efficiency:** Improvements to energy, data center, distribution centers, and grid infrastructure

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).

Infrastructure & Transport Implications

Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
DOT oversight: Increase oversight of DOT funding decisions and federal contractors; strong labor and climate guardrails	**Fragmented agenda:** GOP emphasis on roads, permitting, and EV rollbacks; Dem focus on defending transit and clean transportation funding
EV infrastructure: Support for EV charging deployment, alternative fueling infrastructure where federal funding remains available	**Supply chain resilience:** Investing in freight mobility, port modernization, logistics infrastructure, and implementing existing infrastructure investments
Rail & public transit investment: Continued support for passenger rail, freight rail and public transit improvements, expanded infrastructure upgrades, and modernization of existing networks	**Infrastructure modernization:** Continued oversight of federal infrastructure programs, targeted bipartisan investment in roads, bridges, tunnels, and other transportation assets
Vehicle emissions: Increasing scrutiny of transportation emissions and vehicle standards possible, but increasingly unlikely as gas prices put pressure on costs	**Modernizing air traffic control:** Modernizing FAA, aviation safety improvements, and airport infrastructure upgrades

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).

AI & Technology Implications

Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
Investigations: Investigation and subpoenas of AI CEOs, Big Tech CEOs, Elon Musk and government contracts, AI deepfakes, surveillance pricing, the use of AI in defense and the Iran War	**Fragmented agenda:** Some bipartisan overlap, but efforts in the House to regulate AI will be blocked by the Senate; comprehensive AI legislations remains difficult
Data centers and affordability: Investigations and subpoenas of hyperscalers, data centers' energy costs, and financing practices, as well as measures aimed at forcing data centers to bear a greater share of energy costs; moratorium possible, but not all Dems on board	**AI & cybersecurity:** Bipartisan support for enhancing monitoring of AI-related financial stability risks and developing NIST security standards of AI agents
AI accountability: Increased oversight of AI deployment through transparency, consumer protection, copyright, and workforce-focused policies	**Strategic competition with China:** Advancing policies to strengthen domestic technology leadership, reducing reliance on foreign technology supply chains
AI select committee: Establishing a committee to centralize all policymaking in Congress on AI	**AI safety for children:** Some bipartisan support for introducing safeguards in AI chatbots for minors, introducing parental controls, and safeguards for non-consensual deepfakes

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).

Healthcare & Pharma Implications

Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
Healthcare affordability: Restoring Biden-era enhanced ACA tax credits, reversing Medicaid cuts from 2025 GOP reconciliation law	**Healthcare affordability:** Advancing consumer cost protections with stronger billing and price transparency rules, making affordability less dependent on coverage alone
Investigating MAHA: Investigating HHS Secretary RFK's MAHA agenda, the firing of vaccine officials, President Trump's deals with drugmakers	**Drug pricing:** Overhauling safety net drug discount program that pits drugmakers against hospitals
Expanding coverage access: Broadening insurance eligibility, increasing coverage uptake, and reducing administrative barriers for patients and providers	**ACA subsidies:** Most Republicans oppose enhanced ACA subsidies, but 17 House GOP lawmakers voted to extend subsidies over premium hikes, leaving some room for narrow bipartisan agreement
Price caps and transparency: Capping or reducing out-of-pocket prescription drug costs and expanding hospital price transparency enforcement	**FDA user fee reauthorization:** Renewal of user fee programs for medical products, though some debates over politicization of the FDA could complicate negotiations

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).

Foreign Policy Implications

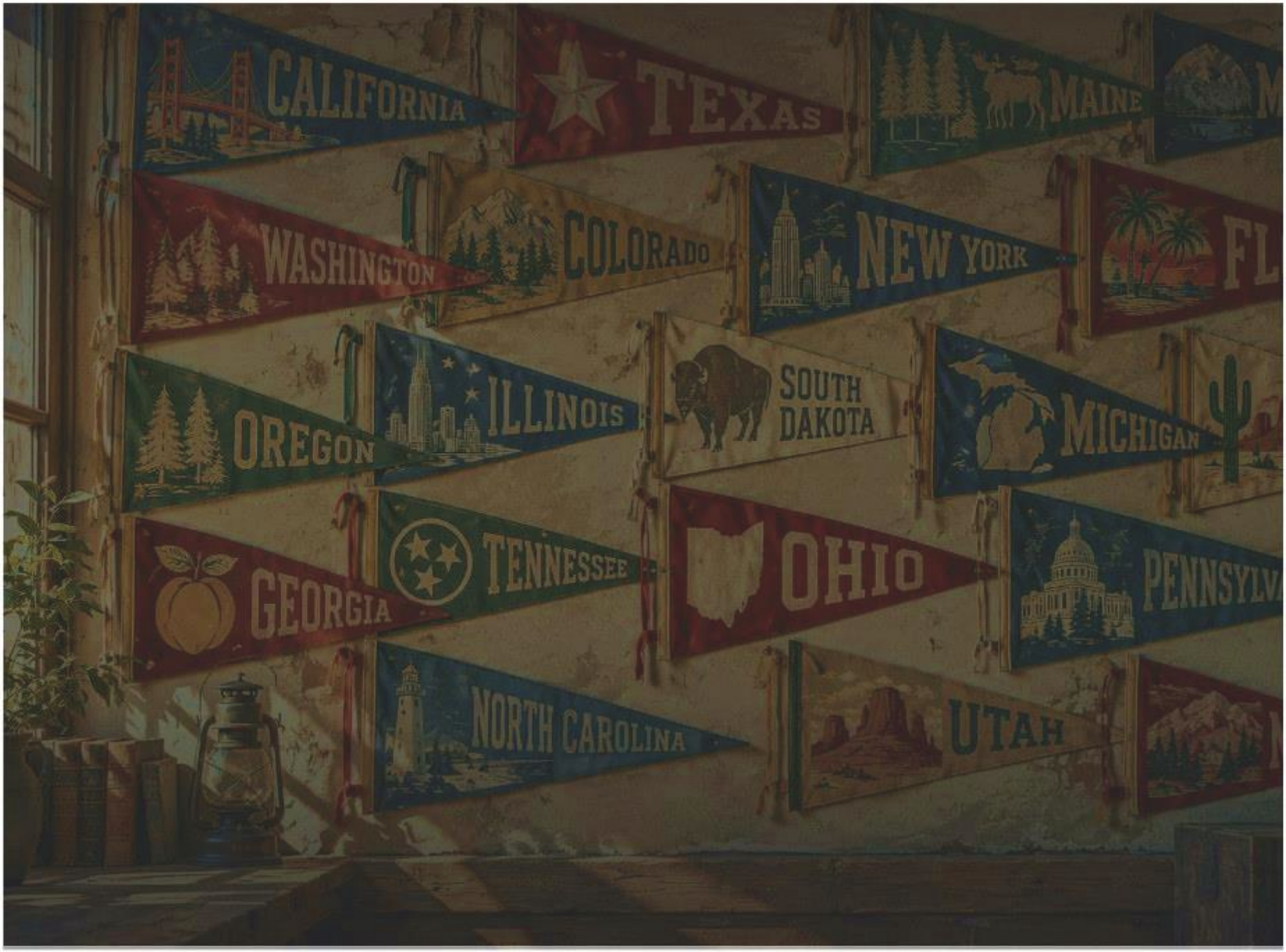
Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
Investigations: Investigation and oversight of State, the Iran War, Venezuela operations, Caribbean boat strikes, and Jared Kushner's role in foreign policy negotiations	**Fragmented agenda:** Investigations in the House, efforts to put constraints on the Trump Admin. foreign policy agenda
Iran war powers resolution: Vote to call for an end to the war in Iran by directing the president to withdraw forces from the conflict	**Iran war powers resolution:** Some GOP lawmakers may join Dems in war powers vote, though additional action to constrain the Trump Admin. unlikely
Russia sanctions: Efforts to pressure the Trump Administration to fully enforce the Graham Act	**Russian sanctions:** Bipartisan support for enforcing the Graham Act, expanding sanctions on Russia's "shadow fleet" of oil tankers
Competition with China: Tougher export controls on semiconductors, other critical technologies, renewed focus on human rights	**Competition with China:** Bipartisan support for tougher export controls on critical technologies, other measures aimed at limiting Chinese investment or influence
Supporting U.S. allies: Efforts and initiatives to shore up support for U.S. alliances, continuing support for Ukraine	**Support for Taiwan:** Continued bipartisan support for expanding cooperation with Taiwan

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).

Security & Defense Implications

Democratic "Sweep" Dem Senate / Dem House	Divided Control GOP Senate / Dem House
Investigations: Investigation and oversight of conduct of the war with Iran, boat strikes in the Caribbean, removal of senior military officers	**NDAA:** Defense spending growth continue through bipartisan NDAA negotiations, but large reconciliation-style funding packages unlikely
Defense contractors: Investigations and subpoenas of defense contractors with Trump family ties	**FISA reauthorization:** Bipartisan support for reauthorizing authority for electronic surveillance of foreign nationals, may be held up disagreements over privacy protections
Exercising appropriations leverage: Democratic appropriators could seek to limit defense spending, block funds for war with Iran, other military operations lacking congressional authorization	**Defense modernization:** Continuing bipartisan support for readiness, deterrence, missile defense, and munitions production; bipartisan support for addressing munitions shortage
Blocking personnel appointments: Democratic majorities in either chamber will give them more leverage in NDAA negotiations to block DOD personnel appointments, policies	**Acquisition oversight:** Increasing pressure to modernize procurement while improving accountability for cost, schedule, and program execution

Source: (1) MUFG US Government Affairs (Roger Hollingsworth).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2026 Global GDP Forecast Changes

GDP growth forecasts, y/y (January 2026 vs. October 2026)

Region	Jan 2026	Oct 2026	
North America			
US	2.5%	**2.4%**	↓
Mexico	1.4%	**1.5%**	↑
Canada	0.9%	**1.1%**	↑
Eurozone	0.9%	**0.9%**	↑
Spain	2.4%	**2.7%**	↑
Germany	0.7%	**1.0%**	↑
Italy	0.6%	**0.9%**	↑
France	0.8%	**0.4%**	↓
Other Europe			
Poland	3.8%	**3.3%**	↓
Sweden	2.4%	**2.4%**	–
Switzerland	0.9%	**2.1%**	↑
Norway	2.2%	**1.4%**	↓
UK	1.0%	**1.3%**	↑
Russia	(-0.1%)	**1.0%**	↑
LatAm			
Colombia	3.0%	**2.4%**	↓
Brazil	1.6%	**1.9%**	↑
Argentina	2.3%	**1.0%**	↓
Chile	2.2%	**(-0.1%)**	↓

Region	Jan 2026	Oct 2026	
MENA			
Iran	2.1%	**?**	↓
Israel	4.2%	**4.4%**	↑
Saudi Arabia	4.3%	**(-4.5%)**	↓
UAE	4.5%	**(-1.9%)**	↓
Qatar	6.4%	**(-14.1%)**	↓
Kuwait	3.4%	**(-21.2%)**	↓
Oman	2.3%	**3.2%**	↑
Bahrain	3.0%	**(-16.6%)**	↓
Egypt	4.9%	**4.7%**	↓
Türkiye	3.0%	**2.4%**	↓
APAC			
India	6.5%	**7.5%**	↑
Singapore	3.1%	**5.7%**	↑
Indonesia	5.1%	**5.1%**	–
China	4.5%	**4.7%**	↑
South Korea	2.1%	**3.5%**	↑
Philippines	5.4%	**3.0%**	↓
Thailand	1.5%	**2.1%**	↑
Australia	2.5%	**2.0%**	↓
Japan	0.7%	**0.6%**	↓

Source: (1) Oxford Economics. Data as of October 29, 2026. Bahrain, Iran, Israel Jan 2026 forecast is Bloomberg consensus.

Global Currency Forecasts

Currency pair	Spot (Oct 29)	Q4 2026	Q1 2027	Q2 2027	Q3 2027
EUR / USD	**1.12**	1.12	1.14	1.16	1.18
GBP / USD	**1.34**	1.31	1.32	1.33	1.35
USD / JPY	**158**	155	153	151	149
USD / CNY	**6.66**	6.65	6.60	6.55	6.50
AUD / USD	**0.70**	0.70	0.71	0.72	0.73
NZD / USD	**0.56**	0.57	0.58	0.59	0.60
USD / CAD	**1.40**	1.42	1.40	1.38	1.36
USD / NOK	**9.27**	9.73	9.65	9.57	9.41
USD / SEK	**9.85**	10.18	9.91	9.57	9.32
USD / CHF	**0.83**	0.85	0.83	0.81	0.78
USD / MXN	**18.79**	18.00	17.75	17.40	17.00
USD / BRL	**5.40**	5.25	5.15	5.00	4.90
USD / CLP	**991**	980	960	940	900

Source: (1) Bloomberg. MUFG Foreign Exchange Outlook – October 2026 (Derek Halpenny). Data as of October 29, 2026.

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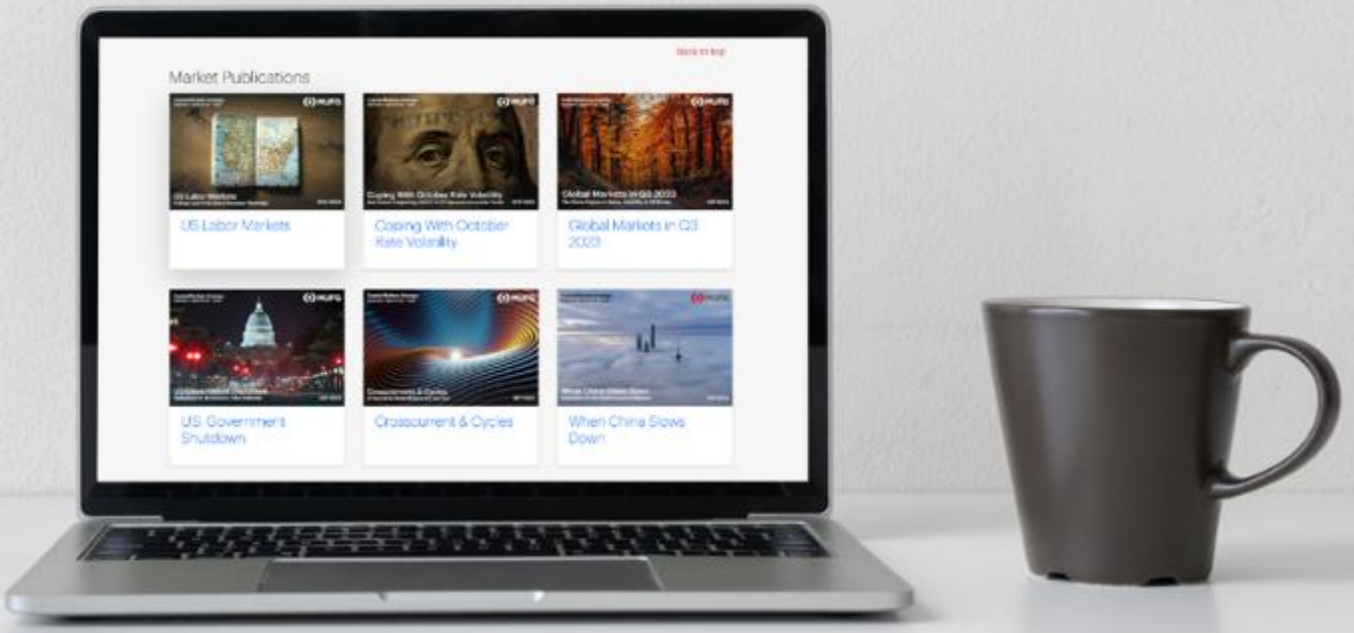

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Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

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Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

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