



When you think economics, think elections;
When you think elections, think economics.

- *Edward Tufte, Political Control of the Economy (1978)*

Roadmap for the presentation

Economic vital signs

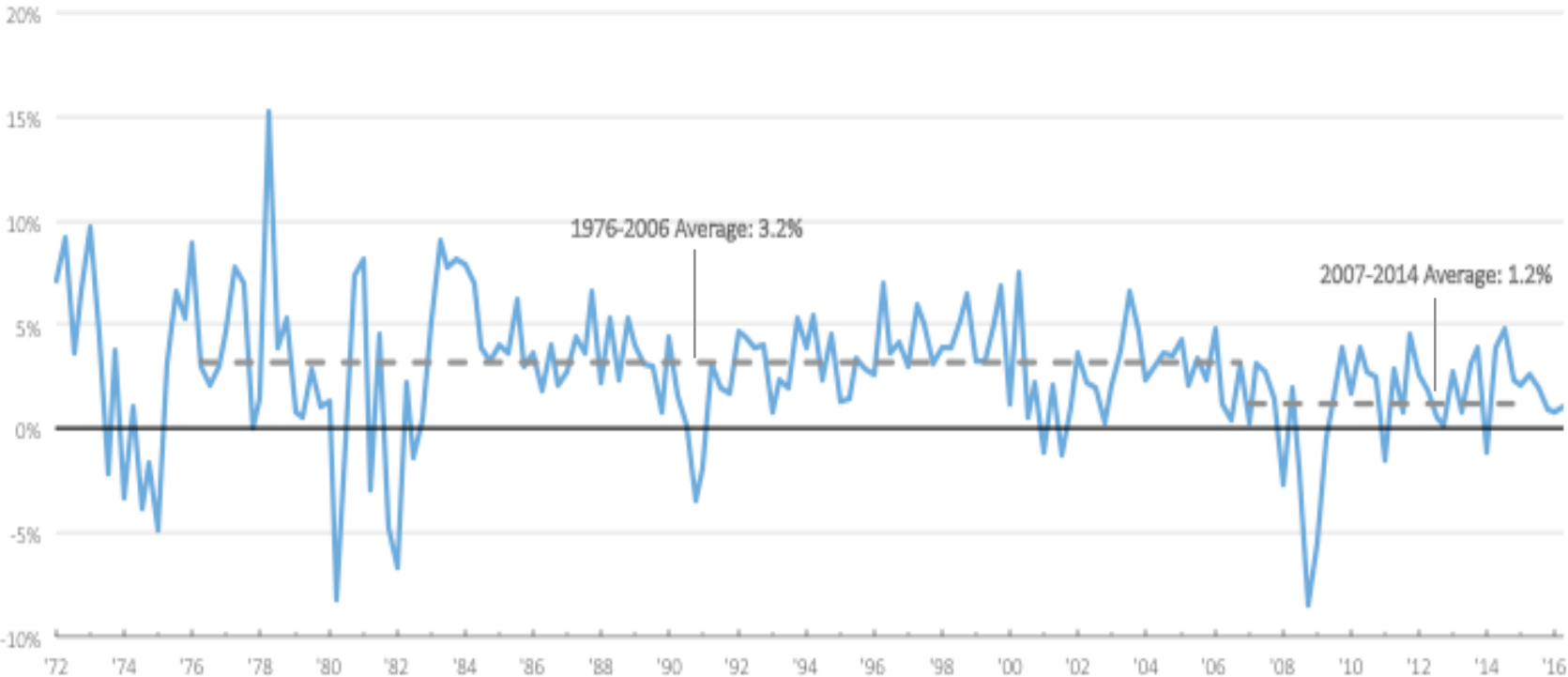


American politics

Economic growth following the 2008 recession has settled at around 1%

Real GDP

Percent change from prior quarter annual rate

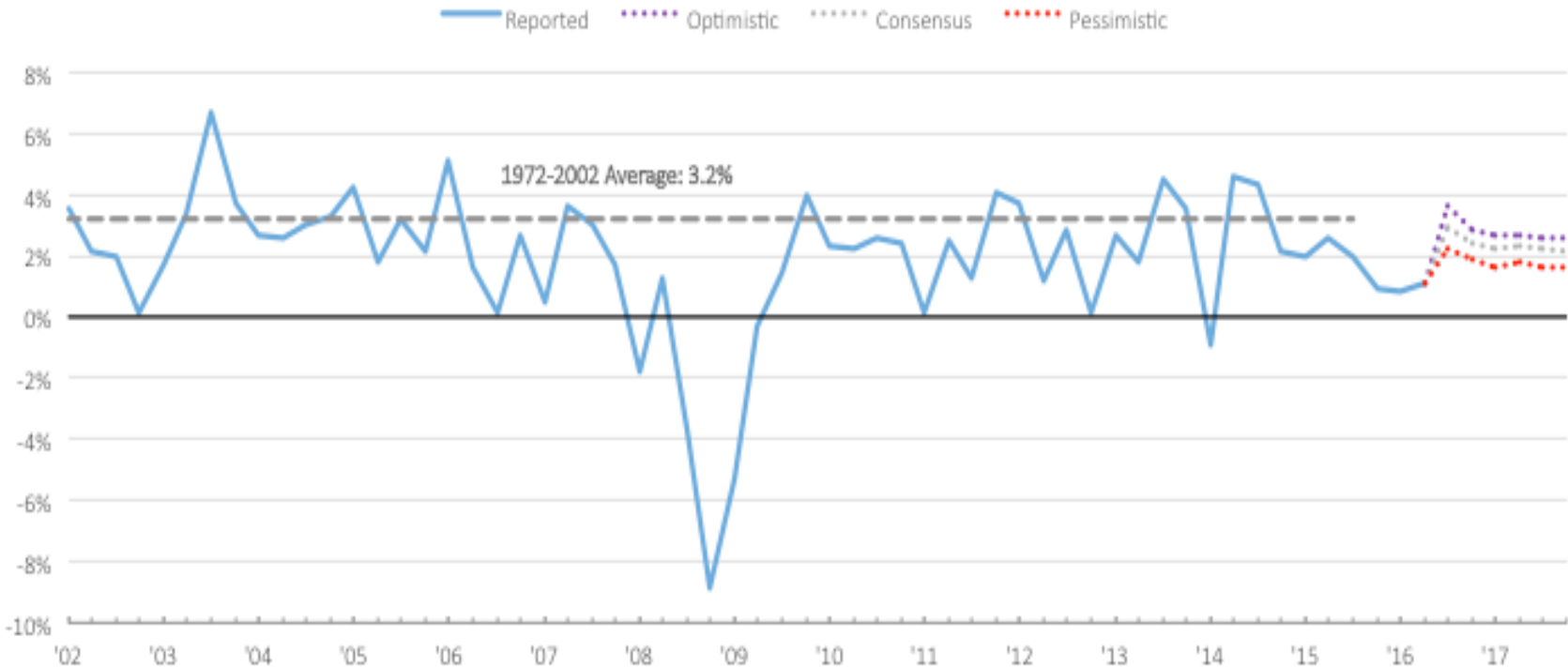


Sources: St. Louis Federal Reserve, August 26, 2016.

Nearly average growth projected for foreseeable future

Blue Chip Economic Indicators: GDP

Estimated quarterly change in GDP

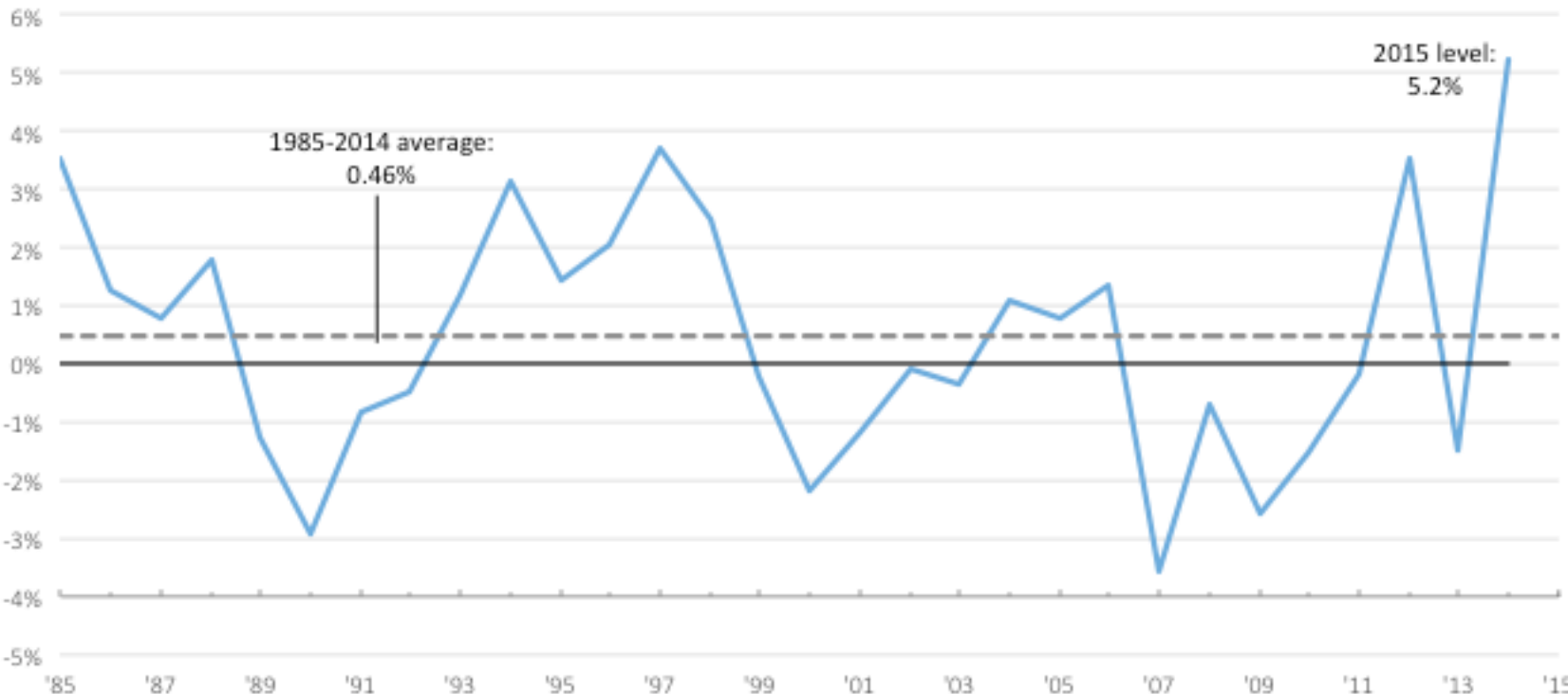


Sources: Bureau of Economic Analysis, 2015; Blue Chip Economic Indicators, September 10, 2016.

Real median household income spiked in 2015 after decline in 2014

Real median household income in the United States

Annual percent change



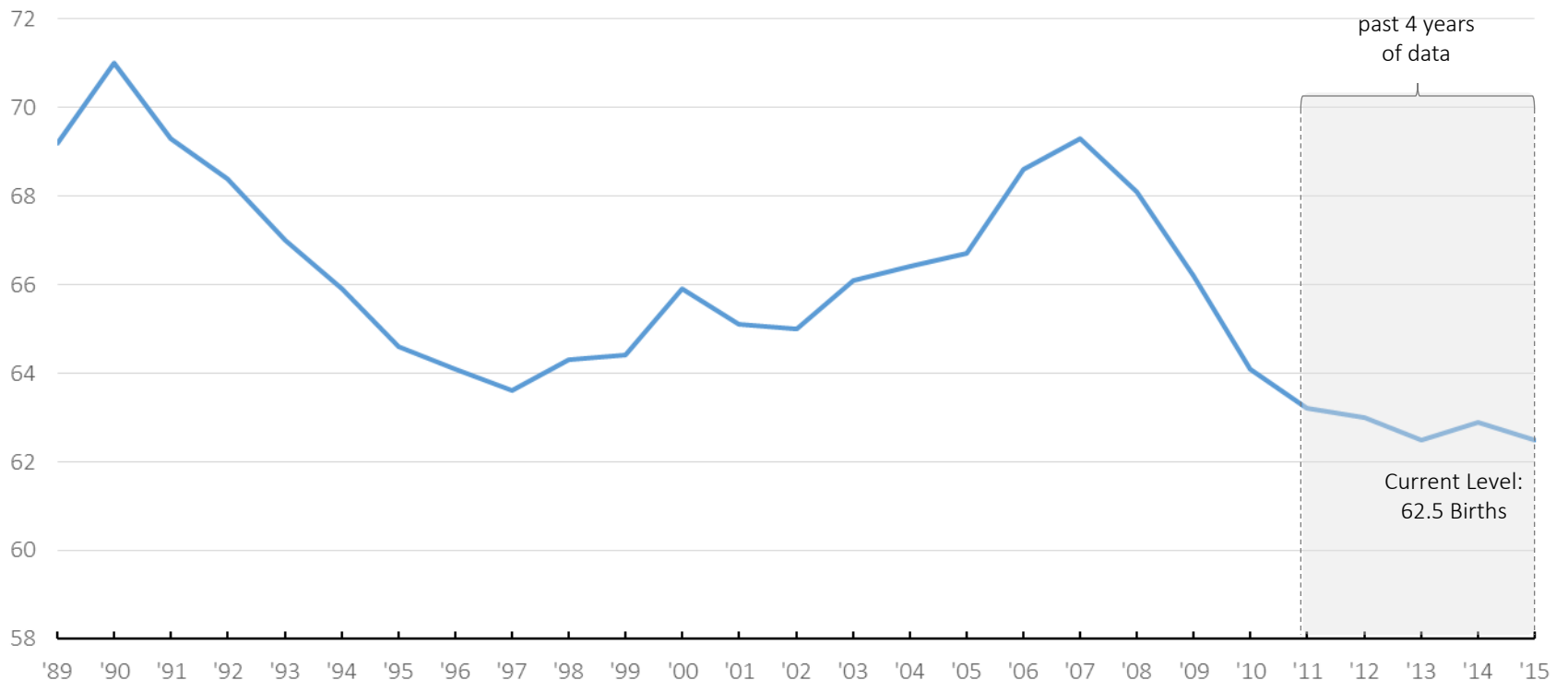
Sources: St. Louis Federal Reserve, September 13, 2016.

Ultimate sign of pessimism: birth rate down

People starting to defer starting or expanding a family

U.S. general fertility rate

Births to women aged 15-44 years

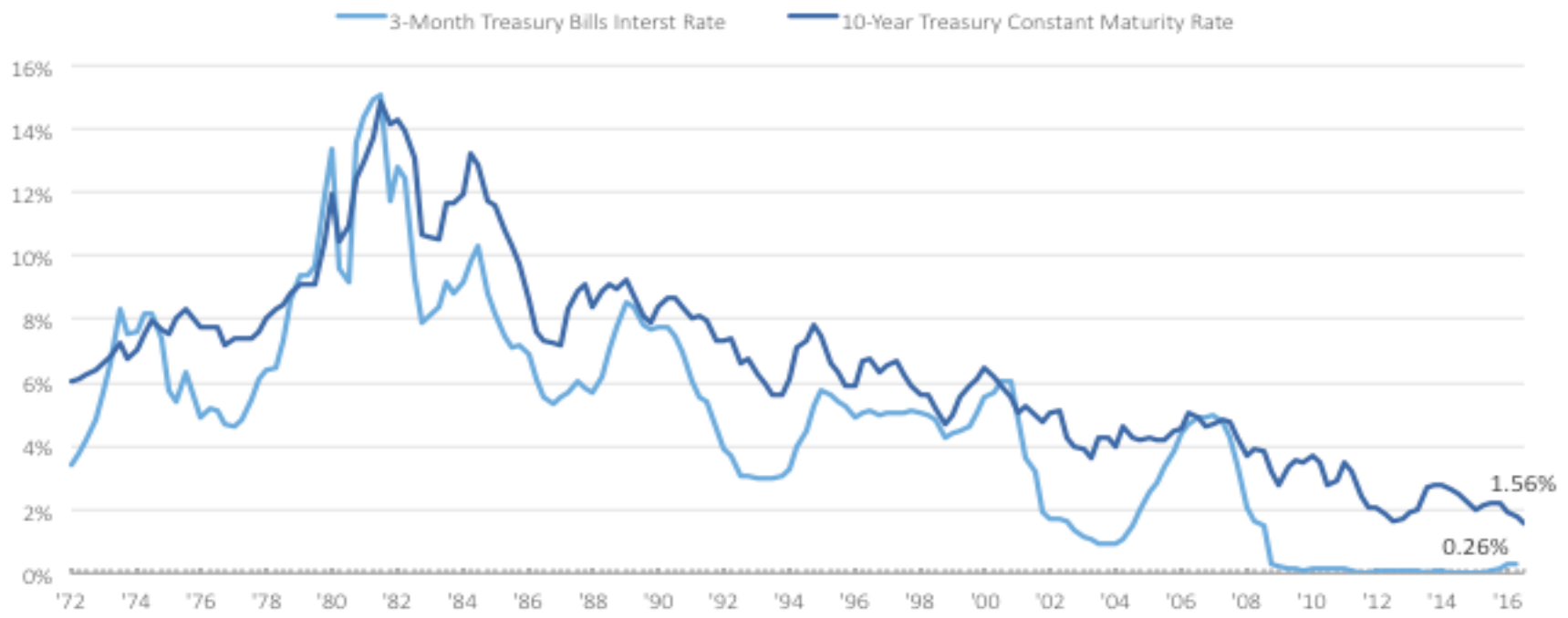


Sources: CDC, National Vital Statistics Report, June 2, 2016.

Interest rates at historic lows

Savers punished and borrowers rewarded with low returns

Interest rates
Quarterly percent



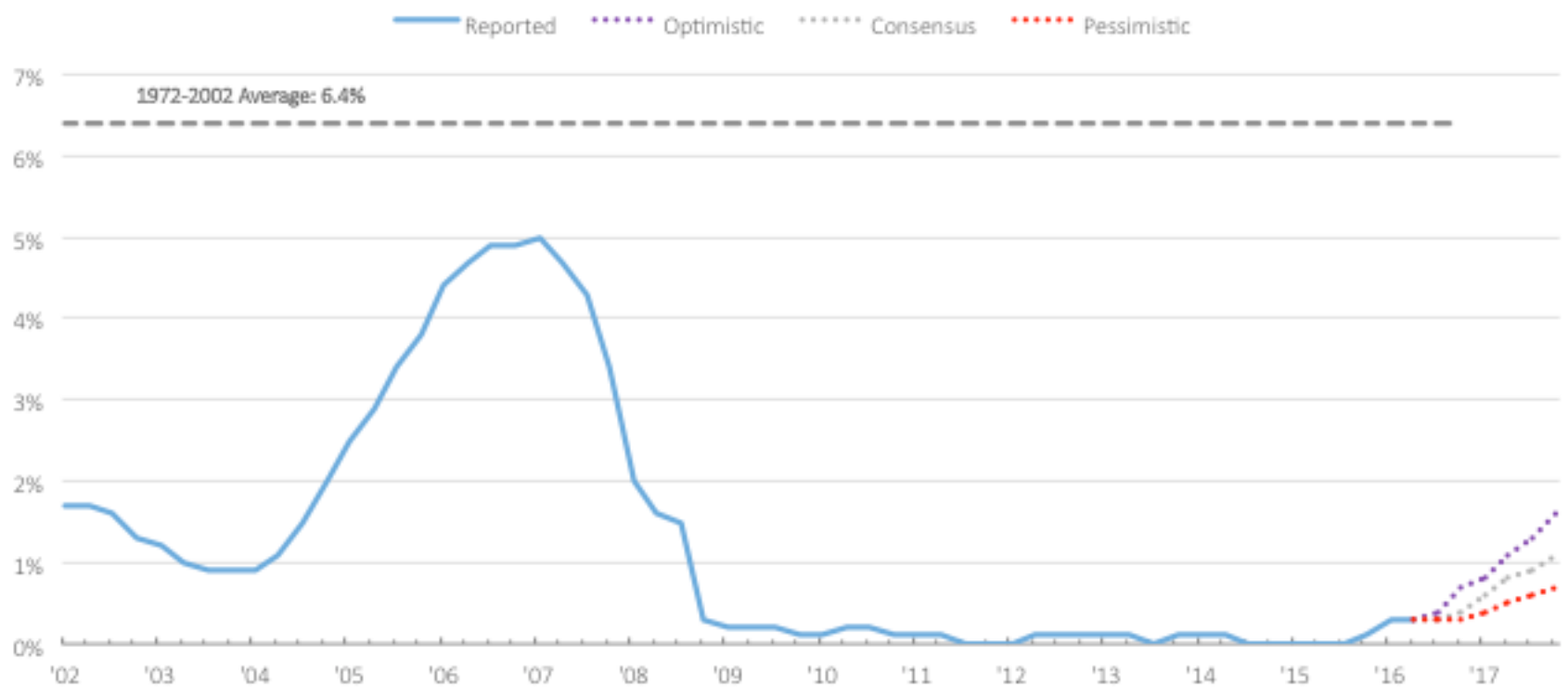
	1976-2006 average	2007-2016 average
3-month T-bills interest rate	6.0%	0.68%
10-year Treasury constant maturity rate	7.7%	2.84%

Source: St. Louis Federal Reserve, September 22, 2016.

Higher expectations for interest rates reflect stabilizing economy

Blue Chip Economic Indicators: three-month Treasury bills

Estimated quarterly interest of three-month T-bills



Sources: Blue Chip Economic Indicators, September 10, 2016.

Higher expectations for interest rates

Blue Chip Economic Indicators: 10-year Treasury bills

Estimated 10-year treasury constant maturity rate

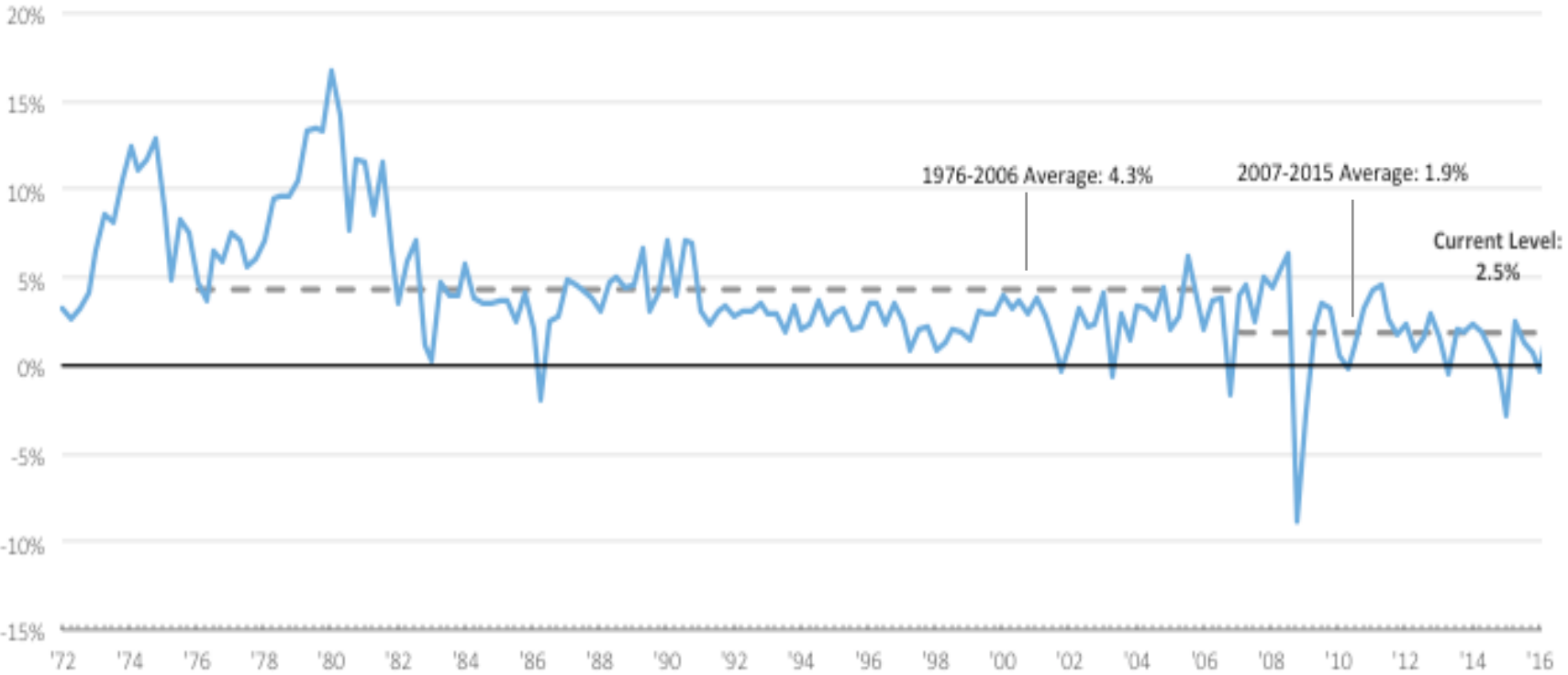


Sources: Blue Chip Economic Indicators, September 10, 2016.

So far inflation stays very low

Consumer Price Index for all urban consumers

Quarterly percent change

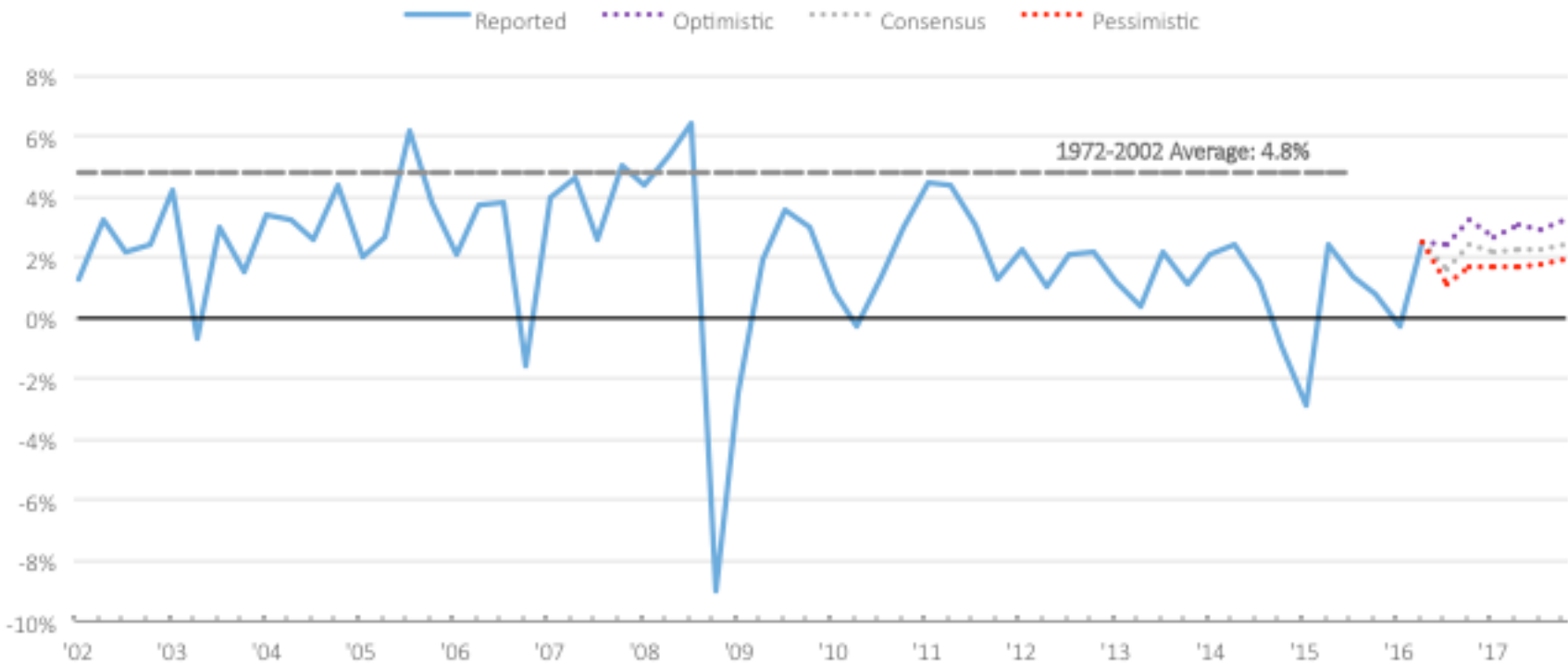


Sources: St. Louis Federal Reserve, August 16, 2016.

Inflation projected to stay low

Blue Chip Economic Indicators: Consumer Price Index

Estimated quarterly CPI



Sources: Blue Chip Economic Indicators, September 10, 2016.

Long-term unemployment rate gradually declines

Unemployment rate

Percentage of unemployed by duration of unemployment



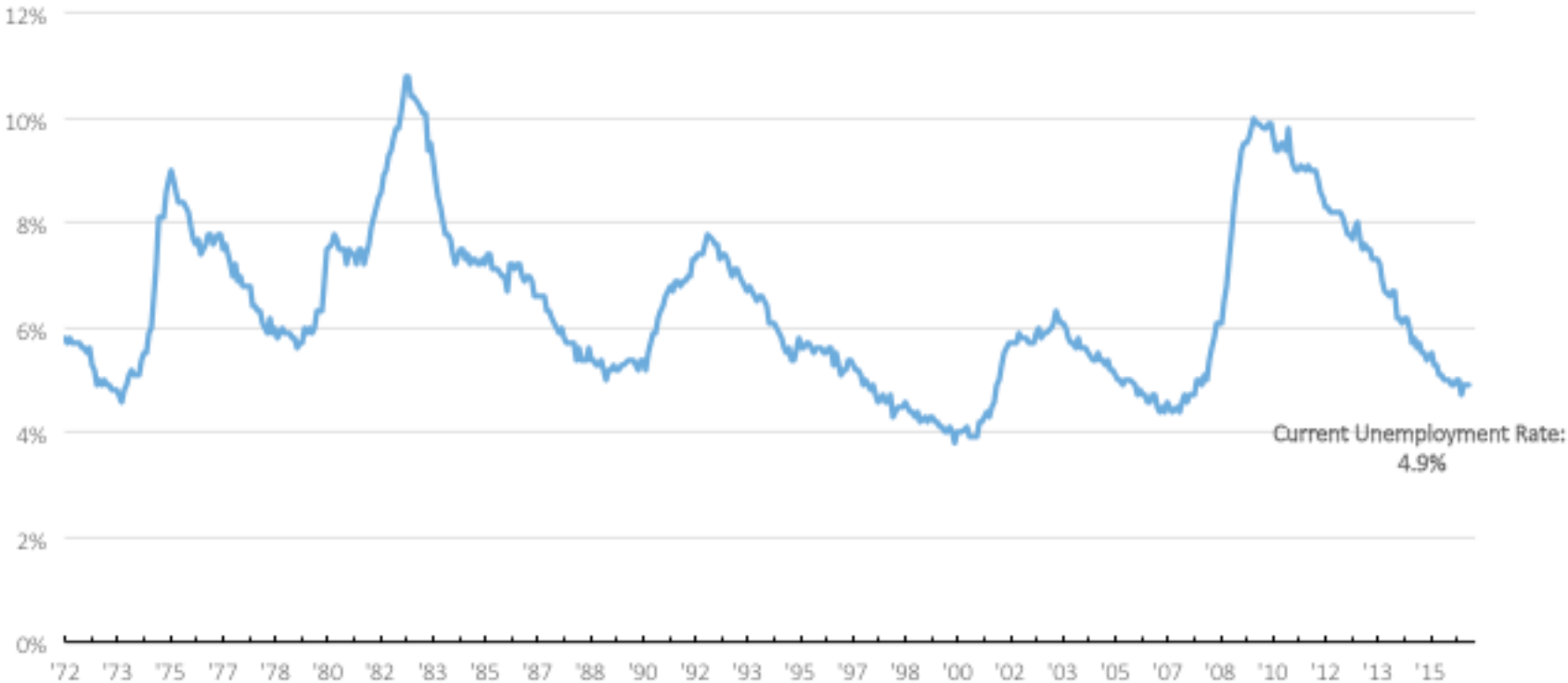
Sources: St. Louis Federal Reserve, September 2, 2016.

Unemployment dropping

Unemployment direction is positive

Unemployment rate

Actual year-to-date unemployment rates



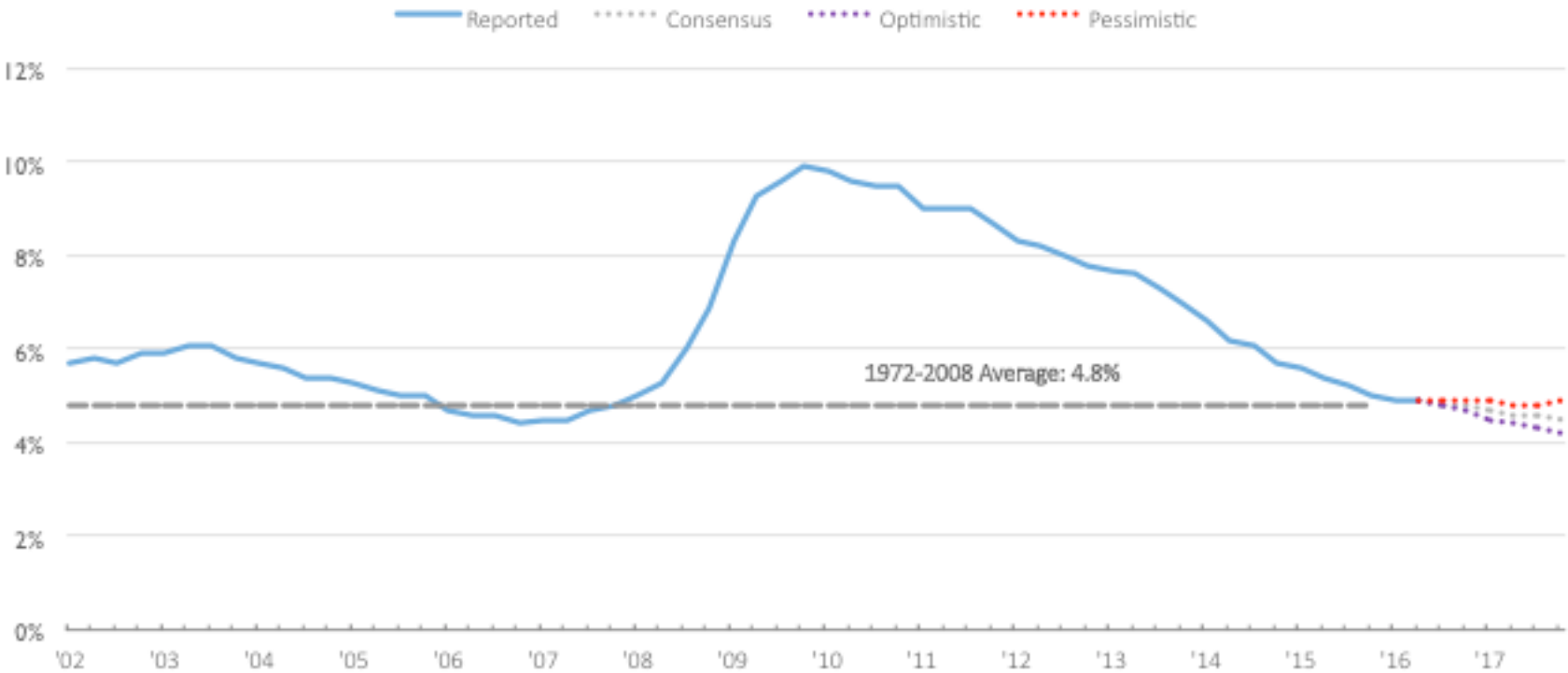
Sources: St. Louis Federal Reserve, September 2, 2016.

Forecasts predict continual decrease in unemployment

Forecast quarterly rate nearing 5%

Blue Chip Economic Indicators: unemployment rate

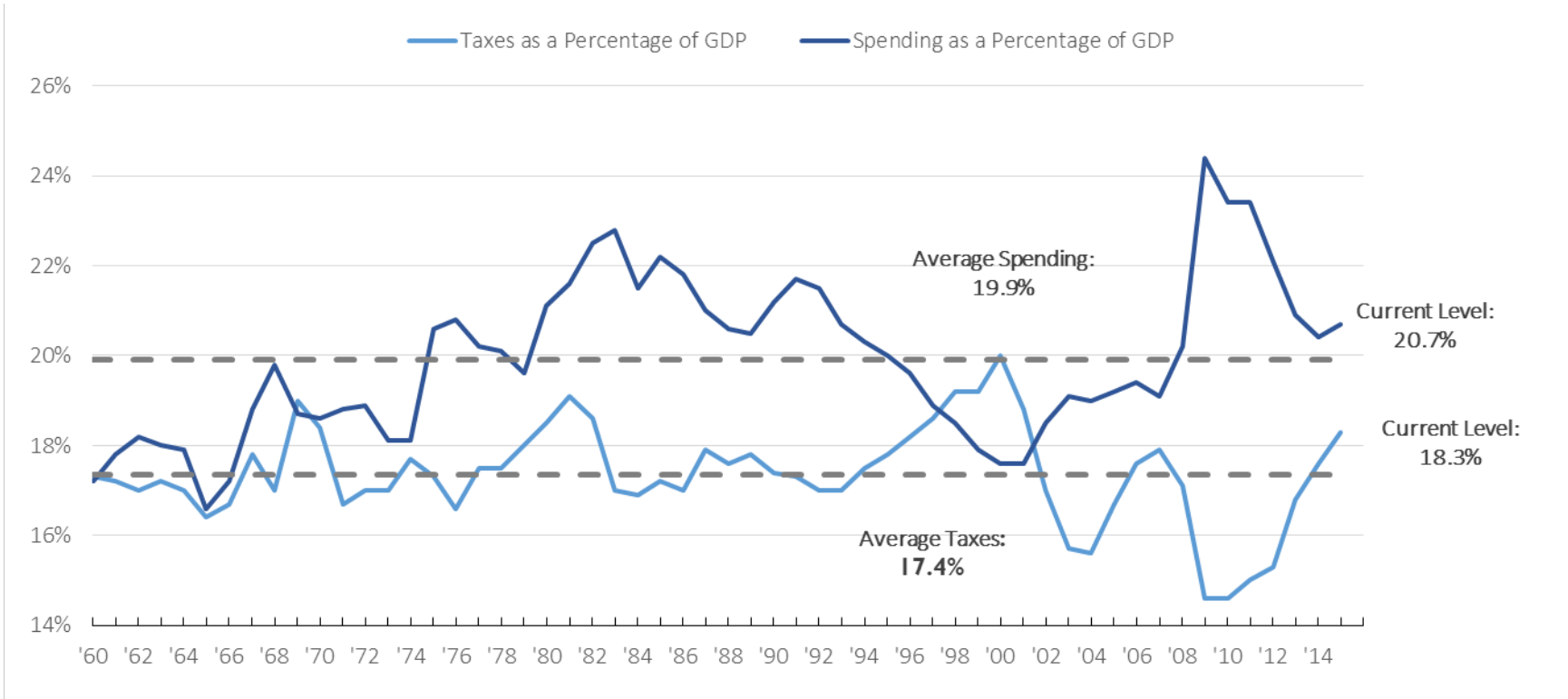
Estimated quarterly unemployment



Sources: Blue Chip Economic Indicators, September 10, 2016.

Deficit problem stems from both increased spending and decreased taxing

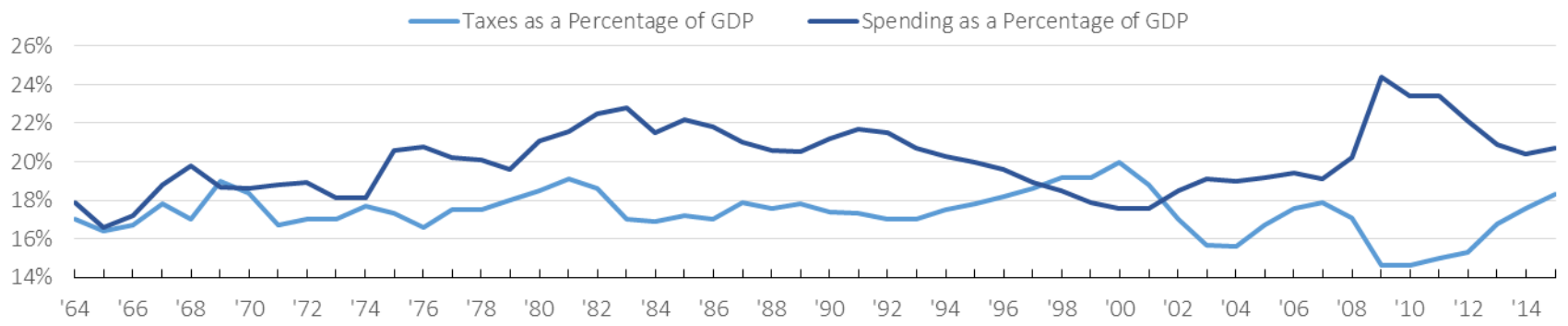
Taxes and spending as percentage of GDP



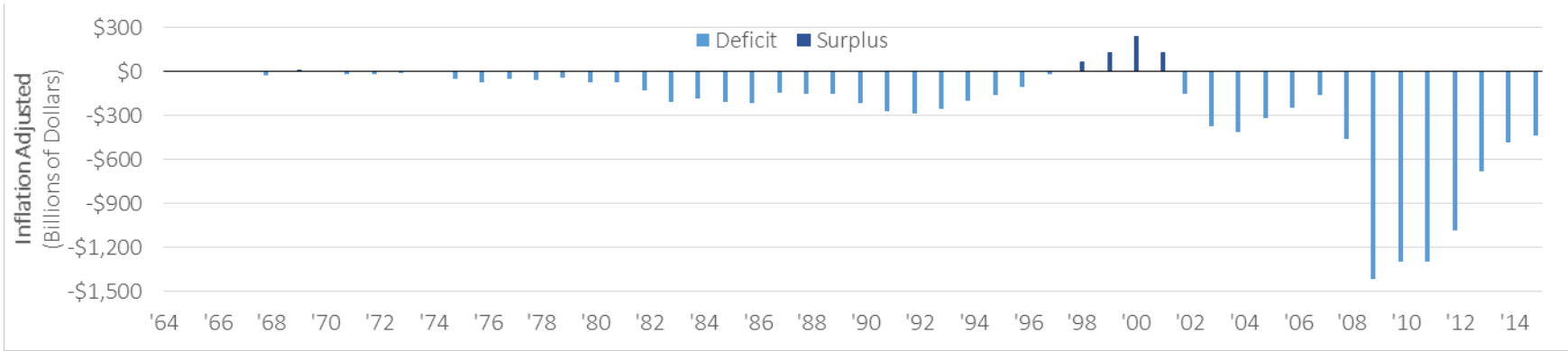
Sources: White House Office of Management and Budget, Historical Tables, 2016.

Gap between taxing and spending creates deficit or surplus

U.S. taxing and spending as percentage of GDP



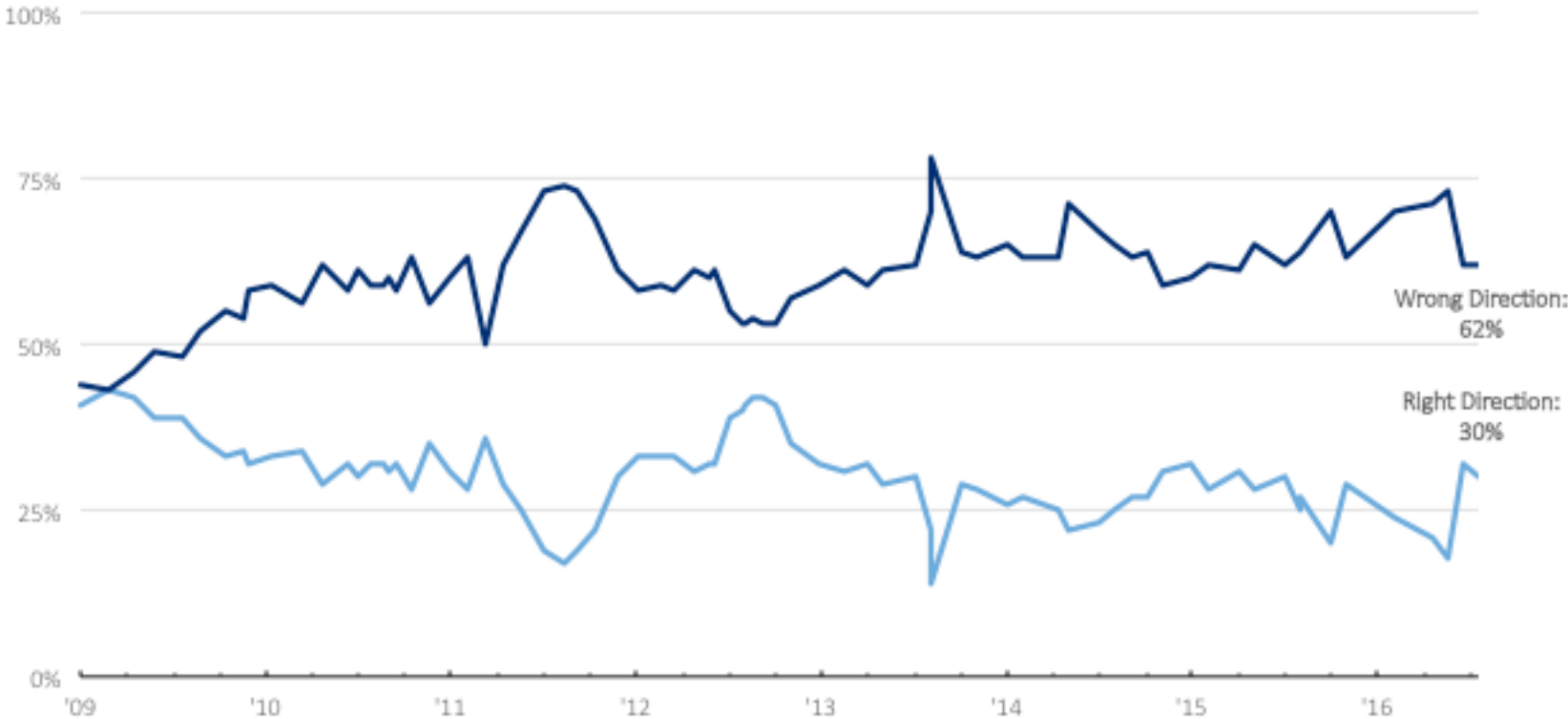
U.S. deficits and surplus



Sources: White House Office of Management and Budget, Historical Tables, 2016.

Public still skeptical on national outlook

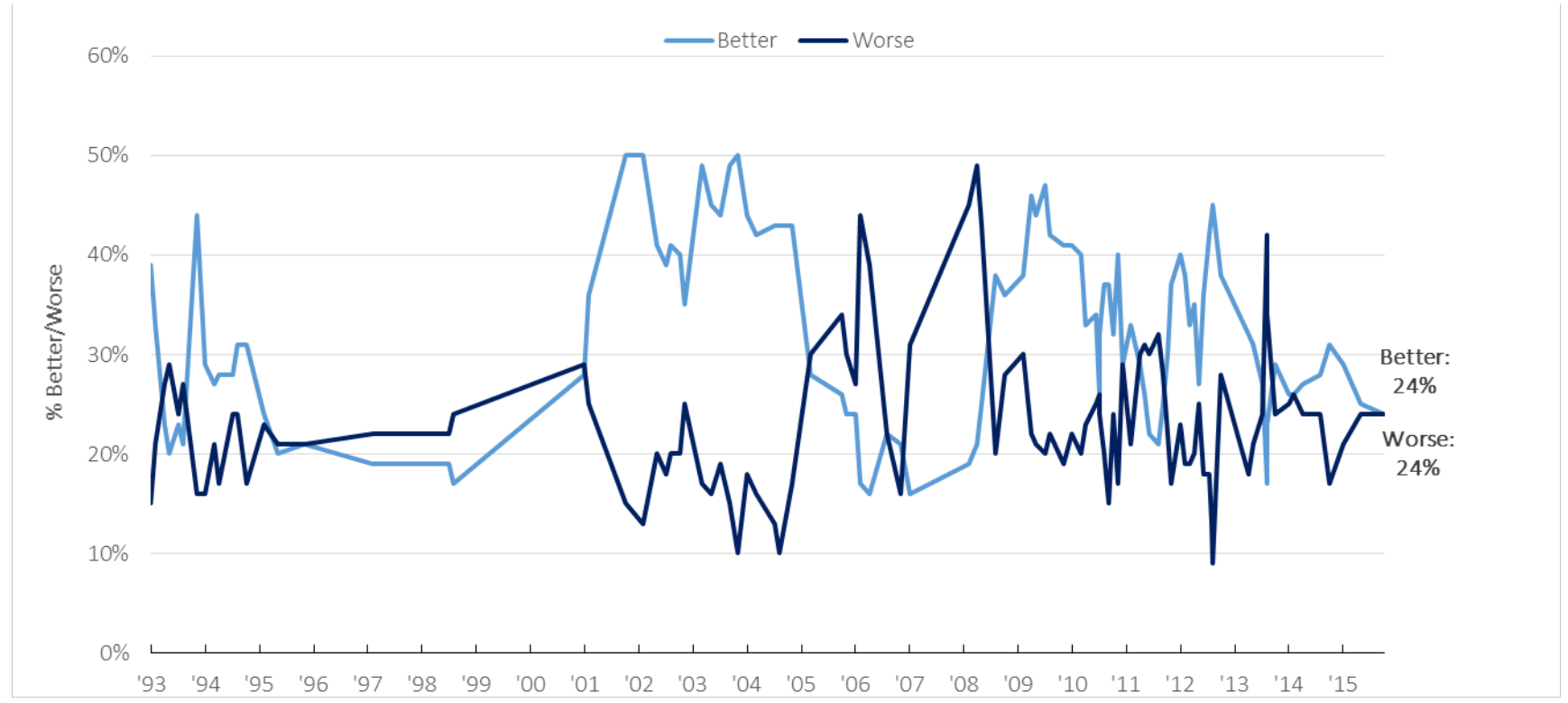
Percentage responding to the question: “All in all, do you think things in the nation are generally headed in the right direction, or do you feel things are off on the wrong track?”



Sources: NBC/WSJ Poll, September 19, 2016.

Public outlook for economy is split

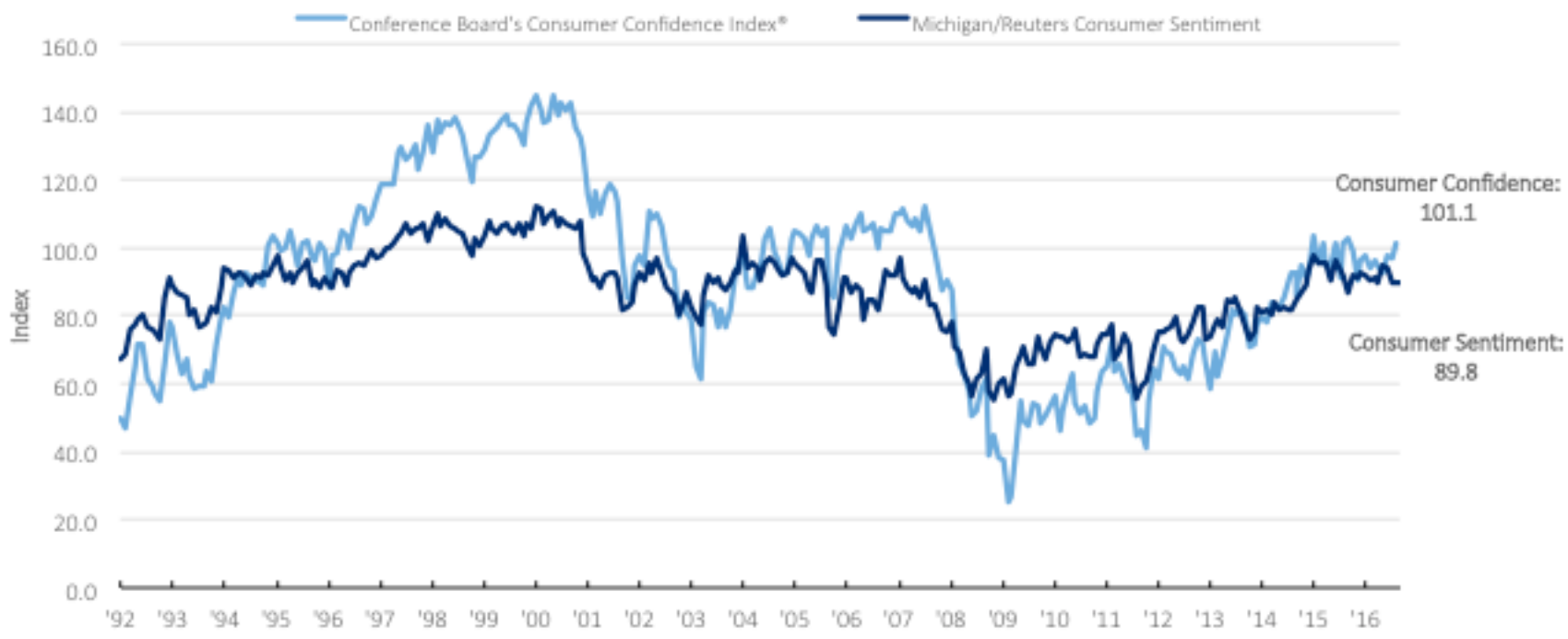
Percentage responding to the question: “During the next twelve months, do you think that the nation’s economy will get better or worse?”



Sources: NBC/WSJ Poll, December 6-9, 2015

Consumer optimism improving but still low by historical measures

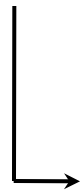
Consumers Confidence Index ® and Consumer Sentiment



Sources: Conference Board, September 2016; Thomson Reuters/University of Michigan Surveys of Consumers, September 2016.

Roadmap for the presentation

Economic vital signs

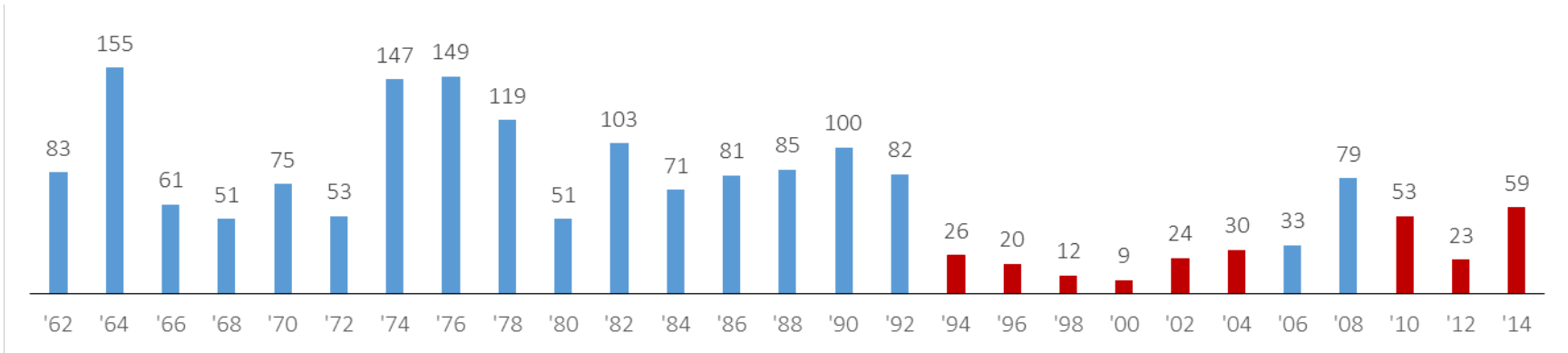


American politics

Congressional partisanship frames fiscal fights

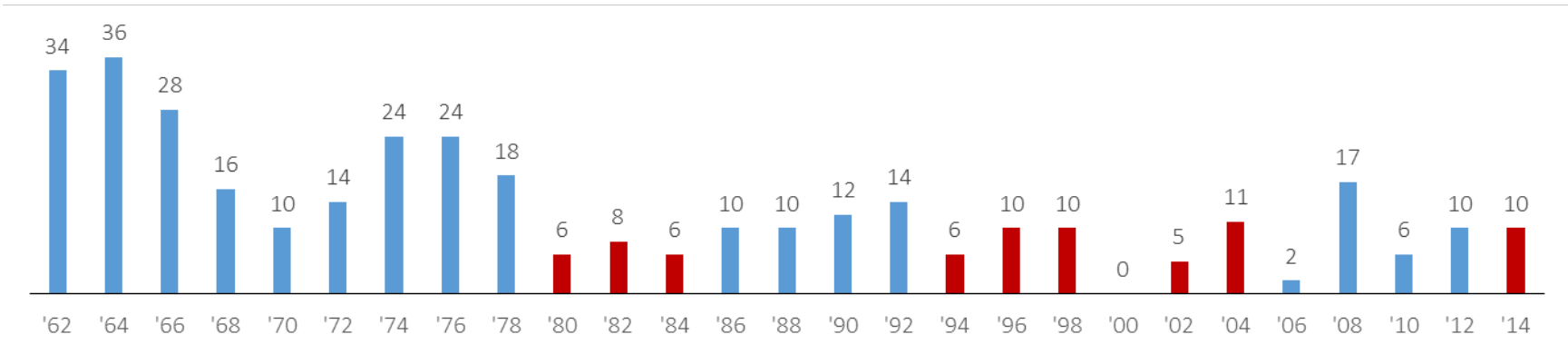
Margin of House control after election

88th-114th Congress



Margin of Senate control after election

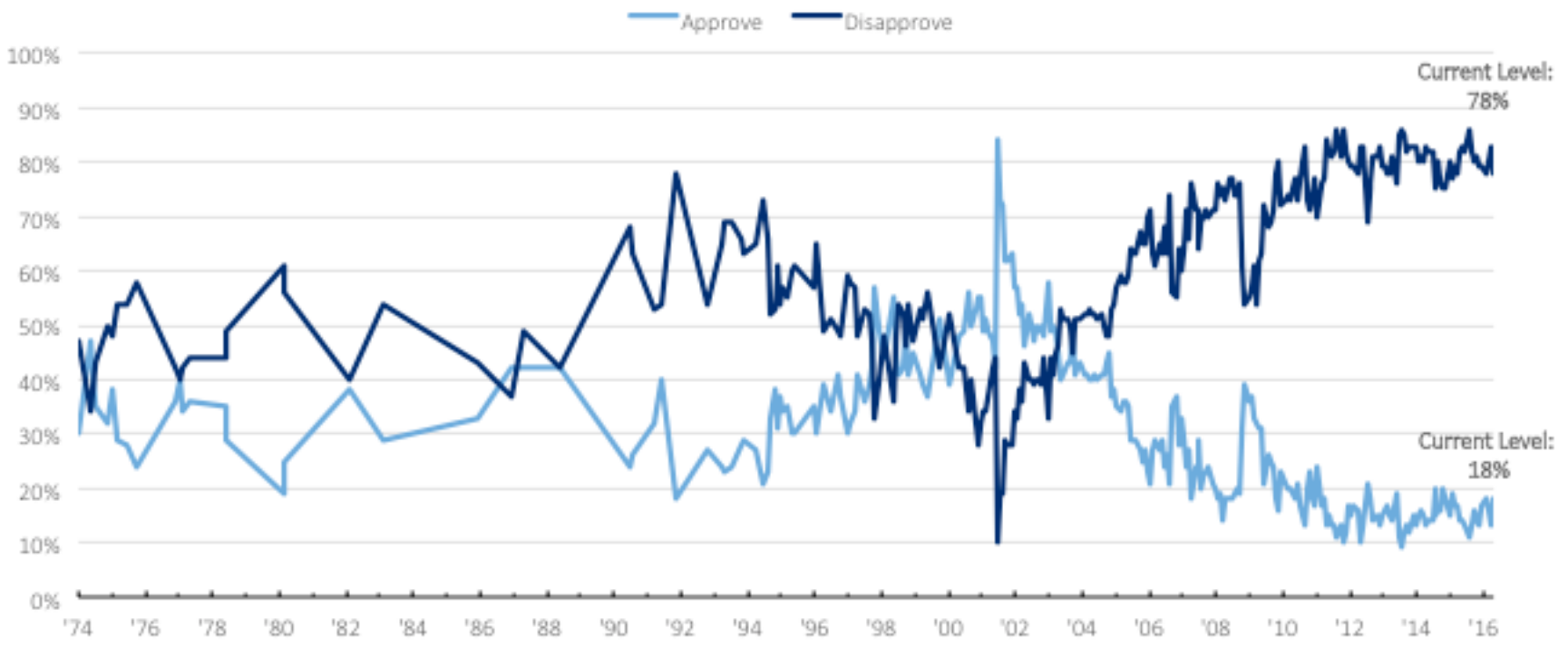
88th-114th Congress



Sources: Senate.gov, 2015; Office of the Clerk of the House of Representatives, 2014

Congressional approval reaches three-decade low

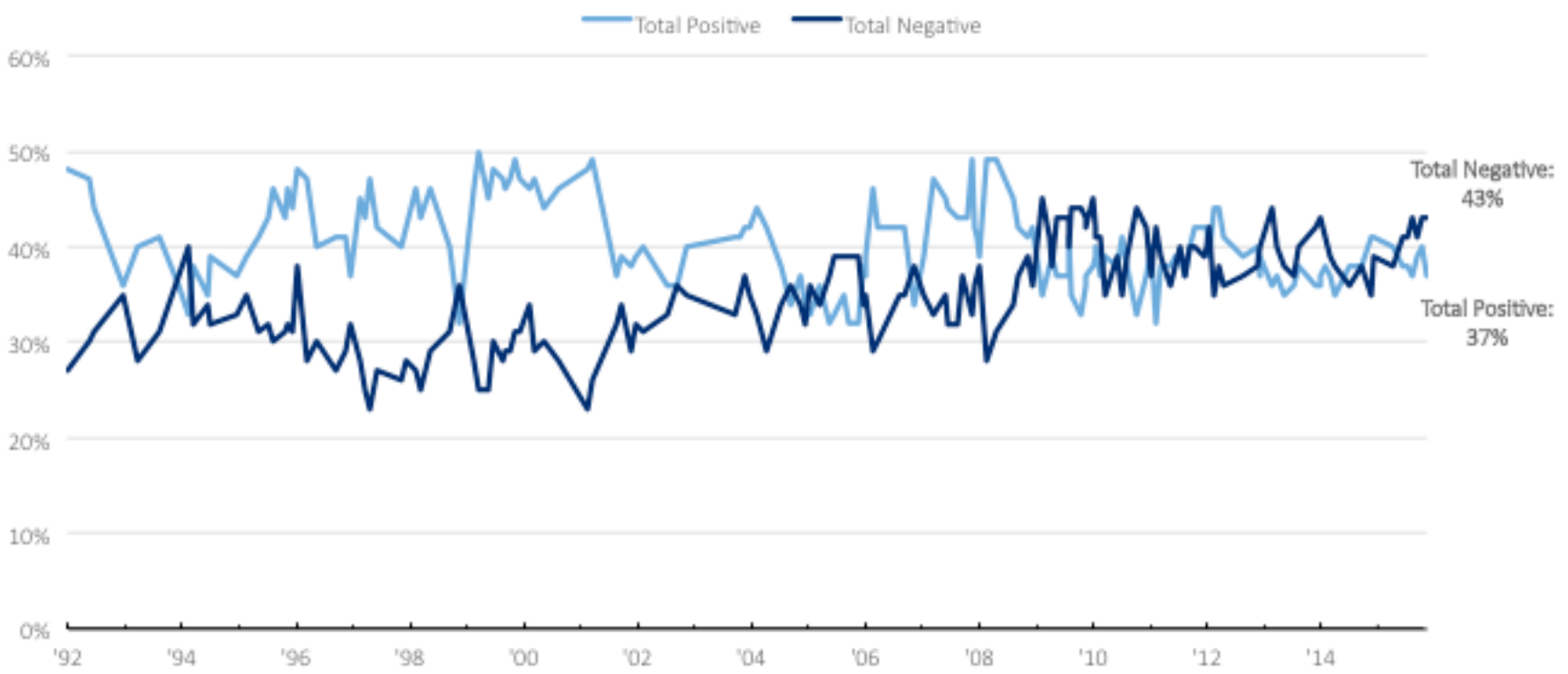
Congressional approval rating



Sources: Gallup.com, August 3-7, 2016.

Public opinion split on Democratic Party

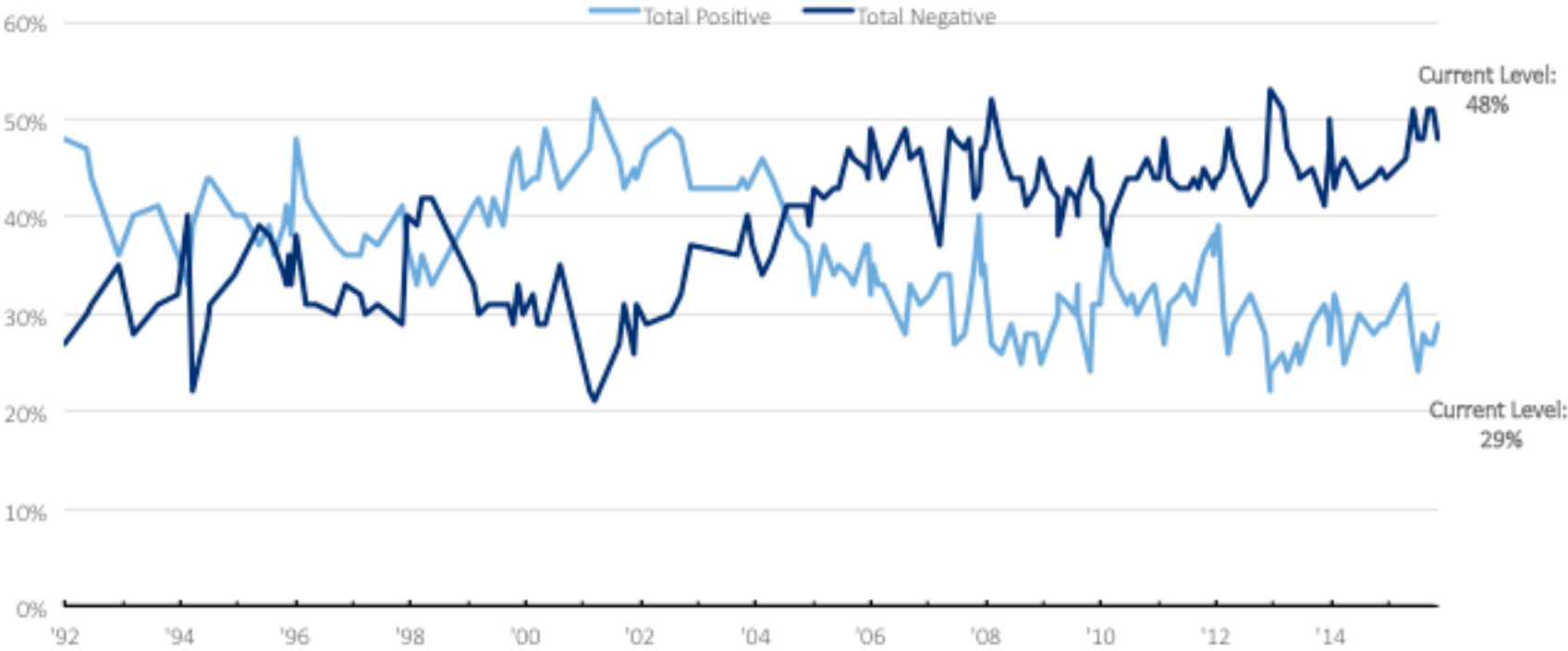
NBC/WSJ thermometer: Democratic Party



Sources: NBC/WSJ Poll, September 21, 2016.

Public holds negative opinion of GOP

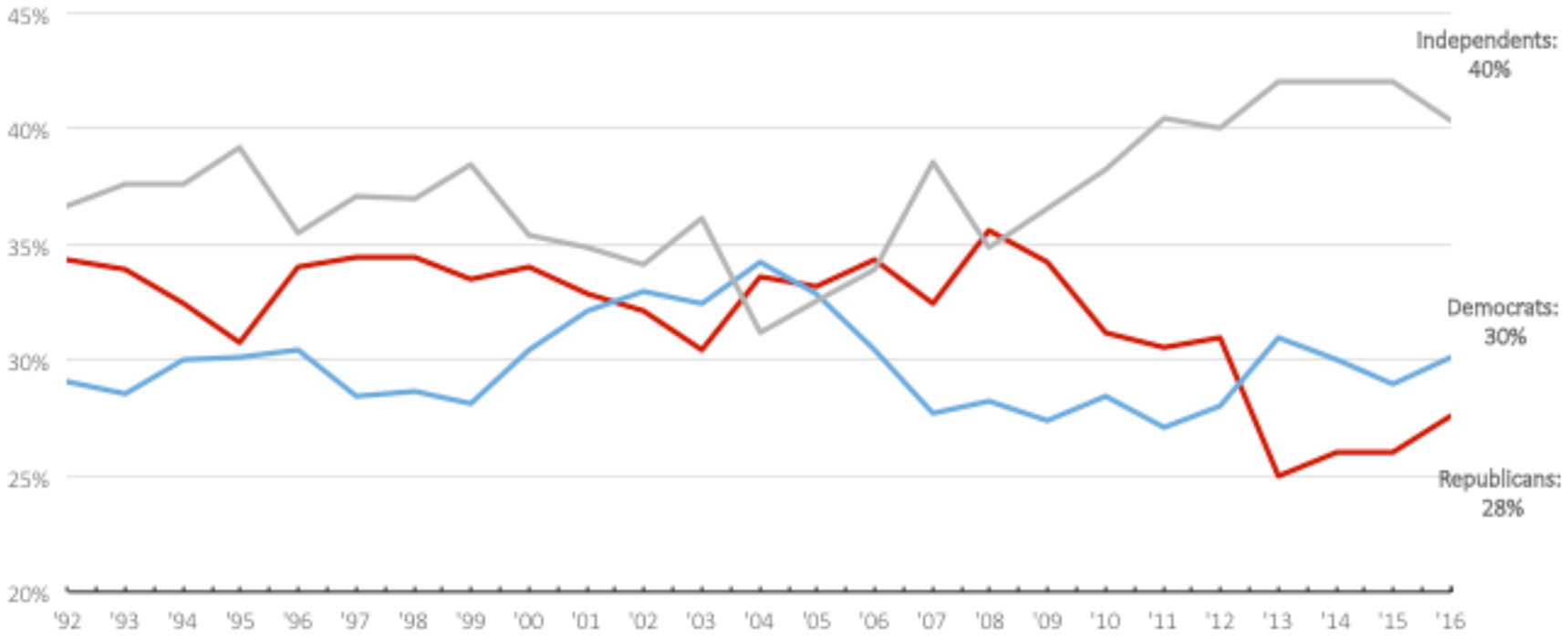
NBC/WSJ thermometer: Republican Party



Sources: NBC/WSJ Poll, September 21, 2016.

Share of self-described Independents grows at expense of both parties

Gallup's party affiliation survey, percentage responding to the question: "In politics, as of today, do you consider yourself a Republican, Democratic, or an Independent?"



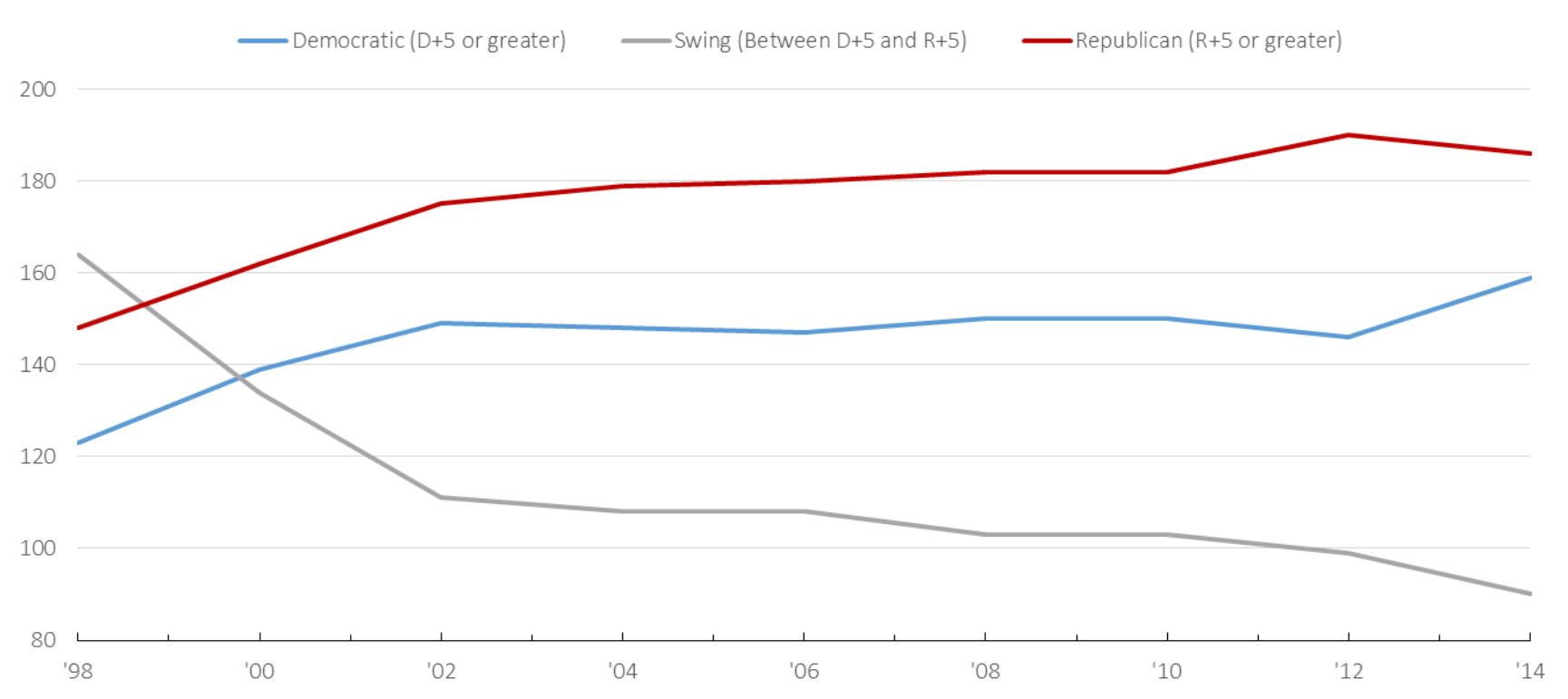
Sources: Gallup.com, September 2016.

In House, fewer “swing seats, more polarization”

As district populations grow increasingly liberal or conservative, incumbents fear radical primary challengers

Cook Political Report rates the districts

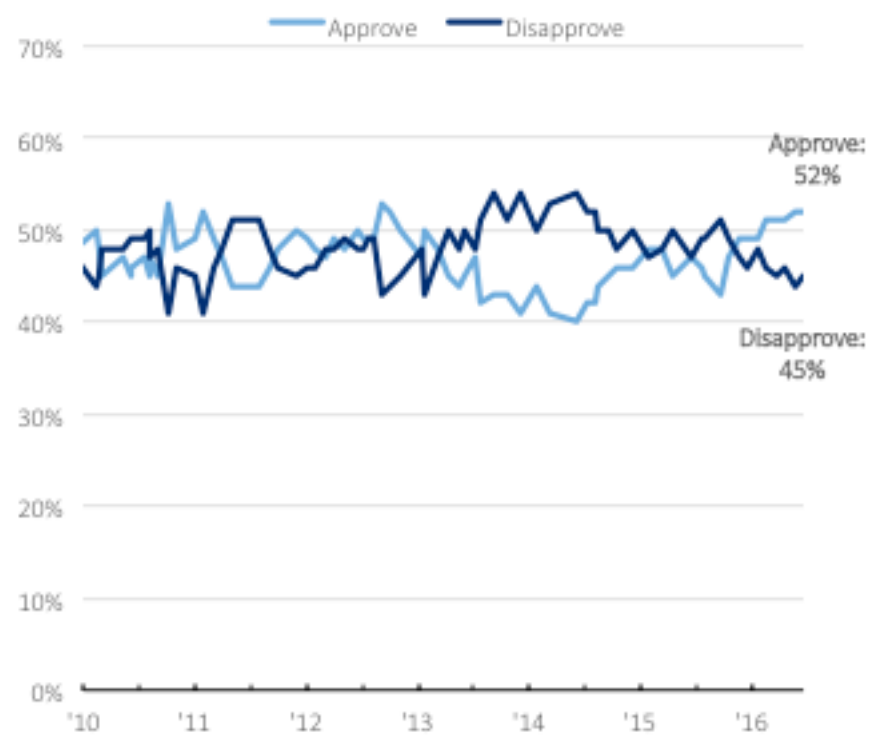
House makeup by Cook Partisan Vote Index



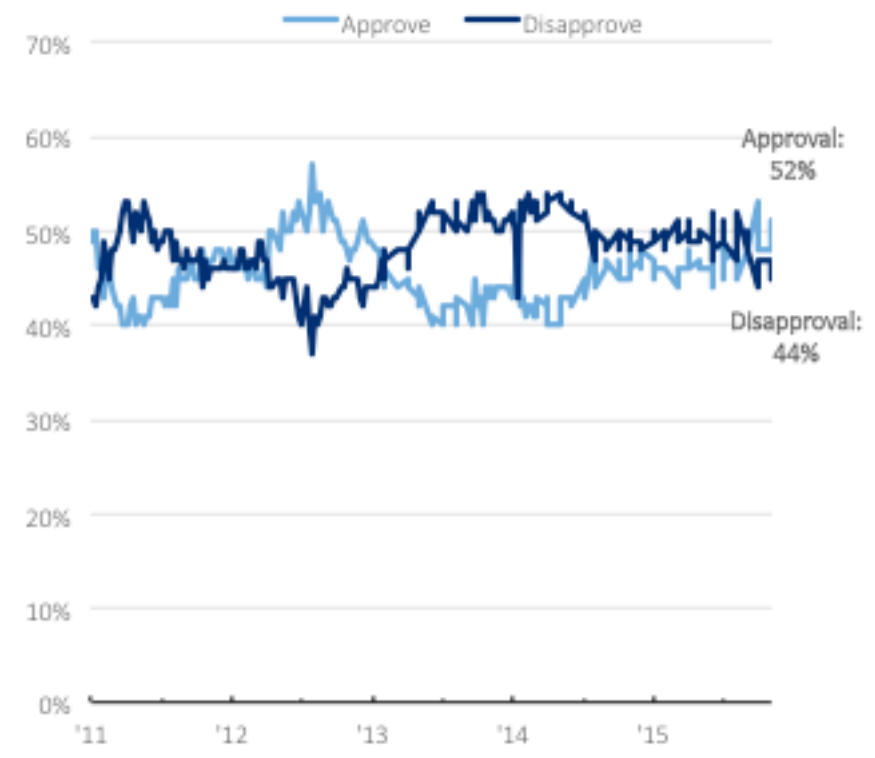
Source: Cook Political Report, 2015.

Obama's job approval rating hovers at all-time high

NBC/WSJ's presidential job approval



Gallup's presidential job approval



Sources: NBC/WSJ Poll, September 21, 2016; Gallup.com, September 17, 2016.