

Charlie Cook's Tour of American Politics and Economics

March 31, 2017

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Director: Alistair Taylor

Roadmap for the presentation

Economic vital signs

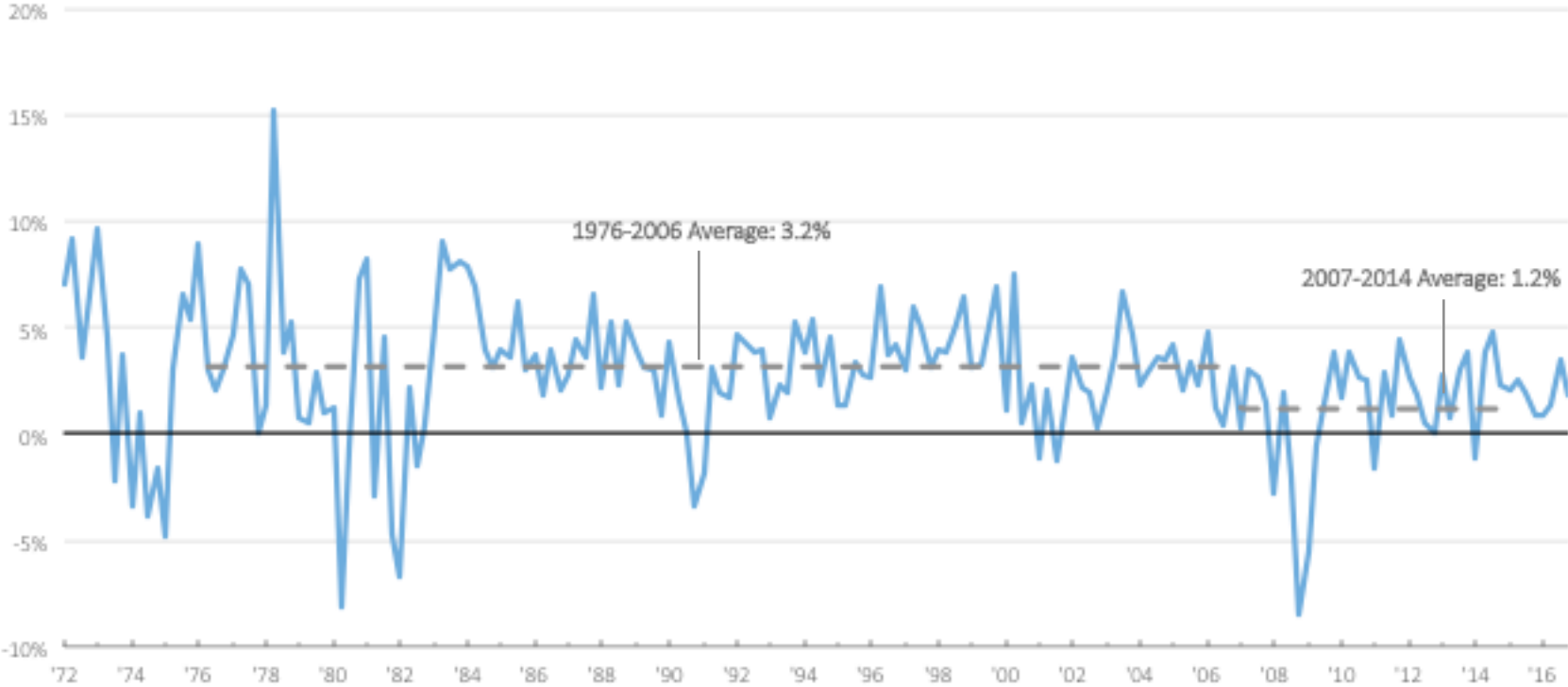


American politics

Economic growth is trending upward following slow recovery from the 2008 recession

Real GDP

Percent change from prior quarter annual rate



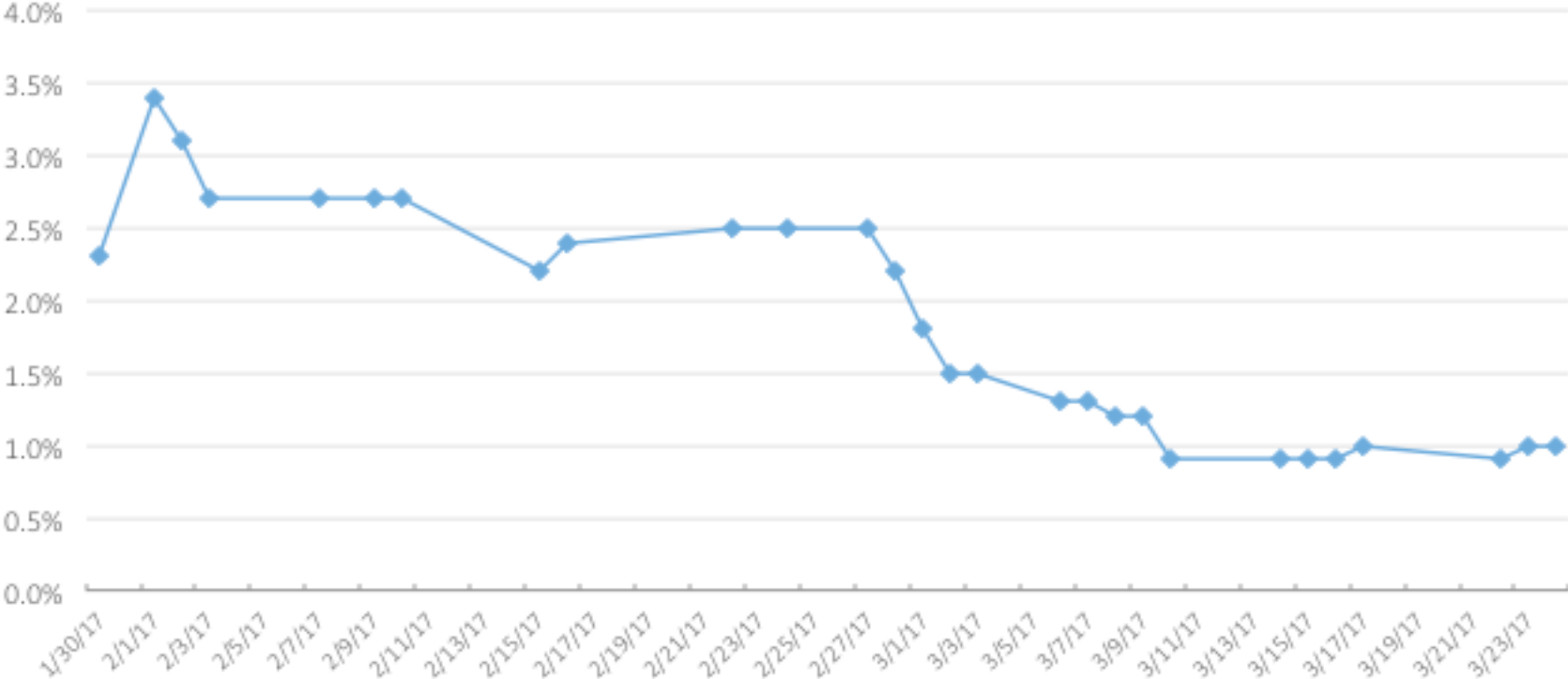
Sources: St. Louis Federal Reserve, February 28, 2017.

GDPNow forecast drops between late February and early March, currently hovers at 1.0%

Evolution of Atlanta Fed GDPNow real GDP forecast for 2017:Q1

Quarterly percent change

**(The Atlanta Fed's GDPNow forecasting model provides a "nowcast" of the official estimate prior to its release)*

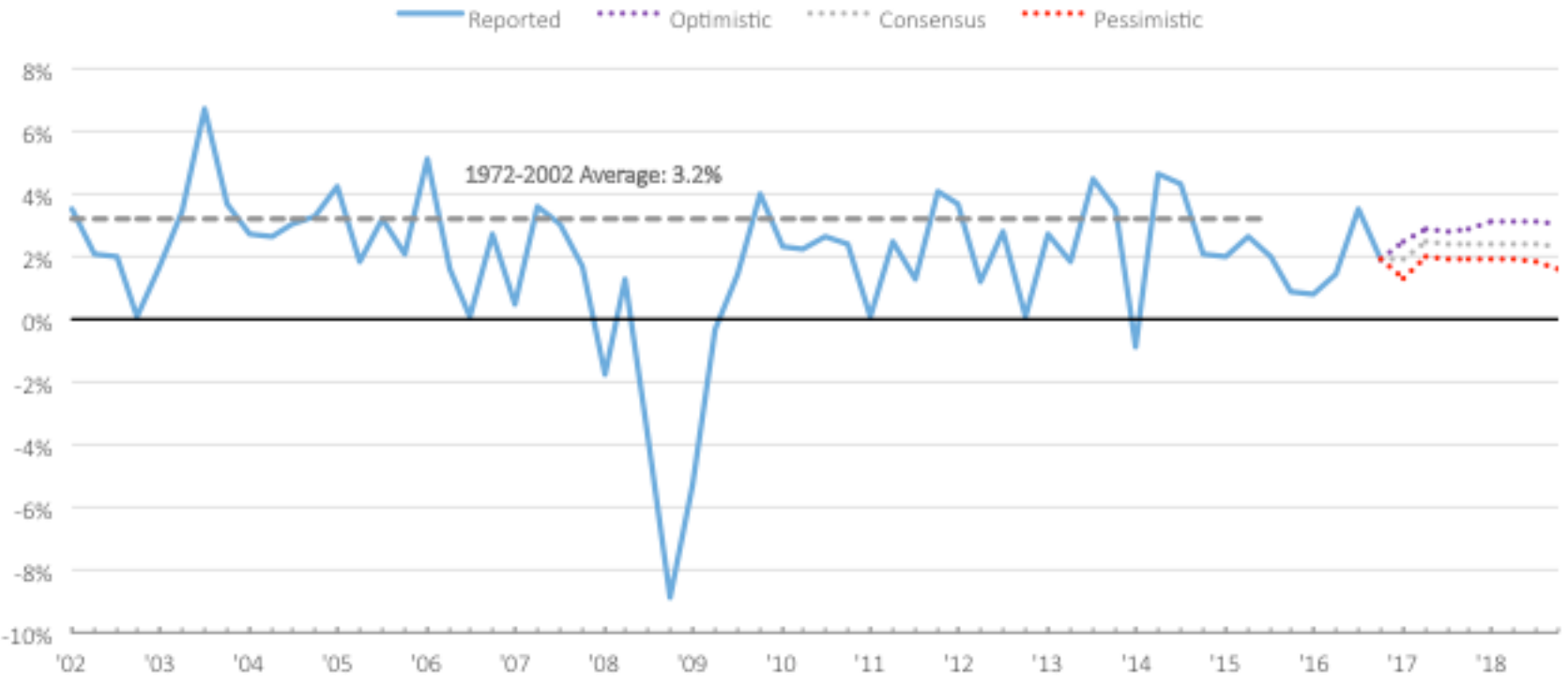


Sources: Federal Reserve Bank of Atlanta, March 24, 2017.

Consensus estimates put economic growth at between 2% and 2.5% over next two years

Blue Chip Economic Indicators: GDP

Estimated quarterly change in GDP

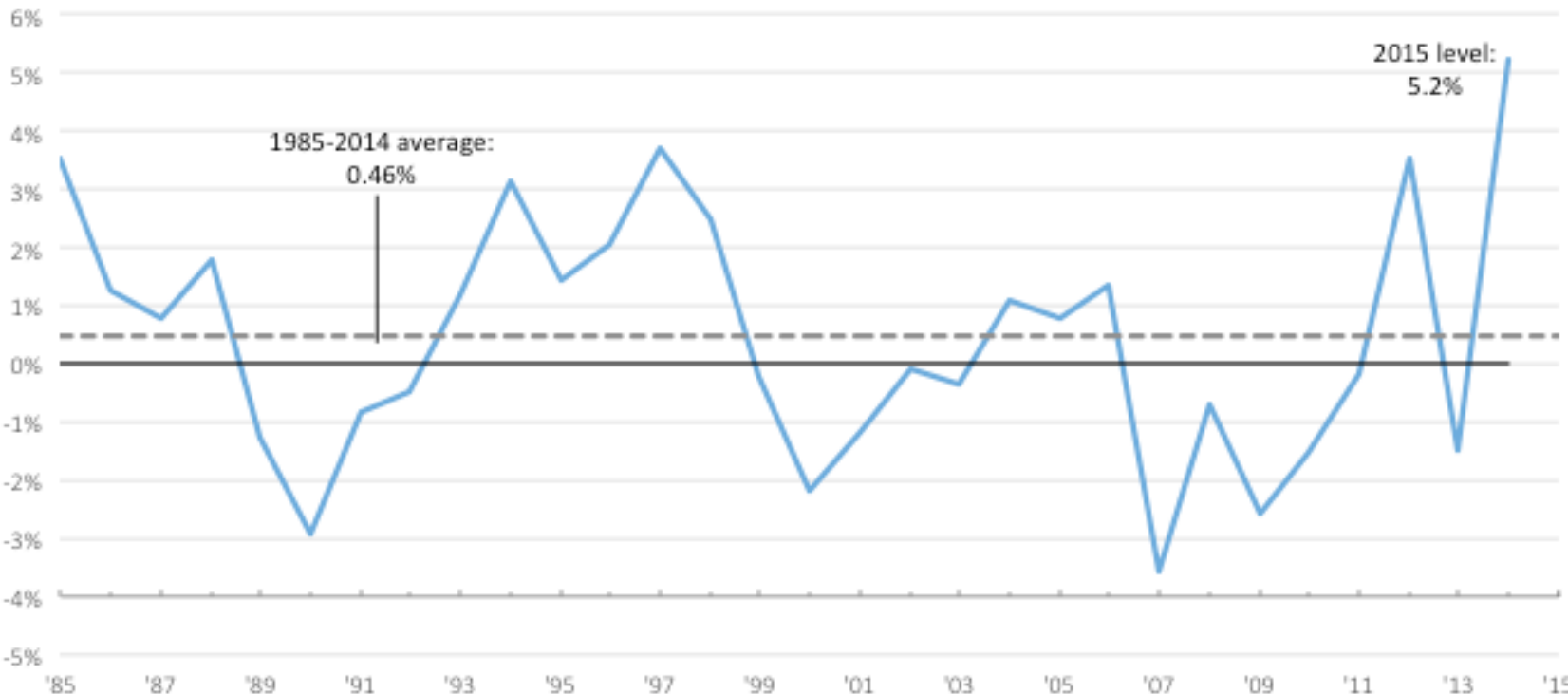


Sources: Blue Chip Economic Indicators, March 10, 2017.

Real median household income spiked in 2015 after decline in 2014

Real median household income in the United States

Annual percent change



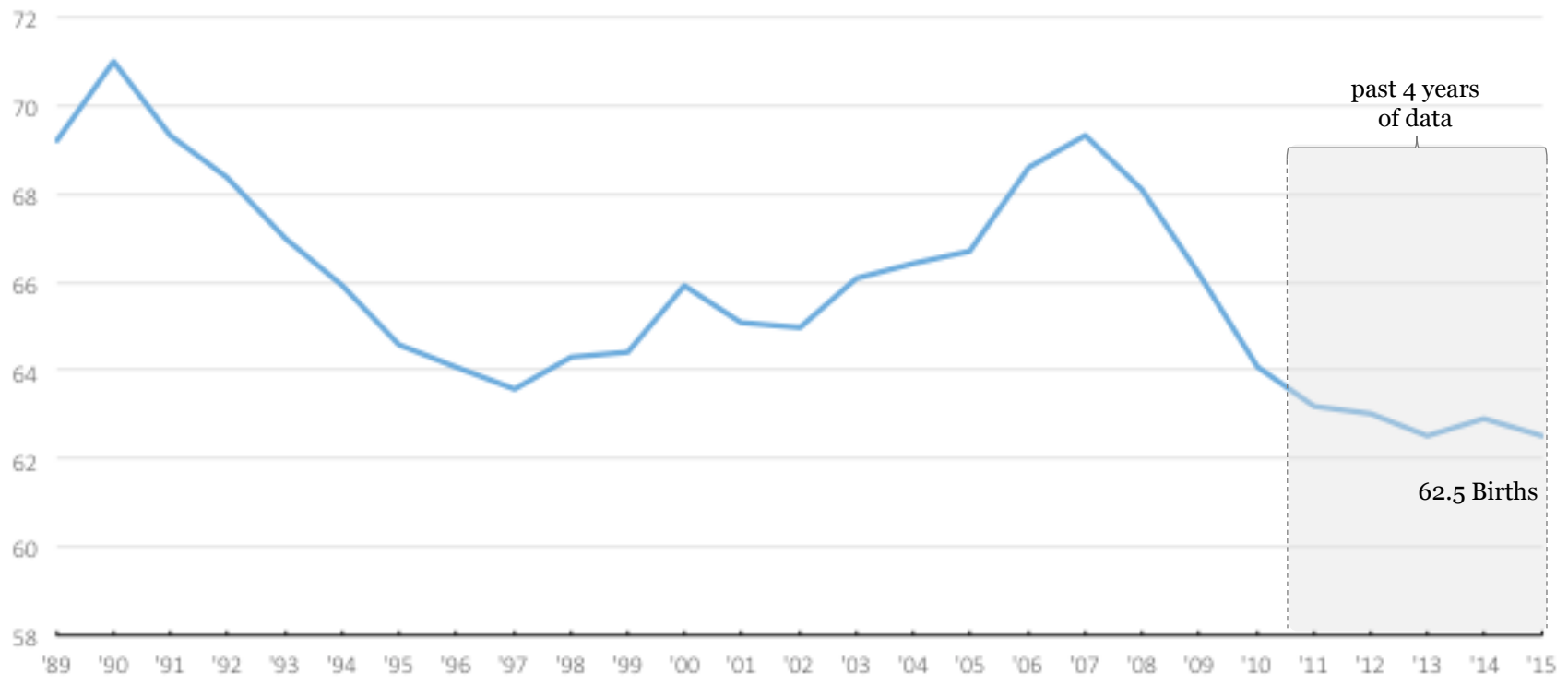
Sources: St. Louis Federal Reserve, September 13, 2016.

Ultimate sign of pessimism: birth rate down

People beginning to defer starting or expanding a family

U.S. general fertility rate

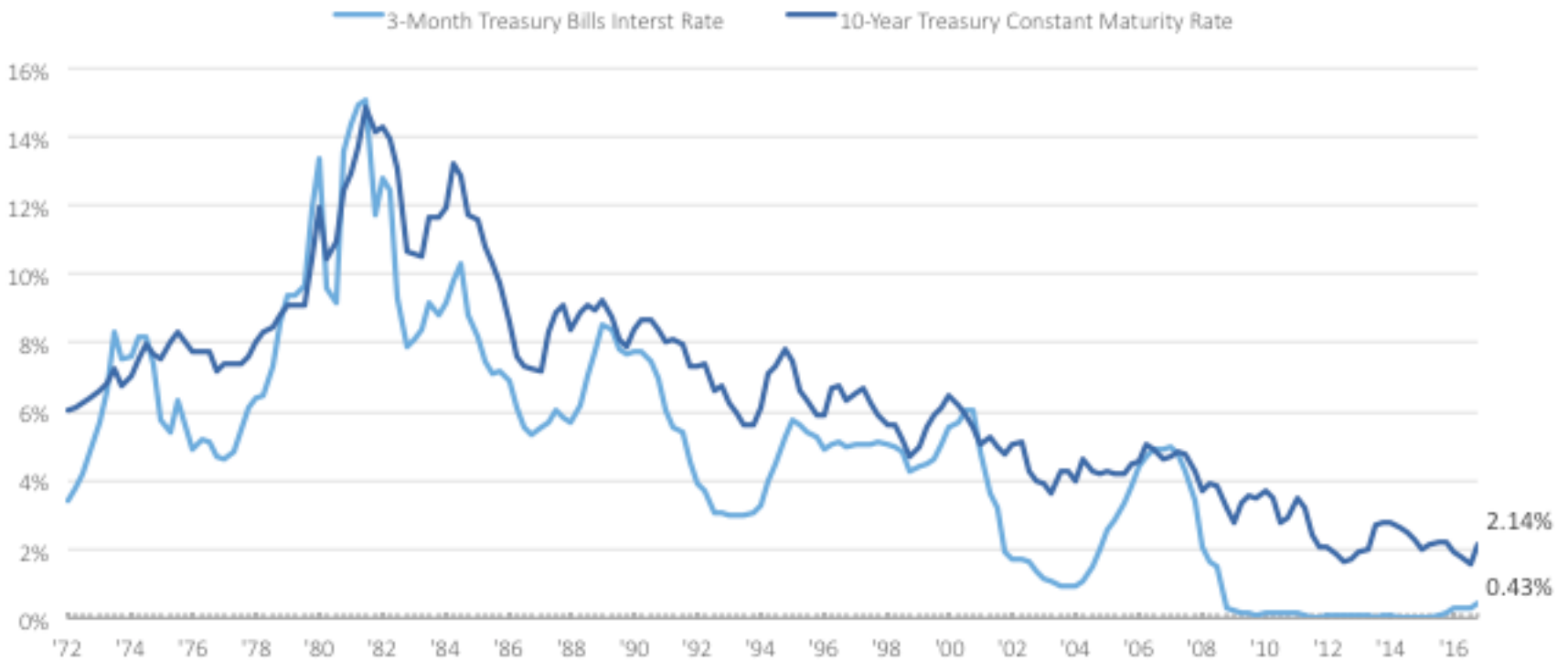
Births to women aged 15-44 years



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

Interest rates are beginning to creep up following period of historic lows

Interest rates
Quarterly percent



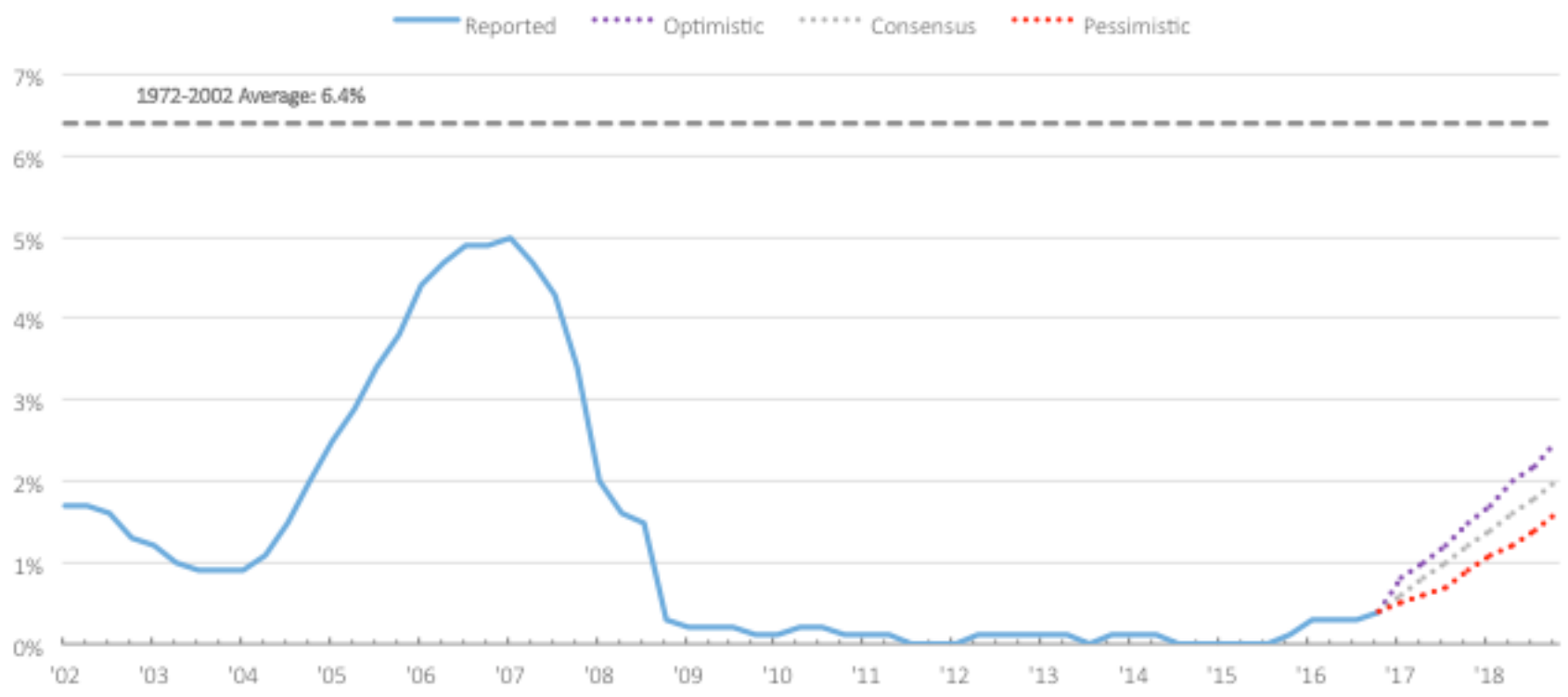
3-month T-bills interest rate	6.0%	0.68%
10-year Treasury constant maturity rate	7.7%	2.84%

Source: St. Louis Federal Reserve, January 2017.

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, March 10, 2017.

Higher expectations for interest rates

Blue Chip Economic Indicators: 10-year Treasury bills

Estimated 10-year Treasury constant maturity rate

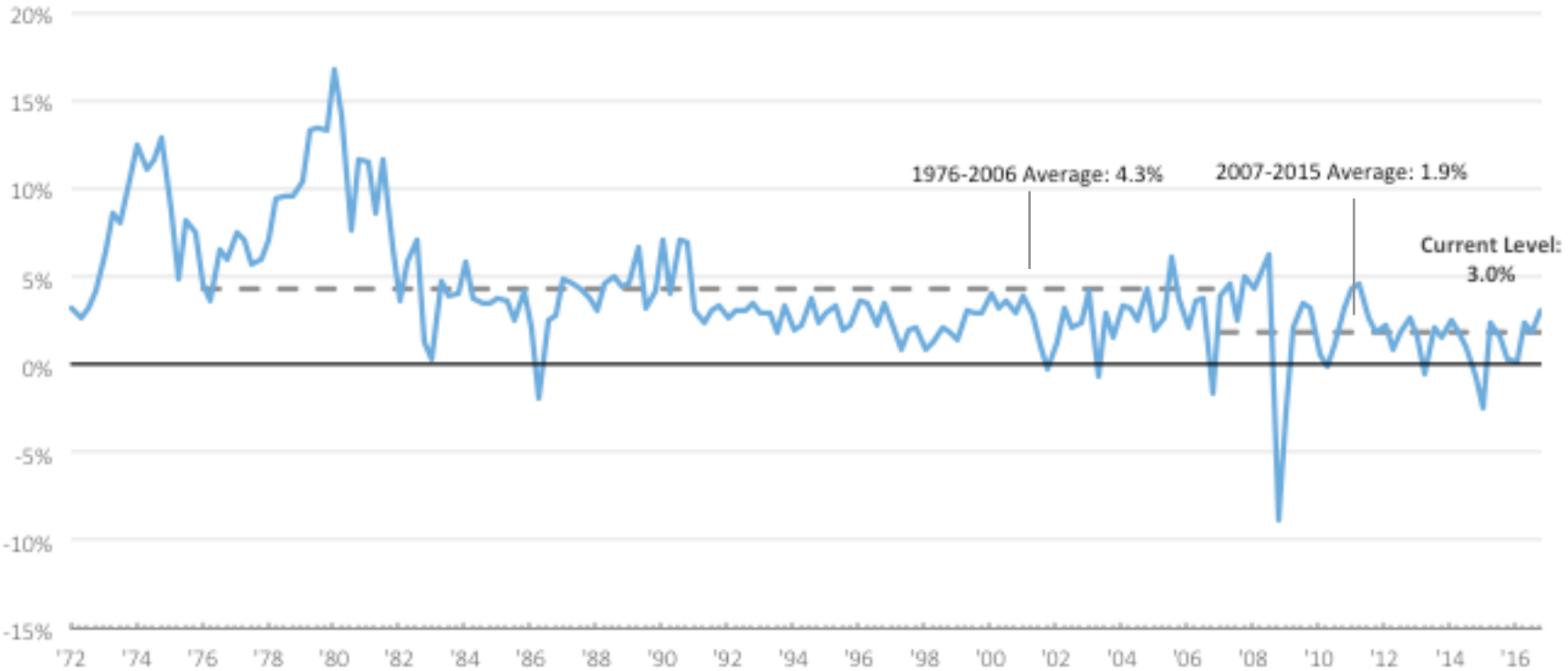


Sources: Blue Chip Economic Indicators, March 10, 2017.

Since 2015, inflation has ticked up slightly

Consumer Price Index for all urban consumers

Quarterly percent change

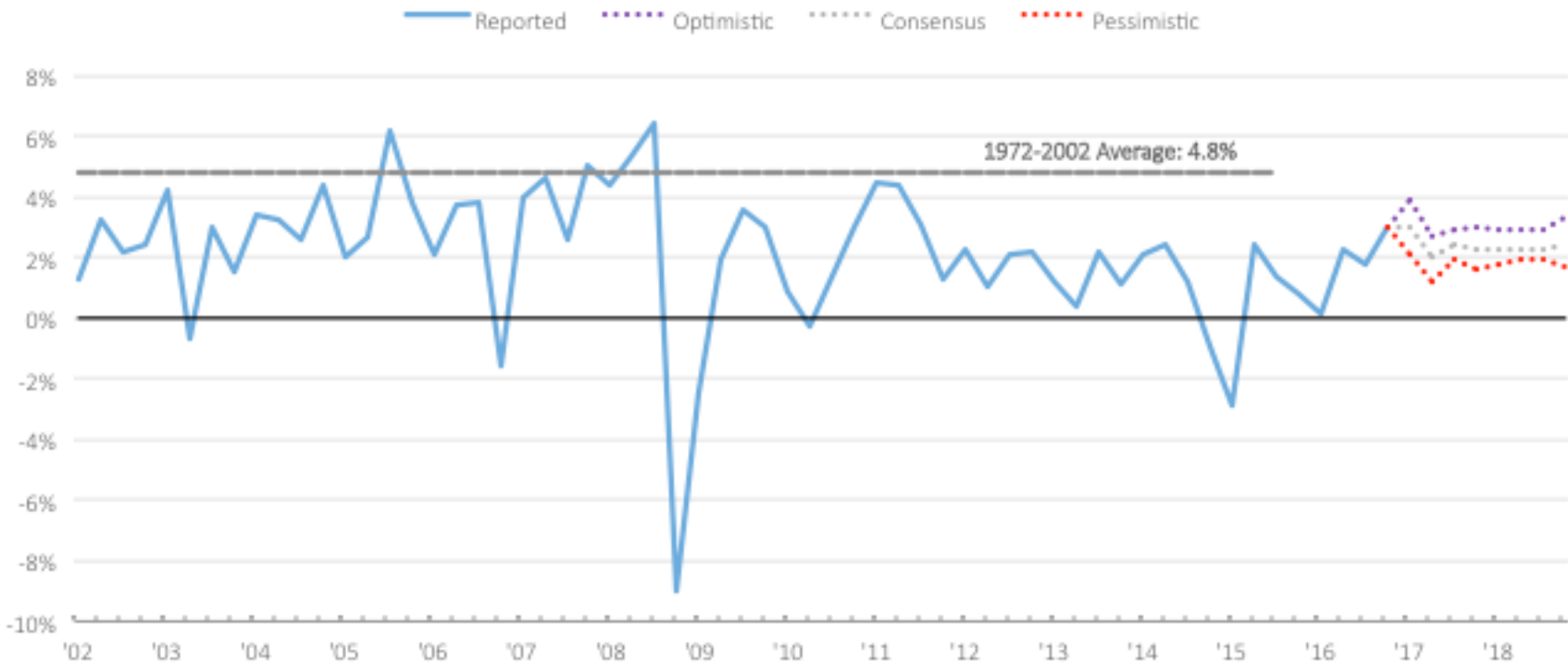


Sources: St. Louis Federal Reserve, January 2017.

Inflation projected to grow at low, steady rate

Blue Chip Economic Indicators: Consumer Price Index

Estimated quarterly CPI

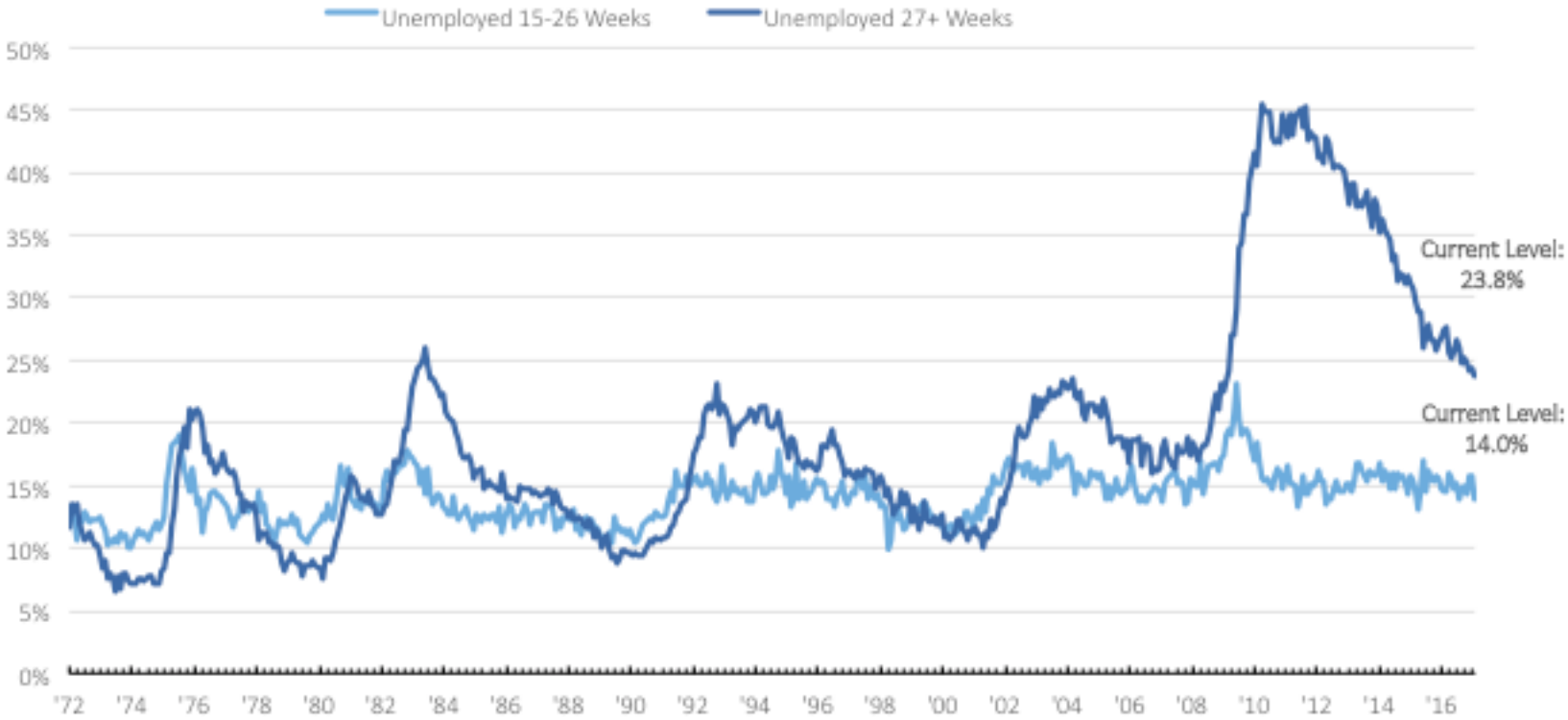


Sources: Blue Chip Economic Indicators, March 10, 2017.

Long-term unemployment rate has gradually declined

Unemployment rate

Percentage of unemployed by duration of unemployment



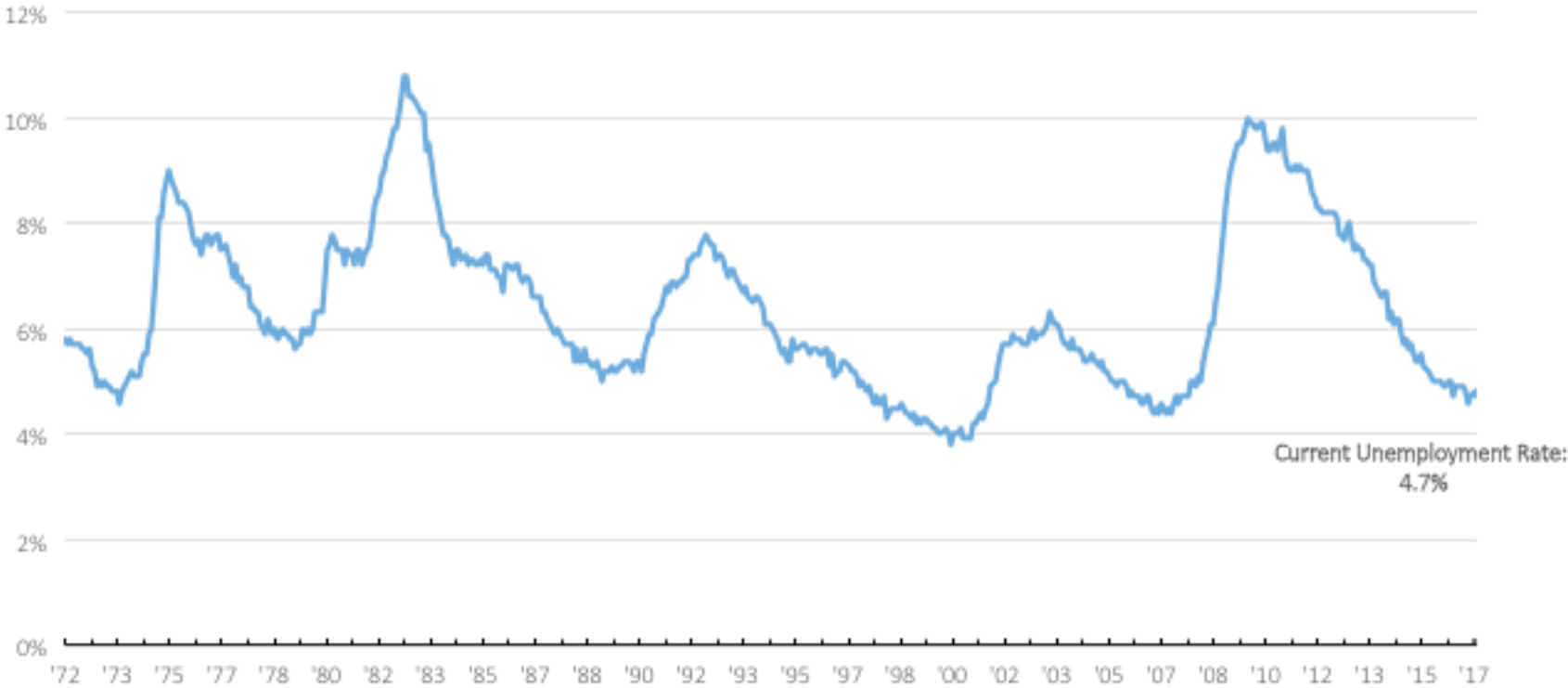
Sources: St. Louis Federal Reserve, March 2017.

Unemployment dropping

Unemployment direction is positive

Unemployment rate

Actual year-to-date unemployment rates



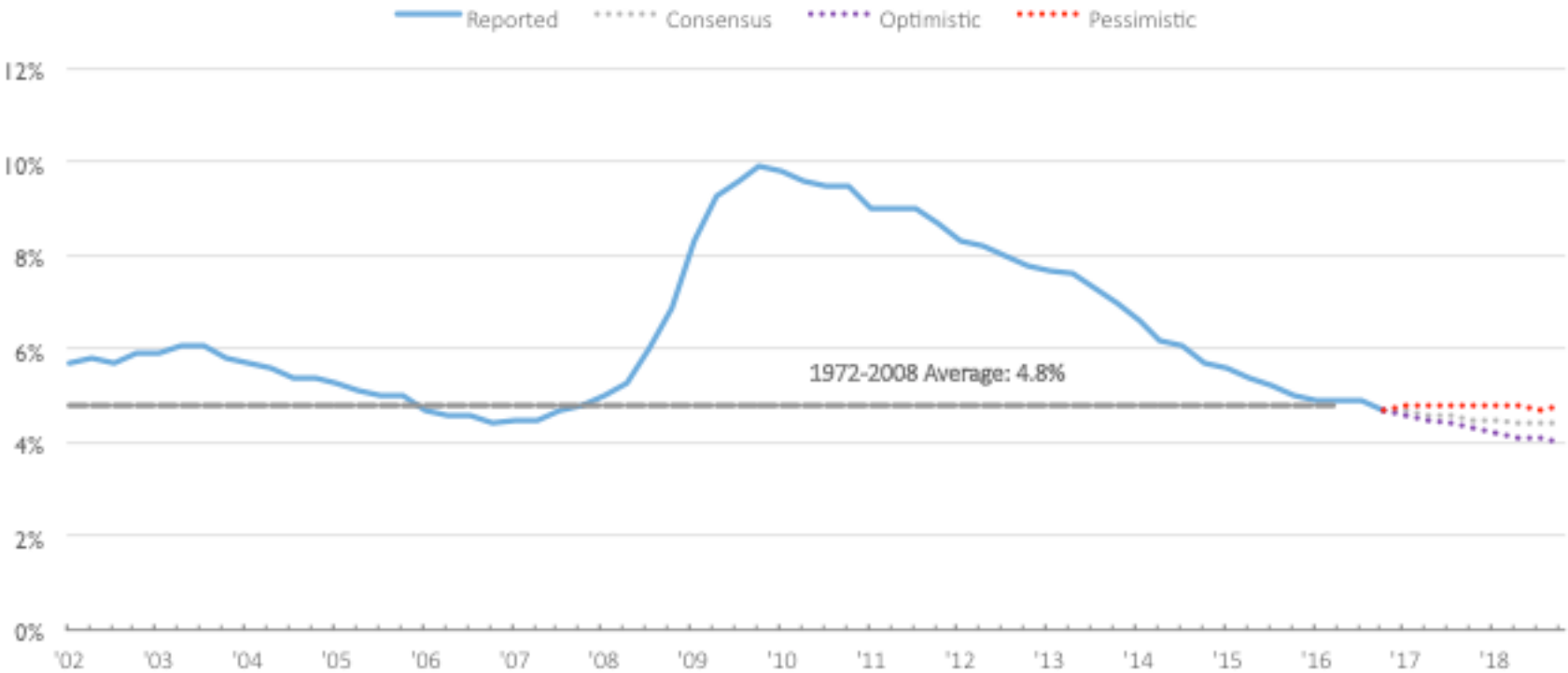
Sources: St. Louis Federal Reserve, March 2017.

Forecasts predict continual decrease in unemployment

Forecast quarterly rate is under 5%

Blue Chip Economic Indicators: unemployment rate

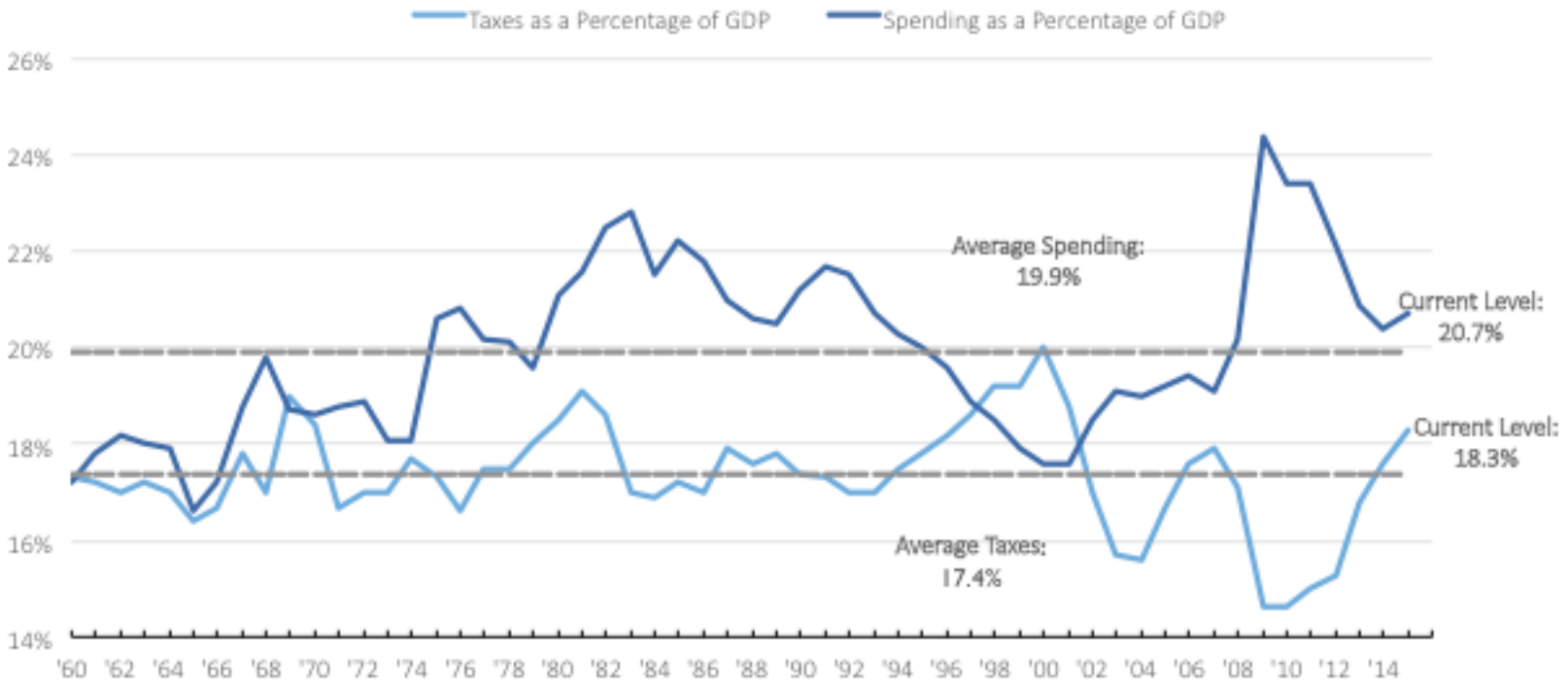
Estimated quarterly unemployment



Sources: Blue Chip Economic Indicators, March 10, 2017.

Deficit problem stems from increase in spending and decrease in taxation

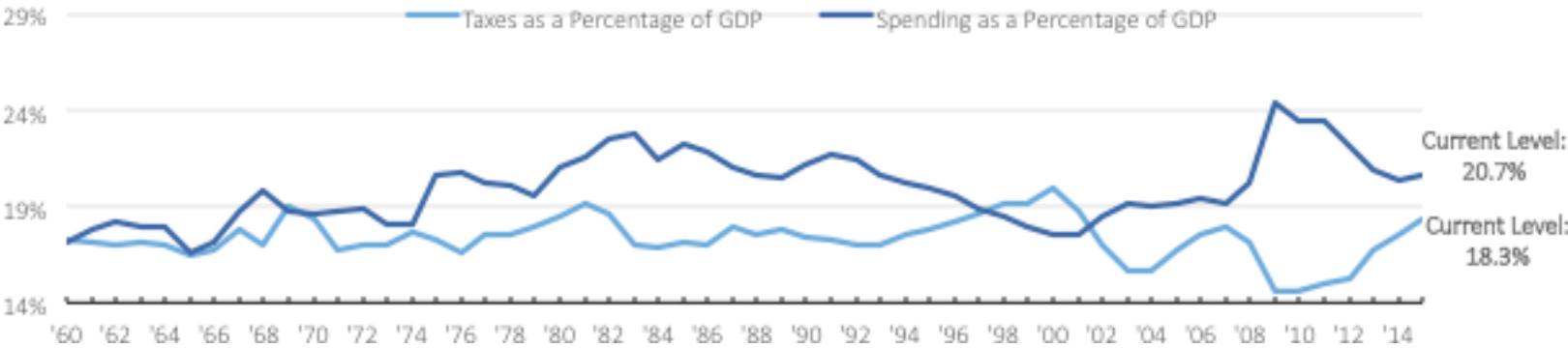
Taxes and spending as percentage of GDP



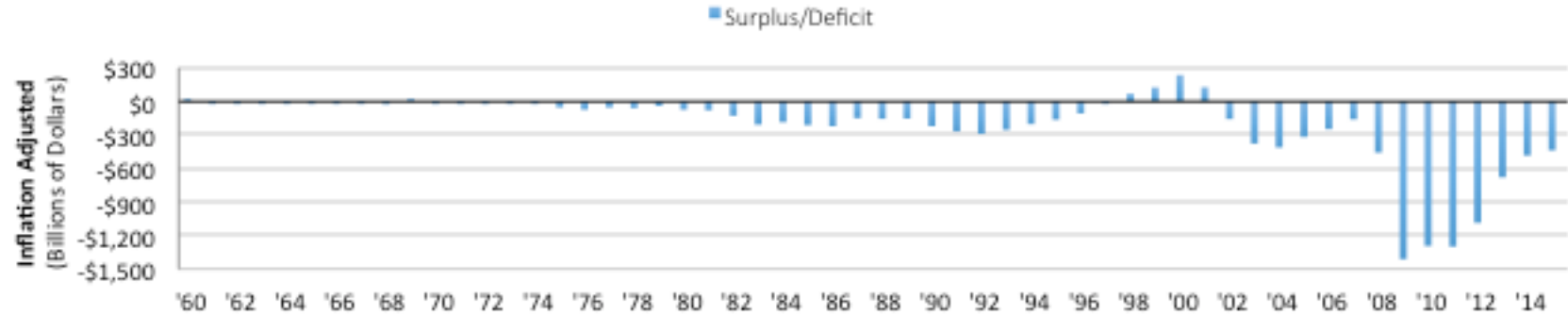
Sources: White House Office of Management and Budget, Historical Tables, 2016.

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

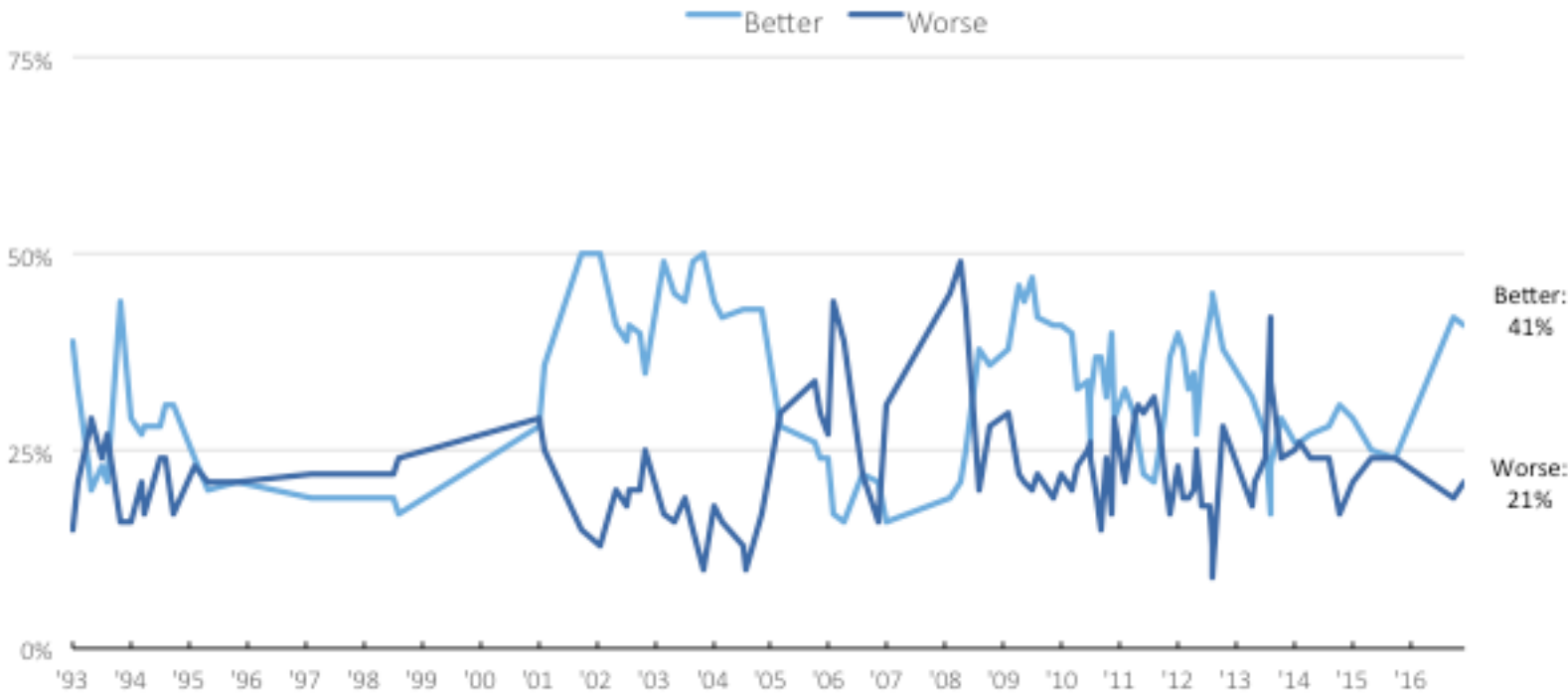
Percentage responding to the question: “All in all, do you think things in the nation are generally headed in the right direction, or do you feel things are off on the wrong track?”



Sources: NBC/WSJ Poll, February 22, 2017.

Public outlook on economy is trending positively

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, February 22, 2017

Consumer confidence ticks up following Trump's victory

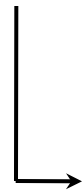
Consumers Confidence Index ® and Consumer Sentiment



Sources: Conference Board, March 2017; Thomson Reuters/University of Michigan Surveys of Consumers, March 2017.

Roadmap for the presentation

Economic vital signs

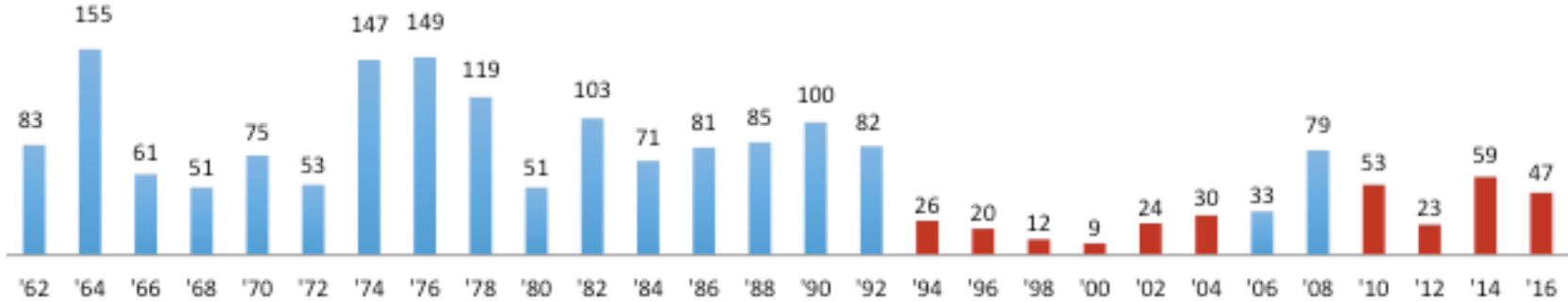


American politics

Congressional partisanship frames fiscal fights

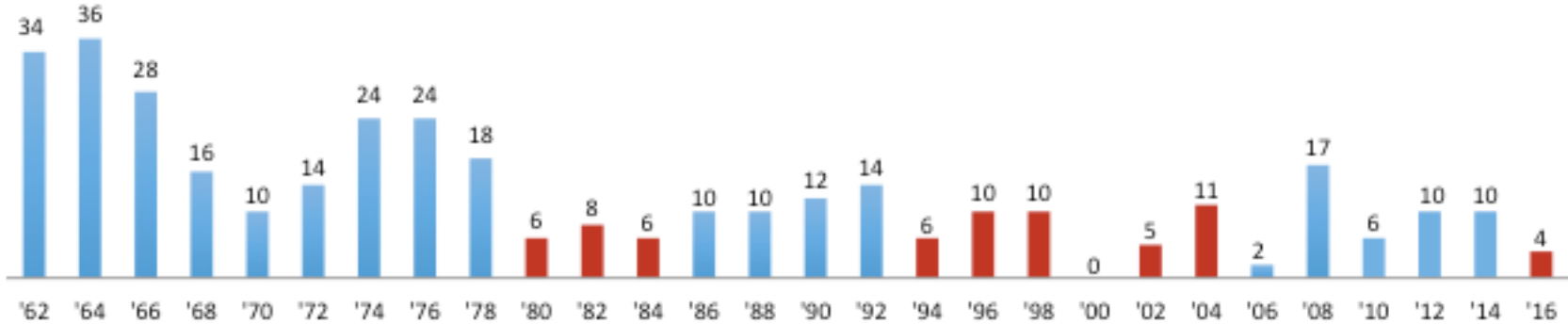
Margin of House control after election

88th-114th Congress



Margin of Senate control after election

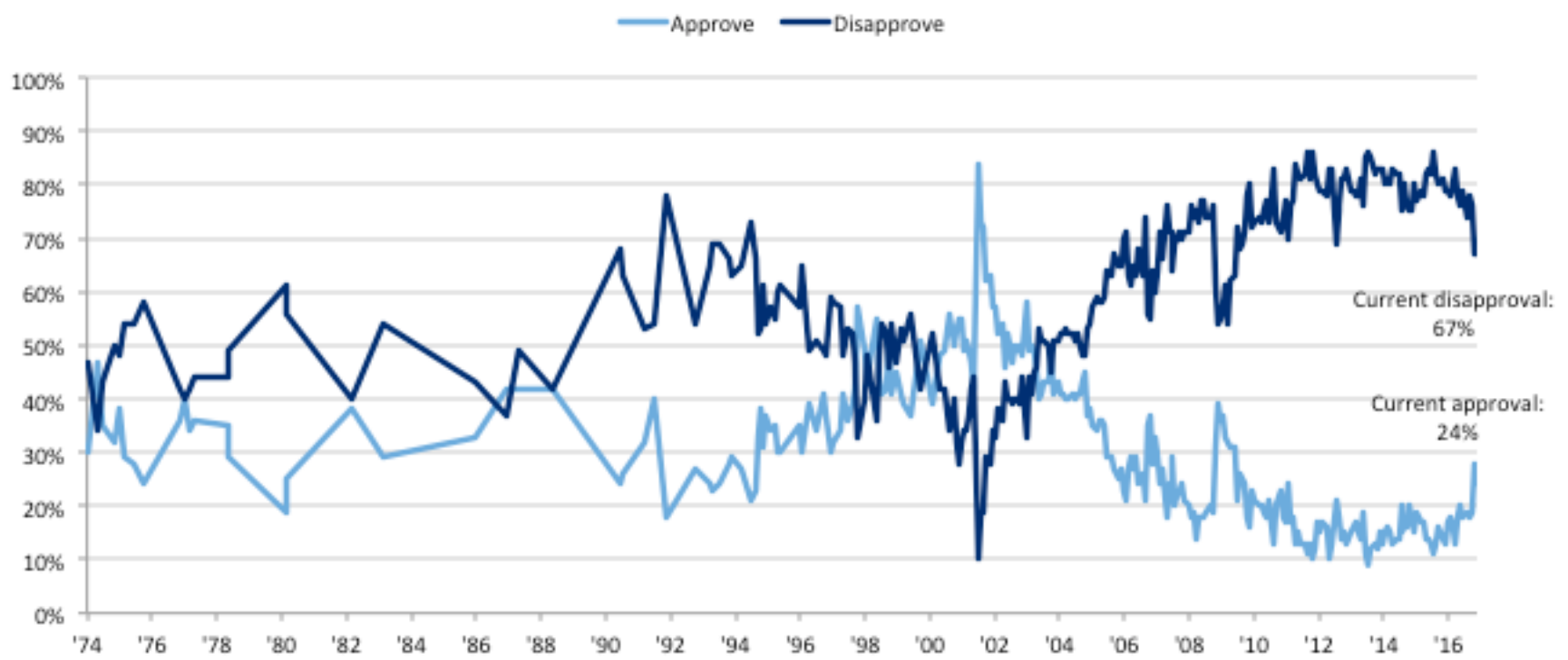
88th-114th Congress



Sources: Senate.gov, 2017; Office of the Clerk of the House of Representatives, 2017.

Congressional approval ticks up at beginning of 2017

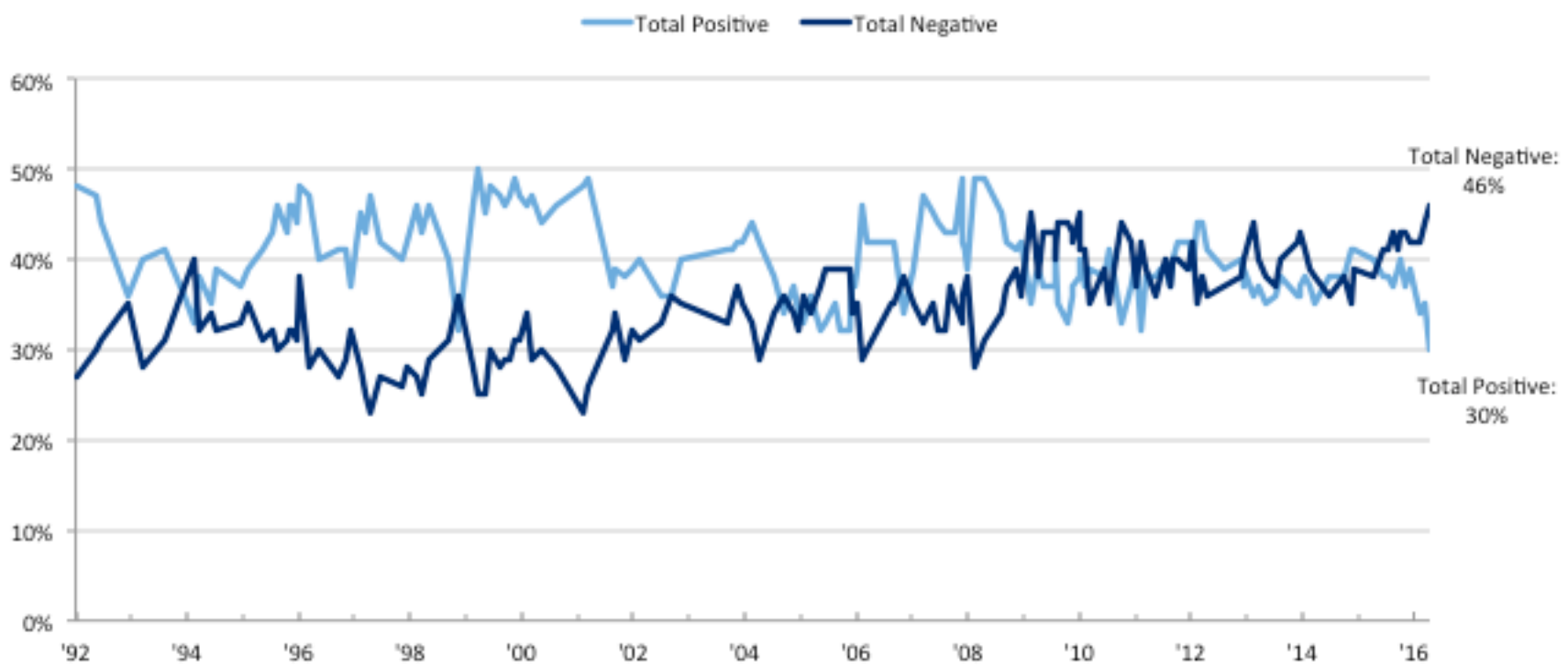
Congressional approval rating



Sources: Gallup.com, March 2017.

Public holds negative opinion of Democratic Party

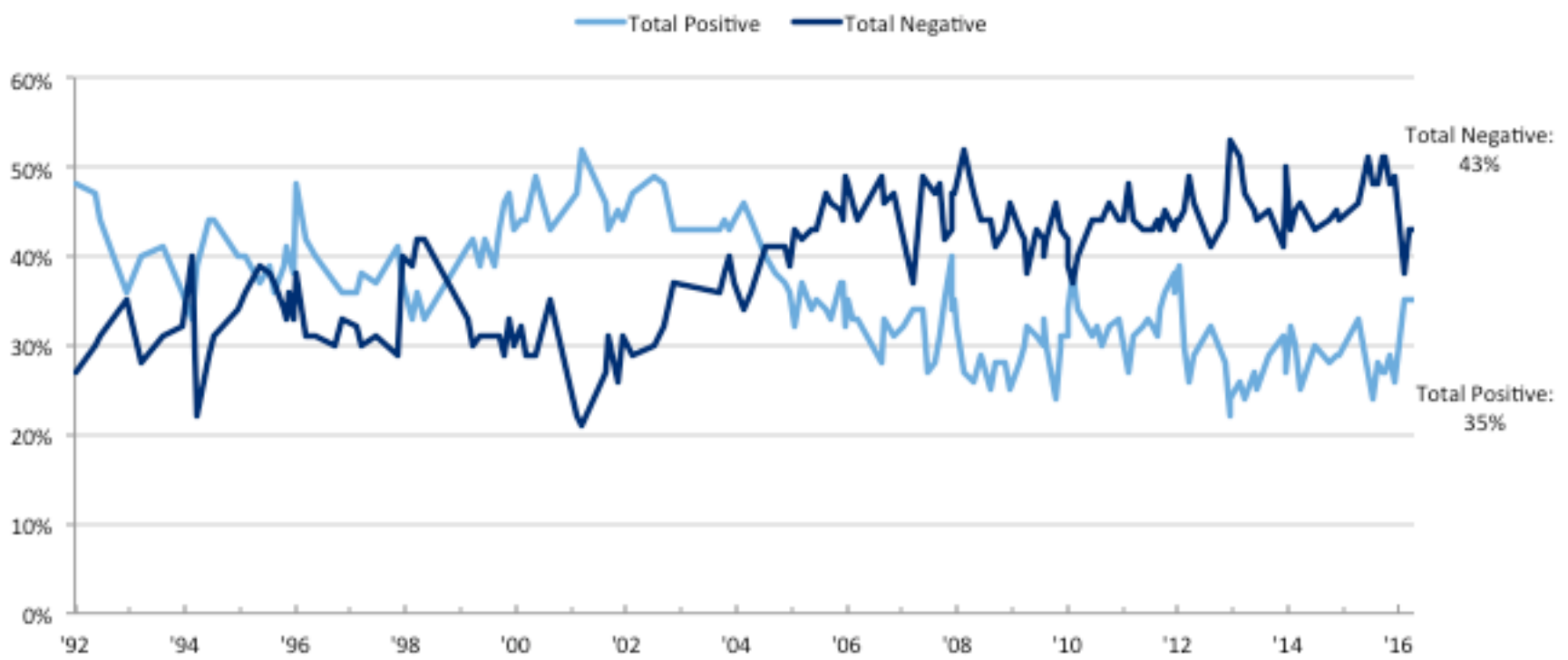
NBC/WSJ thermometer: Democratic Party



Sources: NBC/WSJ Poll, February 22, 2017.

Public holds negative opinion of GOP

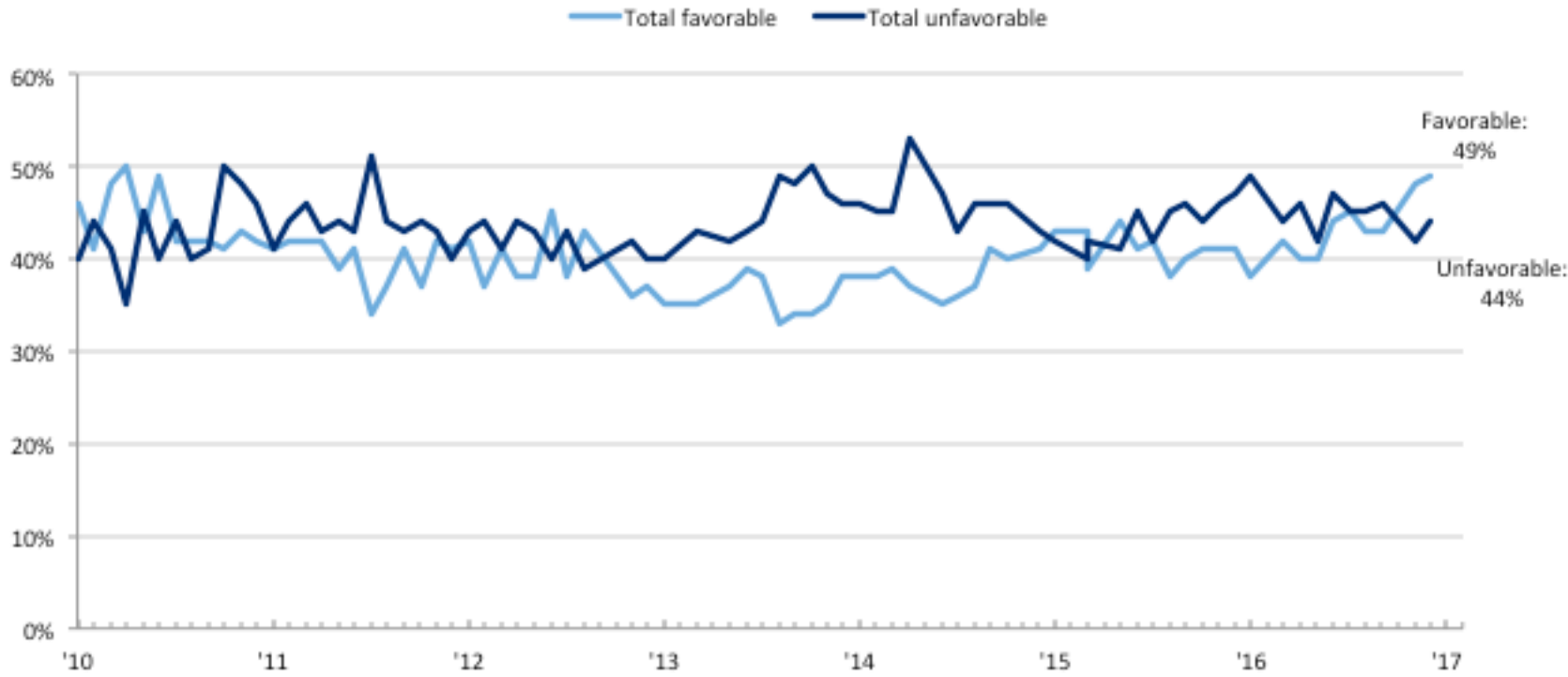
NBC/WSJ thermometer: Republican Party



Sources: NBC/WSJ Poll, February 22, 2017.

Affordable Care Act's approval numbers spike as GOP attempted to repeal the law

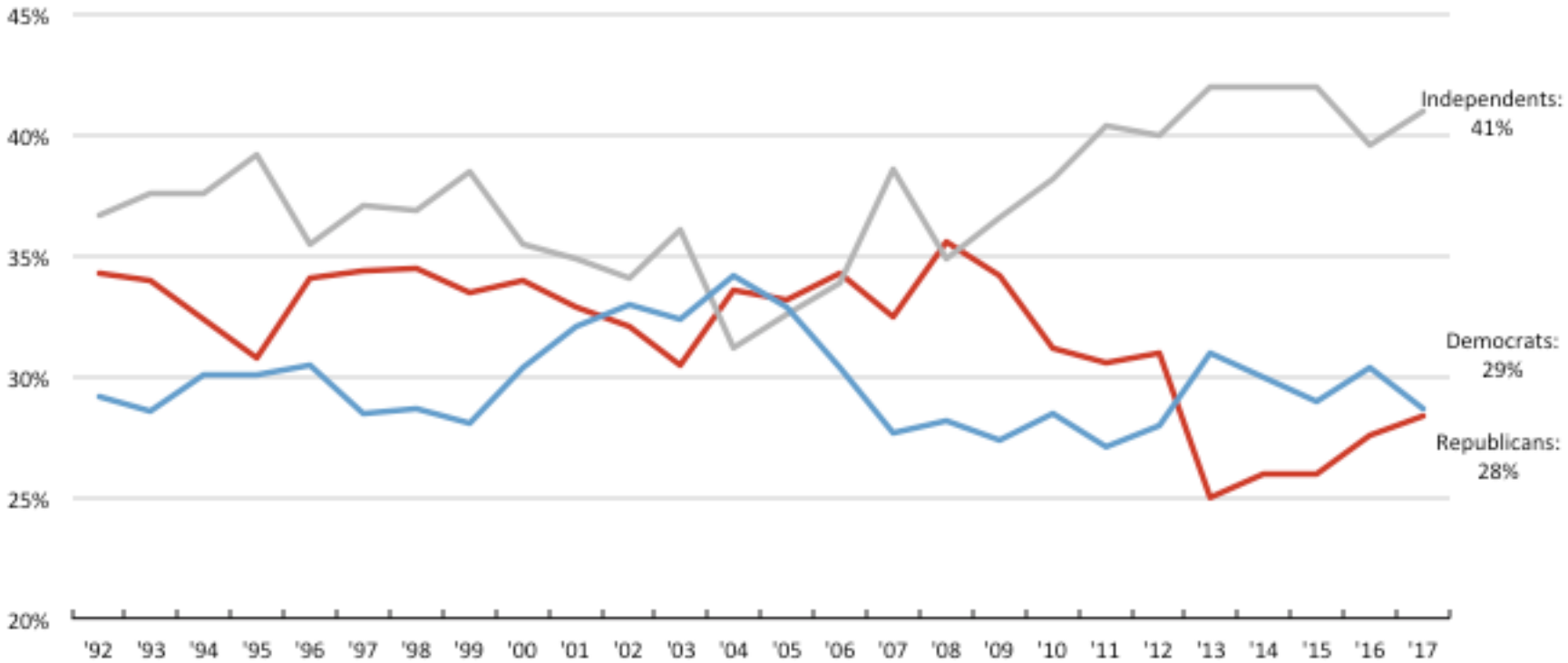
Kaiser Family Foundation Health Tracking Poll: ACA Favorability



Sources: KFF Health Tracking Poll, March 2017.

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?"



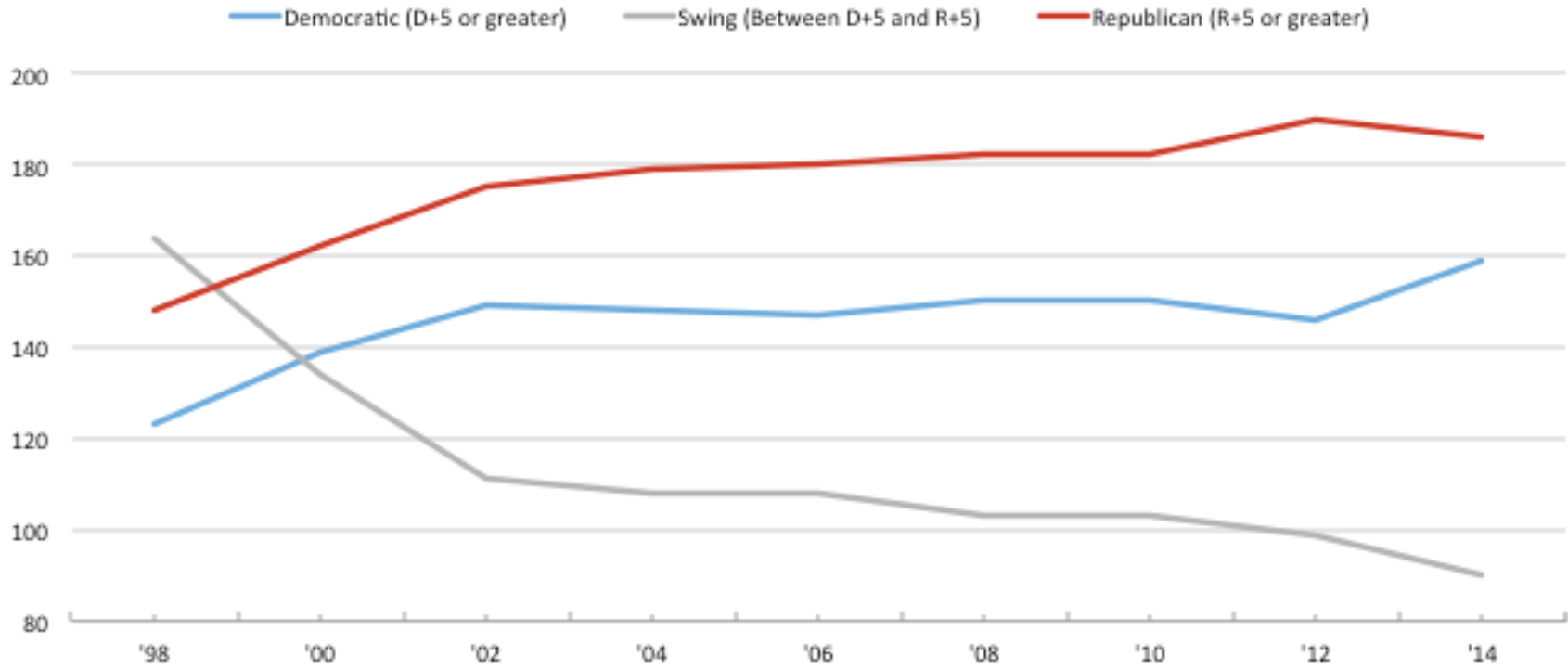
Sources: Gallup.com, March 2017.

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

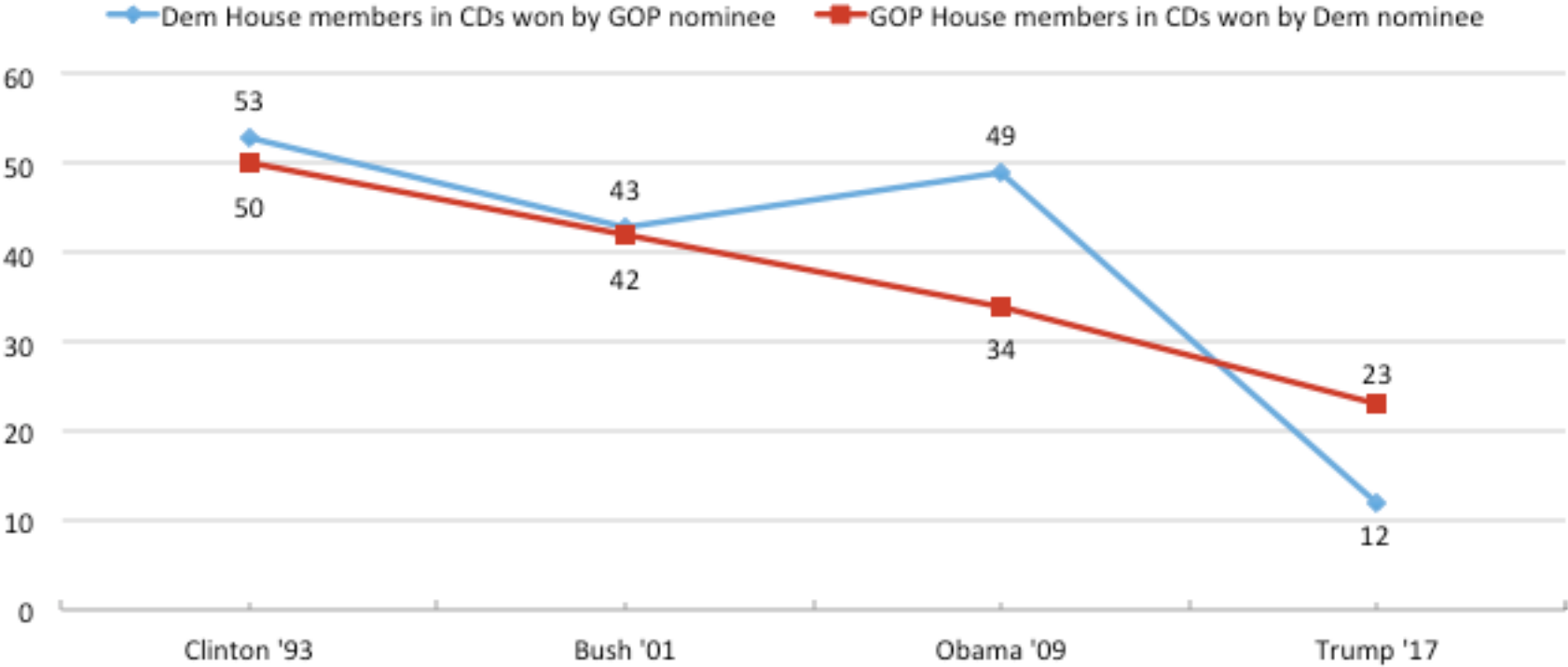
House makeup by Cook Partisan Vote Index



Source: Cook Political Report, 2015.

In 2016, few Republican House members were elected from districts won by Hillary Clinton

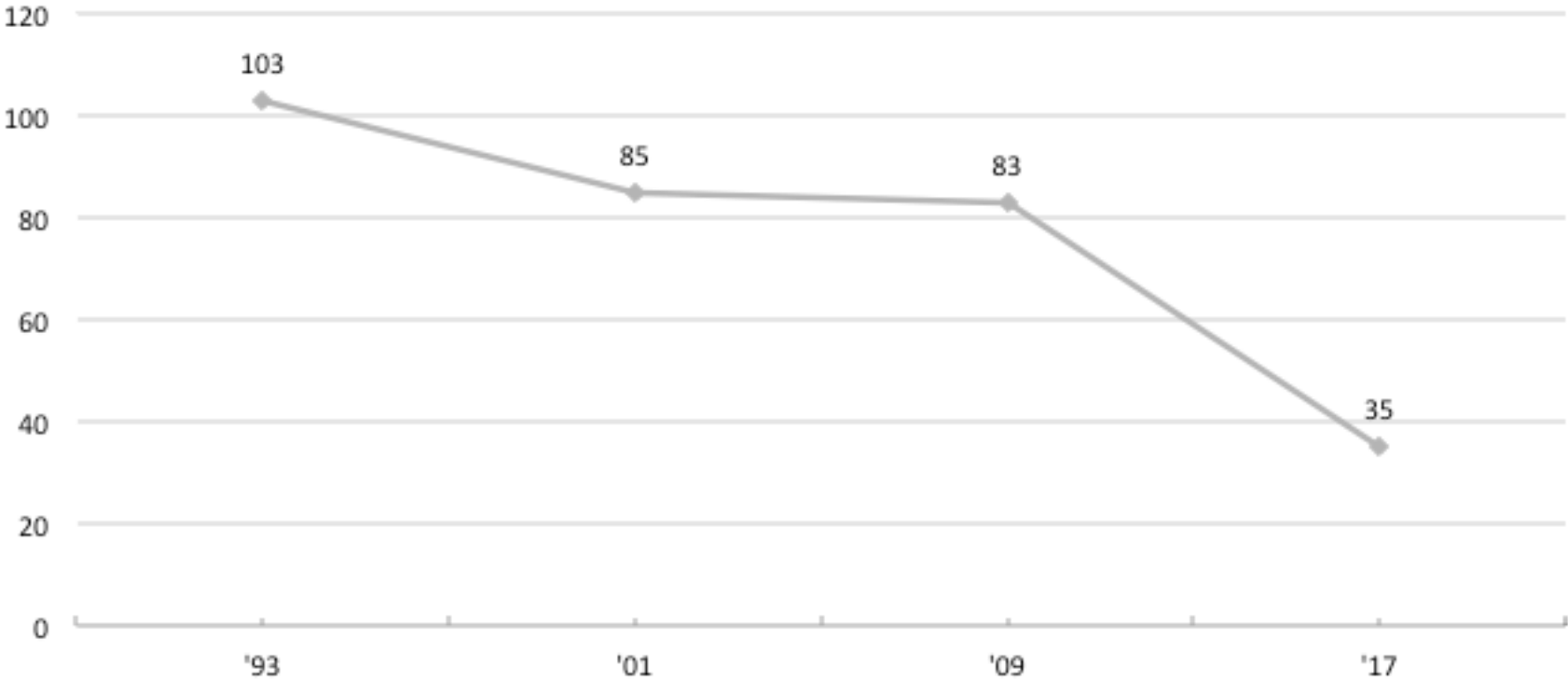
Democratic and Republican House members in congressional districts (CDs) won by opposite party's presidential nominee



Sources: Cook Political Report, 2017.

Members in districts won by the presidential nominee of the opposite party are generally the most vulnerable

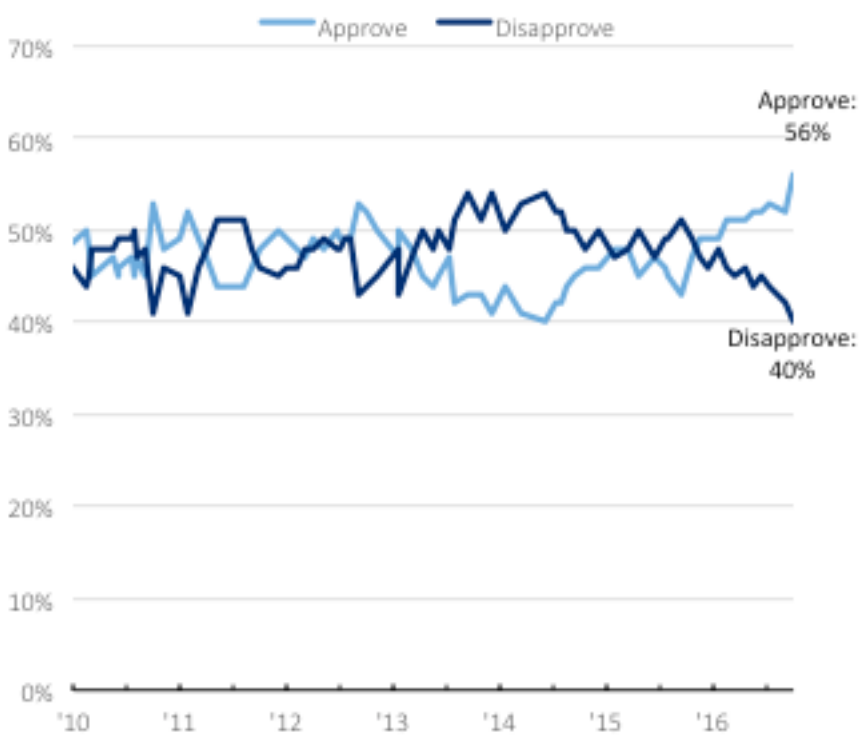
Members of Congress in seats won by the presidential nominee of the opposite party



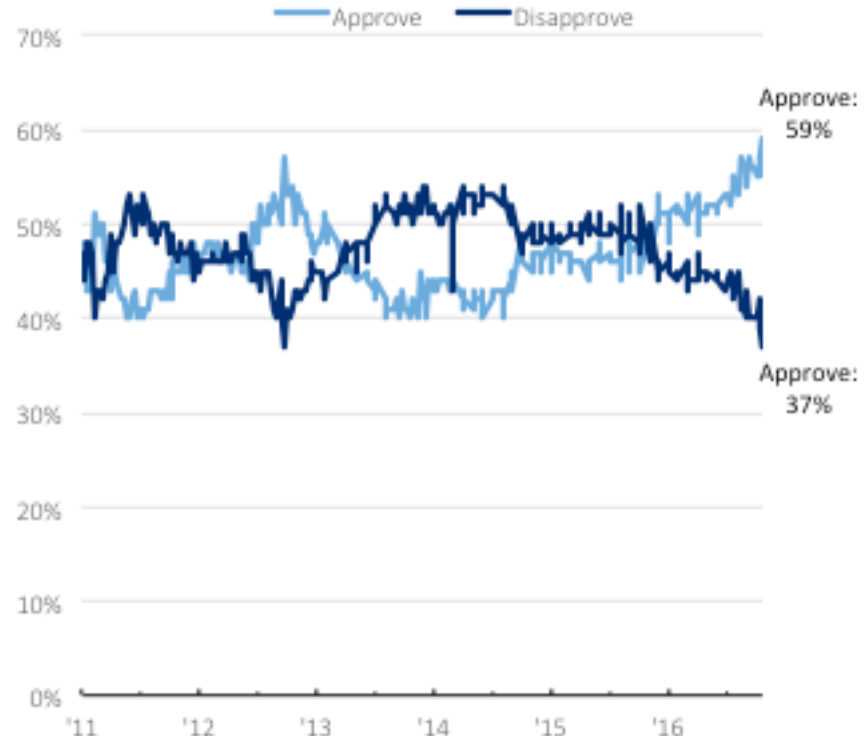
Sources: Cook Political Report, 2017.

At the end of his term, Obama's job approval rating hovered at an all-time high

NBC/WSJ's presidential job approval



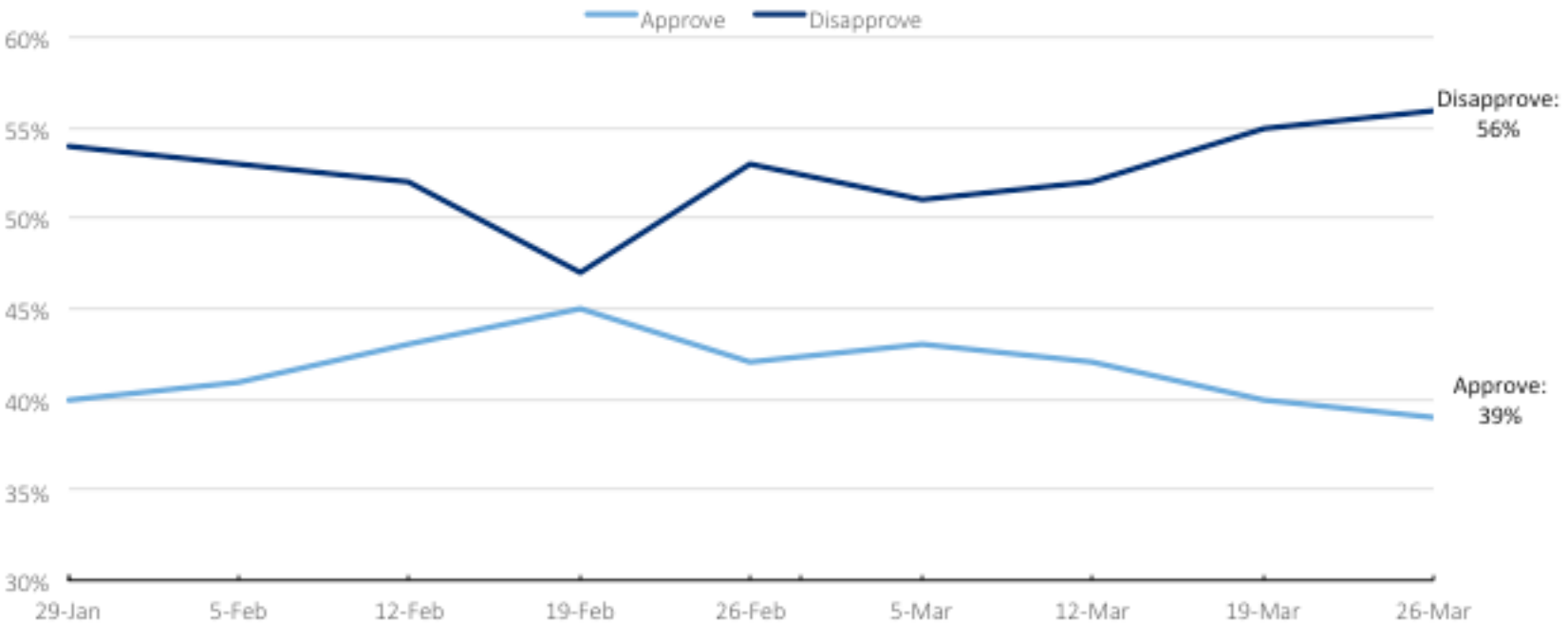
Gallup's presidential job approval



Sources: NBC/WSJ Poll, January 2017; Gallup.com, January 2017.

President Trump's disapproval numbers surpassed his approval numbers within 10 days of his taking office

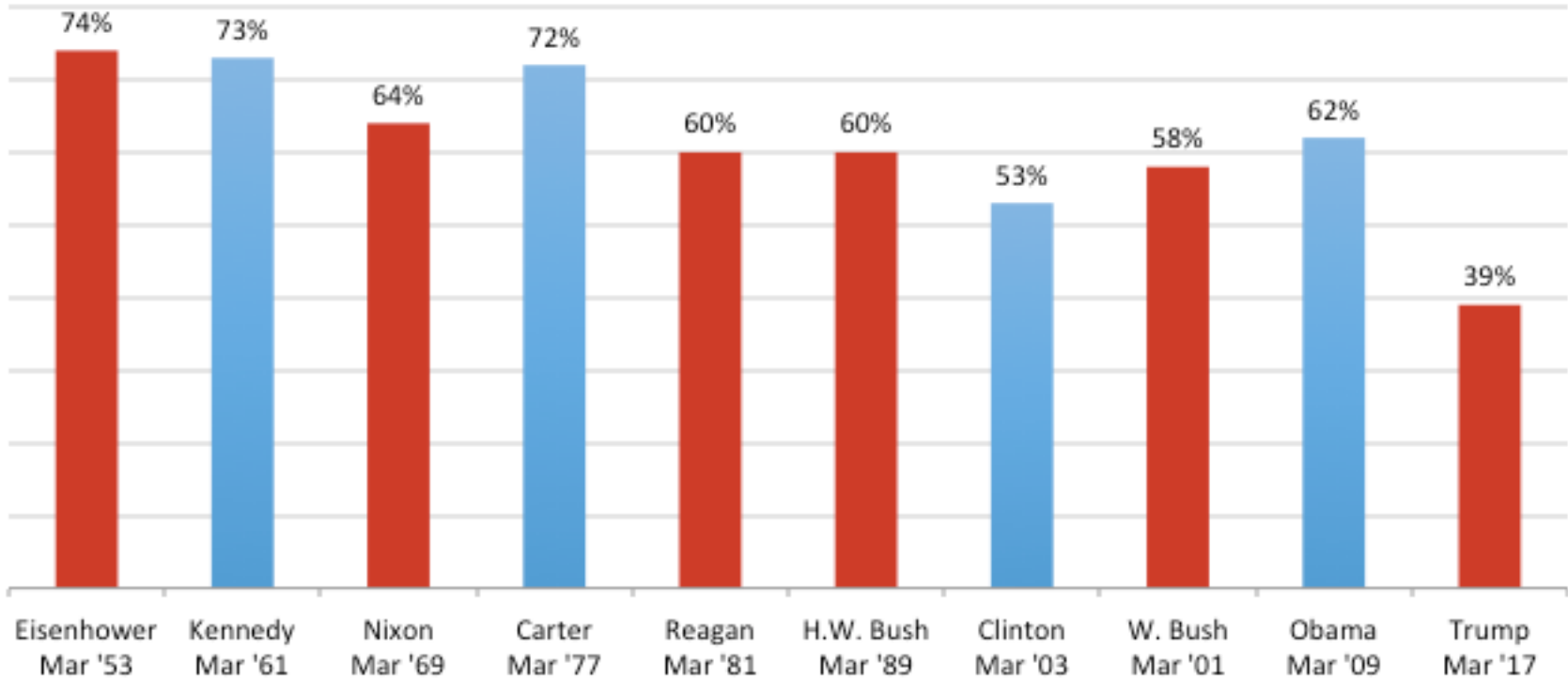
Gallup's polling on President Trump's approval



Sources: Gallup, March 2017.

President Trump's current disapproval numbers are higher than any other presidents' at this point in their respective terms

Gallup comparative presidential approval ratings in February of each president's first term



Sources: Gallup, March 2017.