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AUTHOR

Mark Zandi
Mark.Zandi@moodys.com
Chief Economist

Brendan LaCerda
Brendan.LaCerda@moodys.com
Director/Senior Economist

Justin Begley
Justin.Begley@moodys.com
Economist

ABOUT

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CONTACT US

Email
helpeconomy@moodys.com

U.S./Canada
+1.866.275.3266

EMEA
+44.20.7772.5454 (London)
+420.234.747.505 (Prague)

Asia/Pacific
+852.3551.3077

All Others
+1.610.235.5299

Web
www.economy.com
www.moodysanalytics.com

Assessing the Macroeconomic Consequences of Harris vs. Trump[1]

BY MARK ZANDI, BRENDAN LACERDA AND JUSTIN BEGLEY[2]

Vice President Kamala Harris and former President Donald Trump will pursue very different economic policies if elected president. Each has put forward a wide range of proposals to change the tax code, government spending, and trade, immigration and regulatory policies that could have significant effects on the economy's performance. In this analysis we assess the macroeconomic consequences of the policies proposed by the candidates.

Of course, what ultimately becomes law and is implemented depends in significant part on the makeup of Congress. We thus consider four scenarios. We deem the most likely scenario to be that Harris is elected president, but that she will need to negotiate with a divided Congress. The Senate will flip to Republican control and the Democrats will narrowly win control of the House (see Chart 1).[3] This Harris & Divided Congress scenario (45% probability) is our baseline scenario and is largely consistent with the policy status quo.

Chart 1: 2024 Presidential Election Scenarios

Ordered from most likely to least likely

1

Harris & Divided Congress Scenario

45% probability

It is challenging for Harris and Democrats to implement a significant economic agenda. This scenario is thus mostly consistent with the status quo. The exception is an agreement extending current lower tax rates for individuals making less than $400,000 per year.

Harris aggressively uses executive orders, but there is legislative stagnation.

2

Republican Sweep Scenario

35% probability

Trump makes permanent the individual tax cuts from the TCJA. He imposes higher tariffs on China and many other nations and imposes much more restrictive immigration policies, including more deportations. His deregulatory banking, energy and climate policy agenda is reinvigorated.

3

Trump & Divided Congress Scenario

15% probability

Trump pursues most of his economic policies, including making permanent the tax cuts for individuals. Other policies concerning tariffs, immigration and regulations are implemented via executive orders. Many of his policy moves are challenged in the courts, but this does little to dissuade his policies.

4

Democrat Sweep Scenario

5% probability

The Biden-Harris administration's fiscal 2025 budget is fully implemented. Tax cuts are extended for individuals earning less than $400,000 per year, but higher-income earners see their taxes rise. Corporate taxes increase, with the statutory rate rising from 21% to 28%, among other novel reforms. Certain tax credits aimed at low- and middle-income individuals are expanded.

Spending is focused on redistributing new tax revenues to low- and middle-income households.

Source: Moody's Analytics

Nearly likely is the Republican Sweep scenario (35% probability), which assumes Trump is victorious and there is a Republican sweep of Congress. In this scenario, Congress

1 This paper is part of an ongoing Moody's Analytics analysis of the economic implications of candidates' policy proposals in the 2024 U.S. presidential election. Moody's Analytics will continue to publish a series of reports throughout the election cycle analysing the candidates' proposed tax and economic plans. We do not endorse or support any political party or candidate, including those in the 2024 U.S. presidential election.

2 The authors have not made contributions to either presidential candidate during this election cycle, and Mark Zandi served as an economic advisor to the 2008 John McCain presidential campaign

3 This scenario is the Moody's Analytics May 2024 baseline scenario, and is based on our model of the presidential election outcome.

fully adopts the policies Trump espouses. We also consider a less likely Trump & Divided Congress scenario (15% probability) in which Trump is reelected, the Senate goes Republican, but the House flips to the Democrats.

Finally, the least likely Democrat Sweep scenario (5% probability) assumes Harris and the Democrats sweep the presidency and Congress and fully implement the economic agenda that is laid out in the Biden-Harris administration's recent fiscal 2025 budget proposal for the federal government.[4]

We use the Moody's Analytics model of the U.S. and global economy for this analysis.[5] The model is a general equilibrium structural model similar to those used by the Federal Reserve Board and Congressional Budget Office for forecasting, budgeting and policy analysis. The Moody's Analytics model was used to evaluate the plethora of fiscal and monetary policies implemented during the 2008-2009 global financial crisis and COVID-19 pandemic, and many of the economic policies proposed by presidential candidates in other elections.[6]

Quantifying the macroeconomic impact of Trump's policies is complicated by their lack of transparency and specificity, requiring us to make assumptions regarding their design and size. We rely on Trump's campaign website, speeches, press announcements, interviews, and public commentary from campaign advisors to determine his policy positions. We assume that Harris will adopt the same policies as put forward by the Biden-Harris administration and laid out in detail in its fiscal 2025 budget proposal. Complicating the evaluation of their macroeconomic impact is the wide range of proposals, some of which are familiar and we have already modeled and analyzed, while others are new and untested.

Some economic policies floated during the campaign are not included in this analysis, including some regulatory and anti-trust proposals. While these policies may have noteworthy impacts on specific industries or companies, they do not have significant macroeconomic consequences.[7] A noteworthy exception is the possibility that Trump may work to impede the independence of the Federal Reserve and the conduct of monetary policy. In his first term, the former president was openly critical of Fed policy and Fed Chair Jerome Powell, and credible media reports suggest Trump advisors are carefully considering steps he might take to influence or determine the setting of interest rates in a second term. Although this would have serious negative macroeconomic consequences, we consider it too speculative to include it in our analysis.

We assume that the candidates' policies are implemented immediately after they take office in January and do not change throughout their term. We also assume there are no other significant policy changes. Monetary policy, including the federal funds rate and any quantitative easing or tightening, is determined endogenously in the Moody's Analytics model using a Taylor-rule-like reaction function that is based on the Federal Reserve Board's framework for conducting monetary policy and is consistent with the historical behavior of the Fed in setting policy.

4 In the Democrat Sweep and Republican Sweep scenarios we effectively assume the Senate does away with the filibuster rule to allow for full adoption of Harris' and Trump's policies, respectively. This further reduces the odds that these scenarios will occur, but they bookend the possible economic outlooks due to policy changes resulting from the outcome of the election.

5 A detailed description of the Moody's Analytics model of the U.S. economy is available here. More detailed validation documentation is available on request.

6 See "The Macroeconomic Consequences of Trump vs. Biden," Mark Zandi and Bernard Yaros, Moody's Analytics white paper, September 2020. Also see "The Macroeconomic Consequences of Mr. Trump's Economic Policies," Mark Zandi, Chris Lafakis, Dan White and Adam Ozimek, Moody's Analytics white paper, June 2016, and "The Macroeconomic Consequences of Secretary Clinton's Economic Policies," Mark Zandi, Chris Lafakis and Adam Ozimek, Moody's Analytics white paper, July 2016.

7 See "Death, Taxes and Regulation," Mitch Murphy, Mark Zandi and Dante DeAntonio, Moody's Analytics white paper, August 2018.

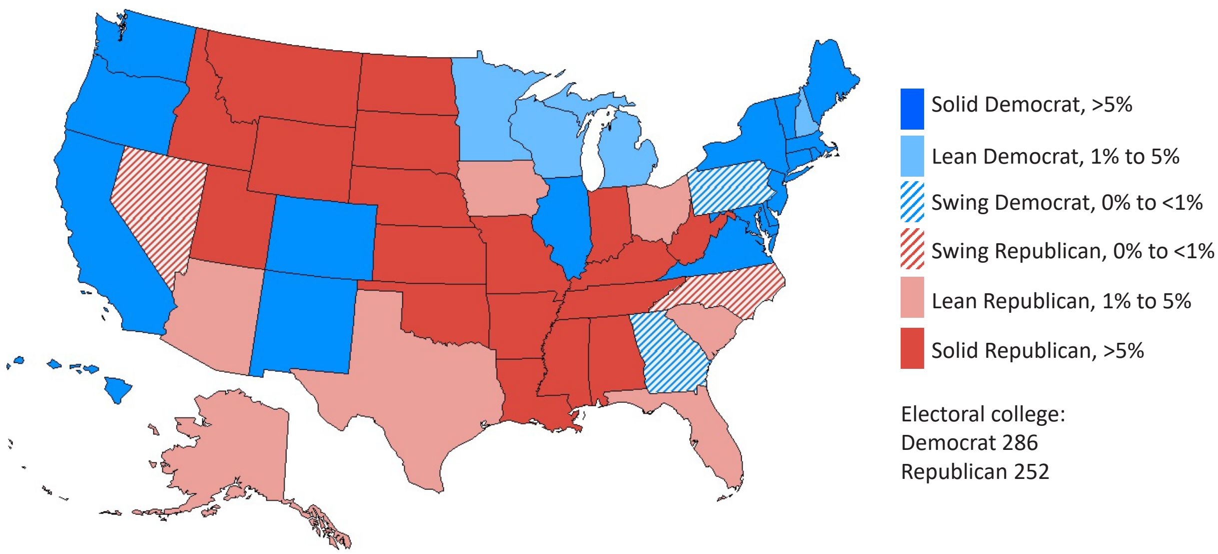
HARRIS & DIVIDED CONGRESS (45% PROBABILITY)

The most likely scenario, which is the Moody's Analytics baseline outlook, is that Harris wins the election and Congress remains divided. However, control of Congress shifts in this scenario, with the Senate flipping Republican and the House Democratic.

The expectation that Harris will win the election is based on our model of presidential elections since 1980 (see Chart 2). We have modeled the share of the vote that goes to the incumbent party across states based on a wide range of political and economic factors. Based on various political assumptions, including voter turnout that is similar to the 2020 election and third-party candidates taking a comparable share of the vote as they have in past elections, and our baseline state-level economic outlook, Harris narrowly wins the Electoral College and the presidency. Pennsylvania, which she wins by fewer than 10,000 votes, puts her over the top.

Chart 2: Harris Narrowly Wins the Presidency

Winning candidate by state and margin of victory, Jul 2024 forecast



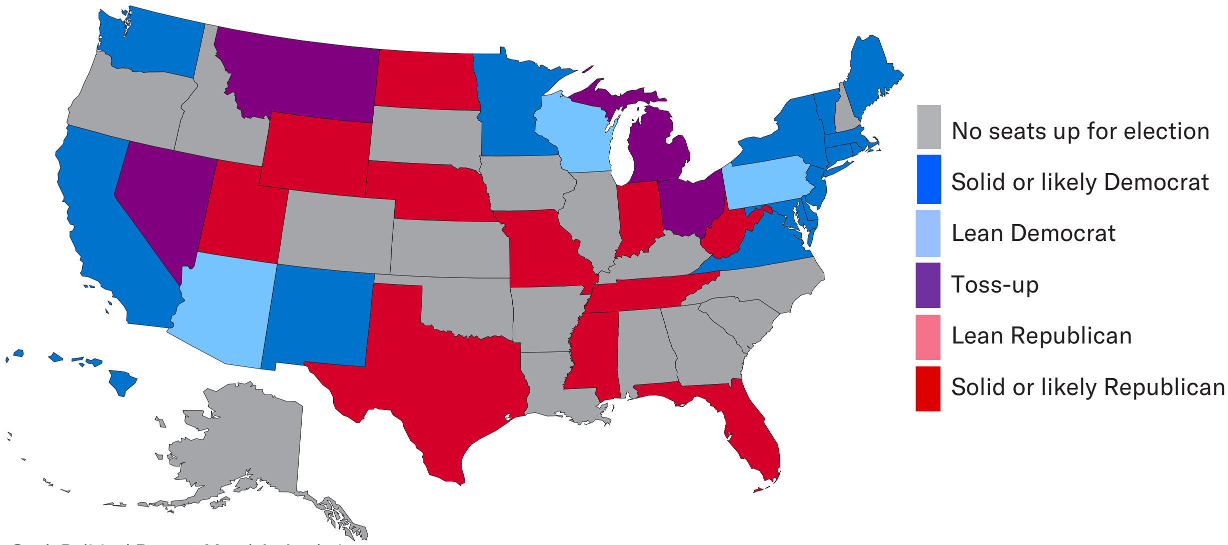
Source: Moody's Analytics

The Senate appears likely to go Republican. With the retirement of West Virginia Democrat Joe Manchin, the deep red state will almost surely elect a Republican senator, leaving the Senate evenly divided. But while recent polling shows that Senate races in Arizona, Maryland, Montana, Nevada and Ohio are close, Republicans need to take only one of these seats to regain the majority (see Chart 3). Each race has its own story but helping the Republicans' cause is angst over higher prices and heightened concern over the immigration crisis at the southern border. Polling shows both these issues favoring Republicans over Democrats.

The House is expected to go to the Democrats. The Republicans hold a razor-thin majority, and the Democrats need to take just four additional seats from the GOP to secure a majority, assuming no upsets in current Democratic strongholds. Recent federal judicial decisions on redistricting efforts have also leaned in Democrats' favor, boosting their chances. Also, given that incumbents win reelection more than 90% of the time, the relatively high number of congressional retirements relative to previous cycles creates the potential for more change in the body.

Chart 3: Which States Will Determine Control of the Senate?

Senate elections in 2024



Sources: The Cook Political Report, Moody's Analytics

This scenario more or less assumes the policy status quo but with significant political drama. A detailed description of the Biden-Harris administration's policies is provided in Appendix A: Harris' Economic Policies. The drama begins immediately at the start of Harris' term with the expiration of the Treasury debt limit suspension. In 2023, President Biden and Congress negotiated a compromise bill—the Fiscal Responsibility Act—to suspend the debt limit until January 1, 2025. On that date, the ceiling will adjust to the amount of debt outstanding at the time and Treasury will begin so-called extraordinary measures to maintain a positive cash balance for as long as it can until Congress and the president raise, suspend or eliminate the debt limit.

We expect the Treasury to run out of cash by summer 2025, and we assume that lawmakers will come to terms at the last moment, as they have done historically, pushing the debt limit further down the road and avoiding a government default. Of course, this is not without a cost, since it further damages global investor trust in the willingness of the U.S. government to pay its obligations in a timely way.

As part of the debt-limit deal, lawmakers are assumed to cement the government spending caps agreed to in the Fiscal Responsibility Act, perhaps with the threat of sequestration, which leads to smaller increases in defense spending and further cuts to nondefense outlays in Harris' term. The debt limit deal also includes a compromise on taxes. Under current law, the personal income tax provisions in the Tax Cut and Jobs Act passed in Trump's first term are set to expire at the end of 2025. In this scenario, lawmakers extend some, but not all, of the personal income tax cuts, primarily for those with annual incomes below $400,000. Tax cuts for higher earners expire to the chagrin of Republicans, although Harris is not able to push through her proposed corporate tax increases.

We also expect the agreement to include tax provisions similar to those that received bipartisan support earlier this year in the Tax Relief for American Families and Workers Act. Democrats get an increase in the child tax credit, a higher ceiling for the low-income housing tax credit, and an extension of expanded Affordable Care Act premium tax credits. Republicans get an extension to some corporate tax provisions in the TCJA, including business deductions for research and development costs, an extension of the 100% bonus depreciation for qualified properties, and an increase in the limits on the expensing of depreciable business assets.

We expect Harris to impose much tougher restrictions on unauthorized immigrants crossing the southern border, and while she will pursue broader immigration reform, we assume legislation will remain elusive. Instead, she will get increased border funding and an expansion of the ability of border control and immigration courts to handle higher volumes of illegal immigrants and asylees. Harris will also impose targeted tariff increases, much like Biden's recently announced 100% tariffs on Chinese electric vehicles and solar panels, to help U.S. companies in their competition with government-supported Chinese firms. Finally, efforts to facilitate the transition to clean energy as embodied in the Inflation Reduction Act, including broader use of electric vehicles and solar energy, higher gas mileage requirements, and stiffer utility emission standards will be reinforced by the Harris administration.

In the Harris & Divided Congress scenario, the economy continues to operate near its potential, growing quickly enough and creating enough jobs to ensure it remains at full employment with an unemployment rate close to 4% (see Table 1). Inflation steadily moderates and returns to the Federal Reserve's 2% target by summer 2025. The Fed begins to cut interest rates this fall, and slowly reduces the federal funds rate to its estimated equilibrium rate, or r-star, near 3% by the end of 2026, and long-term interest rates hold steady. The budget deficit stabilizes at just over 5% of GDP and the federal government's publicly traded debt-to-GDP ratio increases from its current nearly 100% to 105% by the end of Harris' first term.[8]

No new major policy legislation is assumed in this scenario, but the policies passed in the Biden-Harris administration, including the Infrastructure Investment and Jobs Act, the CHIPS Act, and the IRA, are solidified and continue to have economic impacts.

Broadly, these policies provide tax subsidies and government outlays to enhance the nation's basic infrastructure, incent more semiconductor production and R&D in the U.S., and reduce carbon emissions to address climate change. Ultimately in total, the budgetary cost of these policies is largely a wash. The policies support growth through increased construction and manufacturing, which will continue well into Harris' term. The policies also underpin longer-term growth by lowering businesses' transportation and communication costs, improving supply-chain resilience, and reducing risks posed by U.S. dependence on foreign chip production. The benefits of lower carbon emissions play out over much longer periods.

REPUBLICAN SWEEP (35% PROBABILITY)

Given how close the election is sure to be, we consider the Republican Sweep scenario to be nearly as likely as the Harris & Divided Congress baseline scenario. Trump needs to swing only a state or two to win the election, and if he is reelected president, it seems likely his political coattails will ensure the Senate flips Republican and the House remains under Republican control. While the two scenarios are nearly as likely, the economic outlook depending on which scenario prevails is meaningfully different.

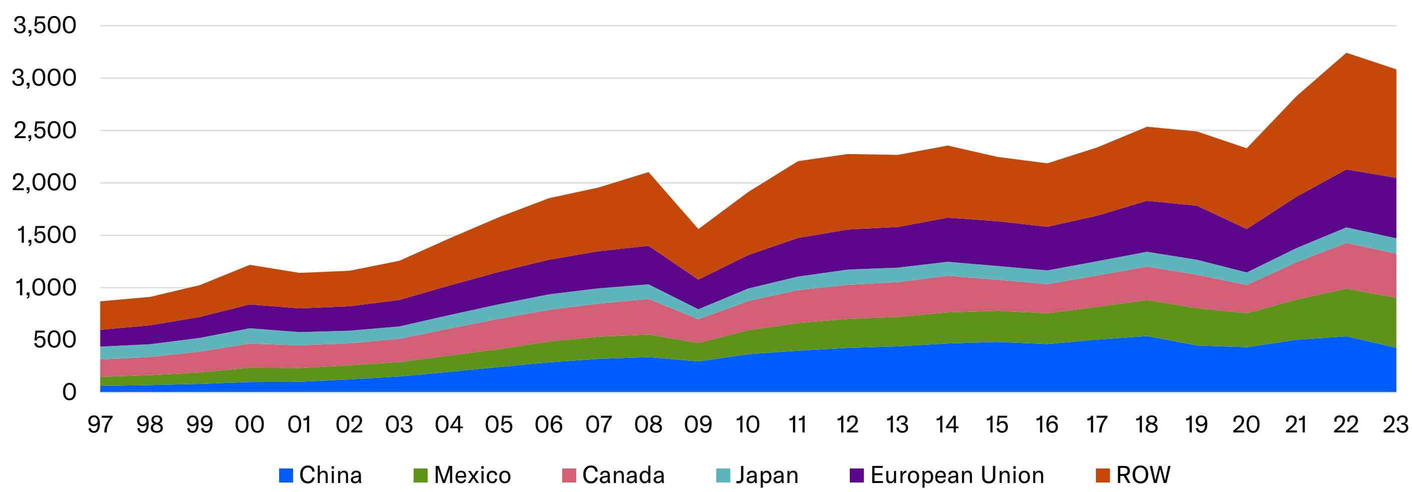
8 The risks to this sanguine baseline economic outlook are two-sided. On the upside, the economy may enjoy stronger than anticipated productivity gains due to the increased adoption of remote work and generated by technologies such as artificial intelligence. Immigration reform may also get through the legislative process, supporting stronger labor force and productivity gains. On the downside, geopolitical tensions could intensify, most significantly between the U.S. and China, accelerating the pace of deglobalization. Climate change could ignite more and bigger weather events than anticipated, increasing insurance and other business and living costs more quickly than expected.

Broadly, the policies adopted under the Republican Sweep scenario result in higher inflation and interest rates and weaker economic growth (see Table 2). A detailed description of Trump's policies is provided in Appendix B: Trump's Economic Policies. Contributing most directly to this outcome are Trump's proposed tariff hikes and immigration enforcement measures. We assume he makes a number of these changes through executive orders and thus bypasses the legislative process, much as he did in his first term. These moves will likely be challenged in the courts, but the policies will be implemented long before the judicial system finally rules on their legality. And given Republican control of Congress, whatever he is unable to do through executive order, we assume he is able to accomplish legislatively.

The tariff increases Trump imposed in his first term were limited. At their peak in 2019, they impacted about 10% of U.S. imports and were limited to specific products, mostly coming from China. They nonetheless did measurable economic damage, particularly to the agriculture, manufacturing and transportation industries. A tariff increase covering nearly all goods imports, as Trump recently proposed, goes far beyond these previous actions. Goods imports account for more than 10% of U.S. consumer spending (see Chart 4). The proposed tariff policy raises costs for businesses and in turn weighs on growth and productivity and lifts inflation as businesses pass much of their higher costs to consumers.

Chart 4: Top U.S. Trading Partners

U.S. imports by country, $ bil



Sources: Census Bureau, Moody's Analytics

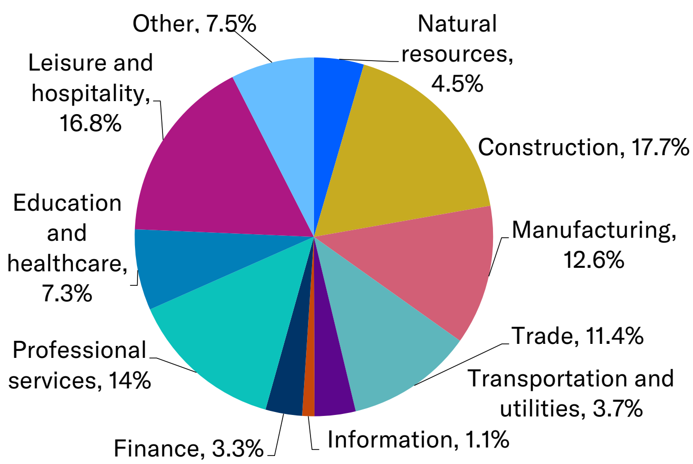
The higher tariffs do not materially help reduce the U.S. trade deficit. Demand for imports declines with the higher tariffs, but a resulting higher real trade-weighted dollar and weaker global growth cause exports to suffer, roughly offsetting the impact on the trade balance. U.S. exports also suffer because of retaliation by many other countries to the U.S. tariffs. Which countries raise tariffs on U.S. goods and by how much depends on a range of economic, political and geopolitical factors. We rely on the expert judgement of our country economists to determine this (see Appendix C: Retaliation to Trump Tariffs).

Further, given the continued fragility of global supply chains, higher tariffs run the additional risk of disrupting trade flows. Uncertainty over further possible policy changes is likely to deter investment in global supply-chain networks. Deliveries could also be disrupted as producers divert shipments to markets with lower tariffs and businesses try to source from domestic suppliers.

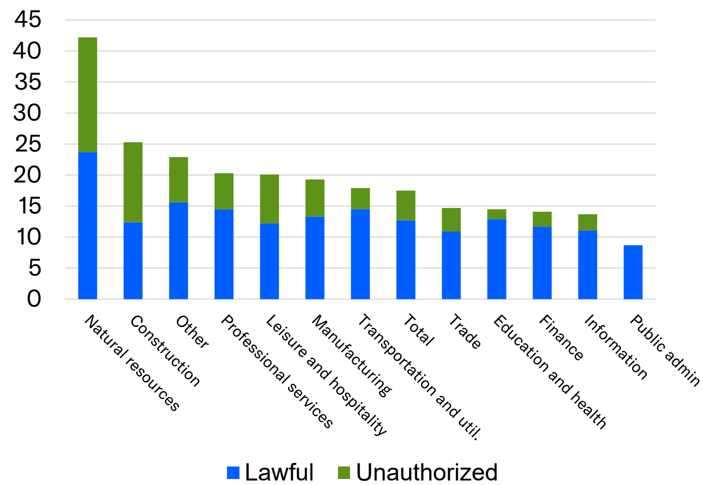
Trump's proposed immigration enforcement measures, including more restrictive immigration policies and mass deportation of unauthorized immigrants, quickly cause a significant tightening in the already tight job market, particularly in industries such as agriculture, construction, leisure and hospitality, and retailing, where immigrant workers are more prevalent (see Chart 5). The surge in immigration across the southern border since the pandemic reopening has presented many challenges to communities across the nation (see Chart 6), but the benefit has been to significantly increase labor supply and help ease wage and price pressures. This in turn has forestalled even more aggressive interest rate hikes by the Federal Reserve and thus a possible recession. Reversing these immigration flows as Trump is proposing will quickly result in a tighter job market and foment wage and price pressures with immigrant-heavy industries taking the greatest hit (see Chart 7).

Chart 5: Immigrants Are Crucial to U.S. Goods Production & World Food Supply

Distribution of unauthorized immigrants, % share of unauthorized immigrant population by industry



Composition of U.S. labor force, % industry share of employment by immigration status



Sources: Pew Research, Moody's Analytics

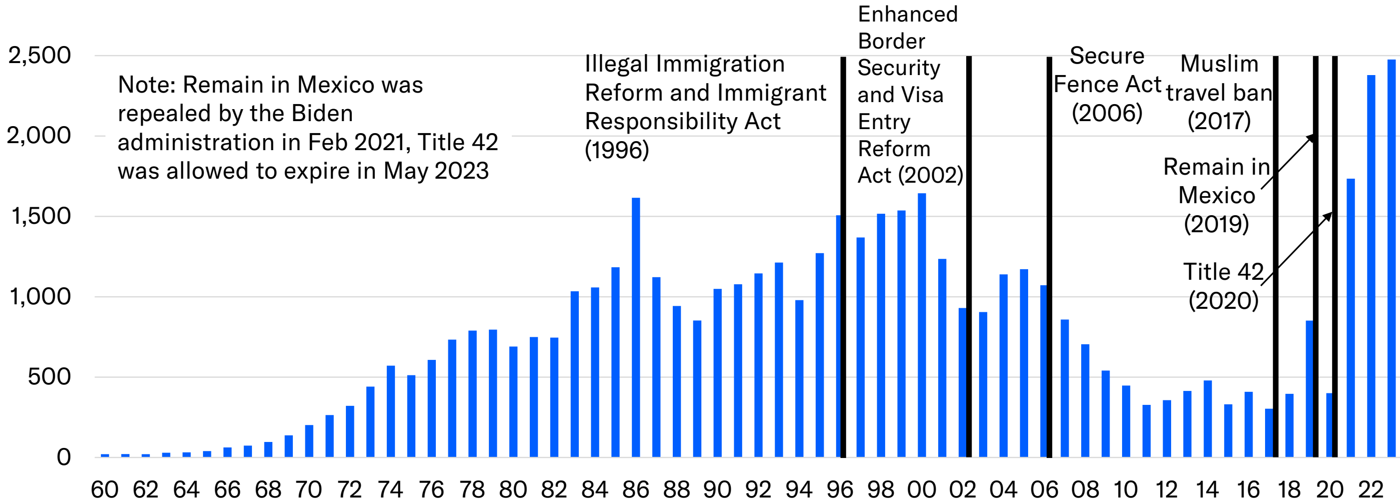
The Federal Reserve, which has been focused on labor costs and inflation, will feel compelled to resume its interest rate hikes, or at the very least wait longer to cut rates. Economic growth slows, and recession becomes a serious threat once again.

Adding to the inflationary pressures are Trump's proposed partially deficit-financed corporate tax cuts. We assume these tax cuts would be done as part of a reconciliation bill that allows the Senate to pass the legislation with a simple majority, which Republicans have in this scenario. The revenue generated from the higher tariffs offsets only part of the tax revenue lost because of the lower statutory tax rate on corporate profits.[9] This fiscal stimulus boosts economic growth at a time when the economy is already operating at full employment and growing at its potential, limiting any boost to hiring and investment and fanning inflation. The corporate tax cuts reduce businesses' cost of capital and lift investment and longer-term

9 Over the 10-year budget horizon, 2025-2034, we estimate the higher tariffs will generate $1.7 trillion in revenue, while the tax cuts will cost $3.4 trillion in revenue. The net impact of the tariffs and tax cuts is to increase the government's cumulative budget deficit over the decade by $1.7 trillion.

Chart 6: U.S.-Mexico Border Crossings Surge to an All-Time High

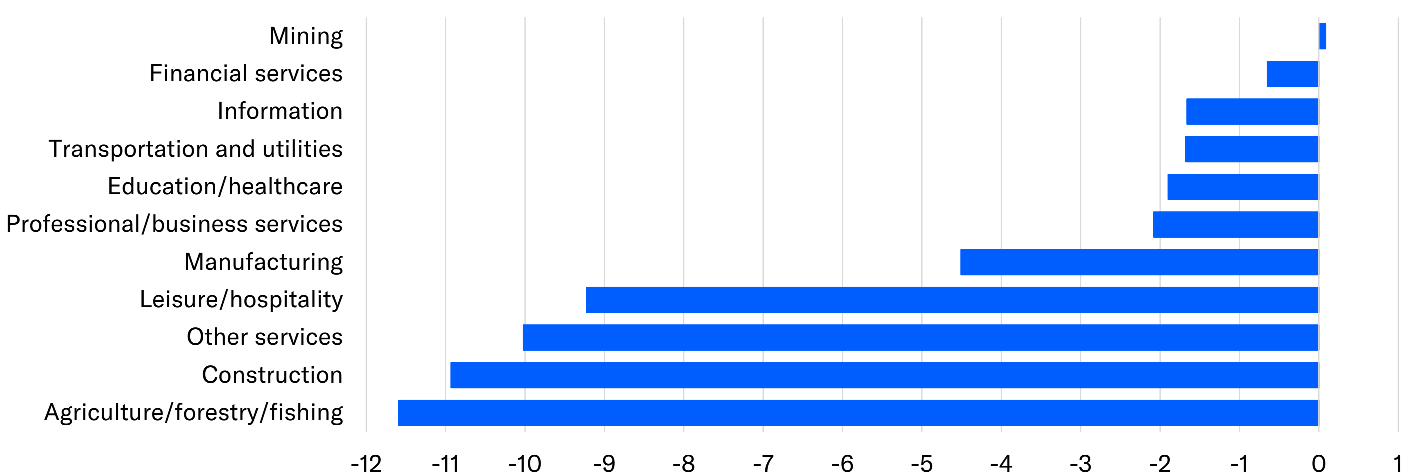
Southwest border encounters, ths



Sources: CBP, Moody's Analytics

Chart 7: Immigrant-Heavy Industries Suffer Labor Shortages

Real GDP by industry, Republican Sweep scenario, % deviation from baseline, 2028Q4



Source: Moody's Analytics

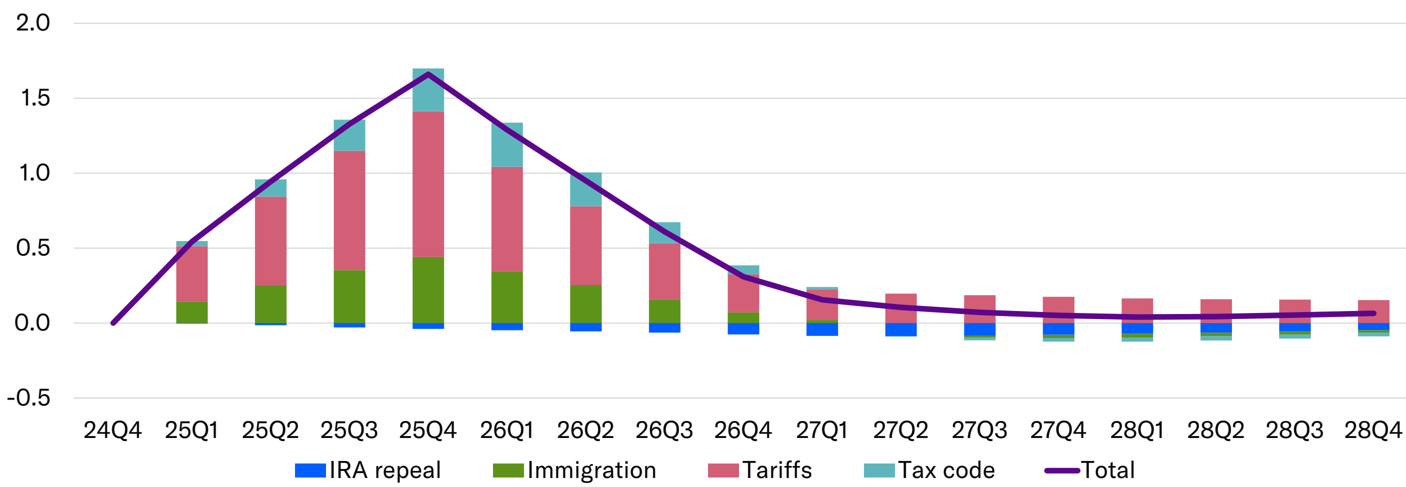
economic growth, but these benefits are largely offset by higher interest rates. Short-term rates are higher given the Fed's response to the higher inflation, and long-term rates are higher because of the government's larger deficits and heavier debt load.

While Trump rolls back some of the provisions of the IRA in this scenario, this does little to help the government's fiscal situation. The IRA's clean energy investments were paid for by stricter IRS enforcement on tax avoidance and new taxes, which Trump has indicated he would also unwind. Of course, the IRA investments are intended to address the economic threat posed by the physical risks caused by climate change. The likely increase in climate-related economic costs will largely be borne in future decades and is thus not part of this analysis.

Under the Republican Sweep scenario, consumer price inflation reaccelerates from 3% in 2024 to 3.5% next year (see Table 2), fueled by the higher tariffs, outflow of foreign immigrants, the resulting tighter labor market and more quickly rising labor costs, and tax-cut-fueled fiscal stimulus (see Chart 8). Compared with the baseline scenario, Trump's policies add 1.1 percentage points to CPI inflation in 2025 (see Table 3). The Federal Reserve does not raise rates in response, as it is torn between higher inflation and a weakening economy but is much slower to cut rates. Long-term interest rates remain elevated.

Chart 8: Inflation Higher Under the Republican Sweep Scenario...

Consumer price inflation, difference with baseline, ppts



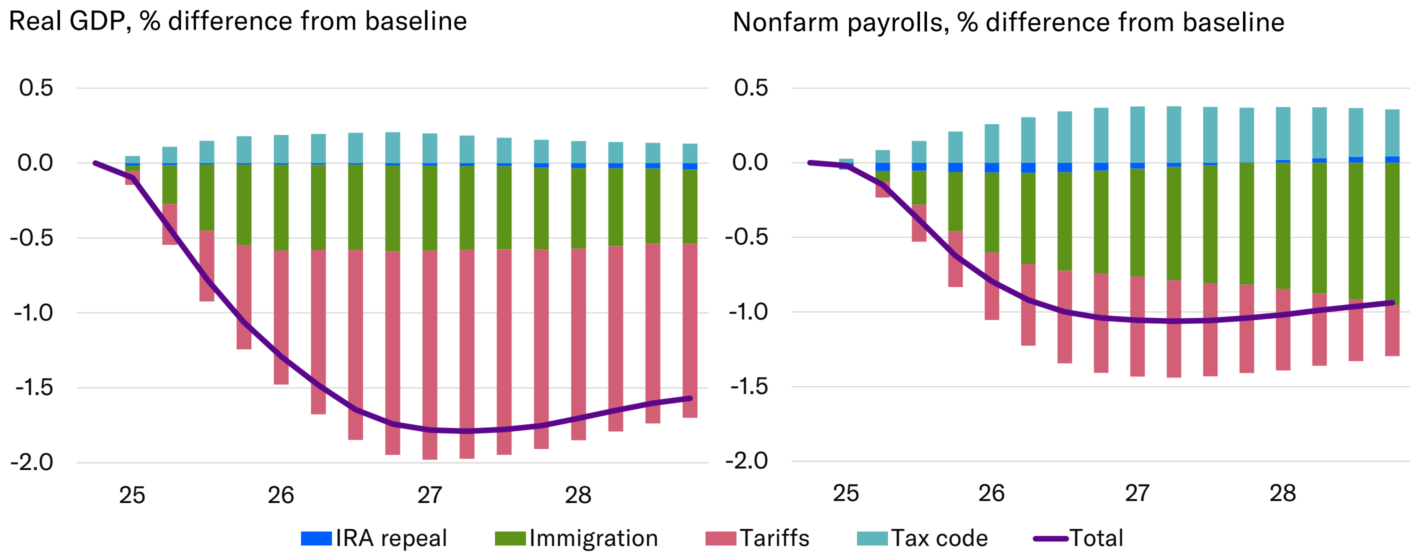
Sources: BLS, Moody's Analytics

The higher inflation and interest rates weigh on real incomes and consumer and business sentiment, and the economy suffers a recession beginning in mid-2025. The downturn is mild by historical standards with unemployment rising from near 4% to a peak of more than 5% in early 2026. The recession and higher unemployment ultimately quell the high inflation and the Fed finally begins to lower interest rates. While the economy recovers beginning in mid-2026, employment is still 3.2 million jobs lower and the unemployment rate is nearly half a percentage point higher by the end of Trump's term compared with the baseline (see Chart 9). The lower employment reflects a combination of weaker labor force growth, due to the reduction in immigration and deportations, and layoffs due to the economy's deterioration.

Despite the recession, corporations navigate things reasonably well in the Republican Sweep scenario. Their sales and revenues are weaker, but the financial impact is offset by businesses' lower tax liability. Households, however, do less well financially. The typical American household's real after-tax income is approximately $2,000, or 1.4%, lower by the end of Trump's term in this scenario than in the baseline. The value of their stock holdings and homes is also somewhat diminished by the higher interest rates.

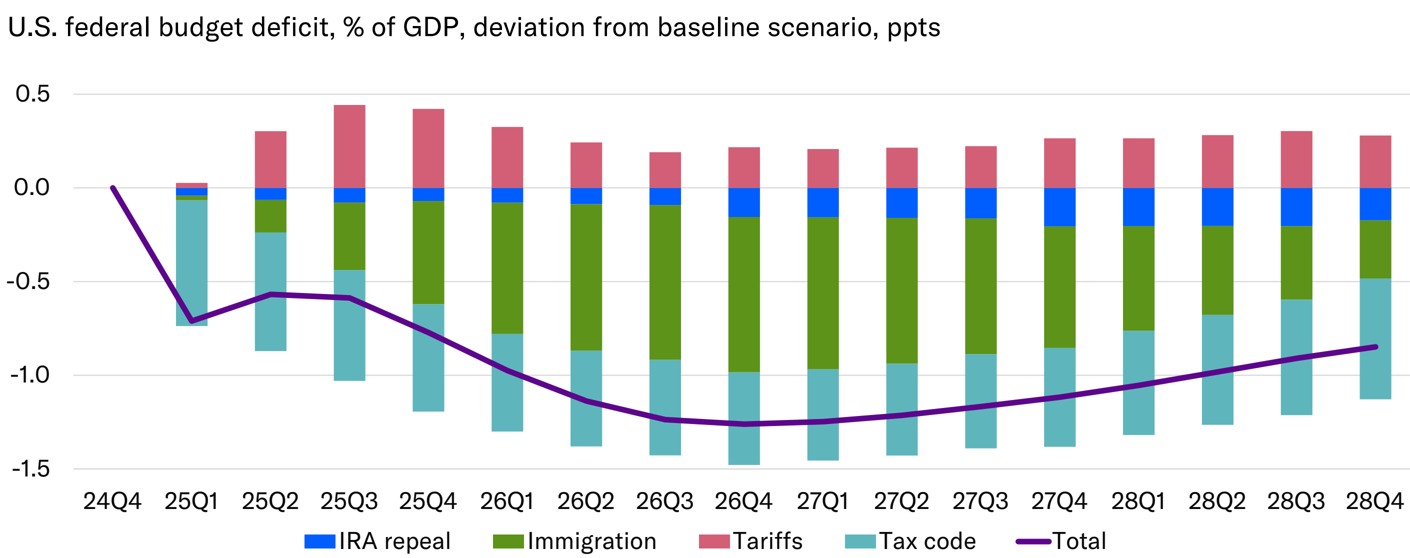
The government's fiscal situation is worse in this scenario (see Chart 10). Budget deficits are consistently more than 6% of GDP and the nation's debt load increases from just less than 100%

Chart 9: ...Even as GDP and Employment Are Weaker



Sources: BEA, BLS, Moody's Analytics

Chart 10: Budget Deficits Are Larger in the Republican Sweep Scenario



Sources: BEA, Moody's Analytics

to 114% by the end of Trump's term. The poorer fiscal outlook reflects the weaker economy and the resulting impact on tax revenues and government transfer payments, the tax cuts, and the higher interest rates and thus higher borrowing costs on the more quickly increasing debt.

The fallout of Trump's economic policies in this scenario reverberates around the global economy. Growth is diminished across the world as tariff hikes and a weaker U.S. economy weigh heavily on global trade (see Table 4). Countries that rely heavily on trade, such as Hong Kong, Singapore and China, get hit especially hard. Fragile emerging economies that typically suffer in risk-off environments and the resulting flight to quality in capital flows also suffer—these countries include Venezuela, South Africa and Argentina. Southeast Asia's economy weathers the global weakness better because of trade diversion from China—Indonesia and the Philippines are good examples. Mexico also ultimately benefits from the trade diversion. The flight to quality in capital flows also benefits more stable economies in Europe, including the Scandinavian countries, France, and Germany.

TRUMP & DIVIDED CONGRESS (15% PROBABILITY)

The Trump & Divided Congress scenario is meaningfully less likely, since a Trump victory should win the day for enough Republicans in close congressional races. But those races are challenging to handicap, and given the political chaos among House Republican ranks over who would be speaker and their inability to get little done legislatively, voters may have had enough. Democrats win the small handful of races they need to retake control of the House.

In this scenario, Trump is stymied from making some of the sweeping policy changes he has proposed. We assume he is able to extend the lower personal income tax rates for all taxpayers provided by the TCJA, including for high-income households, but he is unable to further reduce the corporate tax rate. He is able to axe the additional funding the IRS received as part of the IRA, but the rest of the IRA largely survives. That is in part because red states have benefited most from clean energy investments, and Trump will not have enough support from congressional Republicans to meaningfully cut the IRA subsidies.

We also assume in this scenario that Trump is less aggressive in increasing tariffs, lifting them to an average of 5% and providing exemptions for close trading partners and allies while keeping the pressure on China. This would be similar to how the trade war played out in his first term, with numerous concessions provided to allies such as the European Union, the United Kingdom, Mexico, and Canada, while tariffs remain high on Chinese imports.

Trump's rhetoric on immigration and the policies he ultimately adopts are materially different in this scenario. Despite broad powers allocated to the executive regarding the border, Congress puts up roadblocks and Trump faces logistical hurdles in trying to deport many immigrants. The hurdles include assembling resources to apprehend immigrants winning the inevitable court battles and negotiating a place to send the immigrants. In this scenario, we therefore expect a less severe reduction in net immigration, with deportations closer to 500,000 annually, similar to the pace in Trump's first term.

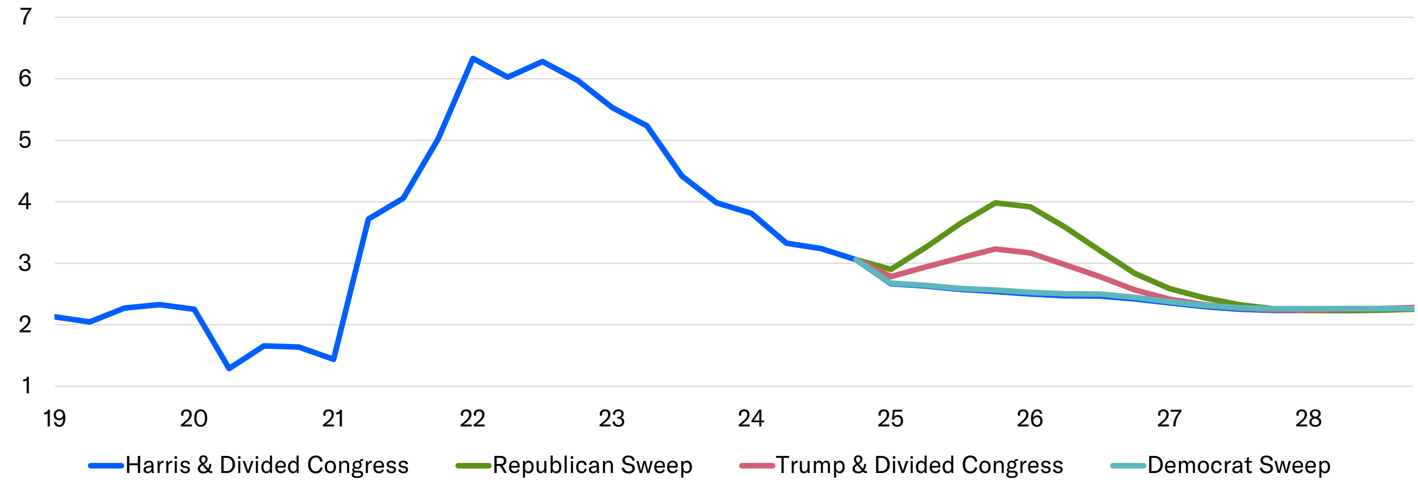
The economy is diminished in the Trump & Divided Congress scenario compared with the baseline, but it avoids recession (see Table 5). Inflation does not accelerate as it does in the Republican Sweep scenario, but consumer price inflation remains stubbornly stuck at 3% in 2025 (see Chart 11). The Fed delays its rate cuts, and long-term rates are somewhat higher. The higher inflation and interest rates weigh on the economy, but do not undermine it. The unemployment rate rises from just less than 4% to a peak below 5% (see Chart 12). By the end of Trump's term, unemployment is still somewhat higher than in the baseline, and annual real household incomes are almost $500 lower. Budget deficits are consistently near 6% of GDP and the debt-to-GDP ratio rises to 110%.

DEMOCRAT SWEEP (5% PROBABILITY)

The Democrat Sweep scenario, in which Harris is elected president and the Democrats sweep Congress, is far-and-away the least likely. While the election math for the Democrats to remain in control of the Senate is difficult, it is not impossible, especially if the electorate's perception of the economy improves and voters' focus turns to issues such as abortion and away from the southern border.

Chart 11: Stubborn Inflation...

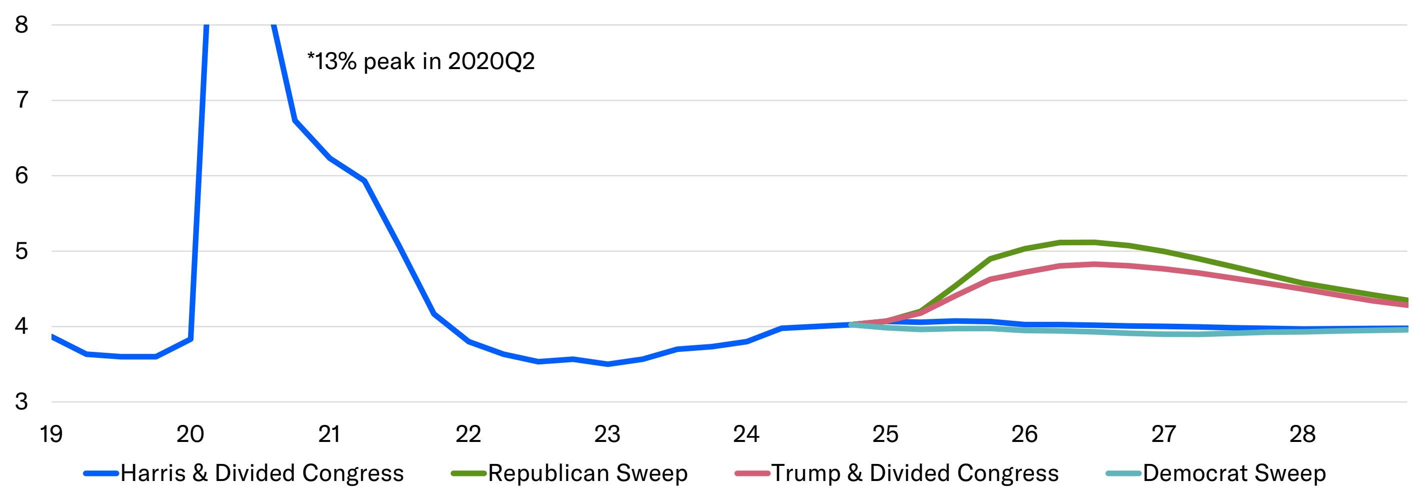
Core CPI inflation, % change yr ago



Sources: BLS, Moody's Analytics

Chart 12: ...And Higher Unemployment

Unemployment rate, %



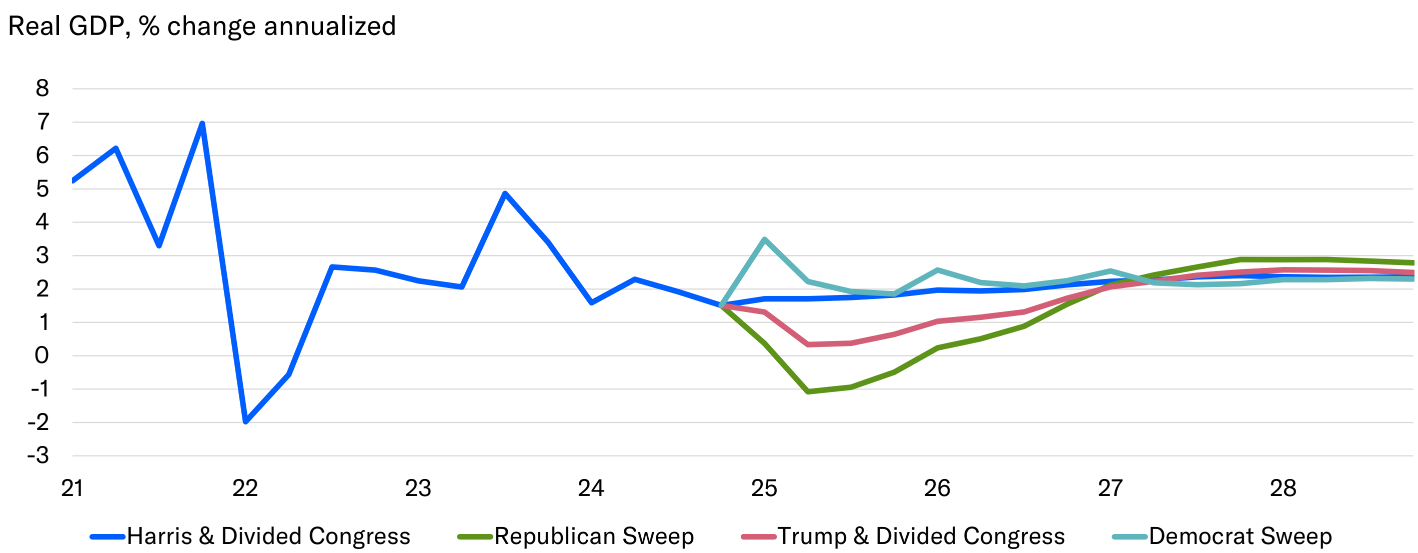
Sources: BLS, Moody's Analytics

In this scenario, Harris uses the budget reconciliation process to pass a sweeping tax and government spending bill consistent with the Biden-Harris administration's 2025 budget proposal. The legislation increases the corporate tax rate to 28% from its current 21% and allows personal income tax rates for those making more than $400,000 annually to increase back to their higher pre-TCJA rates. There is a new top individual tax bracket, and the additional Medicare tax applied to higher-income earners is increased. Lower- and middle-income taxpayers continue to pay their current lower TCJA tax rates, and some benefit from a much larger child tax credit and expanded earned income tax credit. There are also more tax credits to address the affordable housing shortage, such as an enhanced low-income housing tax credit.

The legislation also includes a sizable boost to spending on a range of government programs that benefit low- and middle-income Americans, including universal pre-K, eldercare, Affordable Care Act subsidies and other public health initiatives, free community college, public housing investments, and paid family leave.

The economy performs better in this scenario than in the other scenarios by the end of Harris' term based on some measures such as real GDP (see Chart 13) and jobs (see Chart 14), but not as well as the baseline scenario on other measures such as real disposable household income and after-tax corporate profits given the higher marginal rates that high-income households and large businesses are required to pay (see Table 6). Lower corporate earnings weigh on stock prices despite lower interest rates in this scenario, although the lower rates help lift single-family housing demand and house prices.

Chart 13: Somewhat Strong Growth Under the Democrat Sweep...

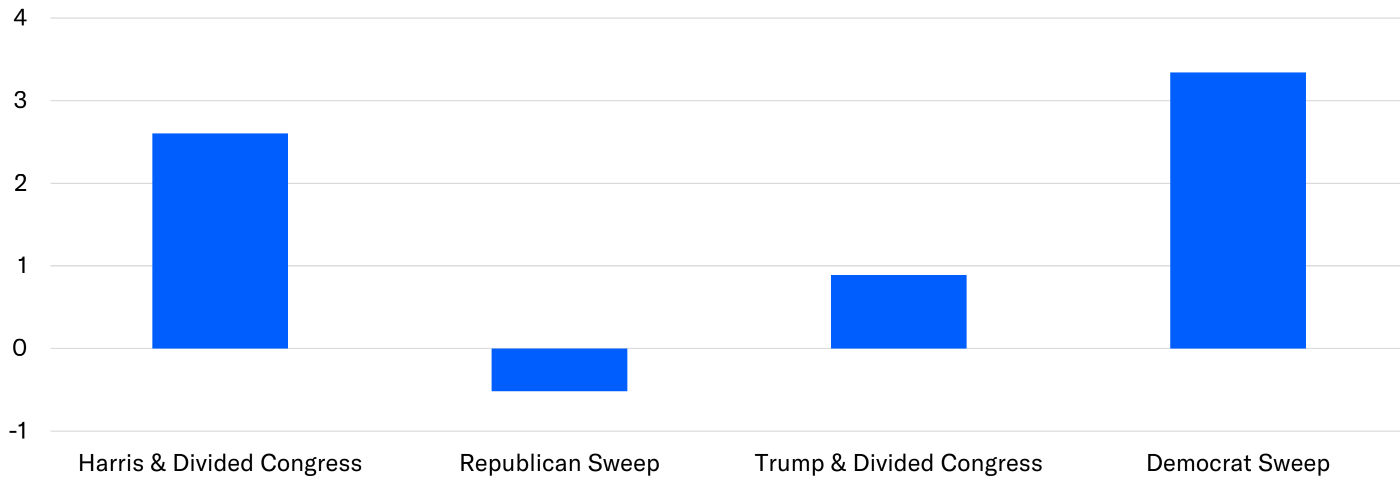


Sources: BEA, Moody's Analytics

While the impact on the broader economy is more or less a wash, Harris' policies boost the finances of lower- and middle-income Americans. Their financial situation is meaningfully better in this scenario as they benefit from increased government spending on childcare and eldercare, healthcare, education, and public housing. And these increased benefits are paid for by the increase in taxes paid by high-income and wealthy households.

Chart 14: ...And More Jobs

Change in nonfarm payroll employment, 2025-2028, mil

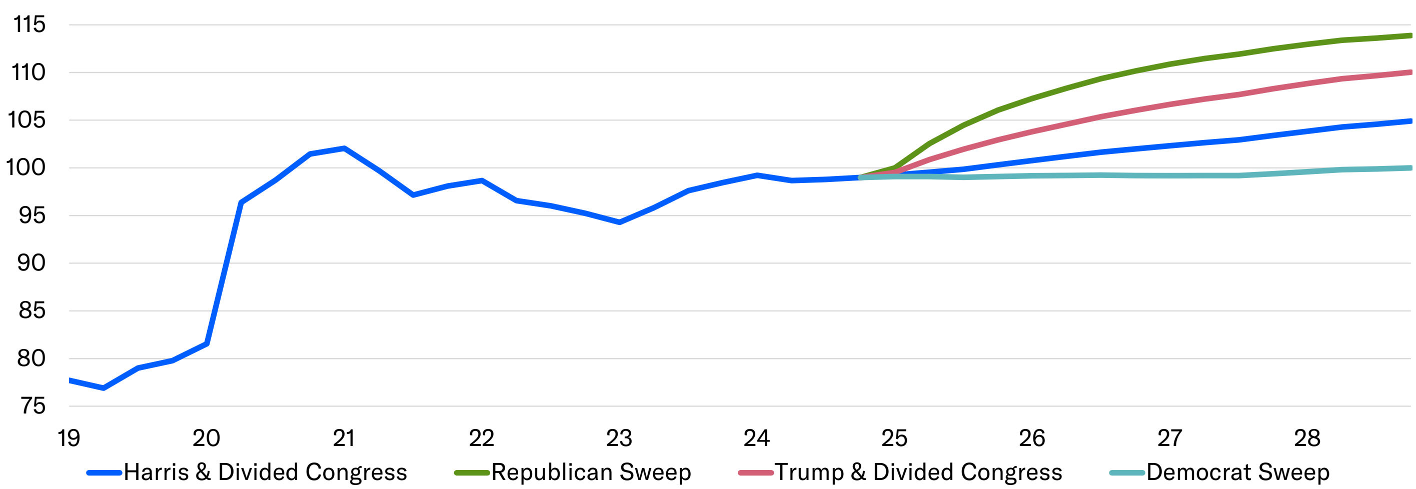


Sources: BLS, Moody's Analytics

The increased tax revenue in this scenario also helps reduce government deficits, which remain closer to 4% of GDP. The government's debt-to-GDP ratio thus holds steady at close to 100% throughout Harris' term (see Chart 15). The smaller budget deficits and a lighter government debt load help keep inflation in check and contribute to lower interest rates.

Chart 15: A Better Fiscal Trajectory Under a Democrat Sweep

Federal debt held by the public as a % of GDP



Sources: U.S. Treasury, BEA, Moody's Analytics

APPENDIX A: HARRIS' ECONOMIC POLICIES

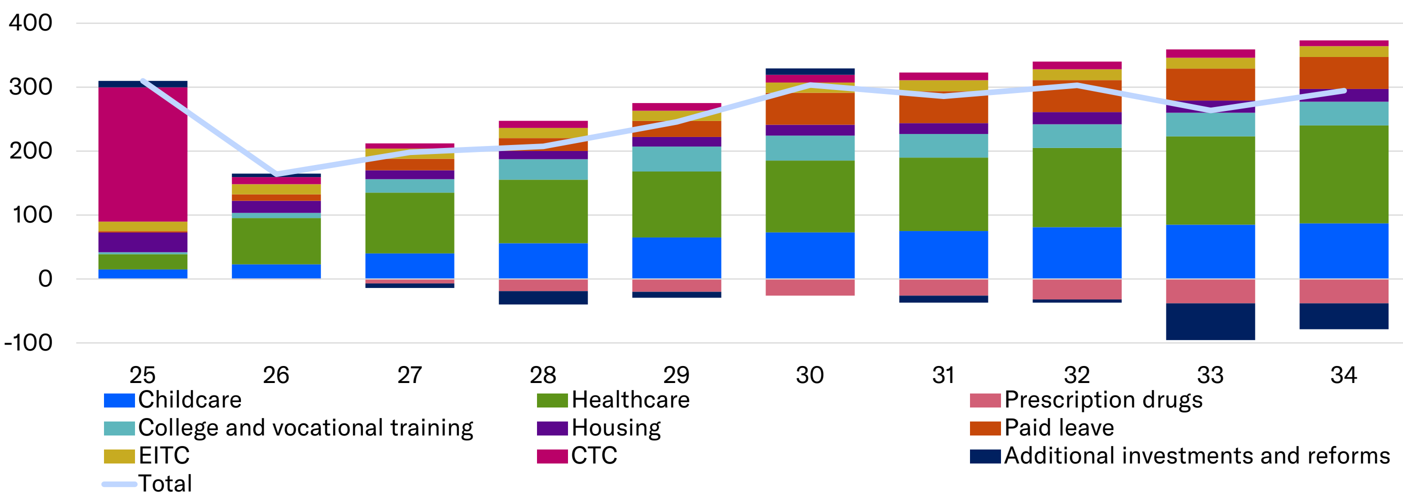
To determine the economic policies that Kamala Harris will pursue if elected and are included in our Democrat Sweep and Harris & Divided Congress scenarios we rely on the Biden-Harris administration's fiscal 2025 budget proposal. While Harris may frame her economic policy differently from President Biden, and change what policies she emphasizes, we consider this budget proposal to be consistent with Harris' economic policy wish list. The budget scores for the spending proposals are those provided by the Office of Management and Budget, and the impact of the tax proposals on government revenue is determined based on simulations of our global macroeconomic model.

MORE GOVERNMENT SPENDING

Harris will increase nondefense discretionary government spending by nearly $1.7 trillion over the next decade (see Chart 16). At the top of her spending agenda are efforts to expand access to childcare and eldercare, improve college access and affordability, and reduce healthcare and prescription drug costs. The added government spending would be paid for through higher taxes on higher-income households and corporations and various spending reforms.

Chart 16: Government Spending Under President Harris

Projected outlays from Biden-Harris spending proposals, $ bil



Sources: OMB, Moody's Analytics

For childcare, the budget proposes $600 billion in additional spending over the next 10 years to fund universal preschool for 4-year-olds and increase childcare subsidies for households that have pre-kindergarten-age children and earn no more than $200,000 per annum. For higher education, Harris would spend nearly $300 billion over the next decade to fully fund community college, subsidize low-income students enrolled in historically Black colleges and universities, eliminate student debt-related fees on new federal loans, and provide federal funding for vocational training.

On healthcare and prescription drugs, the budget devotes nearly $500 billion over the next decade to make the expanded Affordable Care Act premium tax credits that were included in the IRA permanent, while funding Medicaid-like coverage to individuals in states that have to this point opted out of Medicaid expansion. The budget would also shift funding for the

Indian Health Service from discretionary health to mandatory spending and increase public funding for behavioral and mental healthcare, which is expected to carry a 10-year price tag of about $340 billion. Helping to offset these costs will be efforts to enhance Medicare drug price negotiations and reduce costs to the federal government.

In addition to increasing spending on nondefense discretionary programs, Harris will increase government transfers by establishing a universal paid family and medical leave program administered by the Social Security Administration. This would replace the wages of new parents and those who temporarily step away from work for medical reasons for up to 12 weeks. Medicare funding for home and community-based care is also expanded. Together, these transfer programs would increase spending by $480 billion over the next decade, with much of the spending occurring in the second half of the 10-year budget horizon.

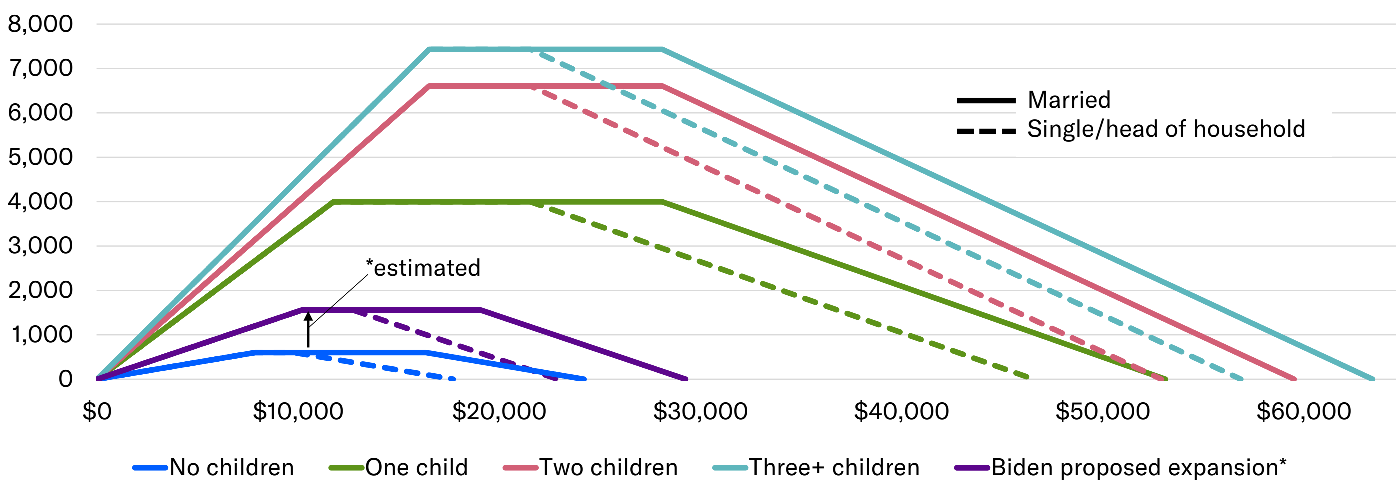
HIGHER TAXES
Central to Harris' policy proposals are significant changes to the tax code as she seeks to more than offset the cost of her proposed increase in government spending with more tax revenues.

Most straightforward is her plan to restore the marginal tax rate on personal income to the Obama-era 39.6% for single tax filers earning more than $400,000 per annum and married filers earning more than $450,000. Capital gains would also be taxed at the same rate as wage income for those earning $1 million or more per year—that is, at 39.6%, up from the current 20%. Moreover, Harris would limit 1031 like-kind exchanges—which allow real estate investors to sell properties for investment purposes or swap properties to defer capital gains tax payments—at $500,000. She would also restrict high-income taxpayers' contributions to their retirement accounts if their balances are greater than a still-to-be-determined amount.

She also plans additional tax credits. Indeed, the budget would make permanent the American Rescue Plan's expansion to the earned income tax credit for childless workers (see Chart 17) and expand the child tax credit from $2,000 to $3,000 per child age 6 and older and to $3,600 per child younger than 6 years old.

Chart 17: Harris' EITC Would Give Boost to Workers Without Children

Earned income tax credit by household earnings and marital status, $, 2023



Sources: IRS, Center for Budget and Policy Priorities, Moody's Analytics

Less straightforward are various untested personal income tax proposals. First, she would impose a minimum 25% wealth tax on those with a net worth of $100 million or more. Under the Biden administration's expanded definition of income, unrealized capital gains would be subject to taxation at this rate. Moreover, she would reform estate and gift taxes by modifying estate, gift, and generation-skipping transfer tax rules. This would entail allowing the TCJA's higher estate tax exemptions to expire and taxing unrealized capital gains at death above $5 million for individuals and $10 million for joint filers.

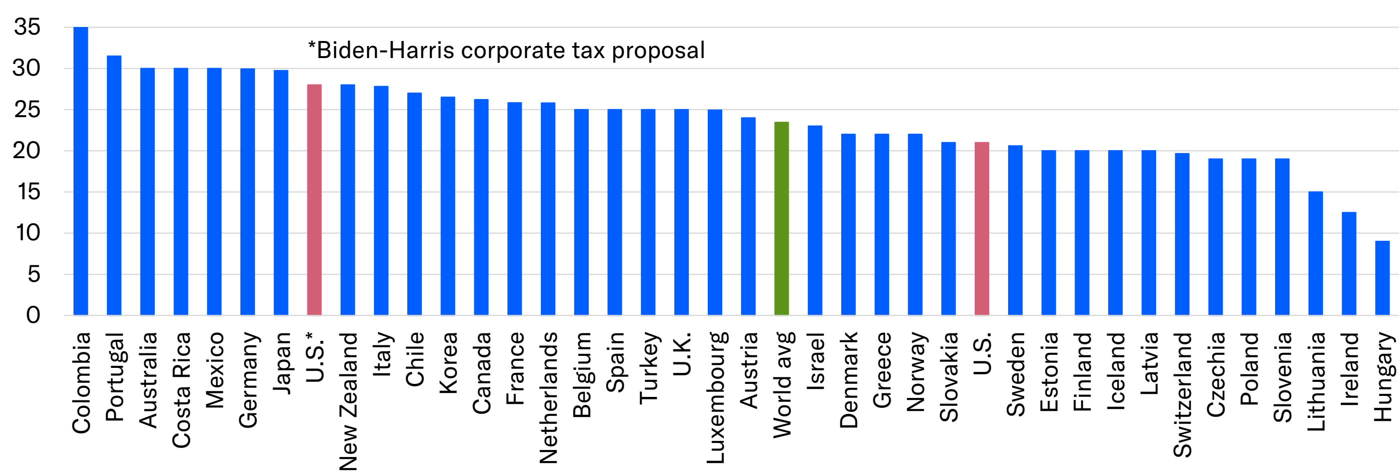
Taking the Biden-Harris administration's personal income tax proposals together, they would increase the effective rate on personal income from approximately 9.5% to 10.2% a decade from now.

Harris would also increase payroll taxes to shore up the Medicare program. In their 2024 report, the Trustees of the Social Security and Medicare trust funds projected that the Health Insurance trust fund will be depleted by 2036. To extend the fund's lifespan, Harris would raise the additional Medicare tax from 0.9% to 2.1% for workers earning more than $400,000. Currently, the burden of the Medicare payroll tax is split between the worker and the employer at 1.45% a piece. But employers must also withhold an additional 0.9% of wages for workers that exceed $200,000 per annum. Thus, with the hike, wages exceeding $400,000 would be taxed at 5% for Medicare, up from 3.8%. Moreover, business pass-through income would also be subject to Medicare taxes by applying the net investment income tax and increasing the rate from 3.8% to 5%. Harris' policy changes would push the effective social insurance contribution tax rate up from an estimated 15.2% to 15.7% a decade from now.

Like the changes Harris has proposed for individual income taxes, her corporate tax reforms include both well-established proposals and some new ones that carry more uncertainty. Key to her corporate tax agenda is an increase in the statutory rate from 21% to 28%. While well below the 35% rate that long prevailed prior to the TCJA, it would put the U.S. into the top 10 countries in the OECD with the highest corporate tax rates (see Chart 18).

Chart 18: Less Competitive U.S. Corporate Tax Rate Under Democrat Sweep...

Corporate tax rates for OECD countries, 2023



Sources: Tax Foundation, The White House, Moody's Analytics

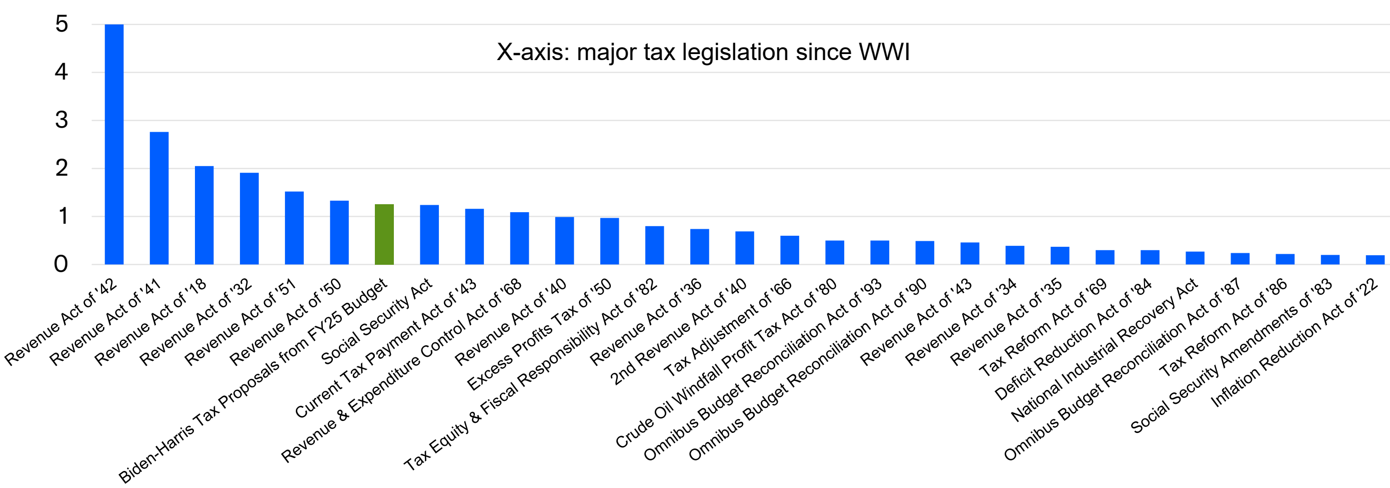
Harris would also raise the tax rate on the foreign earnings of U.S. multinationals from 10.5% to 21%, and the IRA's 1% excise tax on stock repurchases to 4%. Moreover, she has proposed expanded limitations on deductions for compensation. Specifically, the budget would deny deductions for all compensation above $1 million paid to employees of C corporations. Finally, it would also close the loophole for fund managers that allows them to treat carried interest like investment income for tax purposes.

Harris would also increase corporate taxes, including raising the new 15% alternative minimum tax rate on corporations earning $1 billion or more per year, included as part of the IRA, to 21%. This is a tax on book income—the income firms report on financial statements to shareholders and that reflects a company's true financial performance. The IRA's alternative minimum tax has thus far proven to be a failure when it comes to increasing government revenues. Its implementation was scheduled for 2023 but the IRS delayed enactment because of various unresolved complexities. The budget also adopts the undertaxed profits rule, which would mimic the OECD's global minimum tax rules. This grants the U.S. the authority to levy additional taxes on firms that are subsidiaries of multinational corporations that pay less than the 15% global minimum rate in another country.

We estimate that Harris' corporate tax changes would increase the effective corporate tax rate from close to 12% to more than 19% a decade from now. This would be the highest effective corporate tax rate since before the financial crisis. In their totality, Harris' tax reforms would raise the most revenue as a percent of GDP since the 1950s (see Chart 19).

Chart 19: ...But Raises Lots of Revenue

Avg annual revenue raised following 1-2 yrs after enactment, % of GDP



Sources: Romer & Romer, U.S. Treasury, Moody's Analytics

STIFFER IMMIGRATION RESTRICTIONS

On immigration, she has given her support to the recent Senate immigration reform bill that takes a tougher stance on unauthorized immigration across the southern border. Moreover, as in the Biden-Harris administration's fiscal 2025 budget, she would also ask for funding for 1,300 more border patrol agents, 375 immigration judges, and 1,600 asylum officers as well as various technological investments to combat drug-trafficking. The budget also increases the annual cap on the number of refugees admitted to the U.S. to 125,000, approximately double what it was in 2023. We also expect Harris to propose reforms much like those in the immigration bill President Biden delivered to Congress early in his term, which included pathways for more undocumented immigrants and individuals protected by the Deferred Action for Childhood Arrivals policy to apply for and obtain legal status and citizenship.

STUDENT LOANS & MINIMUM WAGE

The Biden-Harris administration has touted its success in canceling more than $160 billion in federal student loans, and we would expect Harris to pursue efforts to ease the financial pressure of student loan debt. Efforts earlier in the administration to forgive between $10,000 and $20,000 in student debt for every borrower were blocked by the Supreme Court. The administration's latest proposal would seek to resurrect this policy, but from a different angle. The new plan would provide relief in the form of full or partial forgiveness for five kinds of borrowers: (1) those eligible for forgiveness on an existing plan but have not enrolled, (2) those whose balances now exceed the amount initially borrowed due to interest accumulation, (3) those who have been in repayment for 20 or more years, (4) those enrolled in "low-financial-value" programs, and (5) those experiencing hardship in paying back loans. Estimates of the proposed cost range from $220 billion to $750 billion, depending on the administration's ambiguous definition of "financial hardship."

Harris may also support a $15 per hour federal minimum wage. It is a key component of the Democratic policy platform and President Biden raised the minimum wage to $15 for all federal employees and contractors by executive order in 2022. Thus, it is possible that Harris and a cooperative Democrat-led Congress would seek to increase the federal minimum wage if she is elected, but since it has not been part of her campaign, we do not include it in our assessment.[10]

10 The evidence on the employment and price effects of a minimum wage increase are mixed. However, in general, employment effects lean negative, particularly where the minimum wage binds, while labor supply tends to rise for certain demographics. There is little consensus on the extent to which minimum wage hikes are passed through to consumers as higher prices, though low-wage industries do appear to be where inflation increases.

APPENDIX B: TRUMP'S ECONOMIC POLICIES

To determine the economic policies that former President Trump will pursue if elected to a second term and are included in our Republican Sweep and Trump & Divided Congress scenarios, we rely on his campaign website, speeches, press announcements, interviews, and public commentary from campaign advisors to glean his policy positions. The budget scores are based on estimates from the Congressional Budget Office and simulations of our global macroeconomic model.

LOWER TAXES

The Tax Cuts and Jobs Act of 2017 was the signature piece of economic legislation passed in Trump's first term, and with several provisions of the TCJA set to expire at the end of 2025, taxes will be at the top of Trump's economic policy agenda should he win the election. In a recent speech to private donors, a campaign official noted that "extending the Trump tax cuts" is a key issue this election cycle. Trump's campaign website shares that "President Trump's vision for America's economic revival is lower taxes, bigger paychecks, and more jobs for American workers." For personal income taxes, this would imply an extension of current tax rates for all taxpayers. This translates into an effective personal income tax rate across taxpayers of less than 10%. In addition, Trump and his advisors have discussed reducing the statutory corporate tax rate from its current 21% to 15%, reducing the effective corporate tax rate to approximately 7% of profits.

AXE THE IRA

The Inflation Reduction Act of 2022 was a significant legislative achievement for President Biden and will be in the crosshairs if Trump is reelected. The IRA was passed on a partisan basis through the budget reconciliation process and has thus been targeted by congressional Republicans. Project 2025, a policy agenda crafted by the conservative Heritage Foundation think tank, calls for "the rescinding of all funds not already spent" by the IRA. Trump has disavowed Project 2025, but nonetheless has expressed warmth toward its IRA-related proposals, at least indirectly.

Trump would dismantle much of the IRA if he had his way. The primary targets will be funding for clean energy initiatives, subsidies and other programs to combat climate change, and conservation. The IRA's tax credits for electric vehicles and clean energy projects are especially vulnerable. The additional funds allocated to the Internal Revenue Service in the IRA to increase enforcement and raise more revenues to pay for the IRA have been much maligned by Republicans, so we expect Trump to slash what is left of the IRS's additional budget authority.

Given that Trump's pitch to voters in 2024 includes his actions taken during his first term to lower prescription drug prices and enhance medical price transparency, we do not expect him to reverse IRA provisions meant to lower drug prices. We also expect the funding for agriculture in the IRA to be left untouched, since at the height of the trade war in his first term Trump mobilized the federal government to subsidize, and in some cases bail out, farmers pinched by high tariffs on U.S. farm exports.

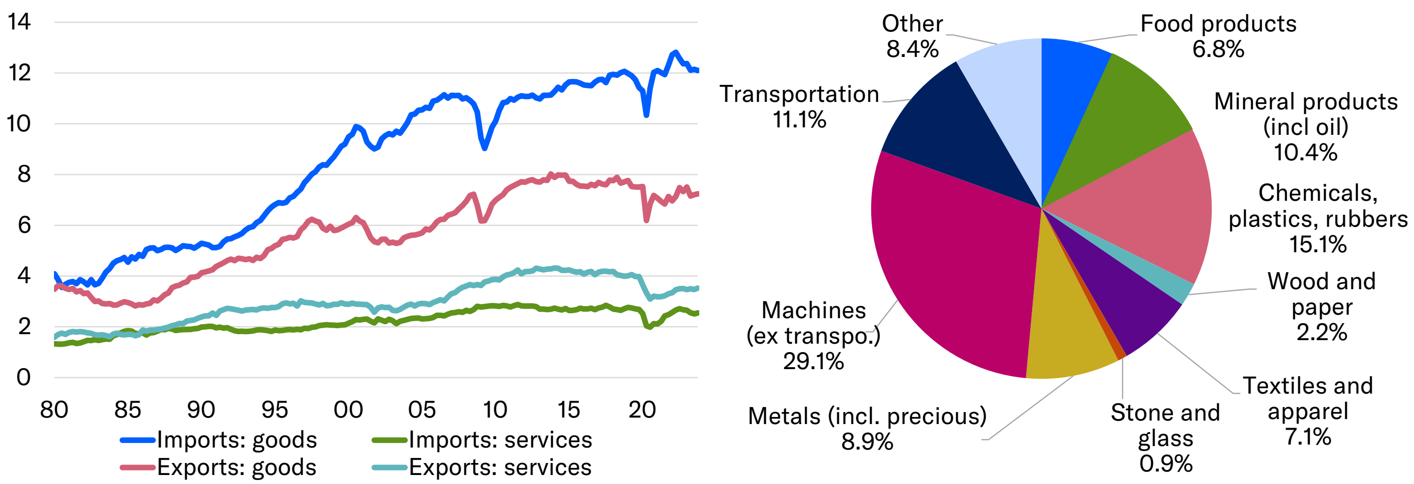
HIGHER TARIFFS

A trade war with China characterized most of Trump's first term, and we can expect ever more vigorous efforts to restrict trade in his second term, as the former president has consistently touted protectionism on the campaign trail. Most significantly, this entails a 10% tariff on nearly all imported goods (see Chart 20). Trump has also threatened 60% tariffs on Chinese imports. Together, this would push the effective tariff rate up from 3% to a historically high 19% (see Chart 21). Given U.S. reliance on a wide range of essential Chinese

Chart 20: Scope and Scale of Tariff Impact

Trade volume measures, %, share of domestic demand

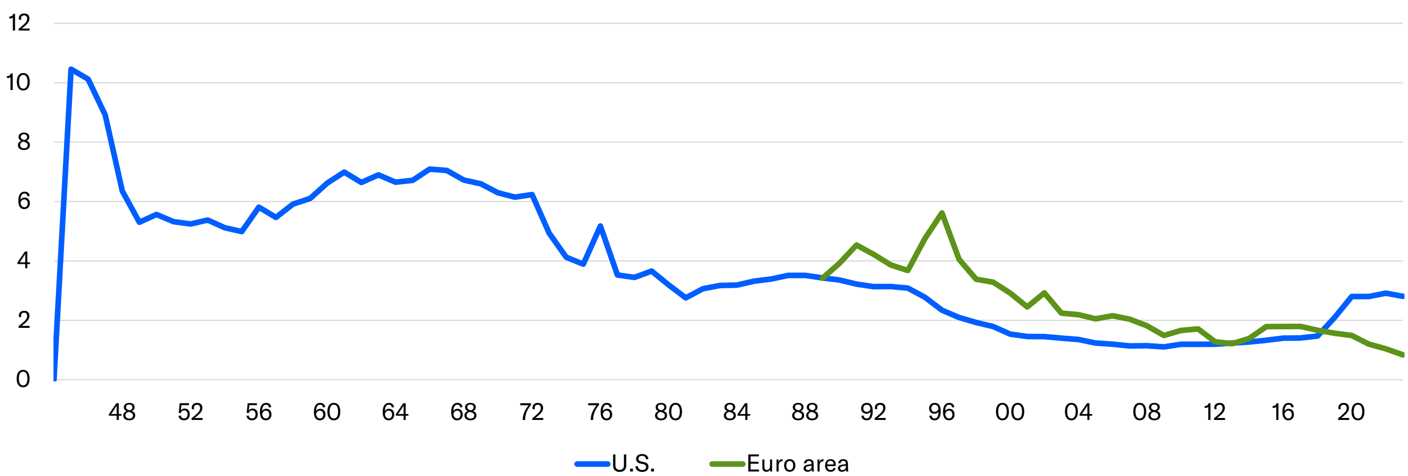
Share of U.S. imports by goods, 2023



Sources: BEA, Moody's Analytics

Chart 21: Trump Tariffs Would Significantly Raise the Effective Tariff Rate

Effective tariff rate*



*Import duty revenues as share of total goods imports

Sources: Department of Commerce, World Bank, Goldman Sachs Global Investment Research, Moody's Analytics

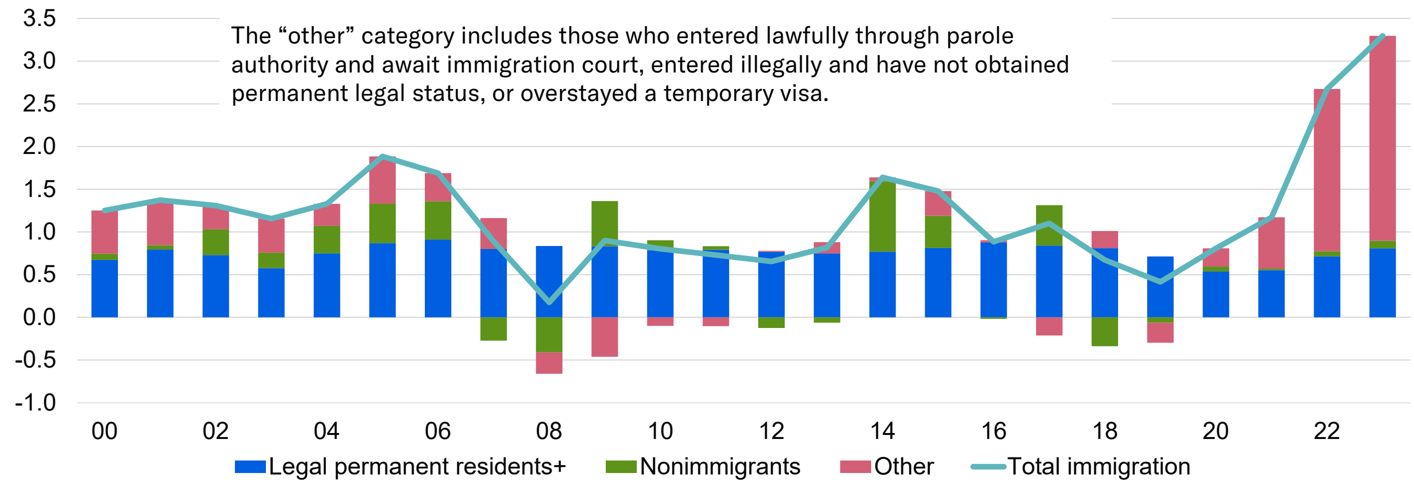
goods, we assume Trump will scale back the tariffs on Chinese imports to 10%, comparable to the tariffs on other countries. As in the trade wars during Trump's first term, we expect many U.S. trading partners will respond with higher tariffs of their own on U.S. goods they are importing. To determine the magnitude of those tariff hikes we rely on the expert judgement of our country economists that weigh a wide range of economic, political and geopolitical factors.

DEPORTATIONS

Trump has been highly critical of the Biden administration's handling of the surge of immigrants coming across the southern border into the U.S. He pledges on his campaign site to "shut down Biden's border disaster...end catch-and-release, restore Remain in Mexico, and eliminate asylum fraud." And he vows to order "the largest deportation in the history of our country." Indeed, there has been a surge in immigration across the U.S.-Mexico border under Biden, with 8 million encounters since 2021 compared with 2.3 million in Trump's four-year term and 3.3 million during Obama's eight years (see Chart 22).

Chart 22: Immigration Poses Challenges but Powers Growth

Net foreign immigration, mil



Sources: CBO, Moody's Analytics

Given the president's broad powers to enforce border policy, he does not need approval from Congress to make significant changes. He is thus expected to quickly reinstate policies such as Title 42 and Remain in Mexico that work to limit entry by unauthorized immigrants. Trump has also said he wants to deport millions of unauthorized immigrants living and working in the country. Using the largest deportation operation in American history, which took place in the 1950s when 1.3 million illegal Mexican immigrants were expulsed under the Eisenhower administration as a guide, Trump could deport as many as 1 million immigrants annually. We do not expect Trump to make significant changes to policies related to legal immigration.

APPENDIX C: RETALIATION TO TRUMP TARIFFS

Former President Trump's policy to impose a historically large increase in tariffs on all goods imported into the U.S. has been a central part of his reelection bid. On the campaign trail, he often talks about a 60% tariff on Chinese goods coming into the U.S., and a 10% tariff on imported goods from other countries, whether they be adversaries or allies.

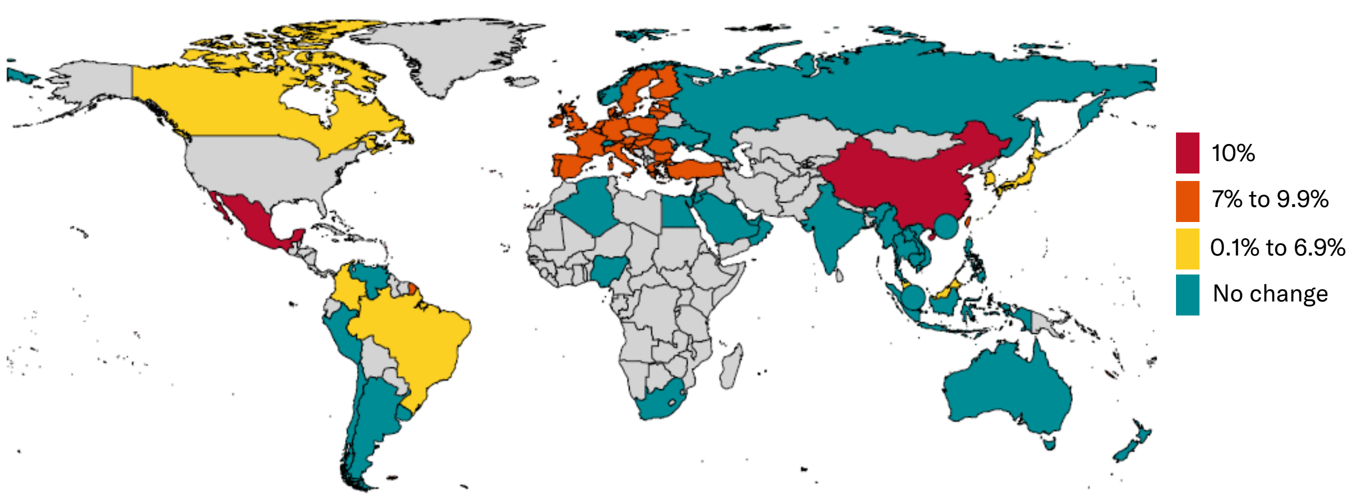
If the tariffs are implemented as Trump has proposed, the U.S. effective tariff rate would jump from an estimated just over 3% to near 19%. This would be a complete repudiation of U.S. trade policy since World War II, which saw a steady decline in tariffs. In the nearly two decades prior to Trump's first term, the U.S. all but stopped charging tariffs on imported goods.

If Trump is reelected president, we do not expect him to fully implement tariffs to the extent he has proposed, but even a step in this direction would have a meaningful impact on inflation, interest rates and growth, especially if other countries respond to the increase in U.S. tariffs by increasing their tariffs on imported goods coming from the U.S. Judging from their responses to U.S. tariff hikes during Trump's first term, many surely would.

To this end, we have asked our country economists to assess whether the governments of the countries they follow would retaliate if the U.S. increases tariffs on their goods, and to what degree, under both the Republican Sweep and Trump & Divided Congress scenarios (see Chart 23).

Chart 23: Global Retaliation to Higher U.S. Tariffs

Tariff rate on goods imported from the U.S. in Republican Sweep scenario, %



Source: Moody's Analytics

Given the tensions between the U.S. and China, and judging from China's quick retaliation to the tariffs Trump imposed on Chinese goods in his first term, we would expect the Chinese to respond quickly and in-kind to any future tariff increases by the U.S. Mexico would respond similarly, and has said as much when Trump threatened higher tariffs on Mexican goods unless Mexico stemmed the flow of immigrants crossing into the U.S.

European nations will respond to higher U.S. tariffs, but will likely show some restraint in their response. This was the case during Trump's first term, when Europe responded to the imposition of tariffs on steel and aluminum, but limited its retaliation to a small number of measures targeted at politically sensitive U.S. exports such as Harley-Davidson motorcycles and bourbon. The key difference this go-around is that the assumed U.S. tariffs would be universal rather than applied to specific industries and products. This points to a more universal response from Europe, and we assume that Europe responds with a similar tariff hike on U.S. goods. One big exemption is likely to be energy products imported from the U.S. These account for a quarter of Europe's imports from the U.S., and European policymakers will be wary of driving prices higher again with households only just recovering from the energy price crunch of the past two years precipitated by Russia's war in Ukraine.

The Canadians are also expected to respond to higher U.S. tariffs in part because Prime Minister Trudeau faces a tough reelection in 2025, and it would likely be politically popular to retaliate. But given concerns over a tit-for-tat trade war breaking out, Canada would most likely respond with only a partial in-kind retaliation. Japan's retaliatory measures will also be more restrained and limited to goods such as low-end electronics, machinery and cars. No tariffs will be imposed on critical energy and food imports from the U.S.

Mostly for geopolitical reasons, a number of countries are not expected to retaliate in response to higher U.S. tariffs. Australia has recently entered into a security agreement with the U.S. that will need support from the new Trump administration. Slapping higher tariffs on U.S. imports could upend that agreement. While India is less reliant on external trade to fuel its growth, the U.S. is nevertheless an important trade partner. The country will aim to maintain its alliance, and retaliation is unlikely. Also, the Trump administration is likely to quickly put more economic and political pressure on Iran, and countries in the region that are foes of Iran will want to encourage this by maintaining good relations with the U.S. Higher tariffs on U.S. goods would be counterproductive in this regard.

While the threat of a tit-for-tat trade war breaking out will be high, we assume that this does not happen, and the tariff hikes end with the retaliation by U.S. trading partners. This is roughly how the tariff wars in Trump's first term played out. As the U.S. economy began to struggle with the tariffs and trade disruptions, the Trump administration struck a deal with China in early 2020 to deescalate tensions and for China to increase its purchases of U.S. goods. The Chinese never followed through.

Table 1: Economic Outlook Under Harris & Divided Congress (Baseline) Scenario

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Real GDP							**Avg annual growth**	
2017$	22,942.0	23,342.2	23,786.8	24,309.5	24,883.5			
% change	*2.5*	*1.7*	*1.9*	*2.2*	*2.4*	*1.4*	*3.2*	*2.1*
Nonfarm employment							**Avg annual growth**	
Mil	158.5	159.6	160.1	160.6	161.1			
Change, ths	*2,452*	*1,042*	*542*	*494*	*524*	*-0.4*	*2.8*	*0.4*
								Avg
Unemployment rate, %	4.0	4.1	4.0	4.0	4.0	5.0	4.9	4.0
Labor force participation rate, %	62.7	62.7	62.5	62.5	62.4	62.7	62.4	62.3
Real disposable income per household							**Avg annual growth**	
2017$	130,882	132,300	133,933	136,069	138,423			
% change	*1.2*	*1.1*	*1.2*	*1.6*	*1.7*	*3.6*	*-0.0*	*1.4*
FHFA House Price Index								
Index	421.6	427.5	432.6	440.2	450.5			
% change	*5.0*	*1.4*	*1.2*	*1.8*	*2.3*	*6.3*	*10.0*	*1.7*
Consumer Price Index								
% change	*3.0*	*2.4*	*2.3*	*2.2*	*2.2*	*1.9*	*4.9*	*2.3*
Core CPI								
% change	*3.4*	*2.6*	*2.5*	*2.3*	*2.2*	*2.0*	*4.5*	*2.4*
S&P Stock Price Index								
Index	5,198.8	5,367.4	5,600.7	5,943.3	6,284.5			
% change	*21.3*	*3.2*	*4.3*	*6.1*	*5.7*	*11.4*	*12.7*	*4.9*
Broad dollar index								
Index	118.7	112.4	111.4	111.0	110.7			
% change	*-1.5*	*-5.3*	*-0.8*	*-0.4*	*-0.3*	*1.0*	*0.2*	*-1.7*
Corporate profits after taxes								
$ bil	3,209.2	3,138.1	3,148.7	3,287.7	3,476.2			
% change	*7.9*	*-2.2*	*0.3*	*4.4*	*5.7*	*4.1*	*10.1*	*2.0*
							Avg	
Federal funds rate, %	5.2	4.3	3.3	2.9	2.9	1.2	2.5	3.7
10-yr Treasury yield, %	4.3	4.1	4.1	4.0	4.0	2.0	2.7	4.1
Federal budget deficit, $ bil	-1,550.1	-1,582.2	-1,583.4	-1,649.0	-1,779.0			
% of GDP	*-5.4*	*-5.3*	*-5.1*	*-5.1*	*-5.3*	*-6.2*	*-8.8*	*-5.2*
Federal debt-to-GDP ratio, %	99.0	100.3	102.0	103.4	104.9	82.3	98.4	101.9

Sources: BEA, BLS, Census Bureau, Treasury, Moody's Analytics

Table 2: Economic Outlook Under Republican Sweep Scenario

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Real GDP							**Avg annual growth**	
2017$	22,942.0	23,033.4	23,052.1	23,496.7	24,157.8			
% change	*2.5*	*0.4*	*0.1*	*1.9*	*2.8*	*1.4*	*3.2*	*1.3*
Nonfarm employment							**Avg annual growth**	
Mil	158.5	158.6	157.2	157.4	158.0			
Change, ths	*2,452*	*75*	*-1,368*	*189*	*585*	*-0.4*	*2.8*	*-0.1*
								Avg
Unemployment rate, %	4.0	4.4	5.1	4.8	4.5	5.0	4.9	4.6
Labor force participation rate, %	62.7	62.6	62.4	62.2	62.1	62.7	62.2	62.4
Real disposable income per household							**Avg annual growth**	
2017$	130,882	131,938	132,419	134,019	136,259			
% change	*1.2*	*0.8*	*0.4*	*1.2*	*1.7*	*3.6*	*-0.0*	*1.0*
FHFA House Price Index								
Index	421.6	426.3	430.4	437.9	446.8			
% change	*5.0*	*1.1*	*1.0*	*1.7*	*2.0*	*6.3*	*10.0*	*1.5*
Consumer Price Index								
% change	*3.0*	*3.5*	*3.1*	*2.3*	*2.2*	*1.9*	*4.9*	*2.8*
Core CPI								
% change	*3.4*	*3.5*	*3.4*	*2.4*	*2.2*	*2.0*	*4.5*	*2.9*
S&P Stock Price Index								
Index	5,198.8	5,265.1	5,405.9	5,746.0	6,133.8			
% change	*21.3*	*1.3*	*2.7*	*6.3*	*6.7*	*11.4*	*12.7*	*4.2*
Broad dollar index								
Index	118.7	114.4	110.8	107.9	105.5			
% change	*-1.5*	*-3.6*	*-3.1*	*-2.6*	*-2.2*	*1.0*	*0.2*	*-2.9*
Corporate profits after taxes								
$ bil	3,209.2	2,965.0	2,969.6	3,206.7	3,525.6			
% change	*7.9*	*-7.6*	*0.2*	*8.0*	*9.9*	*4.1*	*10.1*	*2.4*
							Avg	
Federal funds rate, %	5.2	4.6	3.6	2.7	2.3	1.2	2.5	3.7
10-yr Treasury yield, %	4.3	4.4	4.4	4.4	4.4	2.0	2.7	4.4
Federal budget deficit, $ bil	-1,550.1	-1,780.5	-1,943.6	-2,014.6	-2,059.2			
% of GDP	*-5.4*	*-6.1*	*-6.4*	*-6.4*	*-6.2*	*-6.2*	*-8.8*	*-6.1*
Federal debt-to-GDP ratio, %	99.0	106.1	110.2	112.5	113.9	82.3	98.4	108.3

Sources: BEA, BLS, Census Bureau, Treasury, Moody's Analytics

Table 3: Economic Outlook Under Various Scenarios

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Real GDP							**Avg annual growth**	
Baseline, 2017$	22,942.0	23,342.2	23,786.8	24,309.5	24,883.5			
% change	*2.5*	*1.7*	*1.9*	*2.2*	*2.4*	*1.4*	*3.2*	*2.1*
Republican Sweep, 2017$	22,942.0	23,033.4	23,052.1	23,496.7	24,157.8			
% change	*2.5*	*0.4*	*0.1*	*1.9*	*2.8*	*1.4*	*3.2*	*1.3*
Difference from baseline, %	0.0	-1.3	-3.1	-3.3	-2.9			
Trump & Divided Congress, 2017$	22,942.0	23,203.3	23,420.3	23,877.9	24,477.7			
% change	*2.5*	*1.1*	*0.9*	*2.0*	*2.5*	*1.4*	*3.2*	*1.6*
Difference from baseline, %	*0.0*	*-0.6*	*-1.5*	*-1.8*	*-1.6*			
Democrat Sweep, 2017$	22,942.0	23,471.7	23,984.1	24,527.7	25,077.2			
% change	*2.5*	*2.3*	*2.2*	*2.3*	*2.2*	*1.4*	*3.2*	*2.2*
Difference from baseline, %	0.0	0.6	0.8	0.9	0.8			
Nonfarm employment								
Baseline, mil	158.5	159.6	160.1	160.6	161.1			
Change, ths	*2,451.5*	*1,042.5*	*542.4*	*494.1*	*524.1*	*-0.4*	*2.8*	*0.4*
Republican Sweep, mil	158.5	158.6	157.2	157.4	158.0			
Change, ths	2,451.5	75.3	-1,367.6	189.3	585.3	-0.4	2.8	-0.1
Difference from baseline, ths	*0*	*-967*	*-2,877*	*-3,182*	*-3,121*			
Trump & Divided Congress, mil	158.5	159.0	158.6	158.9	159.4			
Change, ths	*2,451.5*	*524.7*	*-419.3*	*237.3*	*546.1*	*-0.4*	*2.8*	*0.1*
Difference from baseline, ths	*0*	*-518*	*-1,479*	*-1,736*	*-1,714*			
Democrat Sweep, mil	158.5	159.9	160.7	161.4	161.9			
Change, ths	*2,451.5*	*1,338.4*	*879.6*	*698.7*	*425.0*	*-0.4*	*2.8*	*0.5*
Difference from baseline, ths	*0*	*296*	*633*	*838*	*738*			
							Avg	
Unemployment rate								
Baseline, %	4.0	4.1	4.0	4.0	4.0	5.0	4.9	4.0
Republican Sweep, %	4.0	4.4	5.1	4.8	4.5	5.0	4.9	4.6
Difference from baseline, ppt	*0.0*	*0.4*	*1.1*	*0.9*	*0.5*			
Trump & Divided Congress, %	4.0	4.3	4.8	4.7	4.4	5.0	4.9	4.4
Difference from baseline, ppt	*0.0*	*0.3*	*0.8*	*0.7*	*0.4*			
Democrat Sweep, %	4.0	4.0	3.9	3.9	3.9	5.0	4.9	3.9
Difference from baseline, ppt	*0.0*	*-0.1*	*-0.1*	*-0.1*	*-0.0*			
Labor force participation rate								
Baseline, %	62.7	62.7	62.5	62.5	62.4	62.7	62.4	62.3
Republican Sweep, %	62.7	62.6	62.4	62.2	62.1	62.7	62.2	62.4
Difference from baseline, ppt	*0.0*	*-0.0*	*-0.1*	*-0.2*	*-0.3*			
Trump & Divided Congress, %	62.7	62.6	62.5	62.3	62.2	62.7	62.2	62.5
Difference from baseline, ppt	*0.0*	*-0.0*	*-0.1*	*-0.1*	*-0.2*			
Democrat Sweep, %	62.7	62.7	62.8	62.8	62.7	62.7	62.2	62.7
Difference from baseline, ppt	*0.0*	*0.1*	*0.2*	*0.3*	*0.3*			
Real disposable income per household							**Avg annual growth**	
Baseline, 2017$	130,882	132,300	133,933	136,069	138,423			
% change	*1.2*	*1.1*	*1.2*	*1.6*	*1.7*	*3.6*	*-0.0*	*1.4*
Republican Sweep, 2017$	130,882	131,938	132,419	134,019	136,259			
% change	*1.2*	*0.8*	*0.4*	*1.2*	*1.7*	*3.6*	*-0.0*	*1.0*
Difference from baseline, %	*0.0*	*-0.3*	*-1.1*	*-1.5*	*-1.6*			
Trump & Divided Congress, 2017$	130,882	132,379	133,421	135,323	137,693			
% change	*1.2*	*1.1*	*0.8*	*1.4*	*1.8*	*3.6*	*-0.0*	*1.3*
Difference from baseline, %	*0.0*	*0.1*	*-0.4*	*-0.5*	*-0.5*			
Democrat Sweep, 2017$	130,882	132,887	133,238	135,619	137,759			

Table 3: Economic Outlook Under Various Scenarios (Cont.)

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
% change	*1.2*	*1.5*	*0.3*	*1.8*	*1.6*	*3.6*	*-0.0*	*1.3*
Difference from baseline, %	*0.0*	*0.4*	*-0.5*	*-0.3*	*-0.5*			
FHFA House Price Index								
Baseline, index	421.6	427.5	432.6	440.2	450.5			
% change	*5.0*	*1.4*	*1.2*	*1.8*	*2.3*	*6.3*	*10.0*	*1.7*
Republican Sweep, index	421.6	426.3	430.4	437.9	446.8			
% change	*5.0*	*1.1*	*1.0*	*1.7*	*2.0*	*6.3*	*10.0*	*1.5*
Difference from baseline, %	*0.0*	*-0.3*	*-0.5*	*-0.5*	*-0.8*			
Trump & Divided Congress, index	421.6	427.4	433.1	440.7	450.2			
% change	*5.0*	*1.4*	*1.3*	*1.8*	*2.2*	*6.3*	*10.0*	*1.7*
Difference from baseline, %	*0.0*	*-0.0*	*0.1*	*0.1*	*-0.0*			
Democrat Sweep, index	421.6	427.4	432.7	440.8	452.0			
% change	*5.0*	*1.4*	*1.2*	*1.9*	*2.5*	*6.3*	*10.0*	*1.8*
Difference from baseline, %	*0.0*	*-0.0*	*0.0*	*0.1*	*0.3*			
Consumer Price Index								
Baseline, % change yr ago	3.0	2.4	2.3	2.2	2.2	1.9	4.9	2.3
Republican Sweep, % change	3.0	3.5	3.1	2.3	2.2	1.9	4.9	2.8
Difference from baseline, ppt	*0.0*	*1.1*	*0.8*	*0.1*	*0.1*			
Trump & Divided Congress, % change	3.0	2.9	2.7	2.2	2.2	1.9	4.9	2.5
Difference from baseline, ppt	*0.0*	*0.5*	*0.3*	*0.0*	*0.0*			
Democrat Sweep, % change	3.0	2.4	2.4	2.2	2.2	1.9	4.9	2.3
Difference from baseline, ppt	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*			
Core CPI								
Baseline, % change yr ago	3.4	2.6	2.5	2.3	2.2	2.0	4.5	2.4
Republican Sweep, % change	3.4	3.5	3.4	2.4	2.2	2.0	4.5	2.9
Difference from baseline, ppt	*0.0*	*0.8*	*0.9*	*0.1*	*-0.0*			
Trump & Divided Congress, % change	3.4	3.0	2.9	2.3	2.3	2.0	4.5	2.6
Difference from baseline, ppt	*0.0*	*0.4*	*0.4*	*0.0*	*0.0*			
Democrat Sweep, % change	3.4	2.6	2.5	2.3	2.3	2.0	4.5	2.4
Difference from baseline, ppt	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*			
S&P Stock Price Index							**Avg annual growth**	
Baseline, index	5,198.8	5,367.4	5,600.7	5,943.3	6,284.5			
% change	*21.3*	*3.2*	*4.3*	*6.1*	*5.7*	*11.4*	*12.7*	*4.9*
Republican Sweep, index	5,198.8	5,265.1	5,405.9	5,746.0	6,133.8			
% change	*21.3*	*1.3*	*2.7*	*6.3*	*6.7*	*11.4*	*12.7*	*4.2*
Difference from baseline, %	*0.0*	*-1.9*	*-3.5*	*-3.3*	*-2.4*			
Trump & Divided Congress, index	5,198.8	5,286.5	5,454.7	5,779.6	6,133.7			
% change	*21.3*	*1.7*	*3.2*	*6.0*	*6.1*	*11.4*	*12.7*	*4.2*
Difference from baseline, %	*0.0*	*-1.5*	*-2.6*	*-2.8*	*-2.4*			
Democrat Sweep, index	5,198.8	5,359.1	5,533.0	5,798.4	6,064.7			
% change	*21.3*	*3.1*	*3.2*	*4.8*	*4.6*	*11.4*	*12.7*	*3.9*
Difference from baseline, %	*0.0*	*-0.2*	*-1.2*	*-2.4*	*-3.5*			
Broad dollar index								
Baseline, index	118.7	112.4	111.4	111.0	110.7			
% change	*-1.5*	*-5.3*	*-0.8*	*-0.4*	*-0.3*	*1.0*	*0.2*	*-1.7*
Republican Sweep, index	118.7	114.4	110.8	107.9	105.5			
% change	*-1.5*	*-3.6*	*-3.1*	*-2.6*	*-2.2*	*1.0*	*0.2*	*-2.9*
Difference from baseline, %	*0.0*	*1.8*	*-0.5*	*-2.8*	*-4.7*			
Trump & Divided Congress, index	118.7	113.4	111.5	109.9	108.3			
% change	*-1.5*	*-4.5*	*-1.7*	*-1.5*	*-1.5*	*1.0*	*0.2*	*-2.3*
Difference from baseline, %	*0.0*	*0.9*	*0.1*	*-1.0*	*-2.2*			
Democrat Sweep, index	118.7	112.1	111.0	110.9	110.6			
% change	-1.5	-5.6	-0.9	-0.1	-0.2	1.0	0.2	-1.7
Difference from baseline, %	*0.0*	*-0.3*	*-0.4*	*-0.1*	*-0.0*			

Table 3: Economic Outlook Under Various Scenarios (Cont.)

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Corporate profits after taxes								
Baseline, $ bil	3,209.2	3,138.1	3,148.7	3,287.7	3,476.2			
% change	*7.9*	*-2.2*	*0.3*	*4.4*	*5.7*	*4.1*	*10.1*	*2.0*
Republican Sweep, $ bil	3,209.2	2,965.0	2,969.6	3,206.7	3,525.6			
% change	*7.9*	*-7.6*	*0.2*	*8.0*	*9.9*	*4.1*	*10.1*	*2.4*
Difference from baseline, %	*0.0*	*-5.5*	*-5.7*	*-2.5*	*1.4*			
Trump & Divided Congress, $ bil	3,209.2	3,015.5	3,010.9	3,180.1	3,420.6			
% change	*7.9*	*-6.0*	*-0.2*	*5.6*	*7.6*	*4.1*	*10.1*	*1.6*
Difference from baseline, %	*0.0*	*-3.9*	*-4.4*	*-3.3*	*-1.6*			
Democrat Sweep, $ bil	3,209.2	2,924.4	2,935.6	3,030.8	3,221.2			
% change	*7.9*	*-8.9*	*0.4*	*3.2*	*6.3*	*4.1*	*10.1*	*0.1*
Difference from baseline, %	*0.0*	*-6.8*	*-6.8*	*-7.8*	*-7.3*			
							Avg	
Federal funds rate								
Baseline, %	5.2	4.3	3.3	2.9	2.9	1.2	2.5	3.7
Republican Sweep, %	5.2	4.6	3.6	2.7	2.3			
Difference from baseline, ppt	*0.0*	*0.3*	*0.4*	*-0.2*	*-0.6*			
Trump & Divided Congress, %	5.2	4.4	3.5	2.9	2.7	1.2	2.5	3.7
Difference from baseline, ppt	*0.0*	*0.1*	*0.2*	*-0.1*	*-0.2*			
Democrat Sweep, %	5.2	4.3	3.5	3.0	2.9	1.2	2.5	3.8
Difference from baseline, ppt	*0.0*	*0.1*	*0.2*	*0.1*	*-0.0*			
10-yr Treasury yield								
Baseline, %	4.3	4.1	4.1	4.0	4.0	2.0	2.7	4.1
Republican Sweep, %	4.3	4.4	4.4	4.4	4.4	2.0	2.7	4.4
Difference from baseline, ppt	*0.0*	*0.3*	*0.3*	*0.4*	*0.4*			
Trump & Divided Congress, %	4.3	4.2	4.2	4.2	4.1	2.0	2.7	4.2
Difference from baseline, ppt	*0.0*	*0.1*	*0.1*	*0.1*	*0.1*			
Democrat Sweep, %	4.3	4.2	4.1	4.1	4.0	2.0	2.7	4.1
Difference from baseline, ppt	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*			
Federal budget deficit								
Baseline, $ bil	-1,550.1	-1,582.2	-1,583.4	-1,649.0	-1,779.0			
% of GDP	*-5.4*	*-5.3*	*-5.1*	*-5.1*	*-5.3*	*-6.2*	*-8.8*	*-5.2*
Republican Sweep, $ bil	-1,550.1	-1,780.5	-1,943.6	-2,014.6	-2,059.2			
% of GDP	*-5.4*	*-6.1*	*-6.4*	*-6.4*	*-6.2*	*-6.2*	*-8.8*	*-6.1*
Difference from baseline, %	*0.0*	*12.5*	*22.7*	*22.2*	*15.8*			
Trump & Divided Congress, $ bil	-1,550.1	-1,696.2	-1,814.9	-1,904.8	-1,989.1			
% of GDP	*-5.4*	*-5.7*	*-5.9*	*-6.0*	*-5.9*	*-6.2*	*-8.8*	*-5.8*
Difference from baseline, %	*0.0*	*7.2*	*14.6*	*15.5*	*11.8*			
Democrat Sweep, $ bil	-1,550.1	-1,422.3	-1,287.8	-1,376.5	-1,523.0			
% of GDP	*-5.4*	*-4.7*	*-4.1*	*-4.2*	*-4.5*	*-6.2*	*-8.8*	*-4.6*
Difference from baseline, %	*0.0*	*-10.1*	*-18.7*	*-16.5*	*-14.4*			
Federal debt-to-GDP ratio								
Baseline, %	99.0	100.3	102.0	103.4	104.9	82.3	98.4	101.9
Republican Sweep, %	99.0	106.1	110.2	112.5	113.9	82.3	98.4	108.3
Difference from baseline, ppt	*0.0*	*5.7*	*8.2*	*9.1*	*9.0*			
Trump & Divided Congress, %	99.0	102.9	106.0	108.3	110.0	82.3	98.4	105.3
Difference from baseline, ppt	*0.0*	*2.6*	*4.0*	*4.9*	*5.1*			
Democrat Sweep, %	99.0	99.1	99.2	99.4	100.0	82.3	98.4	99.3
Difference from baseline, ppt	*0.0*	*-1.2*	*-2.8*	*-4.0*	*-4.9*			

Sources: BEA, BLS, Census Bureau, Treasury, Federal Reserve, S&P, FHFA, Moody’s Analytics

Table 4: Global Economic Impact of Republican Sweep and Trump & Divided Congress Scenarios

Difference in real GDP between scenarios and baseline, %

	Republican Sweep		Trump & Divided Congress	
	2025Q4	2028Q4	2025Q4	2028Q4
North America	**-2.3**	**-2.6**	**-1.1**	**-1.5**
United States	-2.2	-2.8	-1.1	-1.6
Canada	-2.0	-1.1	-1.0	-0.6
Mexico	-2.9	-1.5	-1.5	-1.0
South America	**-2.8**	**-2.9**	**-1.1**	**-1.2**
Argentina	-2.9	-3.0	-1.2	-1.3
Brazil	-2.6	-2.8	-0.9	-1.1
Chile	-2.5	-2.0	-1.3	-0.9
Colombia	-2.9	-2.7	-1.2	-1.5
Peru	-2.8	-2.3	-1.3	-1.1
Venezuela	-5.2	-5.1	-3.4	-2.6
Uruguay	-1.6	-2.0	-0.8	-1.0
Euro zone	**-1.4**	**-0.9**	**-0.7**	**-0.5**
Austria	-1.2	-0.5	-0.6	-0.3
Belgium	-1.4	-0.9	-0.7	-0.5
Croatia	-2.3	-0.4	-1.2	-0.6
Cyprus	-2.2	-2.4	-1.1	-1.5
Estonia	-3.8	-1.8	-2.0	-1.1
Finland	-1.6	-0.8	-0.8	-0.4
France	-0.9	-0.9	-0.4	-0.5
Germany	-1.4	-0.5	-0.8	-0.2
Greece	-4.4	-2.1	-2.2	-1.1
Ireland	-1.1	-2.7	-0.5	-1.4
Italy	-1.3	-1.3	-0.7	-0.7
Lithuania	-2.4	0.2	-1.2	0.2
Luxembourg	-2.0	-0.9	-1.0	-0.3
Latvia	-2.3	-2.2	-1.2	-1.1
Malta	-1.3	-6.4	-0.9	-4.0
Netherlands	-1.3	-1.1	-0.7	-0.7
Portugal	-1.7	-1.6	-0.8	-0.9
Slovakia	-3.2	-1.3	-1.6	-0.7
Slovenia	-3.0	-2.3	-1.5	-1.4
Spain	-1.1	-0.9	-0.5	-0.6
Other Western Europe	**-1.4**	**-1.1**	**-0.7**	**-0.6**
Denmark	-0.6	-0.7	-0.3	-0.4
Norway	-0.6	-0.6	-0.3	-0.3
Sweden	-1.2	-0.8	-0.6	-0.4
Switzerland	-1.3	-1.3	-0.7	-0.7
United Kingdom	-1.7	-1.2	-0.8	-0.7
Eastern Europe	**-2.0**	**-1.9**	**-1.0**	**-1.0**
Bulgaria	-2.0	-1.4	-0.8	-0.7
Czech Republic	-1.4	-1.1	-0.8	-0.6
Hungary	-1.6	-1.6	-0.8	-0.9
Poland	-1.9	-2.8	-1.0	-1.6
Rumania	-2.7	-2.9	-1.3	-1.5
Russia	-2.2	-2.3	-1.1	-1.2
Turkey	-1.4	-0.9	-0.9	-0.7
Ukraine	-2.5	-1.3	-1.3	-0.6
Oceania	**-1.7**	**-1.1**	**-0.9**	**-0.5**
Australia	-1.6	-1.1	-0.9	-0.5
New Zealand	-1.8	-0.8	-0.9	-0.4

Table 4: Global Economic Impact of Republican Sweep and Trump & Divided Congress Scenarios (Cont.)

Difference in real GDP between scenarios and baseline, %

	Republican Sweep		Trump & Divided Congress	
	2025Q4	2028Q4	2025Q4	2028Q4
Middle East/Africa	**-2.1**	**-1.8**	**-1.0**	**-0.9**
Algeria	-1.7	-1.7	-0.9	-0.9
Bahrain	-1.2	-0.9	-0.6	-0.4
Egypt	-2.0	-3.0	-1.0	-1.5
Israel	-0.9	-0.4	-0.5	-0.2
Jordan	-1.4	-0.9	-0.7	-0.5
Lebanon	-2.6	-2.8	-0.8	-1.0
Nigeria	-1.8	-2.5	-0.9	-1.3
Oman	-1.9	-1.9	-0.9	-1.0
Qatar	-1.9	-2.0	-1.0	-0.9
Kuwait	-2.3	-1.9	-1.1	-1.0
South Africa	-4.5	-1.0	-2.3	-0.5
Saudi Arabia	-1.9	-1.9	-1.0	-1.0
United Arab Emirates	-1.9	-1.9	-0.9	-1.0
Asia	**-2.1**	**-2.2**	**-1.1**	**-1.1**
Cambodia	-1.6	-0.7	-0.9	-0.4
China	-2.5	-2.7	-1.4	-1.4
Hong Kong	-4.9	-2.0	-2.4	-0.6
India	-1.6	-1.5	-0.8	-0.8
Indonesia	-0.5	-0.3	-0.3	-0.1
Japan	-1.9	-1.0	-0.9	-0.6
Laos	-6.8	-2.8	-3.5	-1.4
Myanmar	-0.7	-1.6	-0.4	-0.8
Malaysia	-2.2	-2.1	-1.1	-1.1
Philippines	-0.4	-1.1	-0.2	-0.6
Singapore	-4.2	-3.8	-2.3	-2.2
Taiwan	-2.6	-2.9	-1.3	-1.4
Thailand	-1.1	-1.1	-0.6	-0.6
South Korea	-1.5	-2.4	-0.7	-1.2
Vietnam	-1.7	-2.5	-1.1	-1.9

Source: Moody's Analytics

Table 5: Economic Outlook Under Trump & Divided Congress Scenario

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Real GDP							**Avg annual growth**	
2017$	22,942.0	23,203.3	23,420.3	23,877.9	24,477.7			
% change	*2.5*	*1.1*	*0.9*	*2.0*	*2.5*	*1.4*	*3.2*	*1.6*
Nonfarm employment							**Avg annual growth**	
Mil	158.5	159.0	158.6	158.9	159.4			
Change, ths	*2,452*	*525*	*-419*	*237*	*546*	*-0.4*	*2.8*	*0.1*
								Avg
Unemployment rate, %	4.0	4.3	4.8	4.7	4.4	5.0	4.9	4.4
Labor force participation rate, %	62.7	62.6	62.5	62.3	62.2	62.7	62.2	62.5
Real disposable income per household							**Avg annual growth**	
2017$	130,882	132,379	133,421	135,323	137,693			
% change	*1.2*	*1.1*	*0.8*	*1.4*	*1.8*	*3.6*	*-0.0*	*1.3*
FHFA House Price Index								
Index	421.6	427.4	433.1	440.7	450.2			
% change	*5.0*	*1.4*	*1.3*	*1.8*	*2.2*	*6.3*	*10.0*	*1.7*
Consumer Price Index								
% change	*3.0*	*2.9*	*2.7*	*2.2*	*2.2*	*1.9*	*4.9*	*2.5*
Core CPI								
% change	*3.4*	*3.0*	*2.9*	*2.3*	*2.3*	*2.0*	*4.5*	*2.6*
S&P Stock Price Index								
Index	5,198.8	5,286.5	5,454.7	5,779.6	6,133.7			
% change	*21.3*	*1.7*	*3.2*	*6.0*	*6.1*	*11.4*	*12.7*	*4.2*
Broad dollar index								
Index	118.7	113.4	111.5	109.9	108.3			
% change	*-1.5*	*-4.5*	*-1.7*	*-1.5*	*-1.5*	*1.0*	*0.2*	*-2.3*
Corporate profits after taxes								
$ bil	3,209.2	3,015.5	3,010.9	3,180.1	3,420.6			
% change	*7.9*	*-6.0*	*-0.2*	*5.6*	*7.6*	*4.1*	*10.1*	*1.6*
							Avg	
Federal funds rate, %	5.2	4.4	3.5	2.9	2.7	1.2	2.5	3.7
10-yr Treasury yield, %	4.3	4.2	4.2	4.2	4.1	2.0	2.7	4.2
Federal budget deficit, $ bil	-1,550.1	-1,696.2	-1,814.9	-1,904.8	-1,989.1			
% of GDP	*-5.4*	*-5.7*	*-5.9*	*-6.0*	*-5.9*	*-6.2*	*-8.8*	*-5.8*
Federal debt-to-GDP ratio, %	99.0	102.9	106.0	108.3	110.0	82.3	98.4	105.3

Sources: BEA, BLS, Census Bureau, Treasury, Moody's Analytics

Table 6: Economic Outlook Under Democrat Sweep Scenario

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Real GDP							**Avg annual growth**	
2017$	22,942.0	23,471.7	23,984.1	24,527.7	25,077.2			
% change	*2.5*	*2.3*	*2.2*	*2.3*	*2.2*	*1.4*	*3.2*	*2.2*
Nonfarm employment							**Avg annual growth**	
Mil	158.5	159.9	160.7	161.4	161.9			
Change, ths	*2,452*	*1,338*	*880*	*699*	*425*	-0.4	2.8	0.5
								Avg
Unemployment rate, %	4.0	4.0	3.9	3.9	3.9	5.0	4.9	3.9
Labor force participation rate, %	62.7	62.7	62.8	62.8	62.7	62.7	62.2	62.7
Real disposable income per household							**Avg annual growth**	
2017$	130,882	132,887	133,238	135,619	137,759			
% change	*1.2*	*1.5*	*0.3*	*1.8*	*1.6*	*3.6*	*-0.0*	*1.3*
FHFA House Price Index								
Index	421.6	427.4	432.7	440.8	452.0			
% change	*5.0*	*1.4*	*1.2*	*1.9*	*2.5*	*6.3*	*10.0*	*1.8*
Consumer Price Index								
% change	*3.0*	*2.4*	*2.4*	*2.2*	*2.2*	*1.9*	*4.9*	*2.3*
Core CPI								
% change	*3.4*	*2.6*	*2.5*	*2.3*	*2.3*	*2.0*	*4.5*	*2.4*
S&P Stock Price Index								
Index	5,198.8	5,359.1	5,533.0	5,798.4	6,064.7			
% change	*21.3*	*3.1*	*3.2*	*4.8*	*4.6*	*11.4*	*12.7*	*3.9*
Broad dollar index								
Index	118.7	112.1	111.0	110.9	110.6			
% change	*-1.5*	*-5.6*	*-0.9*	*-0.1*	*-0.2*	*1.0*	*0.2*	*-1.7*
Corporate profits after taxes								
$ bil	3,209.2	2,924.4	2,935.6	3,030.8	3,221.2			
% change	*7.9*	*-8.9*	*0.4*	*3.2*	*6.3*	*4.1*	*10.1*	*0.1*
							Avg	
Federal funds rate, %	5.2	4.3	3.5	3.0	2.9	1.2	2.5	3.8
10-yr Treasury yield, %	4.3	4.2	4.1	4.1	4.0	2.0	2.7	4.1
Federal budget deficit, $ bil	-1,550.1	-1,422.3	-1,287.8	-1,376.5	-1,523.0			
% of GDP	*-5.4*	*-4.7*	*-4.1*	*-4.2*	*-4.5*	*-6.2*	*-8.8*	*-4.6*
Federal debt-to-GDP ratio, %	99.0	99.1	99.2	99.4	100.0	82.3	98.4	99.3

Sources: BEA, BLS, Census Bureau, Treasury, Moody's Analytics

ABOUT THE AUTHORS

Mark Zandi is chief economist of Moody's Analytics, where he directs economic research. Moody's Analytics, a subsidiary of Moody's Corp., is a leading provider of economic research, data and analytical tools. Dr. Zandi is a cofounder of Economy.com, which Moody's purchased in 2005. Dr. Zandi is on the board of directors of MGIC, the largest private mortgage insurance company in the U.S., and is the lead director of PolicyMap, a data visualisation and analytics company, which is used by policymakers and commercial businesses.

He is a trusted adviser to policymakers and an influential source of economic analysis for businesses, journalists and the public. Dr. Zandi frequently testifies before Congress and conducts regular briefings on the economy for corporate boards, trade associations, and policymakers at all levels.

Dr. Zandi is the author of Paying the Price: Ending the Great Recession and Beginning a New American Century, which provides an assessment of the monetary and fiscal policy response to the Great Recession. His other book, Financial Shock: A 360º Look at the Subprime Mortgage Implosion, and How to Avoid the Next Financial Crisis, is described by The New York Times as the "clearest guide" to the financial crisis.

Dr. Zandi is host of the Inside Economics podcast. Dr. Zandi earned his BS from the Wharton School at the University of Pennsylvania.

Brendan LaCerda is a director and senior economist with Moody's Analytics. Brendan serves as the lead analyst for the Canadian economic forecast. His primary responsibilities also include the development and improvement of country forecast models. His research is primarily focused on international macroeconomics, healthcare and fiscal policy. Before joining Moody's Analytics, Brendan worked as a senior economist with IHS Global Insight's U.S. Macroeconomic Service. Brendan received his PhD in economics from the University of Virginia. He pursued his undergraduate education at the London School of Economics and the University of Notre Dame, where he graduated with a BA in economics and mathematics.

Justin Begley is a U.S.-based economist at Moody's Analytics. He covers the economies of Minnesota, Alabama, Wyoming, and several U.S. metro areas. His research focuses on U.S. fiscal policy, geopolitical risk, and the U.S. labor market. He also works on developing models to forecast high-frequency data of the U.S. economy and is a regular contributor to Economic View. Prior to joining Moody's Analytics, Justin held fellowships at Florida State University and in political economy at the Mercatus Center at George Mason University. Justin holds a master's of science in economics from Florida State University and a bachelor's degree in finance and economics from Canisius College.

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