



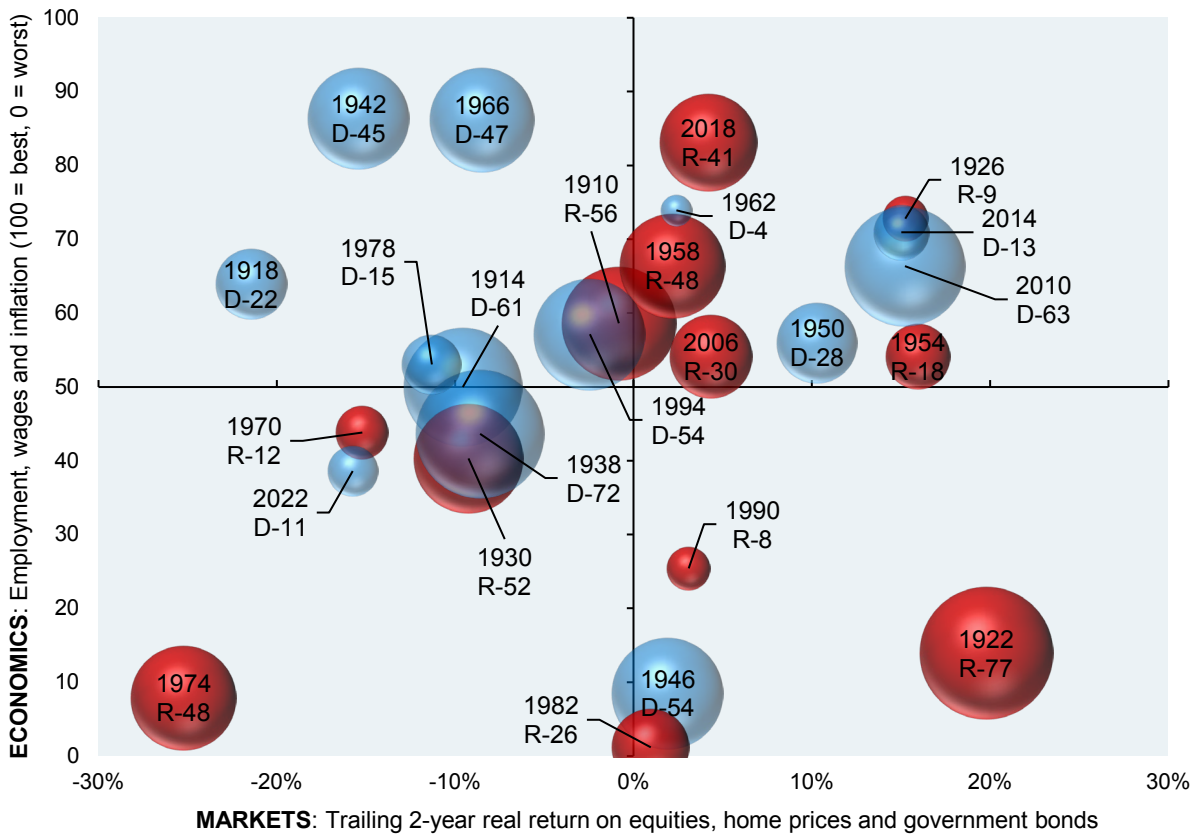
**Little Red Wagon: a preliminary assessment of 2022 midterm election results**

After the 2018 midterms, I published the chart below since I thought it was notable that the GOP lost so many House seats at a time of robust economic and market conditions. Of course, House losses by the President’s Party do not always track these four quadrants that neatly. In 1922, many voters reacted negatively to Harding’s prohibition policies despite better than average market conditions. In 1942, voters reacted negatively to the early stages of FDR’s war effort, emerging scarcity of goods and frustrations around wage restrictions and price controls at a time of the largest House majority on record by either party (334 pre-midterm seats), despite improving economic conditions after the Depression. And in 1966, the Vietnam War and negative reactions to New Deal policies led to Democrats losing 47 seats despite better than average economic conditions at the time.

That said, here’s a preliminary read on the 2022 midterm elections based on the New York Times “needle” forecast of a net loss of 11 Democratic seats in the House, a figure which of course could change. If it holds, the President’s party will have done better than expected given below-average economic and market conditions. I will refrain from speculating on the reasons for this, but you all know what they might be. And to be clear, the NYT projection of seat changes would result in the GOP regaining control over the House by roughly the same small margin that Democrats had, which was the smallest governing margin in almost 100 years (see second chart, below). I consider the market consequences of the midterms to be negligible given the business cycle issues in play. The NYT needle forecast still shows the Senate as a toss-up, and any broader conclusions will have to wait until 5 races are resolved.

**Midterm White House party losses since 1910 adjusted for economic & market conditions**

Bubble color/size indicates President's party and # of House seats lost by that party in midterm elections, with 2022 forecast based on New York Times "needle" forecast as of noon on 11/9/2022

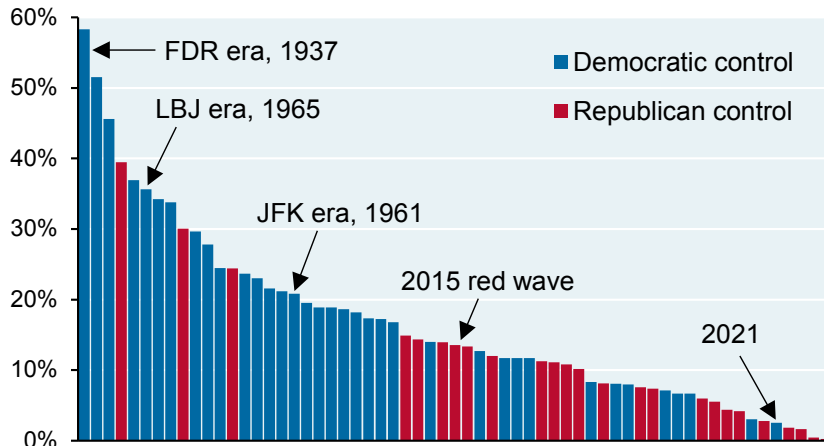


Sources: Shiller, BLS, C. Romer (Berkeley, pre-war unemployment), J Pencavel (Stanford, pre-war real wages), JPMAM. Excludes midterms of 1934, 1998 and 2002 when President’s party picked up House seats. 2022



### Partisan House leadership by majority party since 1901

%, in descending order of House advantage



Source: House.gov, JPMAM. November 2020.

Michael Cembalest  
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