

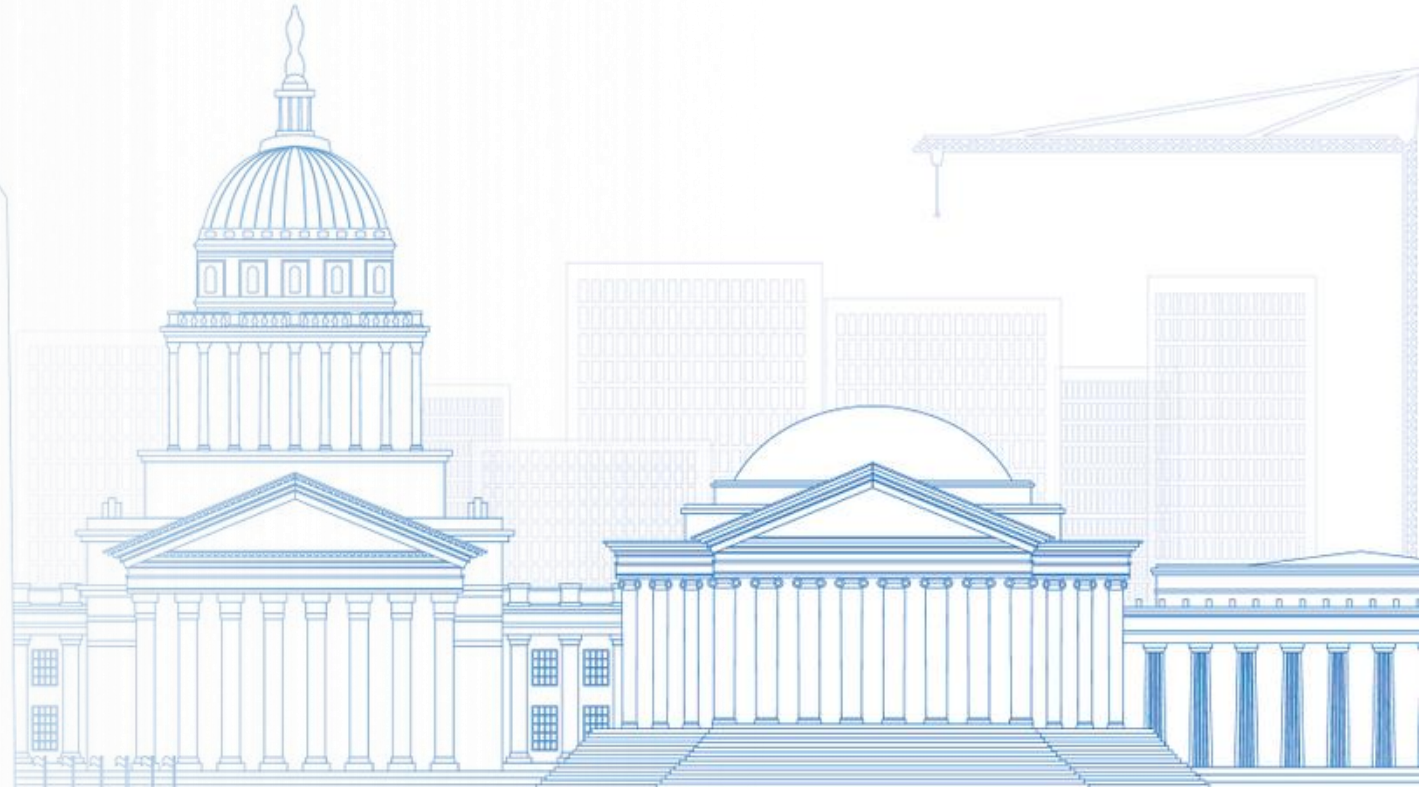


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The Winter of American Discontent

A Whipsawed American Electorate Reacts

www.forbes-tate.com



Economic indicators are strong and largely improving – but the American electorate is extremely unhappy

By most traditional measures, the American economy is recovering well from low points and in strong shape, even with inflation.



COVID

Majority (56%) of Americans say the worst is behind us¹. The omicron variant may be on the rise, but we are in a better place than last year with FDA approval of vaccines for adults and children as well as booster shots.



Jobs

Consistent job production has led to more people in the workforce and extremely low unemployment.



Savings

Families on average have more savings and less debt. Average family wealth is at a record high for families at all income levels.



Stock Market

The stock market has reached record highs as the economy has roared back from COVID pandemic lows.



Home Values

Home values are high for homeowners, as housing prices surge to new records. In October, homes sold faster than in any other October in recent history.



GDP

While GDP gains slowed in the third quarter as the delta variant peaked, there are signs that the economy could have the strongest growth this year since 1984.



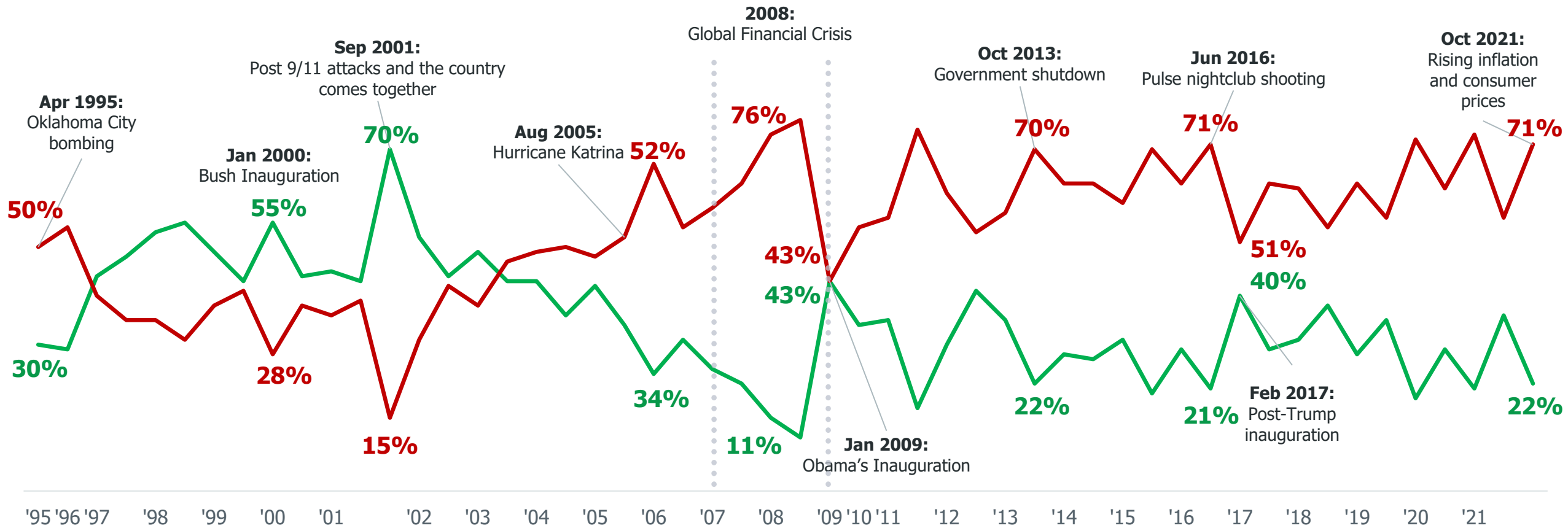
Inflation

Inflation is the one clear negative economic indicator.

But when it comes to the direction of the country, pessimism reigns – and has for 12 years.

Nation Headed in **Right Direction** vs. **Wrong Track**

Data from 1995-2021¹



¹NBC News and NBC/WSJ Polls, 1995-2021.

Over the same period, Americans have held a near non-stop negative outlook about the economy.

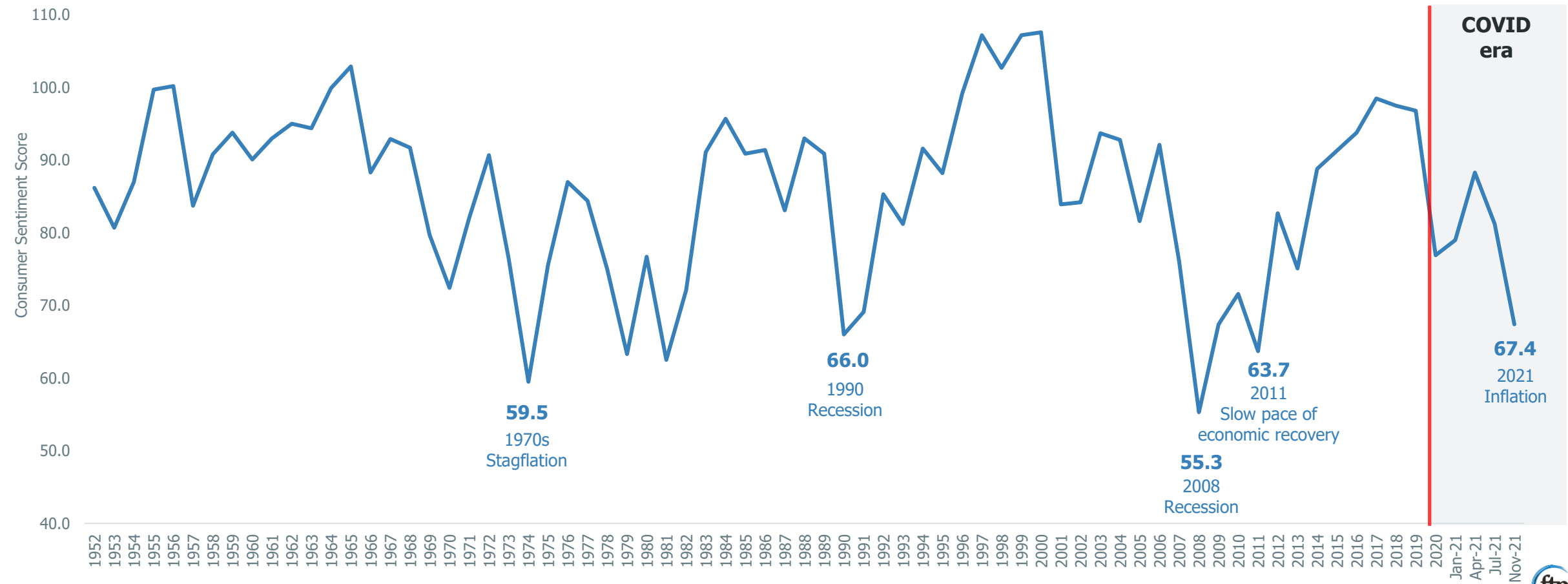
Describe Nation's Economy as Excellent/Good vs. Not So Good/Poor
Data from 1997-2021¹



¹Washington Post-ABC News Polls, 1997-2021.

Despite COVID's retreat, consumers lack confidence.

Index of Consumer Sentiment
November Scores from 1952-2021¹

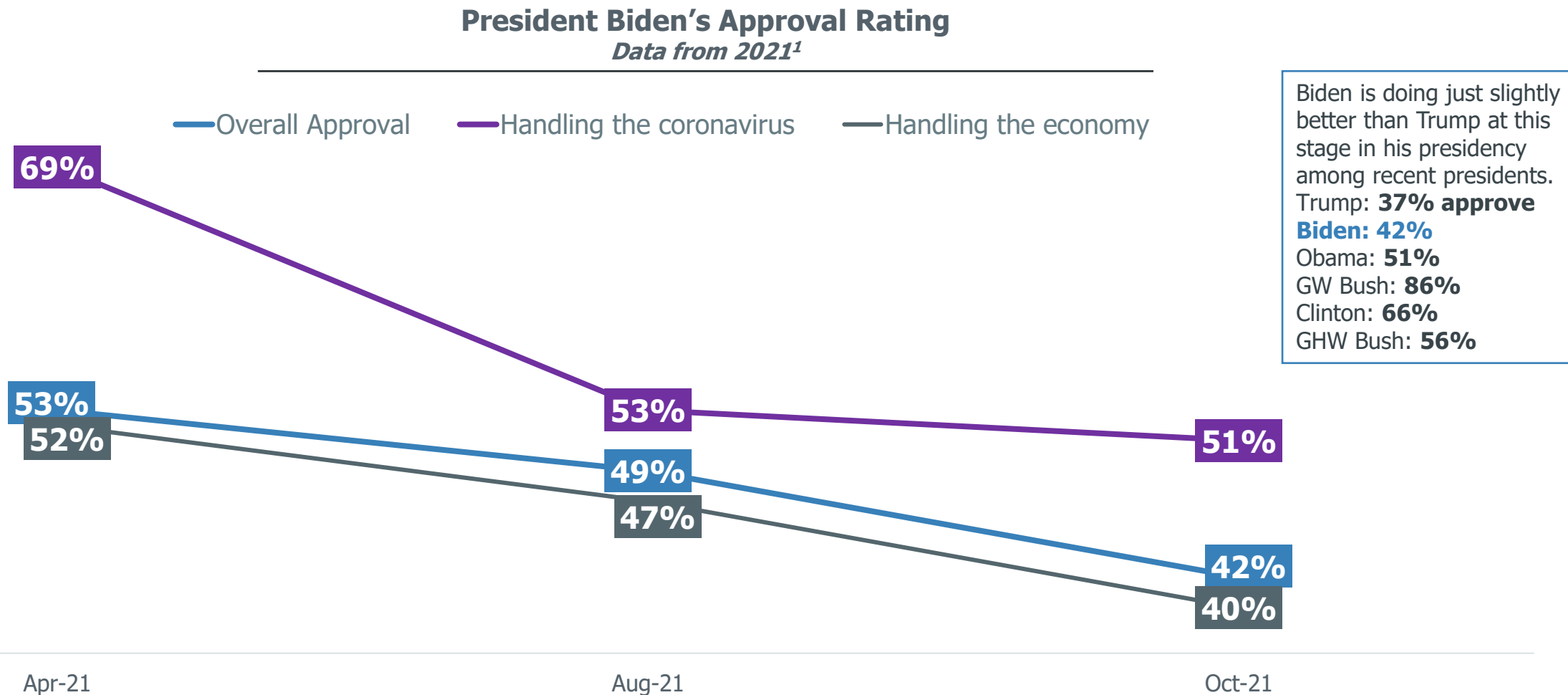


¹University of Michigan Survey of Consumers, 1952-2021.



**Voters have turned away from *every*
political leader in our country**

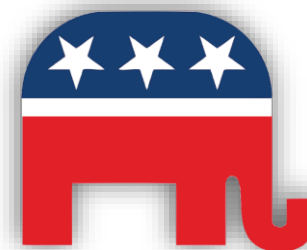
President Biden has seen substantial drops across his approval rating, and also lags behind pre-Trump predecessors.



¹NBC News Polls, 2021.

Americans dislike both parties and the leaders who represent them.

Image Ratings Net Favorability (Positive – Negative)*
Data from 2021¹



-29%

-22%

-15%

-12%

-9%

-8%

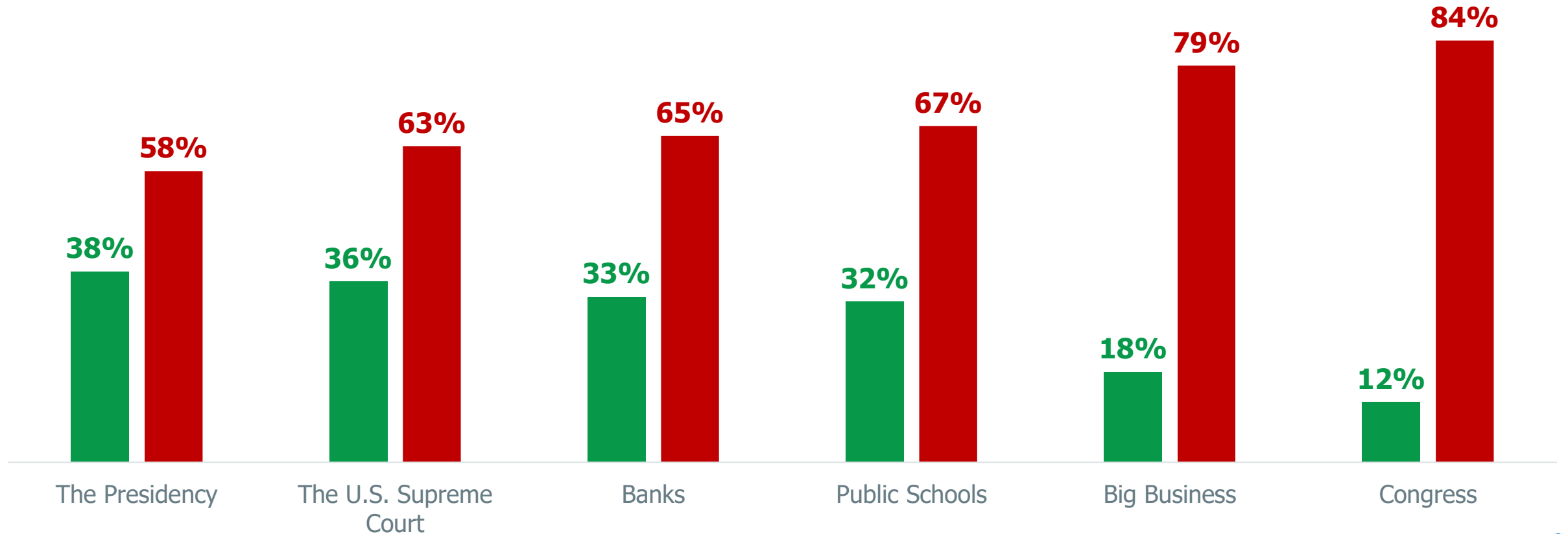
-8%

¹Image ratings from NBC News Polls conducted in [August 2021](#) and [October 2021](#).

*Mitch McConnell rating from Morning Consult-Politico Poll conducted [September 2021](#). The net favorability is (Favorable – Unfavorable).

It's not just politics: lack of confidence extends across many American institutions.

Have a **Great Deal/Quite A Lot** of Confidence vs. **Very Little/None**
Data from July 2021¹



¹Gallup Poll, July 2021.

What is driving the problem?

The "whipsaw" – political, personal, and economic change may be the culprit

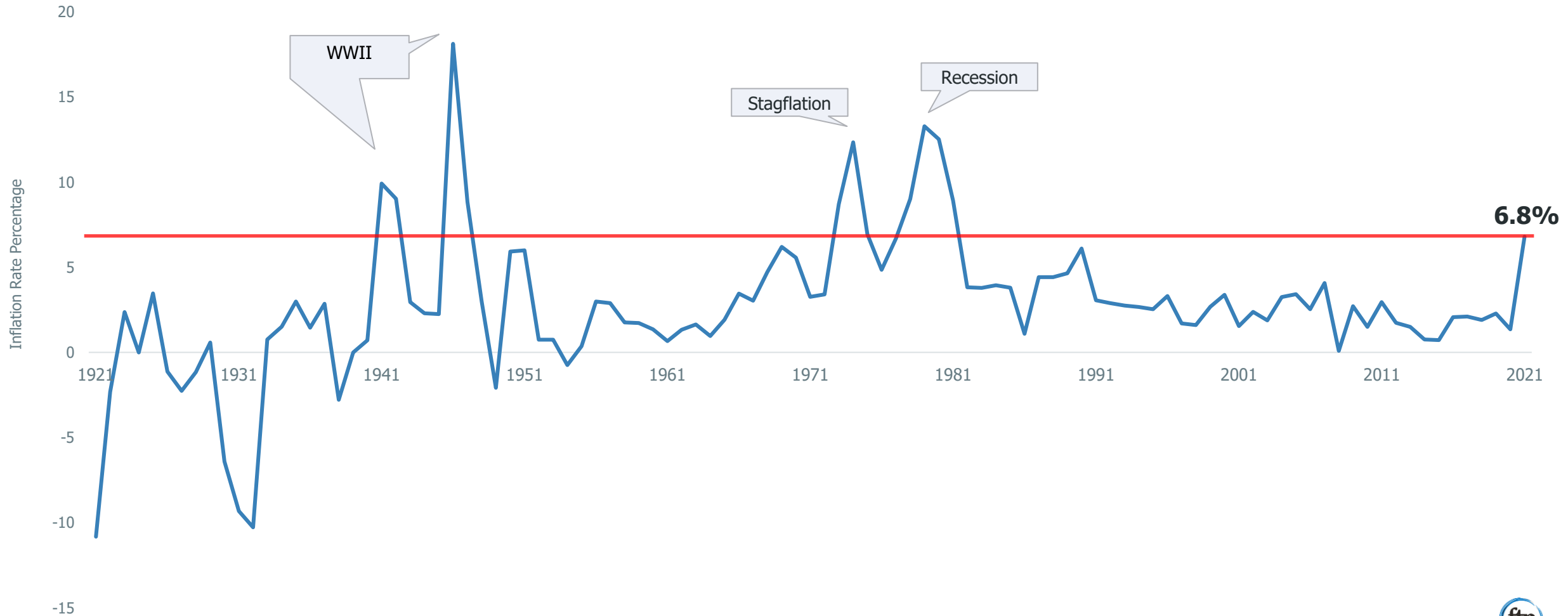
Constant political change: The last five presidents have started with unified control, and pushed for large, dramatic political change in opposite directions. This dramatic seesawing has never happened in American history.

Year	Presidency	Legislative efforts
1993	Clinton	Economic Package, Health Care
2001	G.W. Bush	Tax Cuts, War on Terror, Social Security Privatization
2009	Obama	Affordable Care Act
2017	Trump	Tax Cuts
2021	Biden	ARP, BIF, BBB

... and Biden's four predecessors all lost their unified Congressional majorities.

Inflation is almost at a 40-year high, but even that number may understate consumers' real-life experience.

U.S. Inflation Rate Over Time, 1921-2021¹



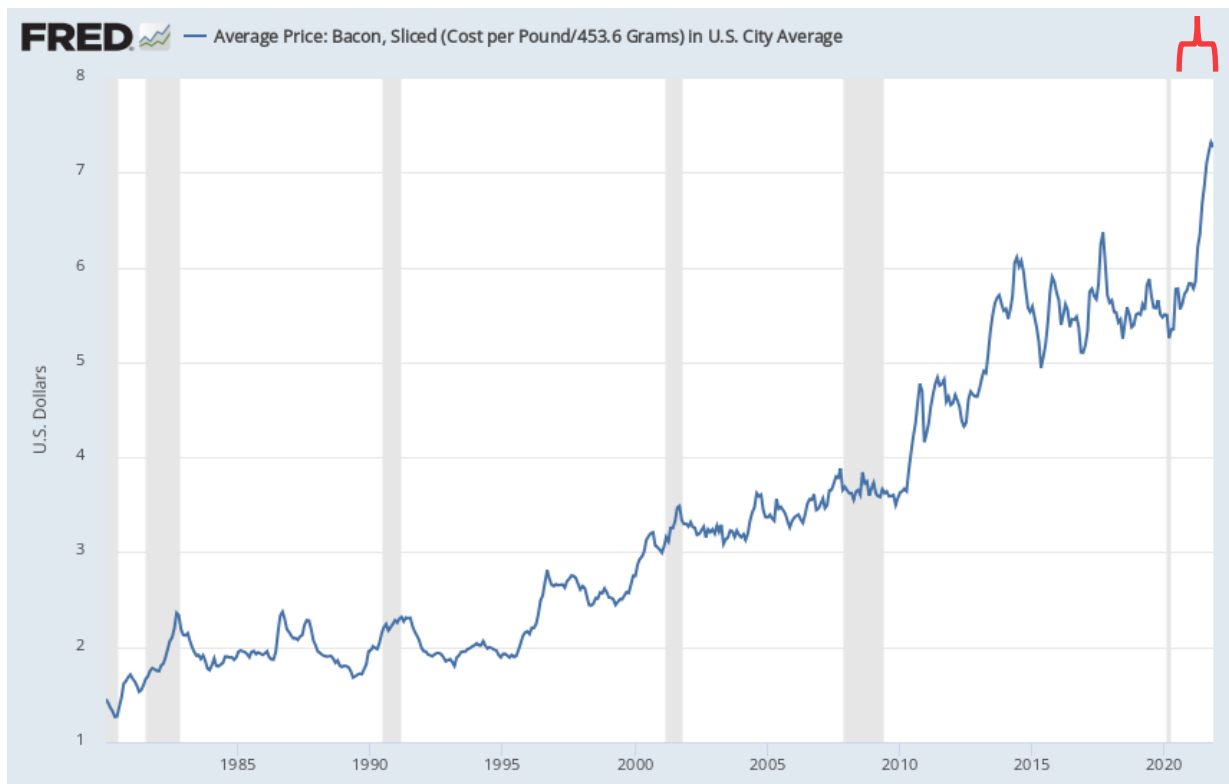
¹U.S. Bureau of Labor Statistics.

The speed of these price increases for basic products has dramatic.

The speed and size of the price increase for items over the past few months is larger than we've seen in the past 40 years. From bacon to used cars, prices are skyrocketing.

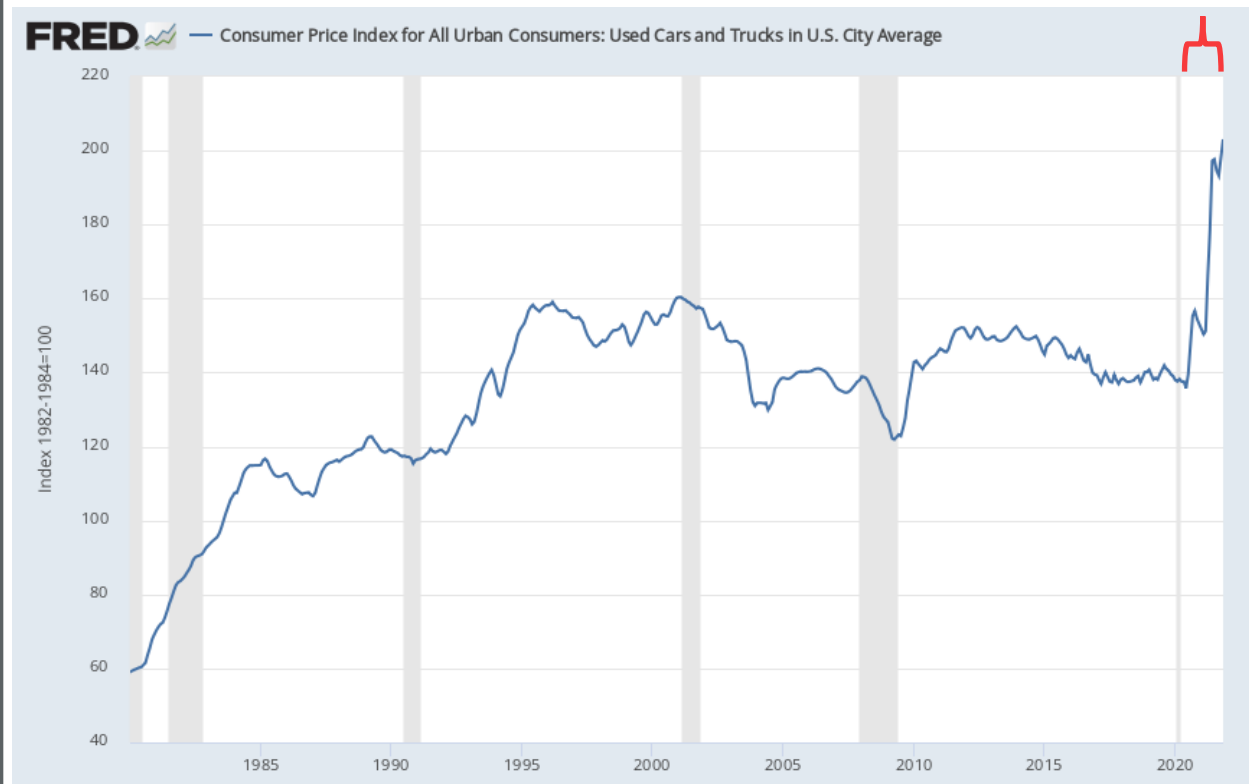
Average Price of Bacon, 1980-2021

COVID era
+39.2%



Average Price of Used Cars, 1980-2021

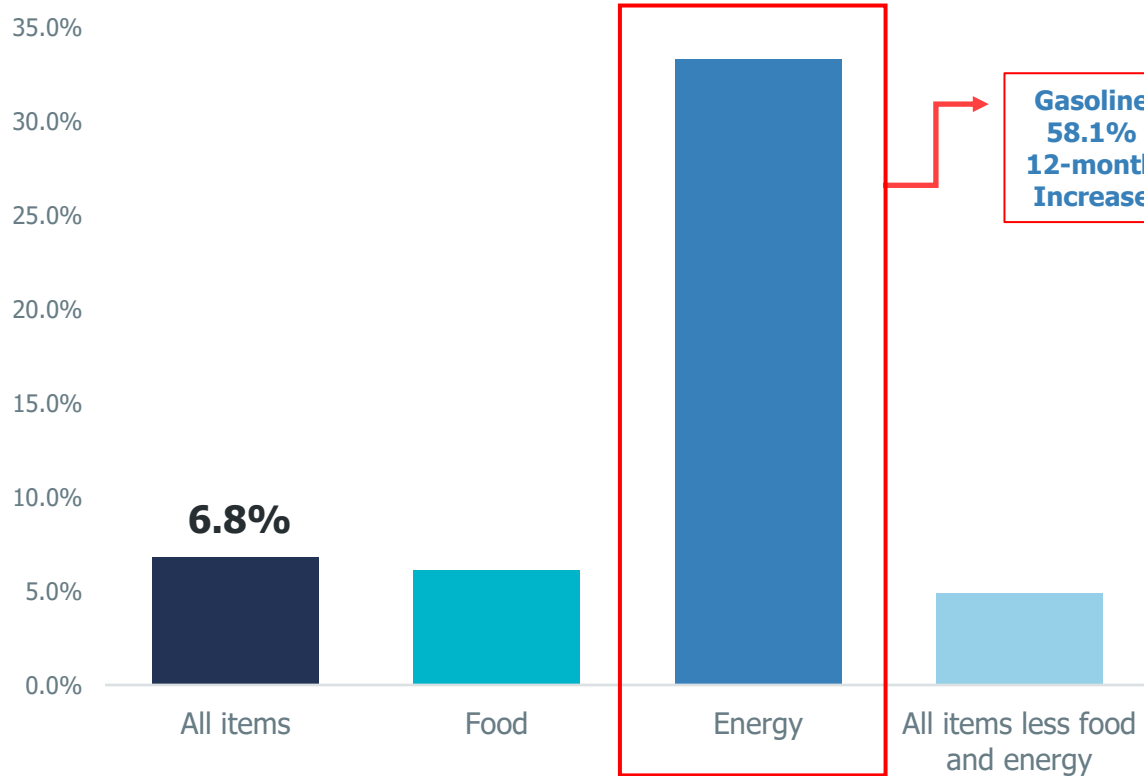
COVID era
+47.7%



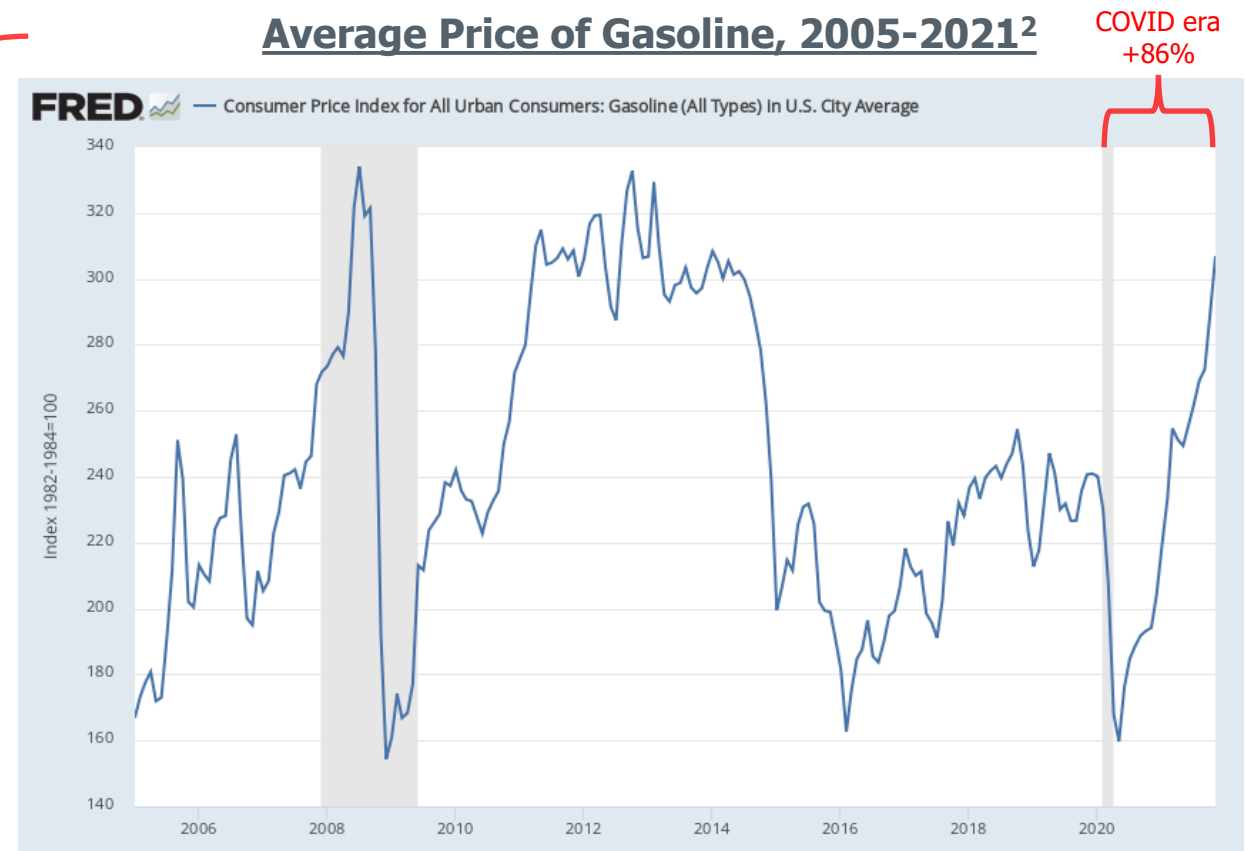
The gas price increase has been exceptionally severe.

Gasoline prices are at a seven-year high – and increasing at a record pace, with a 58.1% increase over the past year.

12-Month CPI Percent Change, November 2021¹

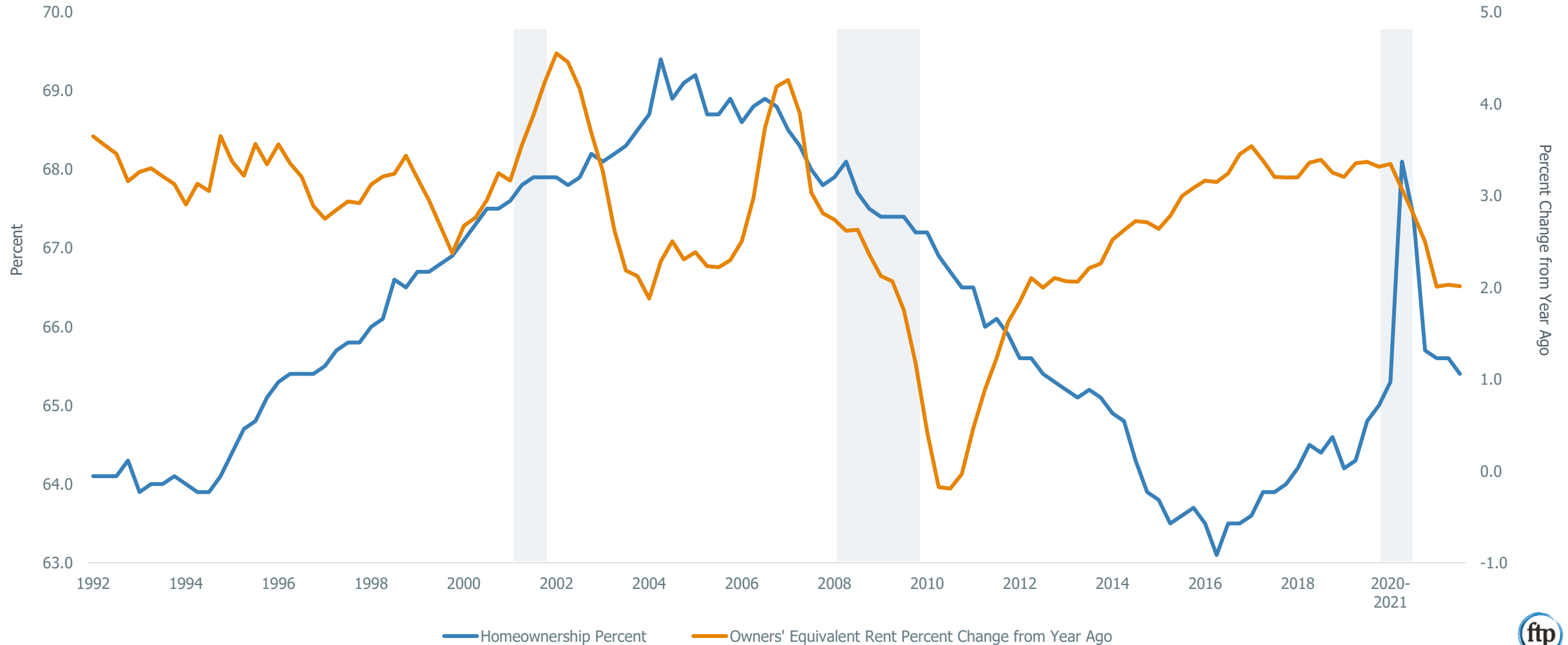


Average Price of Gasoline, 2005-2021²



While home prices have increased, homeownership rates have fallen at an unprecedented rate and rent prices are spiking.

Homeownership Rate and Owners' Equivalent Rent in the U.S. Over Time, 1992-2021¹

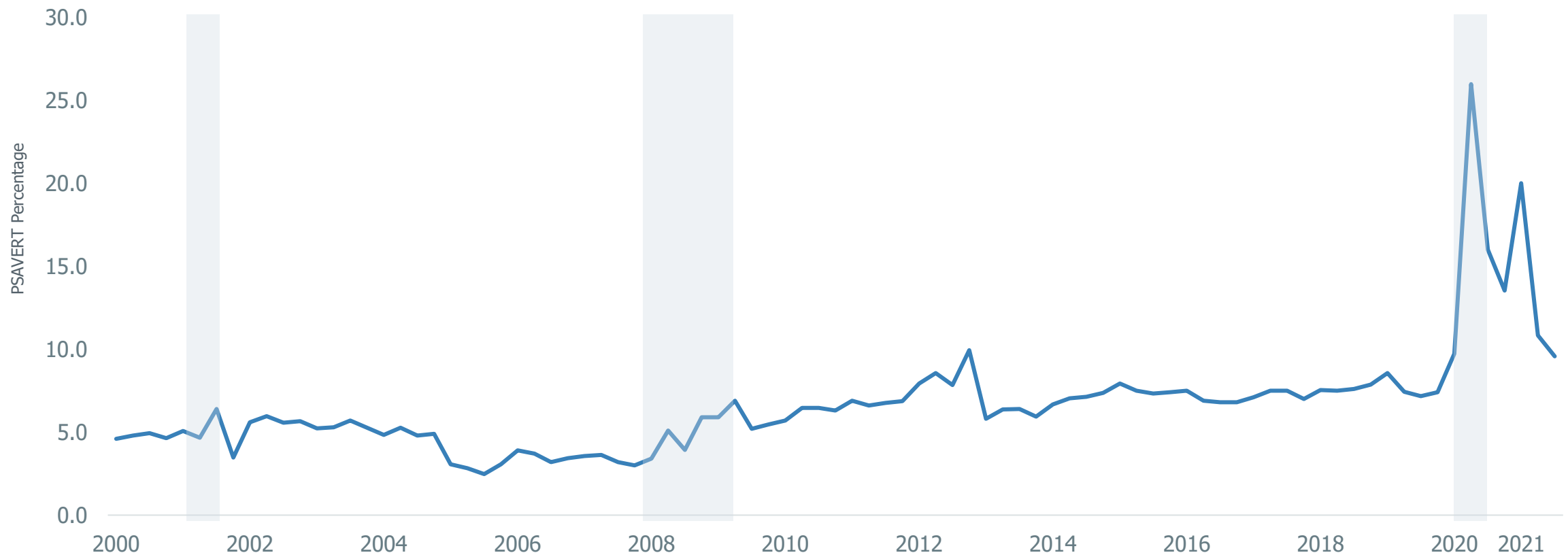


¹U.S. Census Bureau. Shaded areas indicate U.S. recessions.

While savings rates were high – they have sunk dramatically, which can also lead to insecurity.

This sets the stage for more pain for the consumer as people go back to spending more and saving less.

Personal Savings Rate Over Time, 2000-2021¹



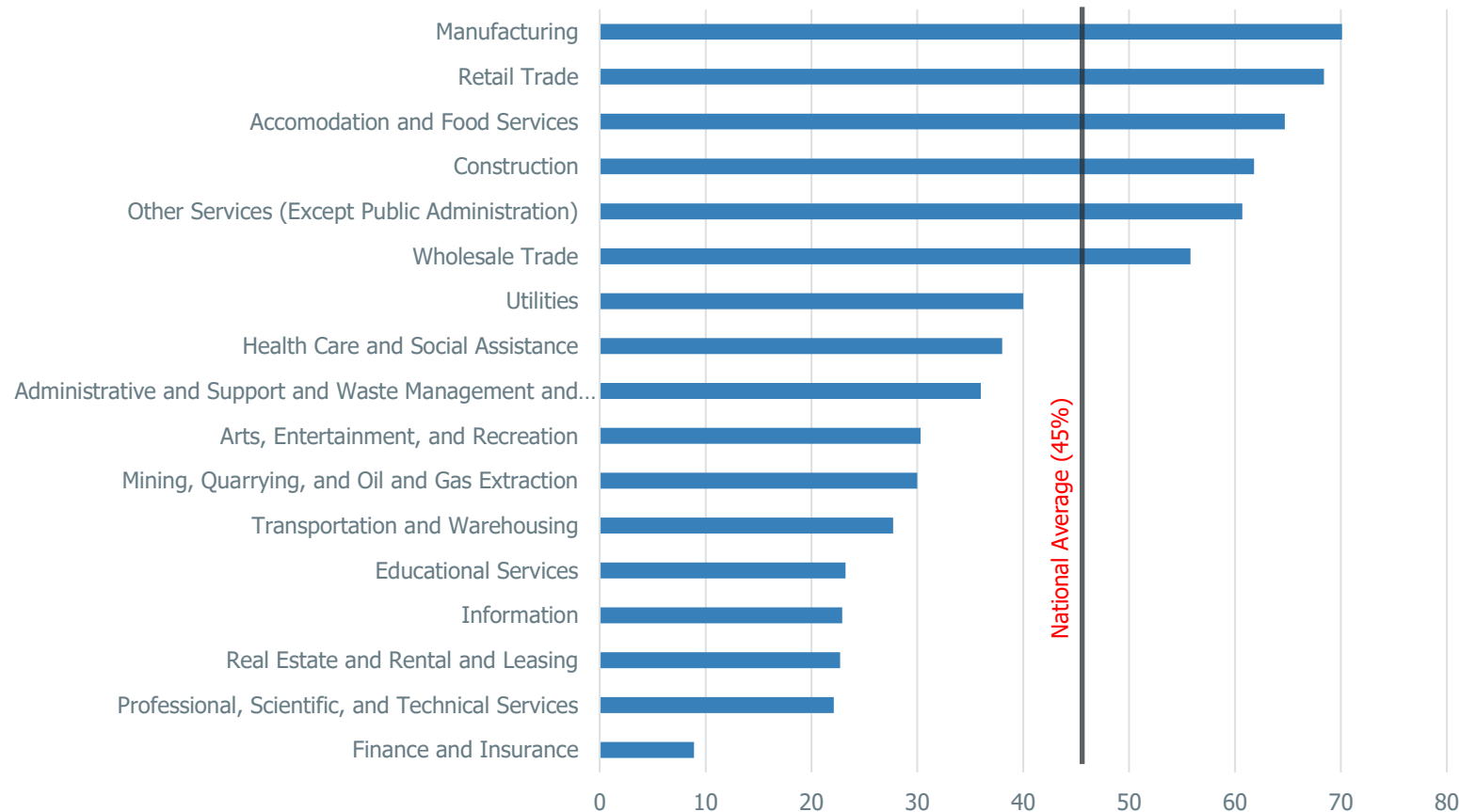
Personal saving as a percentage of disposable personal income (DPI), frequently referred to as "the personal saving rate," is calculated as the ratio of personal saving to DPI.

¹U.S. Bureau of Economic Analysis. Shaded areas indicate U.S. recessions.

Americans are experiencing supply chain issues as we head into the holidays. Delays combined with labor shortages mean that retailers from all industries cannot keep up with demand and spending habits of the “post-pandemic savings” consumers.

Supply Chain Disruptions by Sector

In the last week, did this business have domestic supplier delays? (percent saying yes)



Amazon, Apple warn supply-chain woes, labor shortage could hamper holiday season

Tech giants' woes suggest headwinds for smaller companies without their financial might.



Oct. 28, 2021



Americans are mad about the economy, but still ready to shop

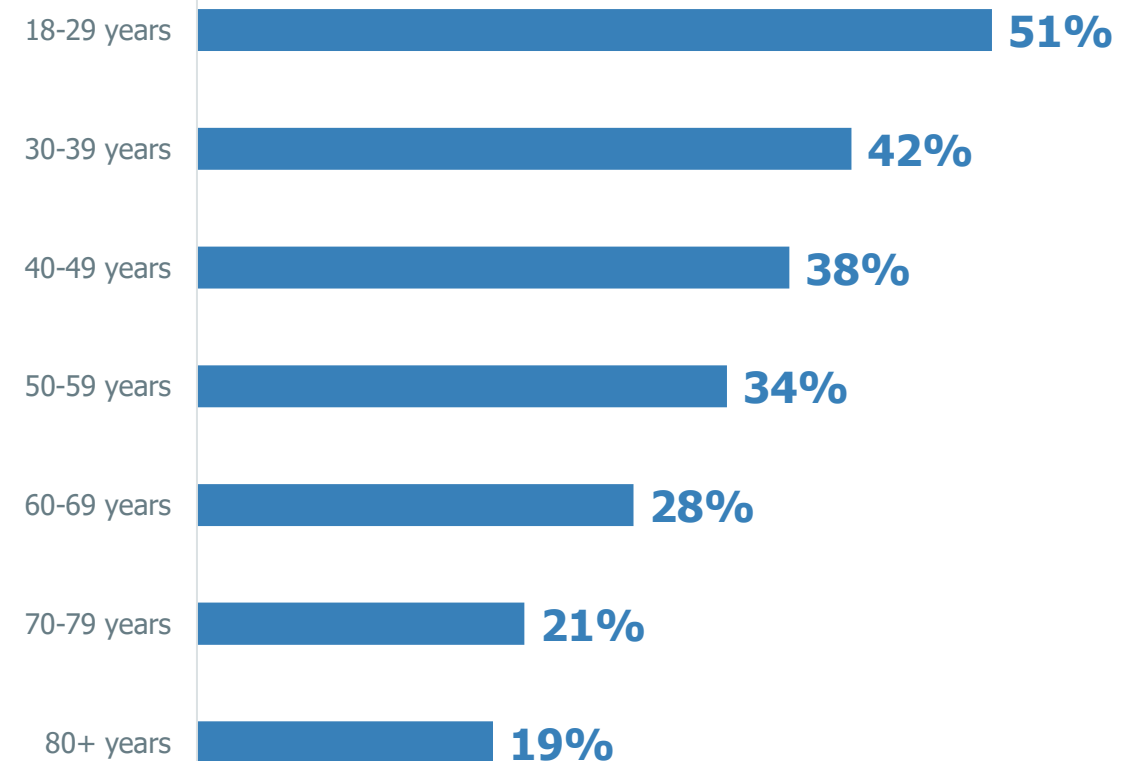
Inflation and supply chain woes aren't stopping shopping, but they're changing it.

Nov. 22, 2021

Taken together, Americans are suffering from mental health issues at triple the pre-COVID rate.

Date	Percentage of Adults Reporting Symptoms of Anxiety and/or Depression Disorder ¹
Full Year 2019*	10.8%
April 2020	35.9%
July 2020	40.1%
January 2021	41.1%
October 2021	31.6%

Percentage of Adults Reporting Symptoms of Anxiety and/or Depression Disorder by Age April 2020-October 2021²



¹National Center for Health Statistics. ²CDC Household Pulse Survey.

What to watch for in 2022

Democrats need to see dramatic changes – not just in indicators, but in voters' sense of stability.



COVID

Americans getting back to normal, and feeling confident about future protection.



Jobs

A strong job market – with workers STAYING in positions and feeling confident about their work status.



Inflation

A dramatic return to low inflation – particularly across day-to-day items.

... but could any of this defy the sour, distrustful mood that hasn't spared either party over the last 20 years?

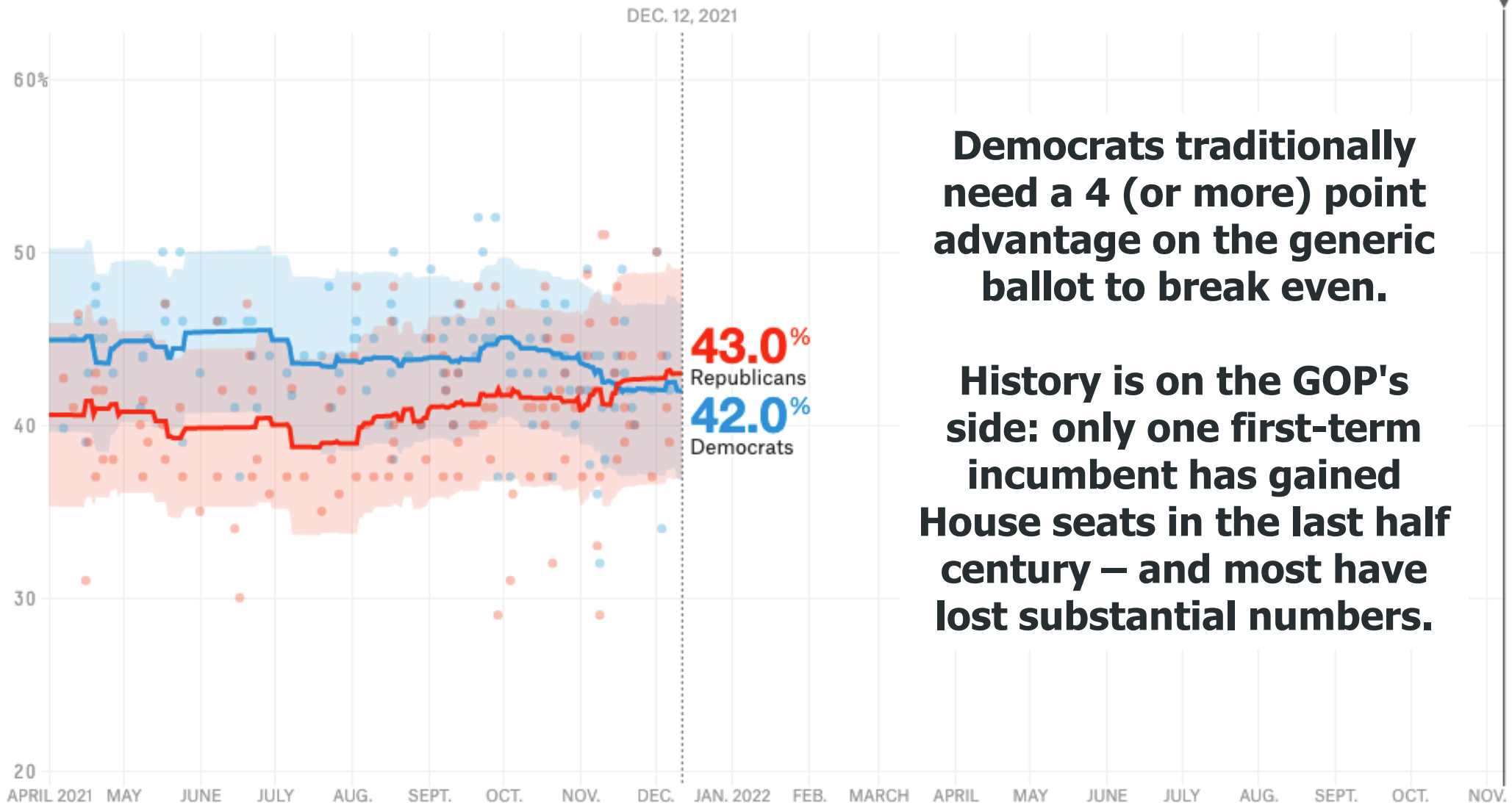
Presidents almost always lose seats in midterm elections.

Over the past 7 midterms, the president's party lost an average of 26 seats in the House and 4 in the Senate.

Year	Presidency	President's Party	President's Party Gain/Loss of House Seats	President's Party Gain/Loss of Senate Seats
1970	Nixon	R	-12	+1
1974	Ford	R	-48	-4
1978	Carter	D	-15	-3
1982	Reagan	R	-26	+1
1986	Reagan	R	-5	-8
1990	H.W. Bush	R	-8	-1
1994	Clinton	D	-54	-8
1998	Clinton	D	+5	0
2002	G.W. Bush	R	+8	+1
2006	G.W. Bush	R	-30	-6
2010	Obama	D	-63	-6
2014	Obama	D	-13	-9
2018	Trump	R	-40	+2

The generic ballot shows the hill that Democrats need to climb...

ELECTION DAY
NOV. 8, 2022



Unless things change, the GOP has a simple message – the American dream isn't working.



Baseball: MLB on lockout.



Hot dogs, apple pie: Prices for ingredients are way up.



Chevrolet: Six week to six month waits for new cars.



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