US Election Monitor: Relaunching Our US Election Monitor for the Midterms

We are reintroducing the US Election Monitor, last published ahead of the 2024 presidential election, to provide periodic updates and data related to the upcoming US congressional midterm elections.

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Senate

Where things stand: Prediction markets imply a more than 60% chance that Democrats win a Senate majority, which requires a net gain of 4 seats. Polling averages show Democrats ahead in 6 Republican-held seats as well as all of their own close races (Exhibit 3), but most sit within the margin of error.

What has changed: Democratic odds in prediction markets have risen over the last couple of weeks after a series of polls in key states showed Democrats leading, with Texas now implied to be the marginal race (prediction markets roughly imply 60% odds that Democrats win that seat). Republican organizations have started spending heavily in key Senate races, widening an already sizable Republican cash advantage (Exhibit 7). Polling in New Hampshire (currently held by Democrats) has tightened and the Cook Political Report now rates the race as a Toss-Up. New polling shows much tighter races than expected for the Republican-held Kansas and South Carolina seats, though prediction markets still give Republicans a large advantage in both.

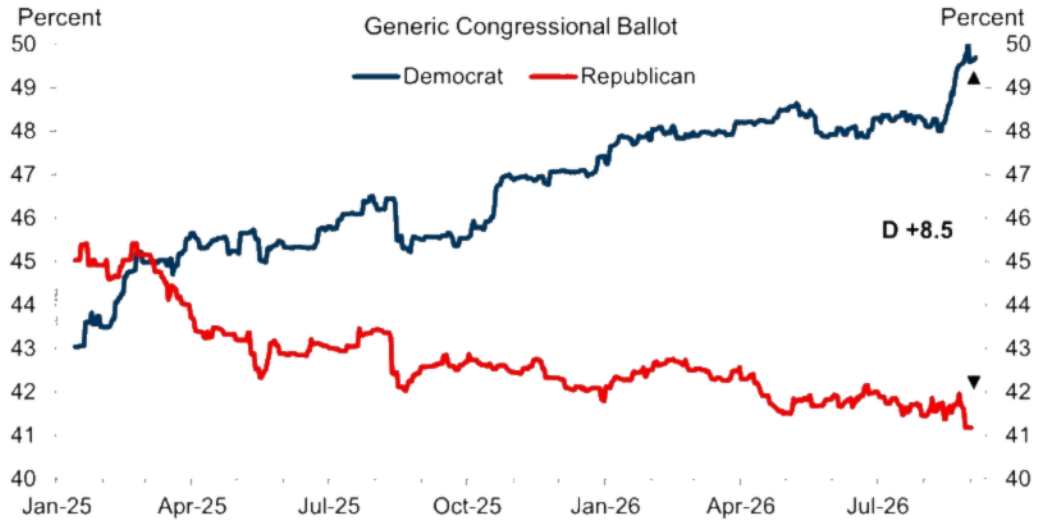
House

Where things stand: Prediction markets imply a more than 90% chance that Democrats will net at least the three seats they need to win the House majority. Democrats lead the generic ballot by an average of 8.5pp, implying a roughly 11pp swing from the 2.6pp popular vote margin that House Republicans won with in 2024. Republicans hold seats in 26 districts that President Trump won by less than 11pp, and these are generally the seats that prediction markets and analysts expect to flip (Exhibit 2). Redistricting is likely to net the GOP only a few seats if polling is accurate.

What has changed: National generic ballot margins have widened to cycle highs for Democrats, whose average advantage has increased by 2pp since the start of September. Republican organizations have committed significant new spending in competitive House races, though they have focused most of their spending on key Senate contests.

Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html.

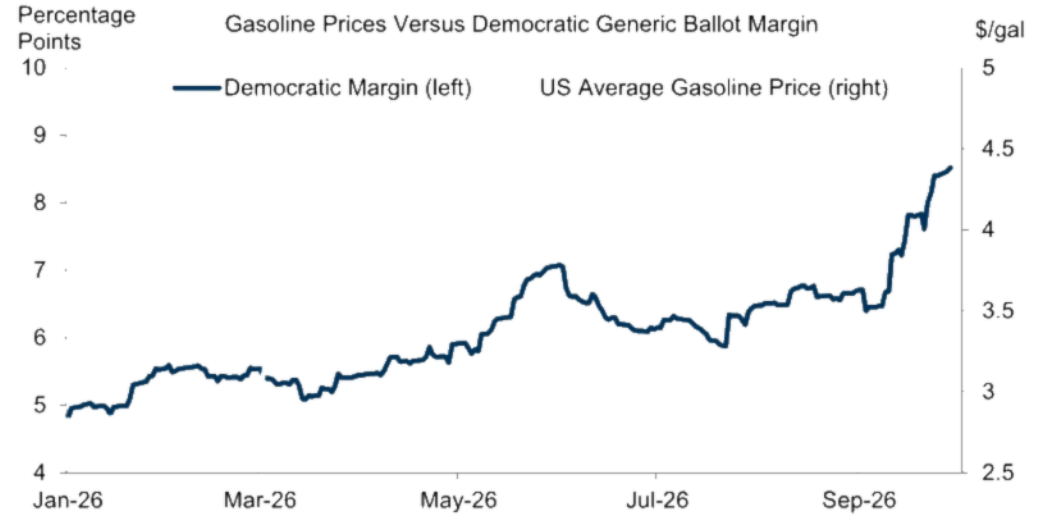
Exhibit 1: The Generic Congressional Ballot Has Increasingly Favored Democrats



Source: Goldman Sachs Global Investment Research, Silver Bulletin

***Exhibit 1 context**: The generic ballot poll asks voters nationally whether they would support the Republican or Democratic candidate if congressional elections were held today. Democrats have gained substantially on this measure this year and their lead reached a high this month.*

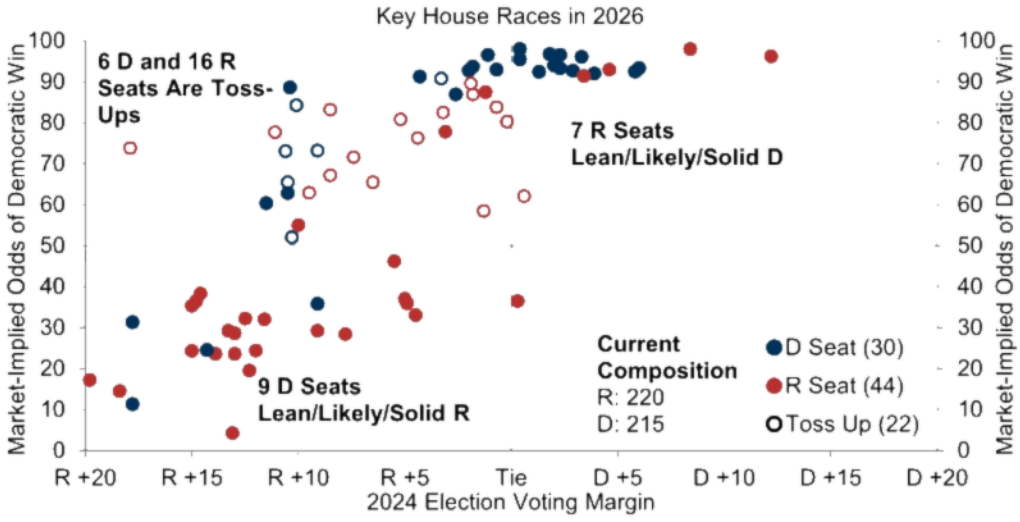
Exhibit 2: Gasoline Prices and the Democratic Generic Ballot Have Moved Together This Year



Source: Silver Bulletin, Energy Information Administration, Goldman Sachs Global Investment Research

***Exhibit 2 context:** This chart plots the Democratic generic ballot margin against the average price of gasoline in the US. The Democratic lead widened gradually after the gasoline price spike at the onset of the Iran war, and the two series have moved in the same direction recently.*

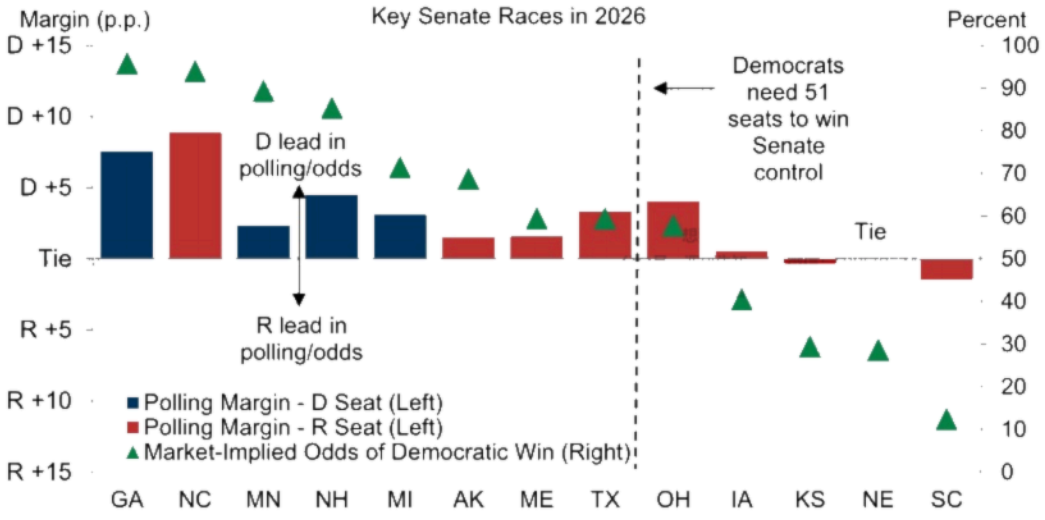
Exhibit 3: Prediction Market Odds and the Generic Ballot Swing Place Most Key House Races in Democratic Territory



Source: Kalshi, Cook Political Report, Goldman Sachs Global Investment Research

***Exhibit 3 context**: This chart plots the 2024 presidential margin in each key House race—any seat not rated Solid D or Solid R by the Cook Political Report—against the current prediction market odds of a Democratic win. 26 Republican-held seats are in districts President Trump won by less than 11pp, which is the size of the shift in national popular support since 2024 implied by current generic ballot polling (Exhibit 1). Mid-decade redistricting moved several Democratic-held seats into Republican-leaning districts (as measured by 2024 election margins), but many remain competitive in the current Democratic-friendly environment. Overall, redistricting looks likely to net Republicans only a few seats. Prediction markets currently imply a greater than 50% chance that Democrats gain 24 seats, far more than the 3 net seats they need to win the House majority.*

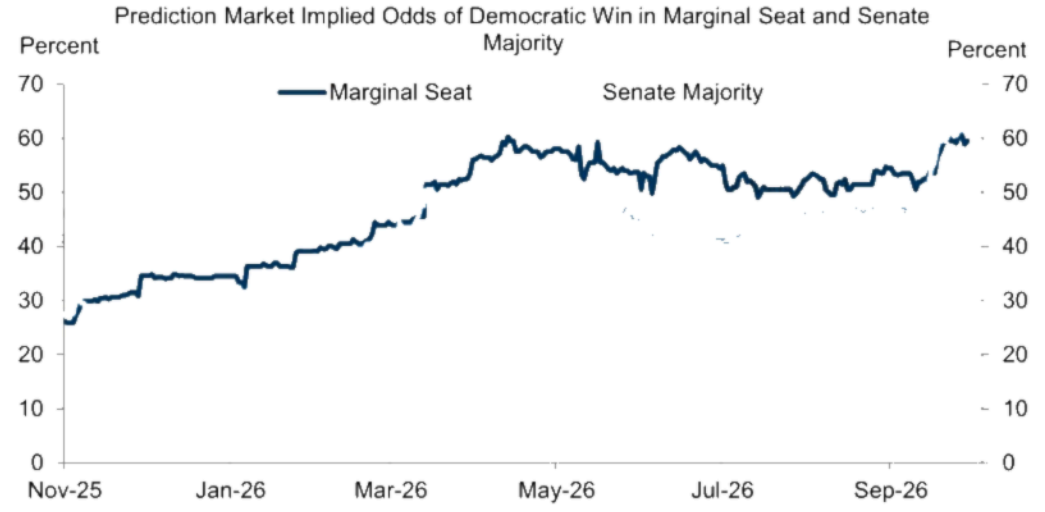
Exhibit 4: Democrats Lead in Polls in All but Three Key Senate Races, but Most of These Races Are Within the Margin of Error



Source: Kalshi, Goldman Sachs Global Investment Research

Exhibit 4 context: *Vertical bars show recent state-level polling averages for key Senate races (left axis), with Democratic-held seats in blue and Republican-held seats in red. Green markers show prediction-market implied odds of a Democratic win (right axis). Democrats hold 47 seats and need to net four seats to win a majority. Prediction markets imply little uncertainty that Democrats retain all of their seats except for Michigan, where the odds are in Democrats' favor but uncertainty is greater. Prediction markets and expert ratings widely expect Democrats to gain the seat in North Carolina. Polling shows Democrats ahead in five other Republican-held seats, and prediction markets imply Democrats are more likely to win all but one of those. However, most poll margins are within the margin of error, and polls at this point in the midterm cycle have overestimated Democratic support in recent midterm elections (Exhibits 10 and 11).*

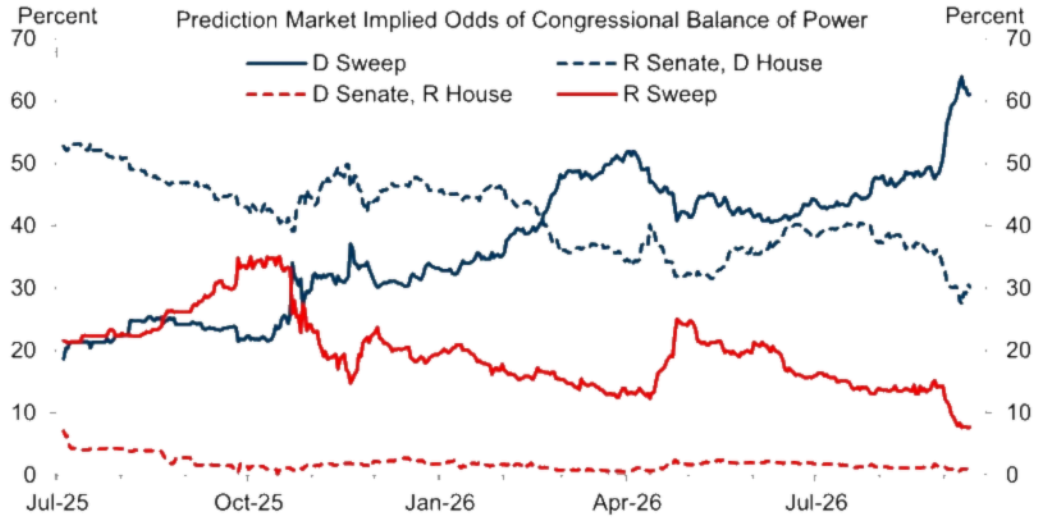
Exhibit 5: Overall Senate Odds Have Converged Toward the Odds of the Marginal Seat



Source: Goldman Sachs Global Investment Research, Kalshi

Exhibit 5 context: *This chart compares the prediction market-implied odds that Democrats will win the Senate majority to the implied odds that Democrats will win the marginal Senate seat. For the latter, we rank seats in order of probability of a Democratic win, based on prediction market values, and show the implied odds of the 51st Democratic seat. Convergence of the overall odds toward the marginal-seat odds suggests greater confidence that Democrats have multiple paths to a majority, greater correlation across races, or both.*

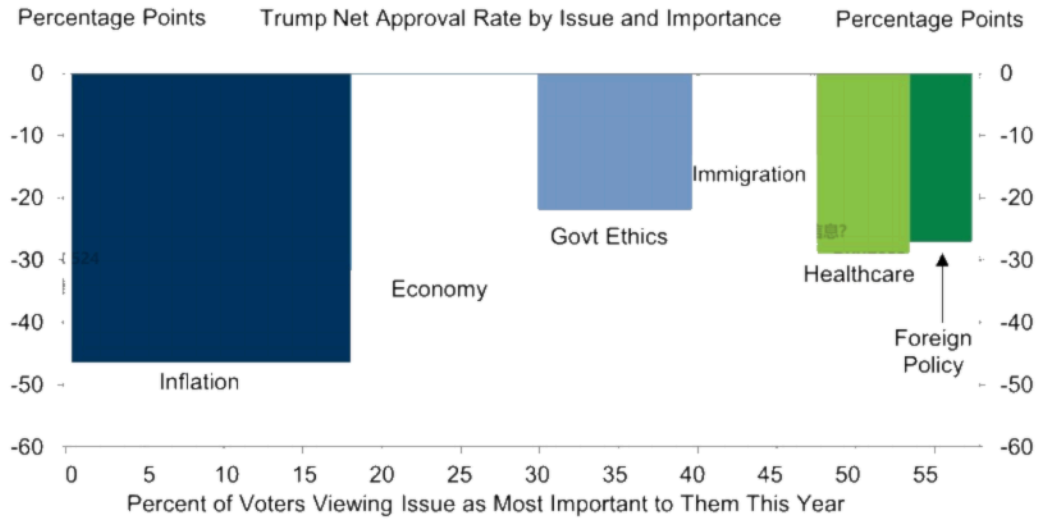
Exhibit 6: Prediction Markets Imply a Democratic Sweep Is Most Likely, and Near Certainty That Democrats Will Win the House



Source: Kalshi, Polymarket, Goldman Sachs Global Investment Research

Exhibit 6 context: *This chart averages Kalshi and Polymarket odds for each midterm outcome. Democrats have gained ground since the start of the year, with markets now pricing more than a 60% chance of a Democratic sweep and less than a 10% chance that Republicans retain their House majority.*

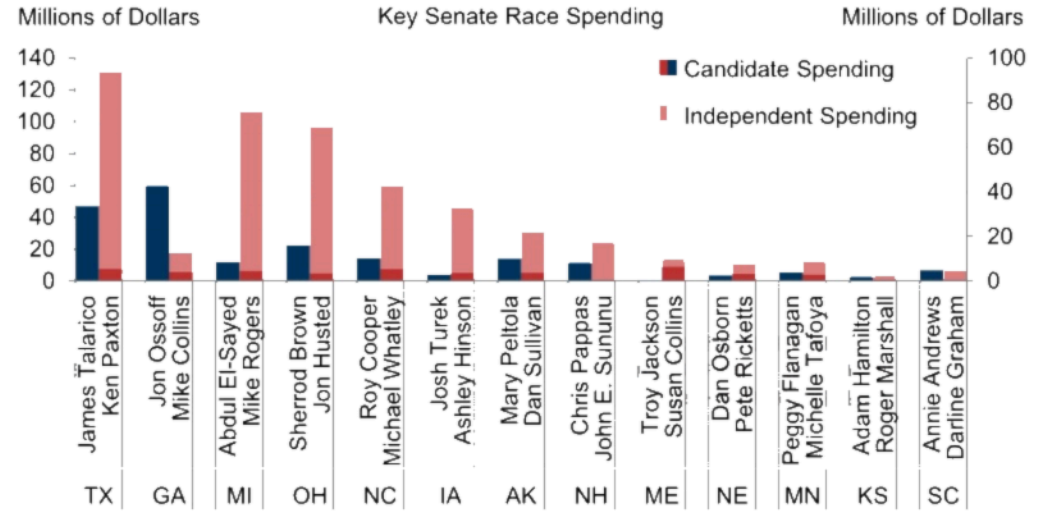
Exhibit 7: Inflation and the Economy Are Key Issues to Voters; Trump's Net Approval on Both Is Deeply Negative



Source: Silver Bulletin, Pew Research Center, Goldman Sachs Global Investment Research

Exhibit 7 context: *This chart plots Trump's national net approval by issue against issue salience, measured as the share of voters identifying each issue as most important this year. Inflation and the economy rank highest for voters, and net approval on both is deeply negative. Government ethics and healthcare readings are as of the end of May; all other issues reflect the most recent polls.*

Exhibit 8: Republicans Have Outspent Democrats in Most Key Senate Races, and Their Fundraising Advantage Should Widen the Gap

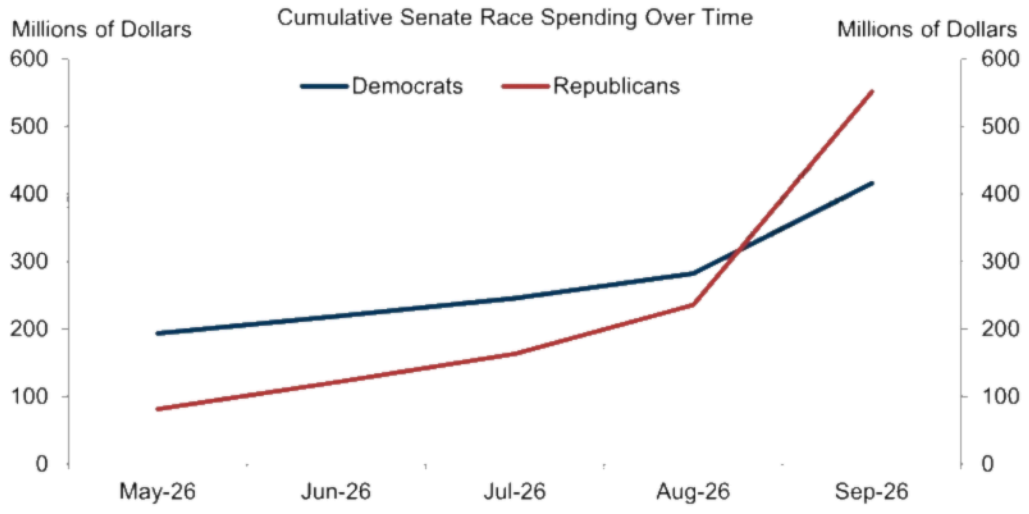


Source: Federal Election Commission, Goldman Sachs Global Investment Research

Exhibit 8 context: *We use Federal Election Commission data to estimate candidate and independent expenditures. Candidate finances are disclosed only quarterly, so candidate spending is lagged (note: Maine omits Democratic candidate spending following the candidate switch). Independent expenditures update daily but do not include future ad reservations.*

Republicans have outspent Democrats in most key Senate races. Democrats have outspent Republicans only in Georgia, Kansas, and South Carolina.

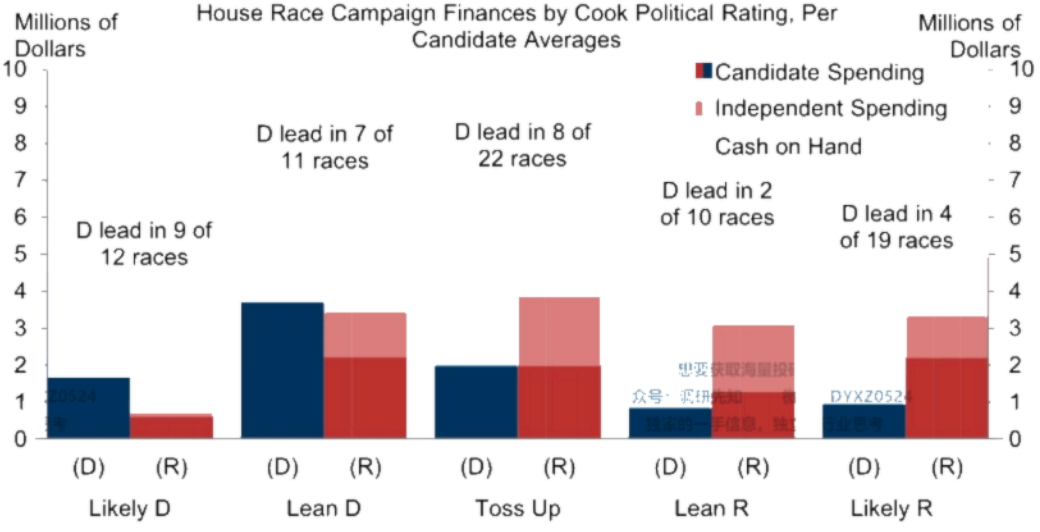
Exhibit 9: Republicans Have Only Recently Cumulatively Outspent Democrats in Key Races



Source: Federal Election Commission, Goldman Sachs Global Investment Research

Exhibit 9 context: *This chart shows cumulative spending by party on key Senate races. Republicans only began outspending Democrats in September, so polling averages in Exhibit 3 might not yet reflect the full impact.*

Exhibit 10: Democrats Lead Aggregate Fundraising in Key House Races, but Republicans Lead Most Head-to-Head Matchups

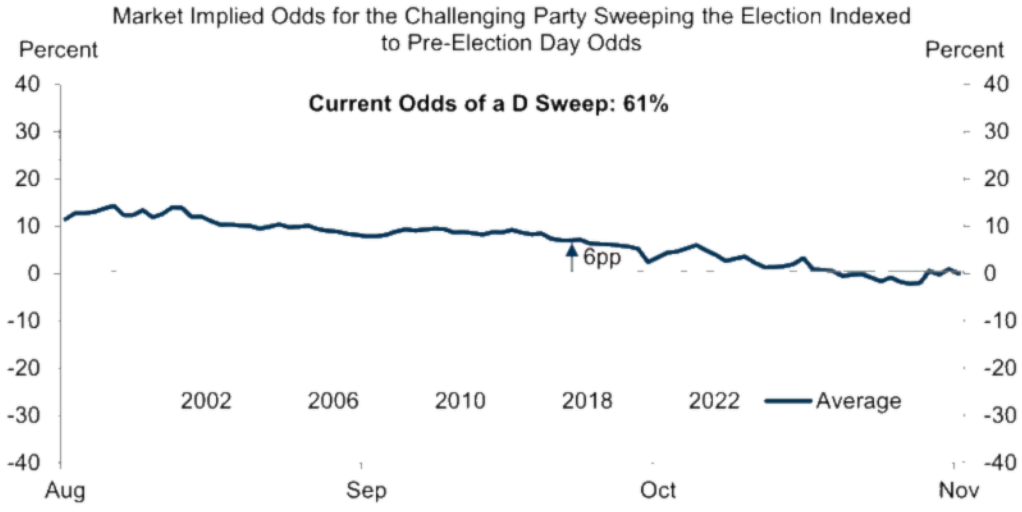


Source: Federal Election Commission, Goldman Sachs Global Investment Research

Exhibit 10 context: *We aggregate FEC candidate and independent expendit per-candidate basis by Cook Political Report race rating. Candidate spending proxies for candidate-level fundraising. Spending in key House races currentl overall, but Republicans are leading in most head-to-head matchups. Two ca*

data exclude estimated ad spending over the next two months, which has skewed heavily Republican, and 2) candidate spending and cash on hand are not current because of quarterly disclosure requirements.

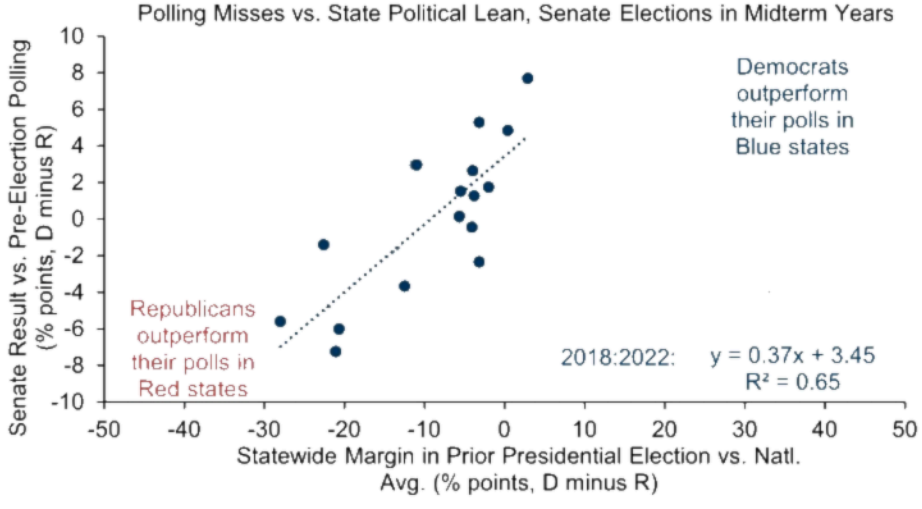
Exhibit 11: Prediction Markets Have Tended to Overstate the Challenging Party's Sweep Odds at This Point in the Cycle



Source: Goldman Sachs Global Investment Research, PredictIt, Kalshi, Polymarket

***Exhibit 11 context**: Using prediction market data from Iowa Electronic Markets, PredictIt, Kalshi, and Polymarket, this chart shows how the challenging party's odds of sweeping both chambers have evolved relative to its odds immediately before election day. The challenging party's odds have on average declined somewhat as Election Day approaches.*

Exhibit 12: Midterm Polls Tend to Understate Democrats in Blue States and Republicans in Red States, Suggesting Current Democratic Leads in Republican-Leaning Senate Races May Overstate Their Position

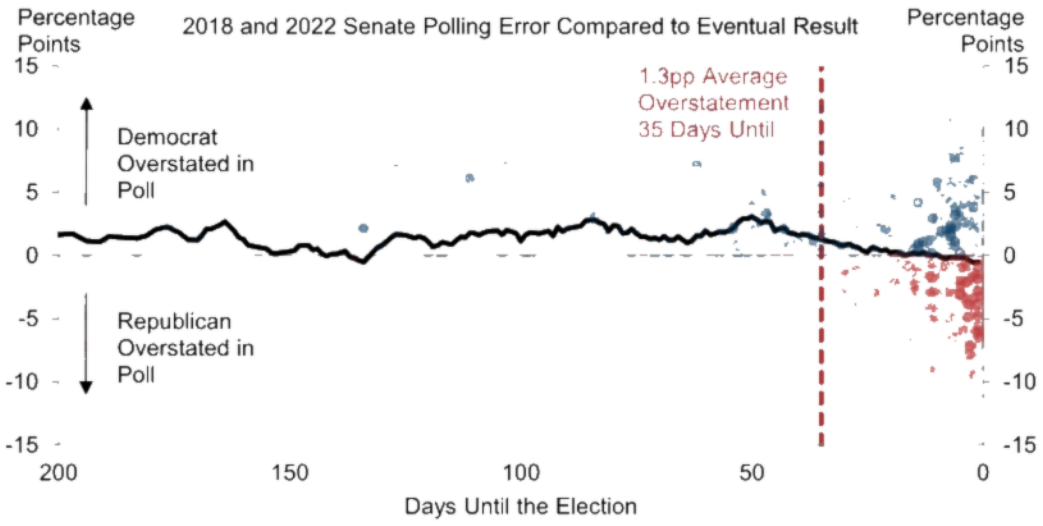


Source: FiveThirtyEight, RealClearPolitics, Goldman Sachs Global Investment Research

***Exhibit 12 context:** This chart plots state partisan lean, measured by the prior presidential*

margin, against the error in final pre-election polling relative to the realized outcome. Observations further left are more Republican-leaning states; those further up are races where polls overstated net Democratic support to a greater degree. Midterm polls tend to understate Democrats in Democratic-leaning states and Republicans in Republican-leaning states, consistent with voters "coming home" to their party late in the cycle. If the pattern holds this year, it would imply that net Democratic support in Senate races in Republican-leaning is weaker than polls imply.

Exhibit 13: Senate Polls Have Tended to Overstate Democratic Performance at This Point in the Midterm Cycle



Source: FiveThirtyEight, Goldman Sachs Global Investment Research

Exhibit 13 context: *This chart plots all Senate polls from the past two midterm elections against the realized result, inspired by an analysis from pollster Patrick Ruffini. Observations below the x-axis indicate polls overstated Republican performance; those above indicate they overstated Democratic performance. At the current distance from election day, polls have on balance overstated Democratic performance.*

Polling data as of September 28, 2026

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