

WEEKLY COMMENTARY

Joe Biden’s Economic Record: A Thorn in Kamala Harris’s Side

By Francis Généreux, Principal Economist

The US presidential race was upended in July when Joe Biden dropped out and Kamala Harris took his place as the Democratic nominee. Since then, Donald Trump’s polling lead—which had widened both nationally and in the battleground states after his June debate with Joe Biden—has evaporated. Support for Kamala Harris has only strengthened with her selection of Tim Walz as the Democratic vice presidential candidate, her campaign’s record-breaking fundraising, the Democratic convention and the recent Trump–Harris debate on September 10.

Right now the polls are so tight that both candidates still have a strong chance of winning an electoral college majority on November 5. But the polls show that her net favourability rating (+0.9% based on the [RealClearPolitics average](#)) is much higher than Donald Trump’s (-8.1%).

Yet Harris can’t seem to grow her polling lead, largely because political opinions in the US appear to be set in stone and independent and undecided voters are getting thin on the ground now that election day is less than seven weeks away. But there’s another major factor holding Harris back: The Biden administration’s economic record. Or, at least, voter perception of Biden’s record.

Voters just don’t think well of Biden: His net favourability rating is -13.6%. They have an even worse opinion of how he’s handled the economy (-20.4%) and inflation (-27.5%). These views are undermining Kamala Harris’s campaign. An [ABC News/IPSOS poll](#) conducted after the presidential debate on September 10 showed that the biggest concerns for voters are the economy and inflation, but that more voters trust Trump (46%) than

Harris (39%) to make the best economic policy decisions. The same holds true when voters are asked who will do a better job controlling inflation: 45% say Trump, while 38% say Harris. The economy is therefore a big selling point for Donald Trump—maybe even his biggest. Most national polls reflect this, although there’s one [exception](#).

Voters View Biden’s Track Record Poorly

The generally more positive perception of Donald Trump’s economic stewardship mostly stems from what voters think of the economic conditions that prevailed during his term versus President Biden’s. The critical question in an election is still “Are you better off today than you were four years ago?” Obviously the pandemic and its profound repercussions, which marked both the end of Trump’s term and the start of Biden’s, make it hard to answer this question.

If we exclude the worst period of the pandemic from our calculations, we see that real GDP grew at almost the same pace during the first three years of the Trump administration (2.77%) and the last two years (from the first quarter of 2023 to the second quarter of 2024) of Biden’s time in office (2.82%). Unemployment was also remarkably similar in both periods, averaging 4.0% under Trump and 3.8% under Biden. Of course, the big difference between the two is inflation. On average, year-on-year growth in the Consumer Price Index came to 2.1% between January 2017 and December 2019 and 5.4% between January 2023 and August 2024. These periods exclude the worst of post-pandemic inflation and the initial impacts of the war in Ukraine. Aside from the rate of inflation, the cumulative increase in the cost of living is what really has Americans riled up. They’ve had to deal with prices soaring by around 20%

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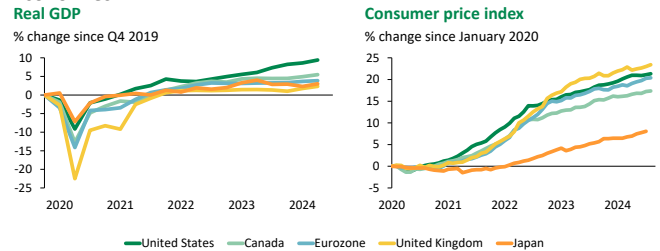
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since January 2021. This includes a jump of more than 21% for groceries, 23% for housing and 35% for gas (despite recent declines). The rising cost of living has forced households to make some [tough choices](#) (graph 1), restricting their buying options, eating into their savings or pushing them to get side jobs. The number of people with more than one job rose by 7.9% from the end of 2019 to the end of 2023. Higher living costs have curtailed the growth of real household income, despite healthy wage gains. The [median income](#) (in 2023 US\$) was \$81,210 in 2019 and \$80,610 in 2023. That’s a 0.7% decrease, even though income surged 4.0% from 2022 to 2023.

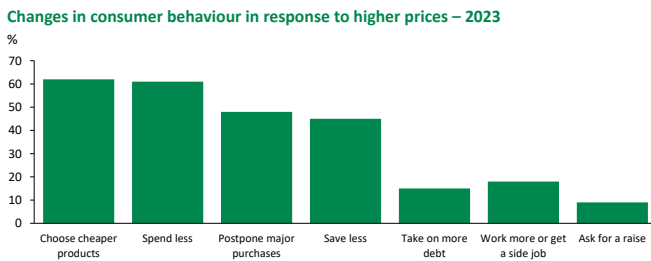
Graph 2
US Post-Pandemic Growth Has Outpaced the Other Major Advanced Economies



Organisation for Economic Co-operation and Development, Datastream and Desjardins Economic Studies

The US’s strong relative performance and resilience to high rates aren’t solely the result of policies put in place by the Biden administration. However, measures like the March 2021 *American Rescue Act*, the August 2022 *CHIPS and Science Act* and the August 2022 *Inflation Reduction Act* have nevertheless supported the economy over the short and potentially long term. Americans are definitely unhappy, but things could have been worse. The country has also managed to avoid a recession so far. But the negative perception of Biden’s track record is so hard to erase that Kamala Harris will find it tough to capitalize on it, even though relatively speaking, Biden’s record isn’t that bad at all.

Graph 1
The Rising Cost of Living Forced US Households to Make Tough Choices



Federal Reserve Board and Desjardins Economic Studies

The Biden administration’s economic record, especially on inflation and real household income, clearly isn’t that great. Yet, like us, most economists have been astonished by the resilience of the US economy in recent years. What surprised us was how little the economy was impacted by the massive upswing in interest rates by the Federal Reserve between winter 2022 and summer 2023. The average for the upper limit of the federal funds target rate has been 4.05% since the start of 2022. In the first three years of Trump’s term, the average was 1.76%. In addition, Americans can find consolation in comparisons to other major advanced economies. Post-pandemic growth was much more robust in the United States (graph 2) even though inflation ran a little hotter there.

What to Watch For

TUESDAY Sep. 24 - 9:00

July	y/y
Consensus	5.90%
Desjardins	5.70%
June	6.47%

TUESDAY Sep. 24 - 10:00

September	
Consensus	103.5
Desjardins	104.5
August	103.3

WEDNESDAY Sep. 25 - 10:00

August	ann. rate
Consensus	696,000
Desjardins	680,000
July	739,000

THURSDAY Sep. 26 - 8:30

Q2 2024 - 3rd est.	ann. rate
Consensus	2.9%
Desjardins	3.0%
Q2 2024 - 2nd est.	3.0%

THURSDAY Sep. 26 - 8:30

August	m/m
Consensus	-2.6%
Desjardins	-1.7%
July	9.8%

UNITED STATES

S&P/Case-Shiller home price index (July) – Existing home prices have risen steadily recently with three successive monthly gains of 0.4%, which is also the average month-over-month change since fall 2023. However, we think that price growth likely slowed in July as mortgage rates had only just started to come down. A 0.3% monthly increase would cut the index's year-over-year change from 6.5% in June to 5.7% in July.

Conference Board Consumer Confidence Index (September) – US household confidence has improved in the past two months. In August, the Conference Board index reached its highest level since February, despite the financial turmoil at the beginning of the month. The Expectations Index was the highest it's been since August 2023. We anticipate another increase in the Conference Board index in September, given that the University of Michigan and TIPP indexes both rose this month. The drop in gasoline prices, lower interest rates and recent stock market gains should boost confidence. Recent data on unemployment insurance claims also points to an improvement. We expect the Conference Board index to rise to 104.5.

New home sales (August) – Sales of new single-family homes surged 10.6% in July, their strongest monthly growth since August 2022 and the highest number of sales since May 2023. Guidance for August is mixed. Building permits for single-family homes rose 2.8% last month. However, online searches for new homes and traffic among prospective buyers both dropped in August. Additionally, sales are extremely volatile, and data is often revised, making forecasting difficult. That said, we expect sales to have fallen to just below 700,000.

Real GDP (Q2 – third estimate and annual update) – Annualized second-quarter real GDP growth rose from 2.8% to 3.0% between the advance and second estimates. Generally, the third estimate doesn't change much or come as a surprise. However, Thursday's figures will also include the annual update of the national economic accounts. This update will present revised data that cover Q1 2019 through Q1 2024. It'll be interesting to see if this update changes the pattern of real GDP fluctuations in the US.

Durable goods orders (August) – In July, durable goods orders posted their strongest monthly growth since July 2020, and since July 2014 if we exclude the post-pandemic rebound. This surge was entirely due to the spike in nondefense aircraft orders following the previous month's drop. This effect will be largely absent from August's print as nondefense aircraft orders likely fell back again, although this will probably be offset by solid growth in motor vehicle orders. Excluding transportation, we're anticipating an improvement on July's 0.2% drop. Based on the trend in industrial production, we could see a 0.2% gain, although the decline in the ISM Manufacturing index poses a downside risk. All sectors combined, durable goods orders probably slipped 1.7%.

FRIDAY Sep. 27 - 8:30

August	m/m
Consensus	0.3%
Desjardins	0.2%
July	0.5%

Consumer spending (August) – Real consumer spending made fairly solid gains for three consecutive months, rising 0.5% in May, 0.3% in June and 0.4% in July, despite the plunge in vehicle sales in June and the adverse effects of Hurricane Beryl in July. However, given that retail sales inched up only slightly, we’re expecting August’s print to show a more modest increase in consumer spending. In addition, reduced spending on food and beverages coupled with lower energy production suggest weak growth in services spending. All in all, real consumer spending probably rose 0.1%, while the current-dollar gain was likely 0.2%. In contrast, we believe personal income rose substantially due to the increase in hours worked and higher wages in August. PCE inflation probably dropped from 2.5% to 2.3% year-over-year, while the core deflator, which strips out food and energy, likely inched up from 2.6% to 2.7%.

CANADA

FRIDAY Sep. 27 - 8:30

July	m/m
Consensus	n/a
Desjardins	0.1%
June	0.0%

Real GDP by industry (July) – We anticipate real GDP by industry to have increased by 0.1% m/m in July, slightly above Statistics Canada’s flash estimate. Gains in manufacturing sales, wholesale trade, retail sales and housing starts are likely to have more than offset the weakness in resource extraction in the month. Indeed, based on [our recent analysis](#), we expect the TMX pipeline to only gradually support real GDP growth in the coming months through increased pipeline transportation and oil and gas extraction. Looking ahead to August’s real GDP release, we expect Statistics Canada’s flash estimate will maintain growth at 0.1% m/m. With a further acceleration in growth expected for September and no material revisions likely for June, we’re tracking real GDP growth of around 1.0% annualized in Q3 2024. That’s well below the Bank of Canada’s most recent forecast of 2.8%.

OVERSEAS


MONDAY Sep. 23 - 4:00


September	
Consensus	50.6
August	51.0

Eurozone: PMI (September – preliminary) – After some challenges in the spring that continued in July, the Eurozone Composite PMI rebounded to 51.0 in August. The index has so far managed to stay above the 50-point threshold that marks an expansion in economic activity, and last month’s growth bodes well for the eurozone economy. However, one month’s data does not a trend make. Another gain in September would suggest that growth is well established, while a decline would rekindle concerns about Europe’s economic outlook.

Economic Indicators

Week of September 23 to 27, 2024

Date	Time	Indicator	Period	Consensus		Previous reading
UNITED STATES						
MONDAY 23	8:00	Speech by Federal Reserve Bank of Atlanta President R. Bostic				
	10:15	Speech by Federal Reserve Bank of Chicago President A. Goolsbee				
TUESDAY 24	9:00	S&P/Case-Shiller home price index (y/y)	July	5.90%	5.70%	6.47%
	10:00	Consumer confidence	Sep.	103.5	104.5	103.3
WEDNESDAY 25	10:00	New home sales (ann. rate)	Aug.	696,000	680,000	739,000
THURSDAY 26	8:30	Initial unemployment claims	Sep. 16–20	225,000	224,000	219,000
	8:30	Real GDP (ann. rate)	Q2t	2.9%	3.0%	3.0%
	8:30	Durable goods orders (m/m)	Aug.	-2.6%	-1.7%	9.8%
	9:10	Speech by Federal Reserve Bank of Boston President S. Collins				
	9:10	Speech by Federal Reserve Governor A. Kugler				
	9:20	Speech by Federal Reserve Chair J. Powell				
	9:25	Speech by Federal Reserve Bank of New York President J. Williams				
	10:00	Pending home sales (m/m)	Aug.	0.4%	n/a	-5.5%
	10:30	Speech by Federal Reserve Vice Chair M. Barr				
	FRIDAY 27	8:30	Personal income (m/m)	Aug.	0.4%	0.5%
8:30		Personal consumption expenditures (m/m)	Aug.	0.3%	0.2%	0.5%
8:30		Personal consumption expenditures deflator				
		Total (m/m)	Aug.	0.1%	0.2%	0.2%
		Excluding food and energy (m/m)	Aug.	0.2%	0.2%	0.2%
		Total (y/y)	Aug.	2.3%	2.3%	2.5%
		Excluding food and energy (y/y)	Aug.	2.7%	2.7%	2.6%
8:30		Goods trade balance – preliminary (US\$B)	Aug.	-100.0	-97.8	-102.8
8:30		Retail inventories (m/m)	Aug.	n/a	n/a	0.8%
8:30		Wholesale inventories – preliminary (m/m)	Aug.	0.2%	n/a	0.2%
10:00	University of Michigan consumer sentiment index – final	Sep.	69.3	69.0	69.0	
CANADA						
MONDAY 23	---	---				
TUESDAY 24	12:55	Speech by Bank of Canada Governor T. Macklem				
WEDNESDAY 25	---	---				
THURSDAY 26	---	---				
FRIDAY 27	8:30	Real GDP by industry (m/m)	July	n/a	0.1%	0.0%

NOTE: Each week, Desjardins Economic Studies takes part in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Daylight Time (GMT - 4 hours).  Desjardins Economic Studies forecast.

Economic Indicators

Week of September 23 to 27, 2024

Country	Time	Indicator	Period	Consensus		Previous reading		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 23								
France	3:15	Composite PMI – preliminary	Sep.	51.5		53.1		
France	3:15	Manufacturing PMI – preliminary	Sep.	44.2		43.9		
France	3:15	Services PMI – preliminary	Sep.	53.1		55.0		
Germany	3:30	Composite PMI – preliminary	Sep.	48.2		48.4		
Germany	3:30	Manufacturing PMI – preliminary	Sep.	42.7		42.4		
Germany	3:30	Services PMI – preliminary	Sep.	51.0		51.2		
Eurozone	4:00	Composite PMI – preliminary	Sep.	50.6		51.0		
Eurozone	4:00	Manufacturing PMI – preliminary	Sep.	45.7		45.8		
Eurozone	4:00	Services PMI – preliminary	Sep.	52.3		52.9		
United Kingdom	4:30	Composite PMI – preliminary	Sep.	53.5		53.8		
United Kingdom	4:30	Manufacturing PMI – preliminary	Sep.	52.2		52.5		
United Kingdom	4:30	Services PMI – preliminary	Sep.	53.5		53.7		
Japan	20:30	Composite PMI – preliminary	Sep.	n/a		52.9		
Japan	20:30	Manufacturing PMI – preliminary	Sep.	n/a		49.8		
Japan	20:30	Services PMI – preliminary	Sep.	n/a		53.7		
TUESDAY 24								
Australia	0:30	Reserve Bank of Australia meeting	Sep.	4.35%		4.35%		
Germany	4:00	ifo Business Climate Index	Sep.	86.0		86.6		
Germany	4:00	ifo Current Assessment Index	Sep.	86.1		86.5		
Germany	4:00	ifo Expectations Index	Sep.	86.5		86.8		
WEDNESDAY 25								
France	2:45	Consumer confidence	Sep.	92		92		
Sweden	3:30	Bank of Sweden meeting	Sep.	3.25%		3.50%		
THURSDAY 26								
Germany	2:00	Consumer confidence	Oct.	-22.5		-22.0		
Switzerland	3:30	Swiss National Bank meeting	Sep.	1.00%		1.25%		
Eurozone	4:00	M3 money supply	Aug.		2.6%		2.3%	
Italy	4:00	Consumer confidence	Sep.	97.0		96.1		
Italy	4:00	Economic confidence	Sep.	n/a		94.7		
Mexico	15:00	Bank of Mexico meeting	Sep.	10.50%		10.75%		
Japan	19:30	Tokyo Consumer Price Index	Sep.		2.2%		2.6%	
FRIDAY 27								
Japan	1:00	Leading index – final	July	n/a		109.5		
Japan	1:00	Coincident index – final	July	n/a		117.1		
France	2:45	Personal consumption expenditures	Aug.	-0.1%	-0.6%	0.3%	-0.6%	
France	2:45	Consumer price index – preliminary	Sep.	-0.7%	1.6%	0.5%	1.8%	
Eurozone	5:00	Consumer confidence – final	Sep.	n/a		-12.9		
Eurozone	5:00	Industrial confidence	Sep.	-9.9		-9.7		
Eurozone	5:00	Services confidence	Sep.	6.0		6.3		
Eurozone	5:00	Economic confidence	Sep.	96.5		96.6		

Note: Unlike release times for US and Canadian economic data, release times for overseas economic data are approximate. Publication dates are provided for information only. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Times shown are Eastern Daylight Time (GMT - 4 hours).