

## OBAMA STILL BEHIND IN JUNE NOWCASTS

-- IF THE US PRESIDENTIAL ELECTION WERE HELD NOW, OBAMA WOULD MOST LIKELY LOSE : THE CURRENT (JUNE) NOWCAST = 48.3% FOR OBAMA. \*

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Our election “nowcast” predicts what would happen if the election were held “now”—June 2012. We have been releasing these nowcasts in *The Monkey Cage*, beginning with the month of November 2011. As can be seen in our series below, there has been a drop in the Obama nowcast since that time, from the winning column to the losing column. While that decline may currently be arrested, it still registers a losing score for the President.

The nowcast model bases its prediction on our National Business Index (NBI), constructed from the Michigan Survey of Consumers (see Section I below for data and calculation).

This model, like all forecasting models, is open to criticism. Let us address two important criticisms: 1) the specification of the model is underdeveloped; and, 2) the lag structure is unrealistic. In Section II below we deal with the first criticism, offering our long-standing Jobs Model as a preferred theoretical political economic specification. ( For more theoretical development of the Jobs Model, see Lewis-Beck and Tien, 2008, 2009, *PS: Politics and Political Science*). Suppose we use that model to generate an alternative nowcast, by simply plugging into that model currently available (rather than lagged) scores on the independent variables. This generates a forecast for Obama = 47.7 %, very close to the nowcast above from our NBI model.

In Section III below we remove the second criticism above, and employ the lag structure that the Jobs Model actually calls for. Suppose we use that different lag-structured Jobs Model for another alternative forecast. This generates a forecast for Obama = 47.2%, again close to the nowcast above from our NBI model.

We conclude, on the basis of these cross-validation experiments in forecasting, that the prospects for the re-election of President Obama are less than good, unless there is serious change between now and November.

SECTION I. Nowcasting the 2012 US Presidential Election

	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
Better*	40	48	42	34	22	22	22	27
Worse*	48	46	48	58	69	68	67	64
NBI <sub>t-6</sub> **	-8	2	-6	-24	-47	-46	-45	-37
Nowcast for Obama***	51.0	51.9	51.1	49.6	47.4	47.5	47.6	48.34

\* Data from Survey of Consumers, University of Michigan, Table 12: Current Business Conditions Compared to a Year Ago. *The Question was:*

*Would you say that at the present time business conditions are better or worse than they were a year ago?*

\*\* NBI is percent who answered better minus percent who answered worse.

\*\*\* Nowcast was calculated from following equation:

$$\text{Incumbent Party Popular Vote}_{\text{current month}} = 51.67 + .09 \text{NBI}_{t-6}$$

SECTION II: Jobs Model Forecast using Most Recent Available Data at that time

	Jobs Model coefficient	Data available February	Data available March	Data available April	Data available May
Constant	32.74	1	1	1	1
Popularity	0.25	46 (1 <sup>st</sup> survey in Feb)	45	47	48
GNP*Elected	1.52	1.15 (2011 2Q-3Q GNP)	1.15	0.46 (2011 3Q-4Q)	0.46
Jobs	0.51	0.17 (through 12/11)	-0.35 (thru 1/12)	0.18 (thru 2/12)	0.69 (thru 3/12)
Incumbent Advan	2.17	1	1	1	1
Forecast		48.24	47.73	47.45	47.71

SECTION III: Jobs Model Forecasts using same Lag as in Final Model Forecast

For Popularity, November election is forecast in September using July data (4 month lag).

For GNP, 4<sup>th</sup> quarter election is forecast using 1<sup>st</sup> and 2<sup>nd</sup> quarter data (two quarter lag).

For Jobs, November election is forecast using June data (5 month lag).

	Jobs Model coefficient	February Forecast	March Forecast	April Forecast	May Forecast
Constant	32.74	1	1	1	1
Popularity	0.25	41 (Oct)	43 (Nov)	43 (Dec)	46 (Jan)
GNP*Elected	1.52	1.15 (2011 Q2-Q3)	1.15 (2011 2Q-3Q)	0.46 (2011 3Q-4Q)	0.46
Jobs	0.51	.03 (Sept)	.39 (Oct)	.45 (Nov)	.17 (Dec)
Incumbent Advan	2.17	1	1	1	1
Forecast (lagged data)		46.94	47.61	46.49	47.20