13 October 2026

Research US

Midterm update: Democratic lead holds three weeks before election

With three weeks until the US midterm election on 3 November, prediction markets are more or less unchanged since we published the *Midterm Outlook version of Reading the Markets USD*, 22 September.

Polymarket continues to put the probability of a Democratic sweep at 60-65%. The House is seen as a fairly safe Democratic win, with a probability of around 90%. The Senate remains more open, but still favours the Democrats, with a current probability of 63.5%. This is also in line with what we saw when we published our outlook three weeks ago.

Of the 100 Senate seats, 35 are up for election this year. 9 are considered safely Democratic and 14 safely Republican, leaving 12 competitive races. Republicans need five of these to reach 50 seats and secure a majority through the Vice President's tie-breaking vote. Democrats need eight to reach a 51-seat majority. Prediction markets still expect Democrats to win nine of the 12 competitive seats, unchanged from our latest update three weeks ago.

Previously safe Republican seats are now favouring Democratic victories, including Texas, with only a 35% probability of a Republican win, and Ohio, with a 40% probability. Texas has been held by a Republican since 1960, while Ohio has been held by a Republican since 1992. Other seats, such as Kansas and Iowa, are becoming increasingly competitive, but prediction markets still favour Republicans to win them.

Our analysis of the market implications of the midterms is unchanged from when we published the *Midterm edition of Reading the Markets USD*, 22 September. As a base case, we do not expect the election result to significantly alter the fiscal policy outlook.

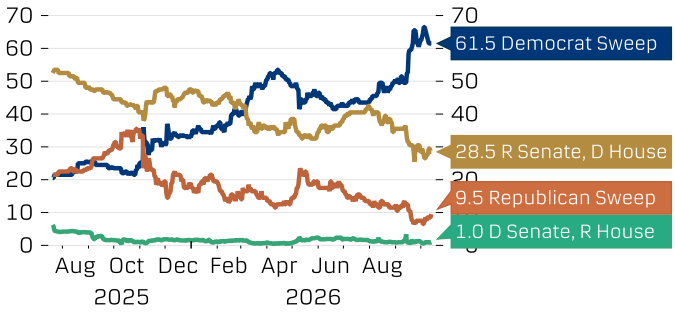
That said, a divided government, whether through a Democratic sweep of Congress or a split Congress, would make the fiscal policy outlook more predictable. If Democrats win at least the House, Republicans will be unable to pass further deficit-widening reconciliation bills. Similarly, Trump would be able to veto budget bills introduced by a Democratic-controlled Congress, even if the party held a simple majority in both chambers. Overturning Trump's veto would require a two-thirds majority in both the House and the Senate, which in practice is only possible with bipartisan support.

The outcome of the House elections matters relatively more than the Senate. If Democrats flip the House majority, the US fiscal policy stance will be essentially locked in for 2027-28, regardless of what happens in the Senate. We think that could be positive for risk sentiment and the USD.

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Democratic sweep still most likely outcome

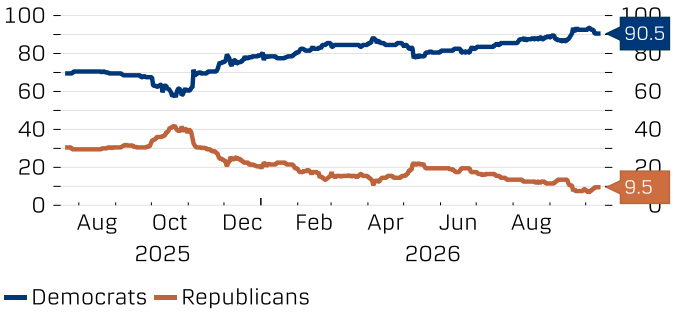
Polymarket Midterm Outcome Probability



Source: Polymarket, Macrobond

Democrats are heavy favourites to win the House

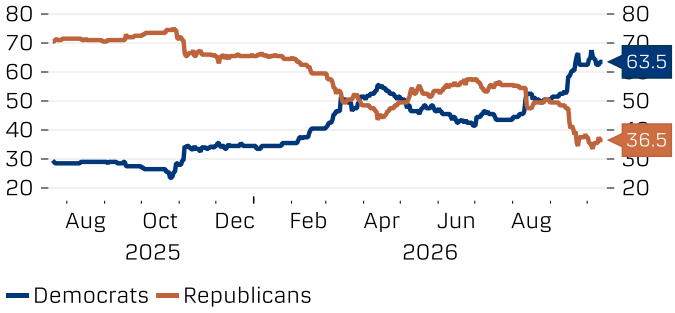
Which Party Will Win the House in 2026?



Source: Polymarket, Macrobond

GOP have lost favourability to win the Senate

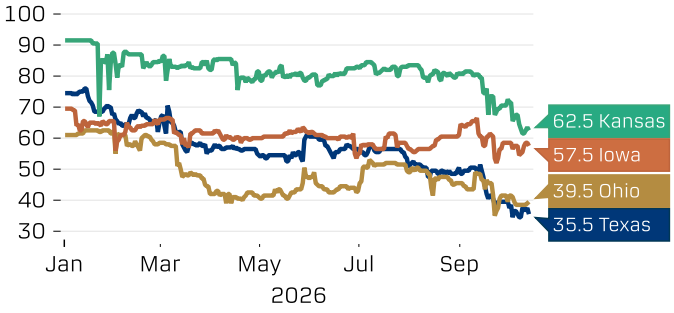
Which Party Will Win the Senate in 2026?



Source: Polymarket, Macrobond

GOP losing favourability in historical safe states

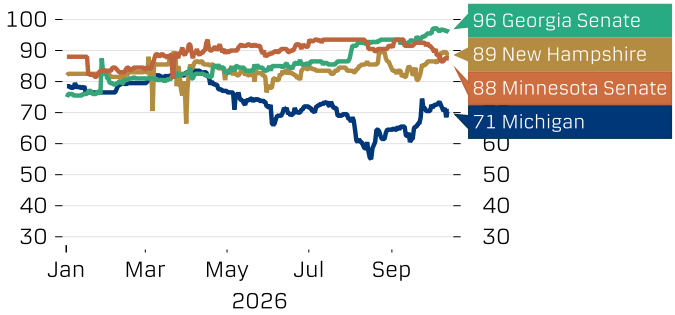
Probability of Republican Win in Senate Election



Source: Polymarket, Macrobond

Democrats favoured to hold onto the competitive seats they are currently holding

Probability of Democratic Win in Senate Election



Source: Polymarket, Macrobond

GOP favoured to win Nebraska senate seat, but lose Maine and Alaska

Probability of Republican Win in Senate Election



Source: Polymarket, Macrobond

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Ad hoc

Date of first publication

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