27 October 2026

Research US

Midterm update: Test of Democratic progressive movement's strength

We are one week away from the US midterm elections on 3 November. The prediction market Polymarket still sees Democrats winning both chambers as the most likely outcome, with a probability of 65.5%.

Beyond the contest for a House majority, a growing showdown between progressives and moderates within the Democratic Party could have implications for fiscal policy under the next US government. We think progressive candidates will be less inclined to push through policies that address persistently elevated public budget deficits. Strong results for progressive candidates could pose a marginal risk of further increases in public debt ratios compared with moderate candidates. However, the budget effects over the next two years will be limited. If Democrats are able to flip the House, as they are widely favoured to do, the US fiscal policy stance will be essentially locked in for 2027-28, regardless of what happens in the Senate, because of presidential veto powers.

If progressive candidates do well in these elections, they could push for greater influence, potentially paving the way for a progressive presidential candidate, such as Ocasio-Cortez, in the 2028 election. If they fail, the Democratic establishment will have stronger arguments for choosing a moderate candidate, such as Newsom or Ossoff (chart 1).

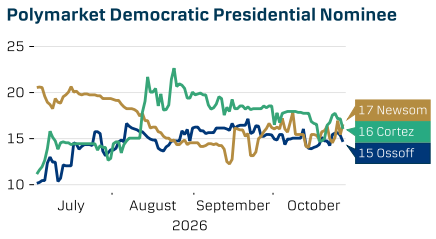
According to a *New York Times article*, there are four competitive Senate races and seven competitive House races to watch as a test of the progressive movement's strength among voters.

In the Senate elections, the key races to follow are those where progressive Democratic candidates are favoured to win: Minnesota's Flanagan (86%), Michigan's El-Sayed (69%) and Maine's Jackson (61%) (chart 2). In Minnesota and Michigan, the incumbent senators are Democrats who are not seeking re-election, while in Maine the incumbent, moderate Republican Susan Collins, is running again. In Florida, progressive Democratic candidate Nixon has only a 10% probability of winning against incumbent Republican Senator Moody. It is already notable that a progressive Democrat is considered somewhat competitive in Trump's home state, which he won comfortably in 2024.

According to prediction market Kalshi, progressive Democratic candidates are favoured to flip four of the seven competitive House seats where they are running: California-22 (91%), Colorado-8 (84%), Pennsylvania-7 (87%) and Michigan-7 (73%). The progressive Democratic candidate is a slight underdog in Montana-1 (45%) and Maine-2 (45%). In Tennessee-9, the progressive Democratic candidate has only an 18% probability of winning (chart 3).

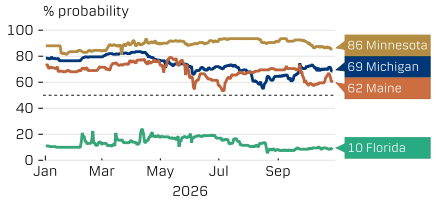
Texas is probably the most closely watched Senate race, as Democratic candidate Talarico is favoured to flip the seat (66%). That could be the first time since 1994 that Texas elects a Democrat in a statewide election. Kansas could also be interesting if Democrats pulls off a flip in the typical Republican state. Polymarket estimates 38% probability that democrats flip the seat.

Chart 1: Close race between two moderates (Newsom and Ossoff) and progressive Cortez



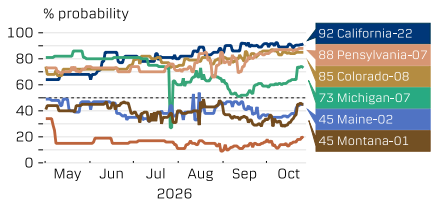
Source: Polymarket, Macrobond

Chart 2: 3 out of 4 progressive democrats favoured to win competitive Senate race



Source: Polymarket, Macrobond

Chart 3: 4 out of 7 progressive democrats favoured to win competitive House races

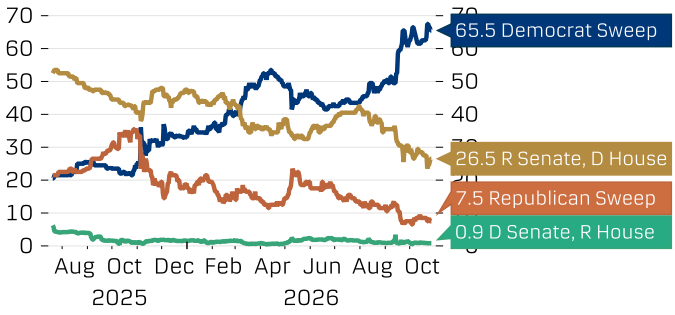


Source: Kalshi, Macrobond

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Democratic sweep still most likely outcome

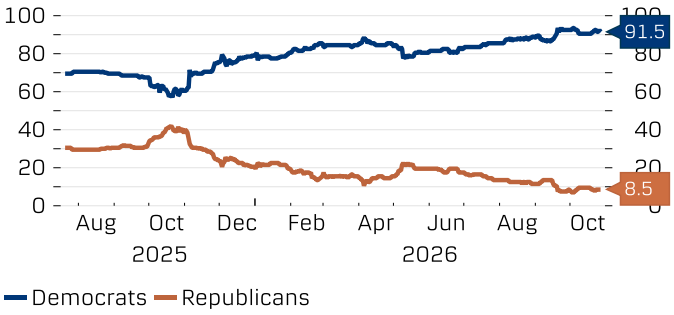
Polymarket Midterm Outcome Probability



Source: Polymarket, Macrobond

Democrats are heavy favourites to win the House

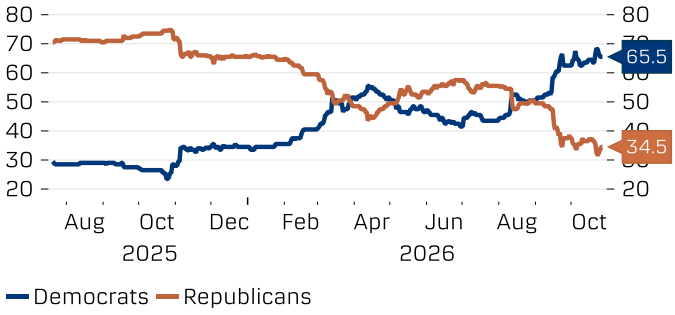
Which Party Will Win the House in 2026?



Source: Polymarket, Macrobond

GOP have lost favourability to win the Senate

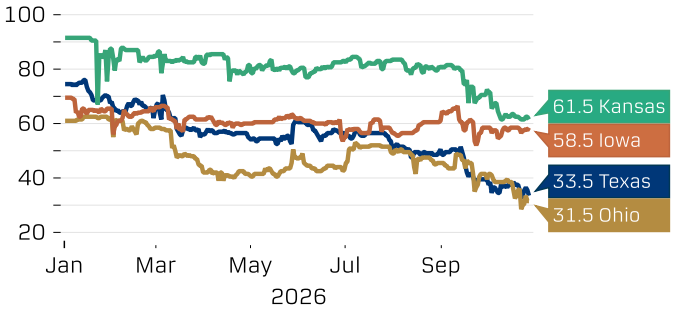
Which Party Will Win the Senate in 2026?



Source: Polymarket, Macrobond

GOP losing favourability in historical safe states

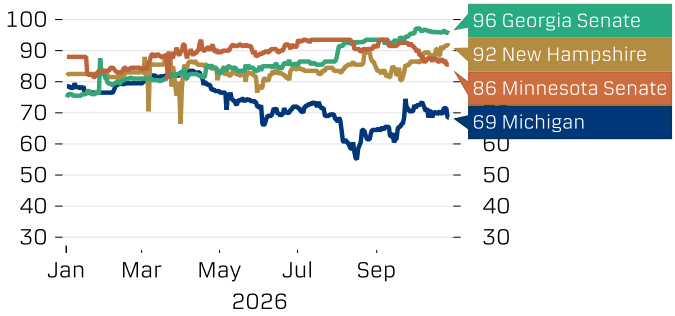
Probability of Republican Win in Senate Election



Source: Polymarket, Macrobond

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

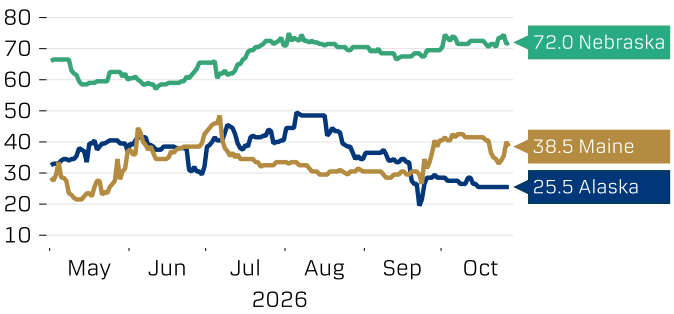
Probability of Democratic Win in Senate Election



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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