**MEDIA: Television**

**STATION: Bloomberg**

**MARKET: National**

**DATE: 2023-12-16**

**TIME: 08:19 AM ET**

**PROGRAM: Bloomberg Surveillance**

**SUBJECT: Libby Cantrill - US Public Policy**

**PAGE COUNT: 6**

**JONATHAN FERRO, BLOOMBERG:**

With us around the table, I'm really pleased to say the brilliant Libby Cantrill, the Managing Director, and Head of Public Policy over at PIMCO. Libby, good morning.

**LIBBY CANTRILL, PIMCO:**

Good morning.

**FERRO:**

Another big debate for Republicans a little bit later.

**CANTRILL:**

Another big debate. Yes.

**FERRO:**

Is this the big one? Does it make a difference?

**CANTRILL:**

This is the big one. So this may be the last one. Actually, there's not another debate scheduled before Iowa when voters, of course, in the Republican side will go to the polls on January 15th. Viewership has declined since the first debate. That's when we saw sort of a top tick of 13 million. The last debate was around 7 million. So we'll see if people are even paying attention to this. I think the real question, though, John, is, can Nikki Haley have another breakout moment? Does this sort of sustain the momentum that she has both in terms of the polling, but very importantly, in terms of the donors? And that remains an open question. I think that the other three folks on the debate stage will be sort of attacking Nikki Haley. I think Nikki Haley will be attacking President Trump. So it should be raucous, as usual, but does it actually make a difference? I think that's the open question.

**LISA ABRAMOWICZ, BLOOMBERG:**

What's the chance that you see another Biden-Trump match up?

**CANTRILL:**

Well, so what we're guiding our clients to is 1), is that Biden will be the nominee, the sort of idea that there is some great cabal at the convention that will unseat him, we just do not think it is founded. Senator Breaux from Louisiana who had served with Joe Biden in the Senate said, “As long as President Biden is breathing, he is running.” And I think that is something we should just take for what it is. You know, on the Republican side, obviously, if the primaries were held tomorrow, it looks like Trump would be the nominee. They're not going to be held tomorrow. They're held in around 40 days. And what we've seen with Iowa and New Hampshire is that things can change. They haven't really changed in terms of dictating who the nominee is since 2008 when Obama, who was sort of underperforming all of the polls and really outperformed in both Iowa and New Hampshire and then was able to get the momentum to the nomination. So a lot can still happen. But as of now, if you were saying, if the primaries were held tomorrow, it would be another Biden-Trump rematch. And you know, ironically, I'll just say, is that 70% of Americans don't want that.

**ABRAMOWICZ:**

So that's the reason why I think he got so much attention yesterday when Joe Biden said if it wasn't for Donald Trump, he wouldn't be running again. What do you make of that? Do you think that if Nikki Haley is the nominee for the Republican side, that there is a chance that Joe Biden would step down and pave the way for somebody else?

**CANTRILL:**

You know, so his press really walked that back last night. After those comments were made, they were made, of course, in private at a fundraiser. So it was, I mean, I think they're saying taken, taken out of context. You know, however, you know, I think this is something that President Biden has been saying since he was a candidate in 2020, but that's why he was running the first time. And so this is somewhat consistent with that messaging. However, if Trump does not get the nomination, I still think that President Biden is the incumbent president. He believes that he really has a record both on the economy and then foreign policy to, to, to feel confident to run on. So we are not getting any indication from folks close to the Biden world that he is, that he's not running. He is running.

**FERRO:**

We would all appreciate it, I think we could all benefit from a delegation allocation rules clinic for you. How have things changed for Republican primaries?

**CANTRILL:**

Especially as a non, yes, U.S. citizen, so I appreciate Jon, you asking that question. Yeah, so, so this is important. It's very nuanced and a lot of our clients' eyes understandably glaze over. But to get the nomination, it's just a delegate game. You need to get 50% of the delegates at stake on the Republican side and the Democratic side. The Republican side is the real story here, though, because the Trump campaign is much more organized than it was in 2016 by their own admission. They have now systematically changed the way that states allocate delegate rules to benefit him as long as it's a crowded field. Meaning that he has changed the rules to what's called “winner take all.” So as long as President Trump is winning a plurality of the vote in many states, he will get 100% of the delegates. And the punchline, kind of, for all of us, is that that makes it much easier for him to get the nomination much more quickly. So I would argue that by March 5th, which is super Tuesday, we'll have had 45% of the delegates at stake being voted on. We likely will have a very good idea of who's going to be the nominee or whether it's gonna be more of a competitive two-person race, as you said.

**FERRO:**

So we know there's four people on the stage later. Is there a day on the calendar where that four needs to become one to change the outcome of this?

**CANTRILL:**

Well, I think there are a lot of folks on both the Republican side and then also some of the Democratic side. As you see, there's some now Democratic donors who are donating to Nikki Haley, sort of interesting, unprecedented in many ways, who are trying to argue for Chris Christie to drop out of the race before Iowa. You know, John, I think what we've seen though before is that again, so much can change that much of this is unprecedented, particularly given what we might be facing, which is to incumbent Presidents effectively running against each other. So I don't think there's a drop-dead date, but I do think that it needs to become a two-person race, sort of like South Carolina. That's February 24th. So I think the bottom line for the markets and for investors is that the next 75 days really matters. We will have a very good idea by South Carolina, by Super Tuesday, which is March 5th, whether this is going to be President Trump, Biden or whether it's gonna be more of a two-person race between Nikki Haley and Trump.

**ABRAMOWICZ:**

In those 75 days, we're gonna be dealing with a couple of deadlines for funding the government. Before I let you go, we keep talking about where is the leverage? The leverage is in the U.S. government, and need to figure something out in order to keep operating. How are you advising people in the market to understand what's happening, what the likelihood of a shutdown is, what that means in terms of the growing risk, frankly, that it's been attributed to in markets?

**CANTRILL:**

Yes, so I think of two things. One is that this is not the debt ceiling, right? The debt ceiling was existential for the markets. That has been, fortunately, addressed until January or February of 2025. This is really the most foundational function of Congress. It's just to keep the lights on. They keep kicking the can down the road, Lisa. Does it really matter if they shut down the government? Probably not, if it's not for a sustained period of time, but if it does go on for weeks, then we don't get some of the economic data then it could actually start hurting the economy. But I think this is just sort of noise, but I think the punchline here from a fiscal perspective is that it effectively funds the government at the same levels as last year. And we're not going to see any more fiscal stimulus. And I think the threshold for any sort of stimulus, even if we do go into recession, I know your previous guest was pretty saying going about the economy. I think we maybe as bond investors are a little less so. But the threshold for any sort of fiscal stimulus is going to be very high. So we think the government will probably be funded, probably at the last moment, but again, from a market's perspective, we're not sure if we're certain there's more noise than really anything.

**FERRO:**

It's always the way, isn't it? Equities, hopes and dreams; bonds, fears and nightmares.

**ABRAMOWICZ:**

Yeah, do you know who I relate to?

**FERRO:**

Oh, yeah, obviously, obviously.

**ABRAMOWICZ:**

Well, yeah.

**FERRO:**

Libby, thank you.

**CANTRILL:**

Thank you so much.

**FERRO:**

It's great to catch up. Libby Cantrill there with PIMCO.