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**JOSH LIPTON, YAHOO FINANCE:**

Moving on, a big week in politics. Today is Super Tuesday, and President Biden is giving his State of the Union address on Thursday.. Our next guest is expecting a range of topics to be front and center. Here to help us sift through all of this is PIMCO’s Head of U.S. Public Policy, Libby Cantrill. Libby, it is great to see you. And maybe we'll get right to Super Tuesday, Libby. Obviously, neither Biden or Trump have really been sweating their rivals here, but I'm interested to get your take. What are you looking for? Are there interesting trends and themes you'll be on the lookout for, Libby?

**LIBBY CANTRILL, PIMCO:**

Good afternoon. I think for one, on the presidential side, this is going to effectively confirm what we already know, which is this is a coronation of both Biden and of Trump. About 30% of delegates are at stake today for the Democratic side and 36% are at stake on the Republican side. And both eventual nominees will likely do very well today. So again, just an affirmation of what we've really known for a while and what we've been telling our clients. This effectively is not a competition. It is a coronation of these two respective, effectively incumbent folks. And that will obviously just position us for a Trump versus Biden election come November. I do think though that there are some interesting races that are a little bit more nuanced but also actually should matter to the markets. These are for down ballot races, particularly in the House. The House is likely going to be competitive for Democrats going into November. And of course, the composition of Congress, we would argue, is almost just as important as who's in the White House, particularly as it relates to fiscal policy, spending and tax cuts and what have you. So things that the markets care about. So I'm here in California at our headquarters. There's some races down ballot primaries here in California that could again be key to November, but some of the things that people actually really pay attention to, which is the presidential primary, again, effectively just a coronation tonight.

**JULIE HYMAN, YAHOO FINANCE:**

I do want to talk more about Congress in a minute, Libby. But first, it might be a coronation, but then the real competition begins between the two presidential contenders. And the polling data recently has really caught our attention here, because especially the way that President Biden is being graded on his handling of the economy, I know, for example, our political columnist, Rick Newman, has been sort of shocked by the numbers because by his estimation, Biden's done pretty well. What do you think accounts for that disconnect?

**CANTRILL:**

Yeah, and I think we would agree with Rick. When you look at all of these economic metrics on paper, things look very good. Obviously, economic growth has been incredibly resilient. Labor force participation has been very high. Unemployment has been very low. Inflation has been softening. But, and an important but here, is that if you look at the price level from when President Biden was inaugurated in January 2021 to now, things like eggs, things like groceries, gallon of milk. These have all increased a lot, in some cases, by about 30% since he was inaugurated. And we really do think this in some ways explains why he is getting such low marks on the economy. Inflation, as we all know, effectively functions as a regressive tax. And folks have felt that. These have become kitchen table issues. And again, they're scoring the President and giving him low marks on this. I do think that maybe some optimistic news for the President, though, is that some of those polls around his handling of the economy are improving ever so slightly. And so if that trend does continue as we get into the election, that could obviously be better for him. But I think it's hard to disagree that his polls as of now are not where the Biden campaign wants them to be. We would just caveat, though, it is still very early. We’re engaged and some folks in the markets are engaged in this. A lot of people are not paying attention to the 2024 election quite yet.

**LIPTON:**

Libby, here's something that President Biden hopes we'll pay attention to: his State of the Union address. That's this week as well, Libby. What do you think his priorities are going to be there? What do you think the President is going to emphasize? And does it actually matter, Libby? Do a lot of Americans still pay attention and tune in for the State of the Union?

**CANTRILL:**

Just by the numbers, not really. It was sort of in the 20 million mark last year. That compares to 120 million people viewing the Super Bowl. One of our traders jokes that we should get Taylor Swift to pop up at the State of the Union because that would drive your ship. But I do think that kidding aside, this is an opportunity for the President to have the singular focus of 20 million plus Americans who are likely pretty engaged if they're staying home on a Thursday night to watch the State of the Union and to really tell his narrative to talk about the accomplishments of his administration, the things that they are proud of. You saw that they just finalized this credit card fee, the limiting of the credit card fees today. I'm sure he'll talk about that. I'm sure he'll talk about the junk fees that they've been trying to work on. So again, this is his opportunity to give a pitch to the American people and effectively kick off his campaign. But again, it will depend on what the viewership is and Taylor Swift is probably not going to be showing up to the State of the Union.

**HYMAN:**

Believe it or not, we actually talked about that at our meeting this morning, Libby. So in conversations with clients right now, given all the noise out there, given that it's still early, what are you telling clients is the single most important thing to watch, whether it's an issue, whether it's a candidate or a particular race?

**CANTRILL:**

I would just say that our clients are already jumping to what a Trump 2.0 would look like, what a Biden 2.0 would look like. And again, we would say it's kind of early at this point. Just to the point that I made earlier, we do just emphasize that the composition of Congress really will matter. In the Senate, The Democrats control the Senate right now by one vote. It looks very difficult for them to keep the Senate just given the bad maps that they have. With the House, however, the Democrats are hoping they can flip that from Republican control to Democratic control. So some of these dynamics are on the congressional level. While, again, people don't really pay attention, it actually really will matter in terms of what the next president can or cannot do. But in terms of things to look out for, some of these economic indicators as inflation continues to come down, does the price of food and rent particularly, does that start softening? We do think that could be sort of a tailwind. What happens to gas prices? And then importantly, is there a credible third party that emerges because we do think this could actually be more of a threat to President Biden than to President Trump, particularly with a party called No Labels, they are thinking about making a run. They could be on the ballots in many states and that again could pose a threat to President Biden. But overall, it is still very early, even though it doesn't feel very early because we now know — it already feels like we’re months into this general election, even though we really are not. So we would just caution people from extrapolating too much from a single pull or from a single indicator at this point.

**HYMAN:**

We'll try to do our best. Libby, thanks so much. It was great to see you. Libby Cantrill, we appreciate it.

**CANTRILL:**

Thanks so much.