

## U.S. Municipal Bond Market

# White House Scrambles to Revive its Approval Rating & Legislative Agenda, Municipal Friendly Elements Hang in the Balance

- This week, the number of new weekly jobless claims unexpectedly fell to 293,000, according to [Labor Department data](#) released Thursday morning. Headwinds to the U.S. economic recovery remain, however.
- These headwinds and falling presidential approval ratings are causing the White House to scramble to save its Build Back Better legislative agenda, among other goals.
- Weakness in the White House is not a positive sign for those who would like to see the municipal bond market friendly elements become law as part of the Democrat's progressive effort.

Tom Kozlik

Head of Municipal Research & Analytics  
214.859.9439  
[tom.kozlik@hilltopsecurities.com](mailto:tom.kozlik@hilltopsecurities.com)

## Jobless Claims and Presidential Approval Falling

The number of new weekly jobless claims unexpectedly fell this week to 293,000, according to [Labor Department data](#) released Thursday (Oct. 14, 2021) morning. This was a newsworthy result as it is the first time since the beginning of the pandemic that the initial jobless claims number was below 300,000. It can be considered a positive sign for the U.S. economic recovery, however headwinds still exist. One such headwind was the logjam of ships waiting to be attended to at the Port of Los Angeles. This was an issue that seemingly required intervention from both the U.S. [president](#) and [vice president](#). [The White House pushed to expand port operations](#) to a 24/7 schedule in order to tame inflation and limit the economic drag caused by the logjam.

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It is probably not surprising that the White House intervened in the Port of LA situation. This is because the president's approval rating has been taking a beating since the middle of August. This is true in many of the presidential approval numbers, according to sources such as the recent [Quinnipiac poll](#) and other polls [summarized by FiveThirtyEight](#). We are going to concentrate on the [Morning Consult](#) U.S. presidential approval polling. The president's approval was as high as 56%, but has fallen to 47%, according to results from a Morning Consult poll conducted Oct. 6-12. This is terrible news for Democrats and the White House. The performance of the economy is a politically important issue. A weak White House is not good news for the Democrats' political prospects where mid-term elections or their Build Back Better agenda is concerned.

## Weakness in the White House is Not a Positive for Municipal Friendly Elements

Weakness in the White House, or more specifically the falling presidential approval numbers we have been seeing in recent weeks, is not a good sign for the municipal bond market friendly elements currently being considered by lawmakers as part of the draft budget reconciliation package. Remember, [the potential reinstatement of tax-exempt advance refundings and a new subsidized taxable direct pay bond program](#)

among other items are on the line. The problem is that momentum has stalled on infrastructure and budget reconciliation negotiations, and the potential for either to materialize in any meaningful amount is falling as the position of the White House weakens. We wrote that the municipal bond friendly elements could be lost if the Build Back Better Agenda is pared back, and that is still very true today. The Democrats have tried to buy themselves some time to negotiate within the party, but the likelihood of the full amount of the president's surprise progressive agenda becoming law is less likely to happen each day that the presidential approval rating falls.

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