

Market Data Insight for Actionable Strategy

US Policy

February 16, 2024

Election News, Gridlock in DC



L . Thomas Block
Washington Policy Strategist

Key Takeaways

- The seat vacated with Republican George Santos's expulsion from the House of Representatives has returned to the Democrats with this week's victory of Tom Suozzi.
- Suozzi had previously won the seat in 2020 before losing it to Santos in 2022; the district has a solid Republican machine but has generally gone for Democrats at the national level.
- With the Presidents' Day recess, both houses of Congress will return just three days before the first of two government shutdown deadlines.

In politics, the biggest story of this week was the victory of former Representative Tom Suozzi in the seat vacated when George Santos was voted out of the House of Representatives. In 2022, Santos flipped the seat from Democratic to Republican, but it became clear that his candidacy was built on a web of falsehoods creating the image of a person who didn't exist.

While New York is a solidly Democratic state, the Nassau County part of Long Island has long had a strong Republican machine that regularly elects Republicans to local offices. But in national races, the district elected Democrats. The seat went for Biden and Suozzi in 2020 before the flip to Santos in 2022. Republicans were hopeful that the Southern border's chaos, which has been shipped to New York City, would be a positive for Republicans. However, it seemed to have little impact on the race.

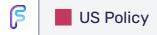




The win by Suozzi further eroded the Republican majority in the House, which now stands at 219 Rs to 213 Ds. With tough issues such as funding the government and aid to Ukraine and Israel on the agenda, the close margin will pose a real challenge to Speaker Johnson and his leadership team.

The House and Senate are in recess to celebrate Presidents' Day and are not expected to return to DC until February 28, only three days prior to the first of two government shutdown dates. Tough decisions on both the military assistance and government funding will be front and center when Congress returns.





Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject





to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2024 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.

