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STRATEGIC CONSULTING · PUBLIC AFFAIRS · POLITICAL RISK

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WASHINGTON, D.C.



EXECUTIVE BRIEF · STRATEGIC RISK OUTLOOK

United States 2026–2028

Midterm elections of 3 November: AP projects Democratic majorities in both chambers. What changes, what does not, and scenarios up to the new Congress of January 2027.

INTENDED READERS

Policymakers, diplomats and institutional decision-makers in Spain, the EU and Latin America

ACCOMPANIED BY

Document II — Political Risk Assessment · Document III — Electoral Outlook

CUT-OFF

4 November 2026, 09:00 CET · updated 14:00 · v1.6

RESULT

AP projects Democratic majorities in the Senate and the House · Alaska and Mississippi not called · certification pending

· EXECUTIVE DASHBOARD

The United States at a glance

The situation in thirty seconds. Risk levels follow the method set out in Document II; the indicators are source data at the cut-off.

OVERALL RISK LEVEL **ELEVATED**



Position: the marker shows the band resulting from the median severity of the seven main risks (6/9); it sits at the centre of that band and does not represent a measured value.

Trade / tariffs	HIGH	**Foreign policy and security**	ELEVATED
Governability	ELEVATED	**Government funding**	MODERATE
Monetary / inflation	MODERATE	**Institutional / legitimacy**	MODERATE

Moderate · Elevated · High

7
Senate flips (Spectrum/AP, 1:30 ET)

16
House flips (Spectrum/AP, 1:30 ET)

54
D Senate seats on the projections (55–56 depending on Alaska and Mississippi)

31–32%
Trump approval (Reuters/Ipsos, 19 and 26 Oct)

11 Dec
Funding expires (the outgoing Congress decides)

3 Jan 2027
New Congress sworn in

CORE JUDGEMENT

AP projects Democratic majorities in the Senate and the House. Spectrum, with AP calls, puts the seats taken from Republicans at 1:30 ET at seven and sixteen, with no losses; the composition of the seven flips is reconstructed on page 3. The new majorities do not act until January: funding beyond 11 December remains subject to negotiation in the outgoing Congress. From 2027, the risk for allies shifts to divided government —a Congress with powers over spending and trade facing an Executive that retains the initiative on tariffs and military action—, not to the count.

· HOW THIS ANALYSIS IS ORGANISED

One synthesis, two companion documents

UPDATE · 4 NOV · AP PROJECTION

AP projects that the Democrats win back the Senate and the House. They needed +4 and +3; at 1:30 ET they had 7 Senate flips (AP figure according to Spectrum; reconstructed composition: NC and ME with an AP call checked at source, SC, TX, OH and IA on Spectrum's list, KS by three outlets) and 16 in the House (Spectrum), without losing any of their own seats. Collins conceded in Maine. Alaska and Mississippi remain uncalled.

Spectrum News with AP calls (4 Nov, 1:50 a.m. ET); AP results tool; Maine Public.

LEVEL OF CERTAINTY	SENATE	HOUSE
1 · Partial results	Maine: Jackson (D) +5 pp with ~2/3 counted (Maine Public). Mississippi: Colom (D) +43 votes with 97% counted (Magnolia Tribune, 2:00 a.m. CT)	Count under way: about 75 districts undecided at 4:19 a.m. ET (CBS)
2 · AP projection	D control; 7 flips, none Republican (1:30 ET); Maine and Michigan called; Alaska and Mississippi not called (AP, 10:09 and 08:48 UTC)	D control; 16 flips, none Republican (1:30 ET)
3 · Arithmetic determination	On the projections: 54 D (47 at the outset + 7 flips; Michigan, a D seat called by AP). 55 if Alaska or Mississippi goes D; 56 if both do. Only in the unprojected scenario of losing Michigan: 53	Not calculable: the number of districts called is missing
4 · Official certification	Pending (states)	Pending (states)

Sources: Spectrum News with AP calls (updated 4 Nov, 1:50 a.m. ET); AP results tool (Maine and Michigan called, 07:45 UTC; Alaska not called, 07:30 UTC); Maine Public (4 Nov). Michigan: NPR, The Hill and the Detroit News headline El-Sayed's (D) victory; pages not opened. Spectrum includes New Hampshire —already a Democratic seat— in its list and omits Kansas; the seven flips consistent with the other sources are NC, SC, KS, TX, OH, IA and ME. Later confirmation of the seven winners does not establish that each race had already been projected by AP before the cut-off. Update at 14:00 CET: Mississippi, Magnolia Tribune (4 Nov, data as of 2:00 a.m. CT; thousands of affidavit ballots remain, and counting them may take up to five business days; there is no runoff) and AP results tool (not called, 08:48 UTC); Alaska, AP (not called, 10:09 UTC) and SAN (4 Nov: less than one point apart, ranked-choice tabulation on 18 Nov); House, CBS News (about 75 districts undecided at 4:19 a.m. ET).

I

Executive Brief

Result, scenarios and lines of action.

II

Political Risk Assessment

Actual powers, trade, foreign policy, calendar; method and risk matrix.

III

Electoral Outlook

Forecast versus result, territory, turnout and composition.

→

Suggested reading

The synthesis, here; the detail, by area of decision.

00 · FIVE MESSAGES FOR DECISION-MAKERS

Five messages for decision-makers

01

AP projects a change of control in both chambers

Seven Senate flips and sixteen House flips at 1:30 ET, according to Spectrum with AP calls; one of the seven (Kansas) appears in other outlets, not on that list. The projection is not the certification.

02

The new majorities start in January

Until 3 Jan 2027 the outgoing Congress, with Republican majorities, governs. Funding beyond 11 December will be decided under that balance, although in the Senate the majority needs Democratic votes to overcome the filibuster.

03

Congress has powers of its own—not merely a blocking role

The Constitution assigns it tariffs and spending. It can cut back delegated powers, attach conditions to funds or legislate, but every law needs the President's signature or two-thirds of those present and voting in each chamber.

04

Tariffs remain in the Executive's hands while the law is unchanged

After the Supreme Court ruling of 20 Feb on the IEEPA, the tariff in force rests on Section 301 (60 economies; announced on 23 Jul, in force since 24 Jul) and on Section 232 measures. Congress can reform those delegated powers, but not immediately.

05

Spain, the EU and Latin America: more interlocutors, not automatically more room

Policy on bases, NATO, Iran or Venezuela remains with the Executive. Congress provides oversight, budget and a second channel.

KEY POINT FOR DECISION-MAKERS

Separate two calendars: the transition (outgoing Congress, 11 Dec) and divided government (from 3 Jan 2027). The second is what moves the risk; the first sets the starting point.

01 · ELECTORAL CONTEXT

An election held amid low presidential approval

The White House went to the polls with approval of 31–32% and an ongoing war. AP projects a broader result than the forecasts suggested.

The starting point

Senate: 53 R and 47 D (including two independents). House: 218 R, 214 D, one independent (Kiley) and two vacancies (CBS News; Yahoo News, 3 Nov).

The prior signal

Reuters/Ipsos: generic ballot 47% D, 35–36% R (19 and 26 Oct). Decision Desk HQ (2 Nov): 65% probability of a Democratic Senate and 84% of a Democratic House.

SENATE FLIP	CALL
North Carolina · Cooper (D) over Whatley	AP
South Carolina · Andrews (D) over incumbent Graham	AP*
Kansas · Hamilton (D) over incumbent Marshall	Media
Texas · Talarico (D) over Paxton	AP*
Ohio · Brown (D) over incumbent Husted	AP*
Iowa · Turek (D) over Hinson	AP*
Maine · Jackson (D) over incumbent Collins	AP

AP: call reported by AP via OPB (North Carolina) or by the AP tool (Maine). AP: included on Spectrum's list based on AP calls. Media: Kansas appears in The Center Square, HuffPost and The Epoch Times, but Spectrum does not include it. The Democrats held Georgia (Ossoff) and New Hampshire (Pappas); Michigan, El-Sayed (D) according to headlines.*

WHAT DECIDED THE RESULT

J&H cannot attribute the result to a specific group of voters: no exit poll has been located and consulted. The only data on record, reported by elDiario.es from an NBC poll, are 62% disapproval of Trump and 62% opposition to military action against Iran.

02 · WHO CONTROLS WHAT

Two centres of power, compared

The Constitution divides trade, spending and war between the two. What matters is not who holds the power, but who can act without the other.

White House · Republican

Broad initiative of its own: tariffs under existing delegated powers (Sections 301 and 232), conduct of military operations —with a scope subject to disputed constitutional and legal limits—, policy towards NATO and allies, veto. **Limits:** approval of 31–32%, the courts (IEEPA ruling, 20 Feb) and an opposition-controlled Congress from January.

Congress · Democratic majority projected from 3 Jan 2027

Acts alone: investigations, refusal to approve funds, rejection of nominations (Senate). **Needs the signature or two-thirds:** reforming tariff delegations, attaching conditions to spending by law, joint war powers resolutions.

LEVER	VERIFIED STATUS	READING
War powers (Iran)	On 3 Jun the House passed H. Con. Res. 86 —a concurrent resolution directing the removal of forces from hostilities with Iran— by 215-208 (211 D and 4 R in favour) (official House record); the Senate rejected similar measures (LAist)	A concurrent resolution does not go to the President for signature and its binding force is disputed (INS v. Chadha); a joint resolution is subject to veto
Funding	H.R. 6500: continuing resolution to 11 Dec (White House; AACOM)	Negotiated by the outgoing Congress
Tariffs	IEEPA struck down on 20 Feb; Section 122 expired on 24 Jul; Section 301 announced on 23 Jul and in force since 24 Jul (EY)	Delegated powers reformable by law; litigation ongoing
Veto	Override: two-thirds of those present and voting in each chamber, with a quorum (Constitution, Art. I, Sec. 7)	290 and 67 only with both chambers full and all voting

J&H internal knowledge, not verified against a 2026 source: the powers described in the two cards and the veto rule (constitutional text). The other rows are sourced facts.

03 · KEY FACTORS AND VARIABLES

What moves the risk until January

The forces that shape the starting point of divided government, ordered by weight. The watch level indicates J&H's monitoring priority.

FACTOR / VARIABLE	WATCH	READING
White House reaction to the result	🔴	No verified quote at 09:00 CET; later CNN and The Hill headlines point to acceptance (unverified)
11 Dec funding (outgoing Congress)	🔴	Long deal or short continuing resolution that passes the decision to the new Congress?
Alaska, Mississippi and the House count	🟡	Alaska and Mississippi not called (AP, 10:09 and 08:48 UTC); House total missing (about 75 districts undecided at 4:19 a.m. ET, CBS)
War powers and Iran	🟡	June memorandum expired on 18 Aug; current status unconfirmed
Tariffs (Section 301) and litigation	🟡	Announced on 23 Jul, in force since 24 Jul; rates in dispute
The Fed and inflation	🟡	Fed: 3.75–4.00% range held on 28 Oct by 10-2; CPI of 3.7% in September (BLS)
Spanish election of 29 Nov	🟡	Overlap with bases, NATO and tariffs

🟡 Watch 🔴 Critical

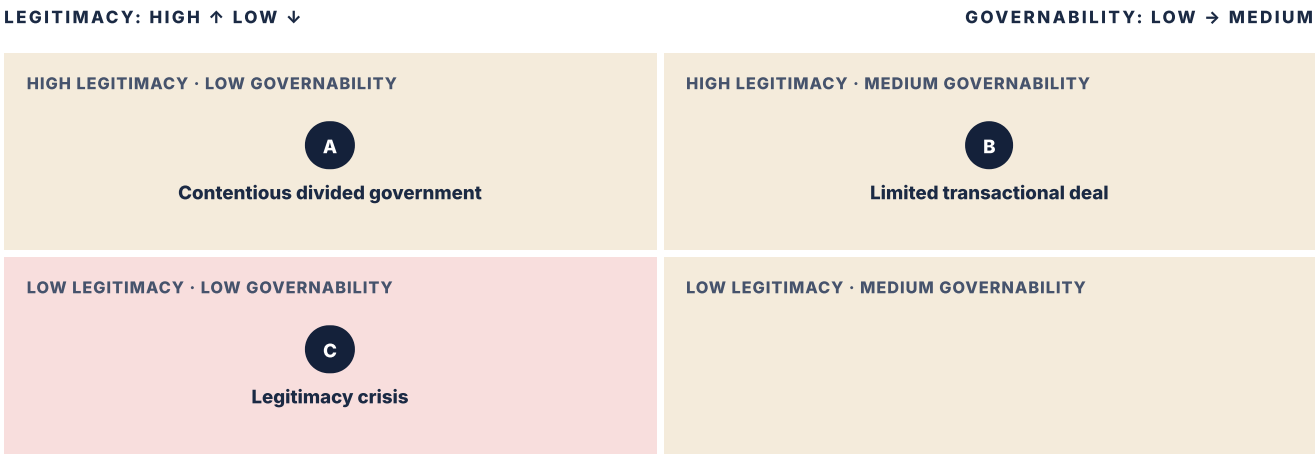
J&H READING

Until January, the variables are about calendar and reaction; from January, about the distribution of power.

04 · SCENARIOS

Three divided-government scenarios, mapped

Positioned by legitimacy (high or low) and governability (low or medium) from January 2027. The scale does not include high governability because no scenario reaches it: the White House retains the veto and Congress, funding.



A · Contentious divided government · most likely outcome

Congress uses funding, investigations and war powers votes; the White House vetoes and governs with existing delegated powers. Includes government shutdowns as ordinary deadlock, with no dispute over legitimacy.

B · Limited transactional deal

Limited agreements (budget, some limit on tariffs or war) to avoid government shutdowns. Requires the White House to accept the result without dispute.

C · Legitimacy crisis

The White House or Congress disputes the other's legitimacy: challenge to the result or its certification, or refusal to comply with court rulings or laws. A government shutdown alone is not enough to land here.

SCENARIO CLASSIFICATION RULE

Classification rule, applied on 31 Mar 2027 and in this order: **C** if the White House or Congress has disputed the other's legitimacy (challenge to the result or its certification, refusal to comply with court rulings or laws); otherwise, **B** if funding for the rest of fiscal year 2027 has been approved by agreement without a government shutdown; in any other case, **A**. The intensity of clashes over trade, investigations or war powers does not alter the classification: a budget deal with clashes on those fronts is B. The rule ensures that the three scenarios are mutually exclusive and exhaustive.

J&H READING

The structural brake —veto, courts and calendar— makes both rupture and friction-free normality unlikely. C is the highest-impact tail.

05 · PROBABILITY AND RISK

Probabilities by confidence band

The three scenarios are mutually exclusive and exhaustive under the classification rule on the previous page. Each carries a J&H central estimate —summing to 100%— and the band that expresses its uncertainty; the bands are read as a joint constraint. The estimates are expert judgement: the evidence supports the order of plausibility, not the exact magnitude, and they are not derived from a rule.

A · Contentious divided government



B · Limited transactional deal



C · Legitimacy crisis



LOW MODERATE HIGH

SCENARIO	BASIS FOR THE BAND
A · 65%	Already under way: the House voted against the war in June; the Executive governs through delegated powers; the incoming Congress gains control of funding
B · 25%	Requires a budget agreement and the White House accepting the result without dispute; there are incentives (avoiding shutdowns), no verified signal
C · 10%	Requires a dispute over legitimacy, not budget deadlock; no verified quote anticipating it at the cut-off time, and later headlines pointing to acceptance of the result

Trade
HIGH
R1 tariffs: P3 × I3 = 9

Foreign policy and security
ELEVATED
R2 escalation, R3 allies: P2 × I3 = 6

Governability
ELEVATED
R4 budget deadlock: P3 × I2 = 6

Method: each risk is scored for probability (1 low, 5–40%, covering the very low and low bands · 2 moderate, 40–60% · 3 high, 60–95%, covering the high and very high bands; each risk has its own horizon, shown in the matrix) and impact (1 medium · 2 high · 3 very high); severity = P × I (1–9). Bands: 1–2 low · 3–5 moderate · 6–8 elevated · 9 high. Each dimension takes the band of its most severe risk; the overall level takes the band of the median of the seven risks (6/9). The P and I scores are J&H expert judgement; the aggregation is fixed and reproducible (Document II, section 07).

J&H READING

A public dispute by the White House over the result or its certification would move scenario C up a band. A government shutdown would reinforce A, not C.

06 · IMPLICATIONS FOR DECISION-MAKERS

Six lines of action

Designed to hold regardless of the final count. The cross-cutting criterion is active prudence.

Separate projection and certification

Use AP projections to plan and state certifications to commit; follow Alaska, Mississippi and the House total.

Map the new Congress

Identify the committee chairs with foreign, trade and budget weight that change in January.

Plan tariffs under current law

Sections 301 and 232 as the floor; follow any legislative initiative on the delegated powers and the litigation.

Two calendars

Transition: 11 Dec with the outgoing Congress. Divided government: from 3 Jan 2027.

Spain and NATO

Cross-reference 29 Nov with the threats over Rota and Morón and defence spending: these still depend on the Executive.

Latin America, front by front

Brazil (July tariffs), Mexico (USMCA under annual review) and Venezuela, separately.

EXECUTIVE CONCLUSION

The prudent strategy is to open a second channel with the new Congress without expecting a rapid shift from it: trade and war remain in the Executive's hands while the law is unchanged.

· HORIZON

Critical timeline, November 2026 – November 2028

3 November · polls	First AP calls: Georgia (8:15 p.m. ET), New Hampshire (8:38) and North Carolina (8:47, flip) (PBS).
4 November · projection	AP projects Democratic majorities in both chambers; 7 + 16 flips at 1:30 ET. Collins concedes in Maine.
18 November · Alaska	Ranked-choice tabulation of the Senate race (SAN, 4 Nov). In Mississippi, counting affidavit ballots may take up to five business days (Magnolia Tribune).
29 November · Spain	General election (CIS: PSOE 34%, PP 22.2%; Sigma Dos, Sociométrica and NC Report: PP ahead).
11 December · funding	Continuing resolution H.R. 6500, signed in September, expires (White House; AACOM); the outgoing Congress decides.
3 January 2027	120th Congress sworn in (Twentieth Amendment: noon on 3 January, unless a law sets another day).
7 November 2028	Presidential election.

THE SERIES · HOW TO READ THE THREE DOCUMENTS TOGETHER

This Executive Brief is the synthesis; Document II develops powers, risks and method; Document III, forecast versus result and composition. All three support one position: plan with the AP projection, commit with the certification.

Prepared by J&H Consulting Group. This is not legal or investment advice. Risk bands and levels are J&H assessments using the method set out in Document II. Public information as of 09:00 CET on 4 November 2026, with the status of Alaska, Mississippi and the House updated at 14:00 CET; the AP projections cited correspond to 1:30 a.m. ET (Spectrum News) and to 07:30–07:45 UTC (AP results tool). The sources consulted are predominantly English-language and US-based; the Spanish-language sources reproduce English-language agencies or media. Perspectives in French, German, Chinese, Russian, Persian or Arabic have not been cross-checked, and that asymmetry may bias the foreign-policy sections. Agreement between outlets with different editorial lines may reflect the same AP projection and does not amount to independent verification.