Media Perspectives on The US Midterm Elections

November 5, 2018

1. Introduction

The upcoming 2018 US midterm elections are taking place on Tuesday, November 6. All 435 seats in the United States House of Representatives and 35 of the 100 seats in the United States Senate are being contested. In addition, gubernatorial elections are held in 36 US states, three US territories, and the mayor of the District of Columbia.

The purpose of this report is to provide perspectives and insights from the media on these elections. We take a thematic analysis approach by which each item in our large depository of media articles is tagged as whether or not it is related to the election based on the textual features of the article. We use the fraction of midterm-related articles to total articles collected at a given day as a proxy for the media's attention. To get a better idea of the specific topics covered by the media with respect to the elections, we further classify midterm-related articles to specific sub-categories, such as immigration, gun laws, women rights, healthcare, and the economy.

This report examines the extent to which the elections have been reflected upon by the national news media as well as the media coverage of firm-level equities, country equities, and foreign exchange.

Key insights:

The media reveals particular preferred topics of interest over time and source
The data highlights distinct topic and timing biases contingent on political-lean

2. Data

The analysis is based on four corpora of media articles:

(1) National news media[1] - a corpus of about 600,000 news articles from 2016 to 11/2018 drawn from leading publishers covering domestic US, international, politics, economics and the financial markets news categories.

(2) Firm-level media coverage[2] - a corpus of about 5 million articles drawn daily from approximately 75 thousands media sources pertaining to large capitalization US companies.

(3) Country equity coverage[3] - a corpus of about 500,000 articles collected daily from thousands of media sources and pertaining to country equity of 44 countries.

(4) Foreign exchange coverage[4] - a corpus of about 500,000 articles collected daily from thousands media sources and pertaining to 33 currencies.

Articles are tagged as US midterm-related if their textual content includes specific words associated with the midterm election. Midterm-related articles are further classified based on the specific midterm-related issues they refer to as follows:

(1) Immigration - using terms such as immigration, DACA, the border wall, refugees, and asylum.
(2) Gun laws - using terms such as the second amendment and gun control.
(3) Women's rights - referring to terms such as abortion and the #metoo movement.
(4) Healthcare - referring to terms such as medicare, medicaid, the affordable care act, and Obamacare.
(5) Impeachment - referring to terms related to impeachment.
(6) Economy - using terms such as economic growth, unemployment, and tax cuts.

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[1] The corpus serves as the basis of State Street MediaStats Media Confidence Index suite, designed to capture the overall perspective of media toward broad topics such as domestic, international, politics, economics and financial market topics.
[2] The corpus serves as the basis for the *State Street MediaStats* media indicator suite.
[3] This corpus serves as the basis for the *State Street MediaStats* Country Equity indicator suite.
[4] This corpus serves as the basis for the *State Street MediaStats* FX indicator suite.

3. Media Coverage of Midterm Elections

The midterms is a significant political event that draws attention from the general media as well as the media covering financial assets. Figure 1 demonstrates the intensity of midterms coverage in the general news media, political, as well as in the media coverage of financial assets including S&P 500 firms, country equity indices, and foreign exchange. As expected, the elections get higher relative attention in the coverage of politics and in the general media. Within the coverage of financial assets S&P 500 firms receive more midterm-related attention than country equity and foreign exchange. Given the US domestic nature of this political process, these findings are not surprising.
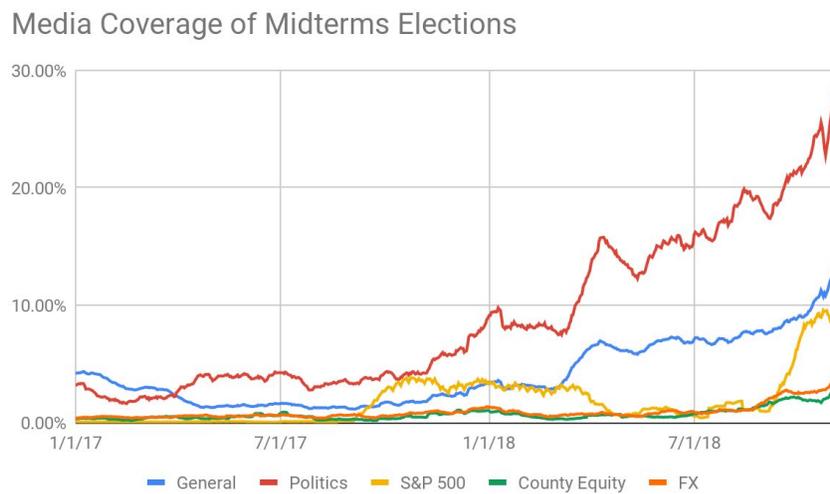

Figure 1: Intensity of Midterm Election Coverage in General Media, Politics, and in Media Coverage of Financial Assets (S&P 500 firms, Country Equity, and Foreign Exchange).

3.1 National News Media

We analyze a corpus of news articles collected from a panel of major digital publishers. The articles are collected daily and are organized by five news categories as follows: US domestic, international, politics, economics, and financial markets. We apply the tagging procedure described above and report the time series of media intensity (attention) with respect to the midterms. Our media attention measure is simply the ratio of the number of articles covering the midterm by total number of articles collected. If during a day we collect 100 articles in politics and 10 of them are also midterm related, the intensity of midterm-related coverage (e.g., media attention) within politics is 10%.

Figure 2 displays the 30-day moving average of the general media attention to the midterm elections. Panel A provides an aggregate measure across multiple new categories and Panel B provides the same measure by news category (i.e., US domestic, international, politics, economics, and financial markets). Not surprisingly, the figure shows media attention to the midterm election has been intensifying with the approach of election day. Panel B shows that most of the election coverage falls within the Politics news section, followed by the US domestic news section. There has also been an increase in coverage of midterms within the Economics, Finance and International news categories recently, but the level of attention within these types is much lower than Politics and US domestic.

Panel A - Midterms Coverage Intensity in Major News Outlets

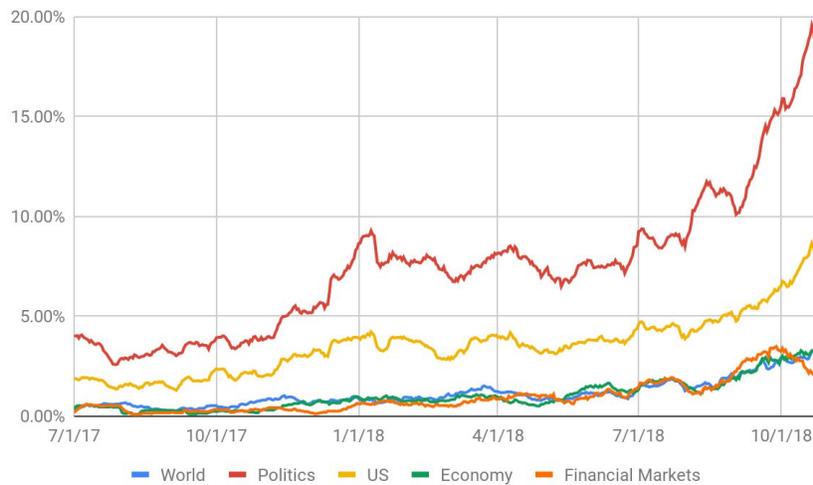### Panel B - Midterm Coverage Intensity by News Section

Figure 2: Intensity of Midterm Elections Coverage in the National News Media (7/2017-11/2018)

We now turn to the specific issues discussed within the coverage of the elections. Naturally, some of these issues are easier for one party (or candidates) to deal with than the other party. Moreover, the conventional wisdom is that groups of voters are more likely to turn out to vote in response to high attention given by the media to issues with which they identify. Therefore, measuring the attention given to specific issues is important.

As an example, it has been claimed over the past week that President Trump was trying to mobilize the base of the Republican party and increase election turnout by focusing on immigration policies. In contrast, some political analysts believe that elevating the issue of ObamaCare to the center of the midterm debate could serve the Democratic party and its candidates. As explained above, using textual analysis, we further classify midterm-related articles into the specific issues / topics including immigration, healthcare, women rights, gun laws, economy, and impeachment.

The pie chart in Figure 3 provides a representation of media attention to each of the specific topics within the coverage of the midterm elections in the national media. To avoid potential bias toward economy, we focus on the politics news type. The numbers reflect coverage from January 2018 onward.

Midterm Coverage by Topic

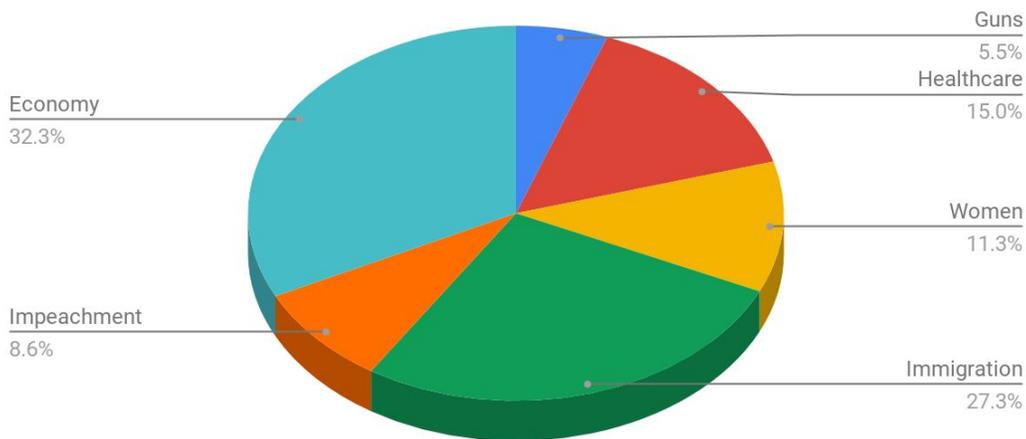| Topic	%
Guns	5.5%
Healthcare	15.0%
Women	11.3%
Immigration	27.3%
Impeachment	8.6%
Economy	32.3%

Figure 3: Media Coverage of the Midterm Elections by Topic (2018)

The economy has been the issue receiving the highest attention overall, with roughly a third of total midterm articles. Immigration and healthcare are the second and third most covered issues with 27% and 15%, respectively. Women, impeachment, and gun laws have received lesser media attention with 11%, 9%, and 6%, respectively. Given the positive state of the economy,

the conventional belief is that emphasizing economic related issues, such as economic growth and low unemployment, would serve the Republican candidates better than the Democrats. In contrast, attention to the recent negative performance of equity markets, might actually serve Democratic candidates (see below, 4.2 Editorial bias and the equity markets).

Some analysts believe that Democratic candidates may benefit from bringing attention to the healthcare, while, as noted above, some Republican strategies, believe their party could benefit from media attention to immigration.

3.2 Issues over time

Figure 4 shows the time series of attention to specific issues since the beginning of the year. The economy, which on average received the highest level of attention, seems to have consistently lost media attention over recent months, falling from 45% at the beginning of the year to about a quarter recently. Immigration, an issue emphasized by the President, is currently the most popular issue with close to 30%. Healthcare has been mostly steady since the spring.

Attention to gun laws peaked around the school shooting in Parkland, Florida early spring, but the interest in the topic has been in a steady decline since March. Women's rights (abortion, the #metoo movement) has experienced a significant variation in attention levels. Impeachment, which is ranked 5th out of six issues, has exhibited a steady increase in media attention and is now discussed more than at any point since the beginning of 2018. Impeachment, women's rights and healthcare have recently received similar levels of attention.
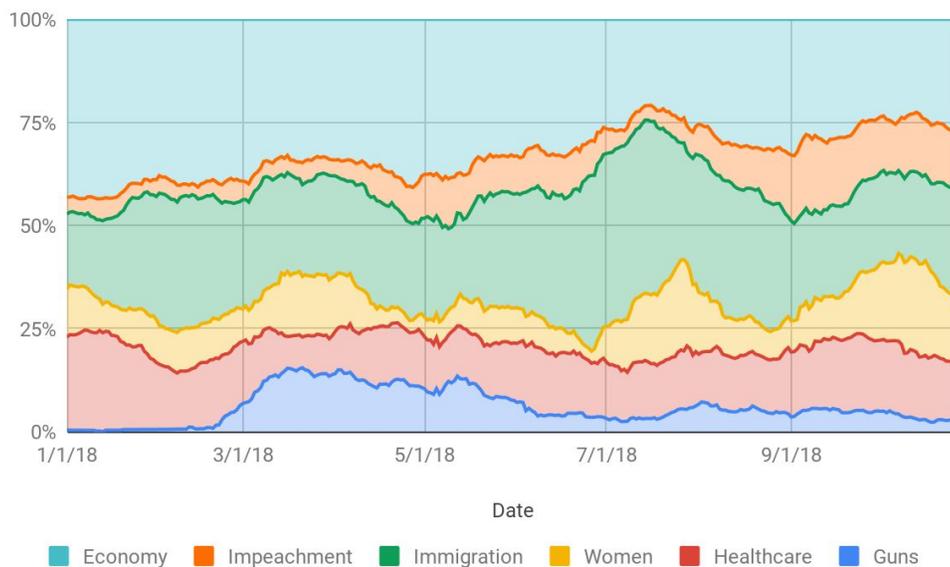

Figure 4: Time Series of Media Coverage of The Midterm Elections by Topic (2018)

4. Potential biases in the coverage by individual publishers

In recent years, the political polarization in the US has been increasingly reflected by the news media. For example, there have been complaints from the left about the strong relations between the White House and Fox News leading to bias reporting in favor of the administration. On the other hand, President Trump has often complained about reporting bias against him and his administration, sometimes referring to news media sources including CNN and the New York Times as the fake news media. Our dataset allows for in-depth analysis of the editorial choices made and biases at the media source level.

4.1 Editorial topic bias

Editorial decisions by the publisher may divert public attention from one issue to another. Increased or decreased attention to specific issues may affect voting turnout, as people who feel strongly about an issue are more likely to vote when that issue receives abnormal attention. Taken together, editorial decisions influencing coverage agenda may affect election outcomes. To investigate editorial decisions, we focus on eight leading news publishers (BBC, Fox News, The Guardian, Huffington Post,, New York Times, Wall Street Journal, Washington Post, and US Today).

We follow the definitions of the Pew Research Center[5] and AllSides[6] to rank publisher from left to right based on their perceived political bias. According to this rankings Huffington Post is the most left publisher in our sample, followed by The Guardian, New York Times, Washington Post, BBC, USA Today, Wall Street Journal, and Fox News, which is the most right-wing leaning publisher in this sample. We observe the midterm-related articles published by each and classify them into specific topics. We then compute the relative attention each of the topics has received by each source since 2018. Figure 5 displays the relative attention of immigration, impeachment, healthcare, and gun laws by each of these eight sources.

Immigration has received more attention by right-leaning sources than left-leaning sources. This might support the President's view that attention to immigration may turnout more of his supporters to vote. In contrast, healthcare and impeachment have received more attention by left-leaning media than right-leaning media. Gun laws seems to have drawn attention from both right and left while the center seemed less intrigued by the issue.
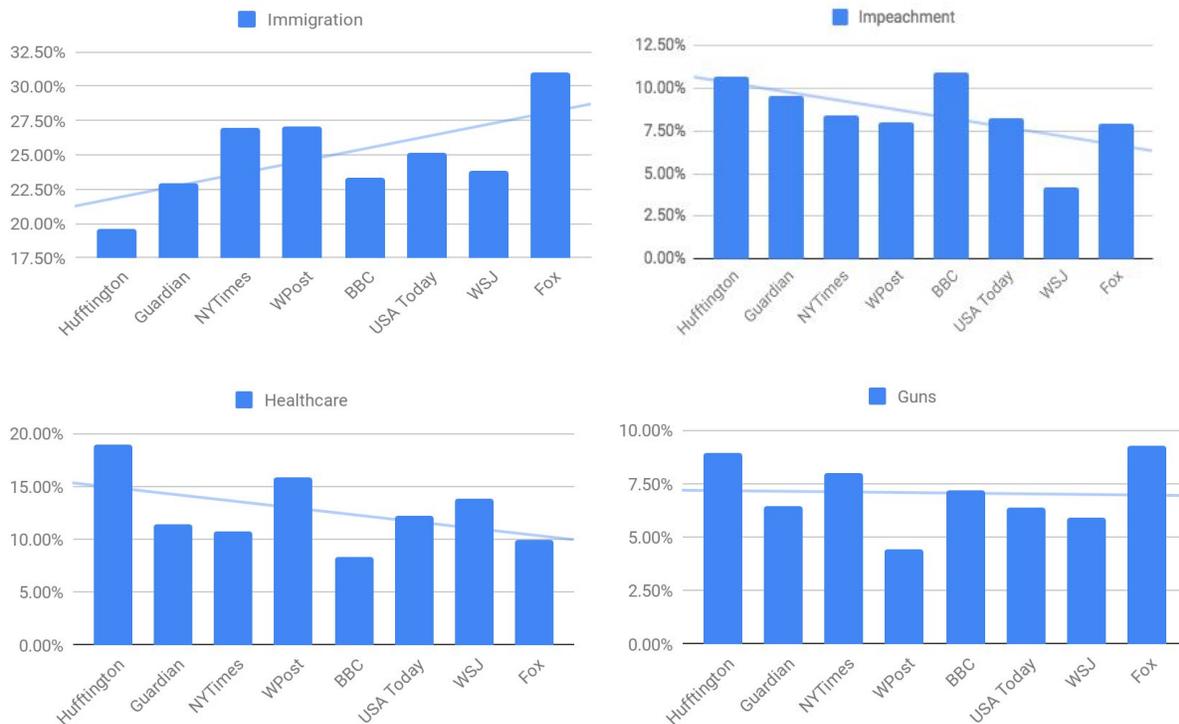
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[5] http://www.journalism.org/interactives/media-polarization/
[6] https://www.allsides.com/media-bias/media-bias-ratings

Figure 5: Media Attention to Midterm by Topic and Source Perceived Bias

4.2 Editorial bias and the equity market

Incentives of editorial functions are hard to measure. An editor choice to cover a certain issue could be driven by professional journalism standards or political bias. Simply by measuring media attention, it would be hard to claim one reason or the other. Also, since any coverage of politically motivated issue could be either in favor or against, simply measuring attention would have some apparent limitations.

The case of equity market prices is different. First, it is safe to assume that for an incumbent president positive market returns could be leveraged to project approval on the incumbent party and its candidates. Similarly, when the market crashes, it would be more convenient for an incumbent to divert attention from the economy and onto more favorable issues. Since both market returns and source attention to midterm by specific issue are available daily, we can run a simple test to conclude whether incumbent-leaning sources increase the attention to the economy following positive market returns, and whether anti-incumbent sources, respond to negative market returns by increasing the attention to the economy.

The equity market has seen some increased volatility over the past few weeks. Figure 6 provides anecdotal evidence in support of the conjecture that the media is biased. The left panel shows that as the market began to fall in October, both the New York Times and the Washington Post sharply increased attention of midterm coverage toward the economy. On the

right panel an opposite behavior is suggested by Fox News. As the market continues to underperform, Fox News shifted attention from the market and onto other topics.

Figure 6: Attention to the Economy Within the Coverage of Midterm Elections by Source versus Performance of the S&P 500 Index

To test this more formally, we calculate the two-week changes in relative attention to the economy within the midterm coverage for each of the following US sources: Huffington Post, New York Times, Washington Post, USA Today, Wall Street Journal and Fox News.[7] We also calculate the two-week S&P 500 index returns and then calculate the contemporaneous correlation between the two for each source. Figure 7 lists the sources by the order of their political-leaning, from the most left-leaning (Huffington) to the most right-leaning (Fox News). The bars represent the correlation between media source attention to the economy and market returns. The left-leaning sources exhibit a negative correlation, which means that they tend to give attention to the economy when the market falls, while at the right-end, a positive correlation suggests that when the market falls, the sources tend to provide less attention to the economy.
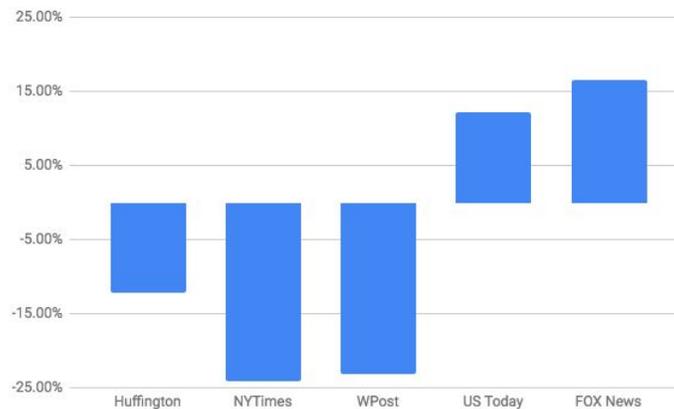

Figure 7: Contemporaneous Correlation between two-week changes in attention to the economy and S&P 500 returns

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[7] For this test we removed the Wall Street Journal which is assumed to have less editorial latitude in issues related to financial markets. We also removed BBC, and The Guardian which are not based in the US.

5. Conclusion

This report provides insights from the media pertaining to upcoming midterm elections. we investigate different election topics and find some receive more attention than others. Variation in attention and timing of coverage seem to be functions of the political tendency of the reporting source. Overall, we find evidence of a political media bias in editorial decisions.