

# It's An Election Year — What Does This Mean For The Market?

In presidential election years since 1945...

The S&P 500® rose in

**76%**

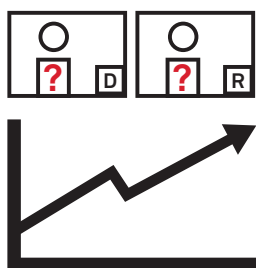
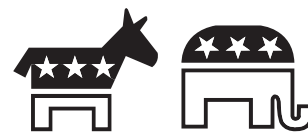
of these years\*

and gained an average of

**6.1%\*\***

\* The S&P 500 has risen in 70% of years since 1945, including election and non-election years.

\*\* The S&P 500 has risen 8.7% on average in the years since 1945, including election and non-election years.



For election years following second terms...

The S&P 500 rose only 50% of the time and actually fell an average of

**3.3%**

**Why?** In general, Wall Street hates uncertainty, and since WWII, incumbents running for reelection were approved **80% of the time**. Without an incumbent in the race, both candidates are **unknown quantities**.



**Can the stock market predict who the next president will be?**

Past performance is never an indicator of future performance, but looking at the data for every election since 1944...

**If the S&P 500 posted gains over the period from July 31 to October 31, the party currently controlling the White House won the election**

**82% of the time.**

**If the S&P 500 declined, the opposing party won**

**86% of the time.**

**But it doesn't have to be that way.**

The S&P 500 did do well in some election years following second terms, **rising**

**11.8%**

**in 1952.** Departing:  
President Harry S.  
Truman

**7.7%**

**in 1968.** Departing:  
President Lyndon  
B. Johnson

**12.4%**

**in 1988.** Departing:  
President Ronald  
Reagan



**Since 1945 once a president is in office, the average return of the S&P 500 has been:**

**6.3%**

**11.1%**

if they're Republican if they're Democrat

(Many variables besides party affiliation affect these average returns, so we present this data without drawing conclusions.)

# S&P Dow Jones Indices

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Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown. The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at [www.spdji.com](http://www.spdji.com) for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities (or fixed income, or commodities) markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

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