MEDALLION WEALTH MANAGEMENT

Where Trust is Earned

The other day we received the following list of presidential election tidbits from one of our suppliers of macro research, Strategas Research Partners. We thought it provided some interesting context for what has obviously become a contentious and at times confusing election cycle. We appreciate Strategas's permission to share their thoughts. Please feel free to share yours with us as well. Thank you.

10 THINGS YOU SHOULD KNOW ABOUT THE PRESIDENTIAL ELECTION CYCLE

- The performance of the S&P in the three months before the election has correctly predicted the success of the incumbent party 86% of the time since 1928.
- Regardless of the outcome, a relief rally follows the election.
- Since 1936, the market has performed better in the 12-months following election of a Democrat rather than a Republican.
- Market highs are more often established in the 4th quarter of the 4th year of a Presidential election cycle.
- Conversely, market lows are more often established in the 1st quarter of the 1st year of a Presidential election cycle.
- On average, the best year for the market in the election cycle is the third, as Presidents gear up for reelection. The worst year is the first, as Presidents make tough choices with their newly attained political capital. In recent years, however, the cycle has shifted, with year 1 being the best and year 3 struggling, depending on the timing of fiscal policy stimulus and austerity
- These differences in yearly returns are more acute in Republican administrations than they are in Democratic ones.
- The best scenario for the market lies with a Republican President and a Republican Congress. The worst performance occurs with a Republican President and Democratic Congress. Equity markets have generally rewarded divided government with a Democratic President and Republican Congress.
- With the exception of President Hoover's election, "third-term" Presidencies have been good for stocks in the first year of the new Administration.
- Fed inaction during an election year has not always been the norm. The Fed was especially active in the Reagan years. Since 1984, there has never been a hike in the Fed Funds rate in October of the election year.