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.

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.

For election years following second terms...

The S&P 500 rose only 50% of the time and actually fell an average of 3.3%.

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% if they’re Republican
- 11.1% if they’re Democrat

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

Source: Sam Stovall, S&P Global Market Intelligence, S&P Dow Jones Indices. Data: 12/31/45-12/31/15, with the exception of data following “Can the stock market predict who the next president will be?” which spans 7/31/44-12/31/15. Infographic is provided for illustrative purposes. The launch date of the S&P 500 was Mar. 4, 1957. All information presented prior to an index’s Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. Past performance is not an indication or guarantee of future results. It is not possible to invest directly in an index. Please see the Performance Disclosure at http://www.spindices.com/regulatory-affairs-disclaimers/ for more information regarding the inherent limitations associated with back-tested performance. Copyright © 2016 Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Infographic is provided for illustrative purposes and may reflect hypothetical historical performance. The materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable.
10% return per year would result in a cumulative gross return of 33.10%, a total fee of US$ 5,375, and a cumulative net return of 27.2% (or US$ 27,200).

Over a three-year period, an annual 1.5% fee taken at year end with an assumed 12-month period (or US$ 10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest performance of the securities/fund to be lower than the Index performance shown. For example, if an index returned 10% on a US $100,000 investment for an investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance information to be lower than the Index performance shown. For example, if an index returned 10% on a US $100,000 investment for a 12-month period (or US$ 10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US$ 1,650), the net return would be 8.35% (or US$ 8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US$ 5,375, and a cumulative net return of 27.2% (or US$ 27,200).