We are beginning to field more calls concerning the pending presidential election and its impact on the markets. We thought we’d offer some historical perspective to hopefully ease any concerns.

FACT VS. FICTION
An analysis of historical market returns under different administrations presents an unknown and incomplete picture. The clichés that one party is better for the markets than the other is not borne out by the facts. Ultimately, the record is too mixed, and too complicated, to make predictions based simply on which political party wins the election. According to research by The Leuthold Group, the S&P 500 performance by presidential term from 1928 through 2016, is nearly identical for both political parties. They concluded that this trend suggests that policy shifts are usually priced into the market by the time the new President takes office or heavily influenced by other cyclical forces. It would appear that the S&P 500 is decidedly non-partisan.

Stock market returns are the result of many different factors, so it is not always possible to draw a direct line between politics and portfolios. The two main candidates differ sharply over tax and regulatory policy, which could affect markets. Global trade has also been a sensitive issue among the candidates and voters in both parties. A turn toward protectionism could hurt economic growth. However, both candidates have vowed to increase spending on infrastructure, which could boost economic growth. Markets will be watching to see how these, and other policy issues, play out.

PERCEPTION VS. REALITY
Presidential election years have generally been pretty good for the stock market, on average. Over the past 65 years, the S&P 500 Index rose 81% of the time and posted an average return of 6.6%. Again, it’s worth remembering that the past performance may not be indicative of future results and there are many factors which influence the markets. Outside the world of politics, the U.S. economy continues to slowly improve. Consumer confidence has strengthened, the labor market continues to recover, housing prices have stabilized, and wages are starting to rise. All signs point to the Federal Reserve raising interest rates later this year, which ultimately bodes well for the health of the U.S. economy. No matter who wins on Tuesday, there will be lingering questions about the policies of the next administration and how they will impact the economy and the financial markets.

CONCLUSION
When it comes to your investments, the best way to give yourself a measure of confidence in the face of an uncertain world is through good planning. We continue to focus on well diversified investment portfolios for our clients, and believe it is best to try and ignore the political “noise” and focus on your long term investment goals. Timing the markets has never been a consistent, successful investment strategy, and the fact of the matter is that election related market volatility is short term, while your financial goals remain long term.

DISCLOSURES: Past performance may not be indicative of future results. It should not be assumed any recommendations made in the future will be profitable or equal past performance. Any returns listed above are not meant to represent any specific client’s or portfolio’s actual experienced returns. http://www.burtwealth.com/disclosure