

PRESIDENTS AND THE STOCK MARKET

The tumultuous year of 2020 is approaching its end, and the U.S. Presidential Election Cycle is nearing its conclusion, as well. As of this writing however, the ultimate outcome of the election is still in doubt, as a number of states are still in the process of tabulating votes.

While the election has occupied Wall Street's attention for much of the year, it is worth pondering whether the President really has much impact on the stock market. Over the past 120

years, the stock market has generally gained throughout a presidential term, regardless of the President's political party. Strong market returns have been posted under conservative Republicans (Eisenhower, Reagan) as well as more liberal Democrats (Clinton, Obama). Absent a significant economic downturn (Bush II, Hoover), a scandal-plagued administration (Nixon) or a World War (Wilson), stocks have generally moved higher regardless of who holds the presidency.

However, one aspect of today's economic environment, the level of interest rates, is truly different from past years. Yields on 10-year Treasury bonds have never been as low as they are currently, and they present little investment competition for stocks over the longer term.

Stocks will inevitably fluctuate regardless of the outcome of the election, but we believe that long-term investors are likely to continue to reap good returns from stocks, as they have in the past.

President	Start of Term	End of Term	S&P 500 Annualized Return (Price Change Only) ⁽¹⁾	Starting Interest Rate	Ending Interest Rate
Teddy Roosevelt (R)	9/14/1901	3/4/1909	2.2%	3.2%	3.8%
William Howard Taft (R)	3/4/1909	3/4/1913	-1.5%	3.8%	4.4%
Woodrow Wilson (D)	3/4/1913	3/4/1921	-3.0%	4.4%	5.0%
Warren Harding (R)	3/4/1921	8/2/1923	7.1%	5.0%	4.2%
Calvin Coolidge (R)	8/2/1923	3/4/1929	22.5%	4.2%	3.5%
Herbert Hoover (R)	3/4/1929	3/4/1933	-27.7%	3.5%	3.3%
Franklin D. Roosevelt (D)	3/4/1933	4/12/1945	6.5%	3.3%	2.3%
Harry Truman (D)	4/12/1945	1/20/1953	7.4%	2.3%	2.8%
Dwight Eisenhower (R)	1/20/1953	1/20/1961	11.6%	2.8%	3.9%
John F. Kennedy (D)	1/20/1961	11/22/1963	6.4%	3.9%	4.1%
Lyndon B. Johnson (D)	11/22/1963	1/20/1969	6.3%	4.1%	7.1%
Richard Nixon (R)	1/20/1969	8/9/1974	-6.9%	7.1%	8.0%
Gerald Ford (R)	8/9/1974	1/20/1977	17.7%	8.0%	7.5%
Jimmy Carter (D)	1/20/1977	1/20/1981	6.2%	7.5%	12.6%
Ronald Reagan (R)	1/20/1981	1/20/1989	10.9%	12.6%	9.1%
George H. W. Bush (R)	1/20/1989	1/20/1993	10.7%	9.1%	6.6%
Bill Clinton (D)	1/20/1993	1/20/2001	14.5%	6.6%	5.2%
George W. Bush (R)	1/20/2001	1/20/2009	-5.9%	5.2%	2.5%
Barack Obama (D)	1/20/2009	1/20/2017	14.2%	2.5%	2.4%
Donald Trump (R)	1/20/2017	???	10.6% ⁽²⁾	2.4%	0.8%

Overall Average: 5.5%
 Republican Average: 4.3%
 Democrat Average: 7.3%

Data as of 11/3/2020

Interest rates: 10 Year U.S. Treasury Yields.

⁽¹⁾ S&P 500 returns are calculated using the average monthly closing price at the end of the month preceding the start of a term and the average monthly closing price at the end of the month completing a term.

⁽²⁾ Returns calculated through the market close as of November 3, 2020.

Source: Renaissance Research, Robert Shiller, S&P Dow Jones

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REFERENCED INDEX

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S&P 500 Index—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.