

Wayne's Election Cycle Studies

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Below are the annual returns for each of the four years of the election cycle based on S&P data going back to 1930. Many theorize the market tends to underperform in the first two years of most administrations as tough fiscal policy measures are undertaken with the expectation that positive results will be seen later in the four year term when policies can then hopefully be loosened before the next election. Recent history appears to yield support to this theory. Next year (2013) is the post election year.

S&P Performance vs Four Year Election Cycle - Since 1930

Post	Middle	Pre	Election
	1930 -27.57	1931 -47.07	1932 -15.15
1933 46.59	1934 -5.94	1935 41.37	1936 27.92
1937 -38.59	1938 25.21	1939 -5.45	1940 -15.29
1941 -17.86	1942 12.43	1943 19.45	1944 13.80
1945 30.72	1946 -11.87	1947 0.00	1948 -0.65
1949 10.26	1950 21.90	1951 16.35	1952 11.78
1953 -6.62	1954 45.02	1955 26.40	1956 2.62
1957 -14.31	1958 38.06	1959 8.48	1960 -2.97
1961 23.13	1962 -11.81	1963 18.89	1964 12.97
1965 9.06	1966 -13.09	1967 20.09	1968 7.66
1969 -11.36	1970 0.10	1971 10.79	1972 15.63
1973 -17.37	1974 -29.72	1975 31.55	1976 19.15
1977 -11.50	1978 1.06	1979 12.31	1980 25.77
1981 -9.73	1982 14.76	1983 17.27	1984 1.40
1985 26.33	1986 14.62	1987 2.03	1988 12.40
1989 27.25	1990 -6.56	1991 26.31	1992 4.46
1993 7.06	1994 -1.54	1995 34.11	1996 20.26
1997 31.01	1998 26.67	1999 19.53	2000 -10.13
2001 -13.05	2002 -23.37	2003 26.38	2004 8.99
2005 2.98	2006 13.64	2007 3.53	2008 -38.49
2009 23.45	2010 12.78	2011 0.00	2012 12.35*
#UP-DN = 11- 9	12- 9	18- 3	15- 6
AVG%CHG= 4.87	4.51	13.44	5.45
MED%CHG= 5.02	1.06	17.27	8.99

** 2012 calculation based on October 28 S&P Close of 1411.94

Note to Self: Be on your toes in 2015 as PreElection years have not posted a losing year in the last 18 election cycles going all the way back to the depression era 30s.

SP Performance vs Party in Office - Since 1930

Although republicans are generally perceived to be more business friendly, the S&P actually has a better track record, on average, during Democratic administrations.

DEMOCRATIC ADMINISTRATIONS			REPUBLICAN ADMINISTRATIONS		
Year	SP%Chg	President	Year	SP%Chg	President
1933	46.59	Roosevelt	1930	-27.57	Hoover
1934	-5.94	Roosevelt	1931	-47.07	Hoover
1935	41.37	Roosevelt	1932	-15.15	Hoover
1936	27.92	Roosevelt	1953	-6.62	Eisenhower
1937	-38.59	Roosevelt	1954	45.02	Eisenhower
1938	25.21	Roosevelt	1955	26.40	Eisenhower
1939	-5.45	Roosevelt	1956	2.62	Eisenhower
1940	-15.29	Roosevelt	1957	-14.31	Eisenhower
1941	-17.86	Roosevelt	1958	38.06	Eisenhower
1942	12.43	Roosevelt	1959	8.48	Eisenhower
1943	19.45	Roosevelt	1960	-2.97	Eisenhower
1944	13.80	Roosevelt	1969	-11.36	Nixon
1945	30.72	Truman	1970	0.10	Nixon
1946	-11.87	Truman	1971	10.79	Nixon
1947	0.00	Truman	1972	15.63	Nixon
1948	-0.65	Truman	1973	-17.37	Nixon
1949	10.26	Truman	1974	-29.72	Nixon
1950	21.90	Truman	1975	31.55	Ford
1951	16.35	Truman	1976	19.15	Ford
1952	11.78	Truman	1981	-9.73	Reagan
1961	23.13	Kennedy	1982	14.76	Reagan
1962	-11.81	Kennedy	1983	17.27	Reagan
1963	18.89	Kennedy	1984	1.40	Reagan
1964	12.97	Johnson	1985	26.33	Reagan
1965	9.06	Johnson	1986	14.62	Reagan
1966	-13.09	Johnson	1987	2.03	Reagan
1967	20.09	Johnson	1988	12.04	Reagan
1968	7.66	Johnson	1989	27.25	Bush Sr
1977	-11.50	Carter	1990	-6.56	Bush Sr
1978	1.06	Carter	1991	26.31	Bush Sr
1979	12.31	Carter	1992	4.46	Bush Sr
1980	25.77	Carter	2001	-13.05	Bush Jr
1993	7.06	Clinton	2002	-23.37	Bush Jr
1994	-1.54	Clinton	2003	26.38	Bush Jr
1995	34.11	Clinton	2004	8.99	Bush Jr
1996	20.26	Clinton	2005	2.98	Bush Jr
1997	31.01	Clinton	2006	13.64	Bush Jr
1998	26.67	Clinton	2007	3.53	Bush Jr
1999	19.53	Clinton	2008	-38.49	Bush Jr
2000	-10.13	Clinton			
2009	23.45	Obama			
2010	12.78	Obama			
2011	0.00	Obama			
2012	12.35**	Obama			
#UP-DN = 31-13 AVG%CHG= 10.28 MED%CHG= 12.39			#UP-DN = 25-14 AVG%CHG= 3.51 MED%CHG= 3.53		

Post Election Years When Incumbent Party-

MAINTAINS OFFICE	LOSES OFFICE
1937 -38.59	
1941 -17.86	1933 46.59
1945 30.72	1953 -6.62
1949 10.26	1961 23.13
1957 -14.31	1969 -11.36
1965 9.06	1977 -11.50
1973 -17.37	1981 -9.73
1985 26.33	1993 7.06
1989 27.25	2001 -13.05
1997 31.01	2009 23.45
2005 2.98	
#UP-DN = 7- 4	#UP-DN = 4- 5
AVG%CHG= 4.50	AVG%CHG= 5.33
MED%CHG= 9.06	MED%CHG= -6.62

The S&P has struggled in many a post election year when the incumbent party fails to hold serve, 4-5 since 1930 for a median loss of 6.62%. Obviously, the electorate tends to lean toward a change when the prospects for the economy are dire and they certainly are not always enlightened as to the inevitability of such.