

You ask. We answer.

Question:

Considering the upcoming U.S. presidential election, how has the stock market performed historically during election years?

Answer:

There are many factors that impact stock market returns, but one common concern of investors is how the stock market could be impacted by a change in the U.S. president. With the presidential election in 2020, we looked at S&P 500® Index[^] price performance during presidential election years, which have historically provided positive gains for stocks on average.

S&P 500 Index price returns in election years and U.S. presidential election results

Election Year	S&P 500 Index Price Return	President Elected
1928	37.88%	Hoover
1932	-14.78%	Roosevelt
1936	27.92%	Roosevelt
1940	-15.09%	Roosevelt
1944	13.80%	Roosevelt
1948	-0.65%	Truman
1952	11.78%	Eisenhower
1956	2.62%	Eisenhower
1960	-2.97%	Kennedy
1964	12.97%	Johnson
1968	7.66%	Nixon
1972	15.63%	Nixon
1976	19.15%	Carter
1980	25.77%	Reagan
1984	1.40%	Reagan
1988	12.40%	Bush
1992	4.46%	Clinton
1996	20.26%	Clinton
2000	-10.14%	W. Bush
2004	8.99%	W. Bush
2008	-38.49%	Obama
2012	13.41%	Obama
2016	9.54%	Trump

U.S. Presidential Election Results		
S&P 500 Index Average Price Return	Election Year	Following Year
All Election Years	7.11%	5.75%
Republican Elected	11.23%	-0.76%
Democrat Elected	3.33%	11.72%
Republican Elected After Republican	8.21%	4.98%
Democrat Elected After Democrat	10.37%	7.77%
Republican Elected After Democrat	8.92%	-4.27%
Democrat Elected After Republican	-6.52%	17.24%

Observations

In the 23 election years since 1928:

- 17 of the 23 years (74%) provided positive returns
- Average election year return was 7.11%
- In the calendar year after the election, average return was 5.75%
- Performance can vary when there is a change in party

Source: Bloomberg. Annual percentage change of the S&P 500 Index from 1927 to 2017. Performance is calculated as the percentage change in price from the last trading day of each year from the last trading day of the previous year.

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The Investment Research and Analysis Team at Brighthouse Investment Advisers is responsible for the investment management, research, due diligence, monitoring, and maintenance of the underlying subadvisory relations on the Brighthouse Financial® variable annuity platform.



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