

Market Structure Minute: Up and to the Right...*Right?*

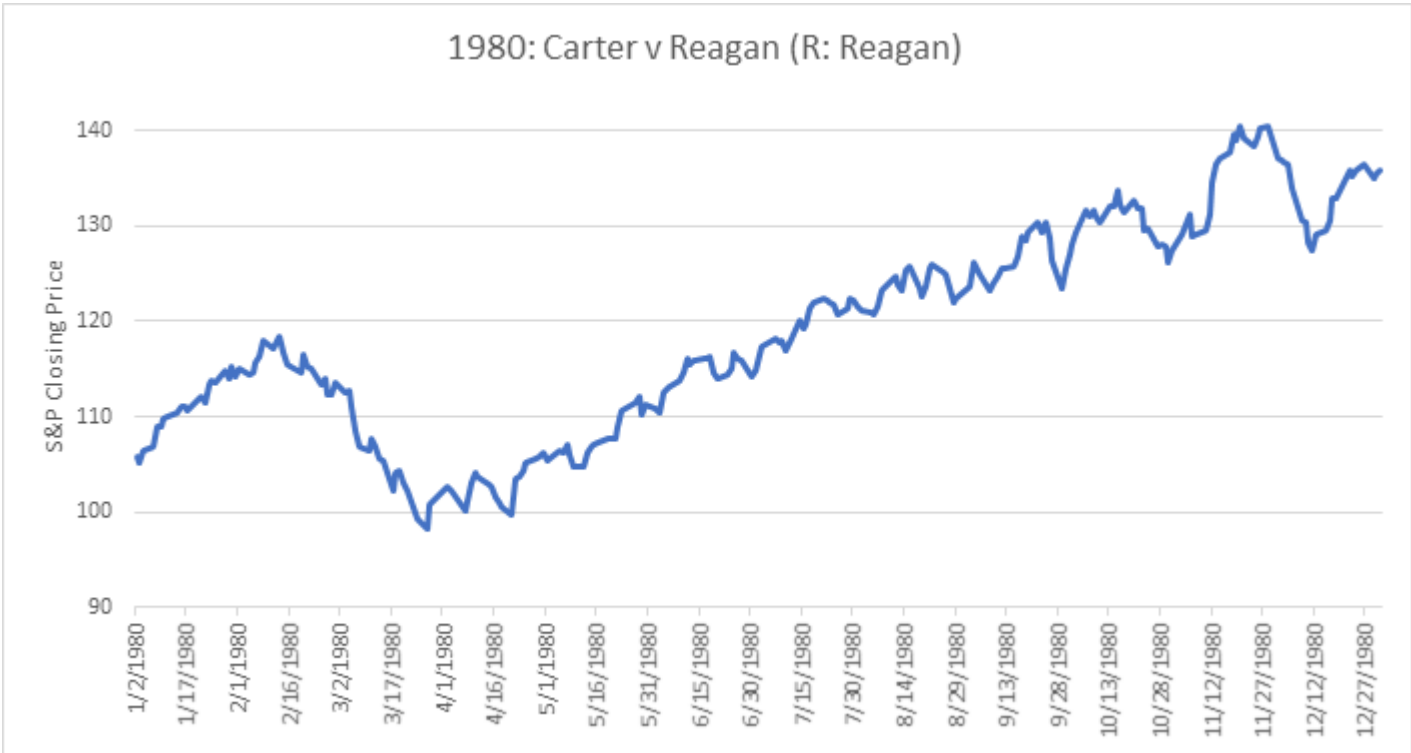
We're taking a break from all things Covid-19 and reflect on election year market performance. Going back to 1980, it appears the market doesn't quite care if a Dem or Republican is elected. **For the most part**, election years reflect a continuation of the prior three quarter's themes. There will often be a bump on the back of resolution of uncertainty – but looking across political parties and re-election years - there seem to be fewer discernible patterns than expected.

Let's not forget – 2020 is also an election year. So we went back and looked at market performance in election years dating back to 1980.

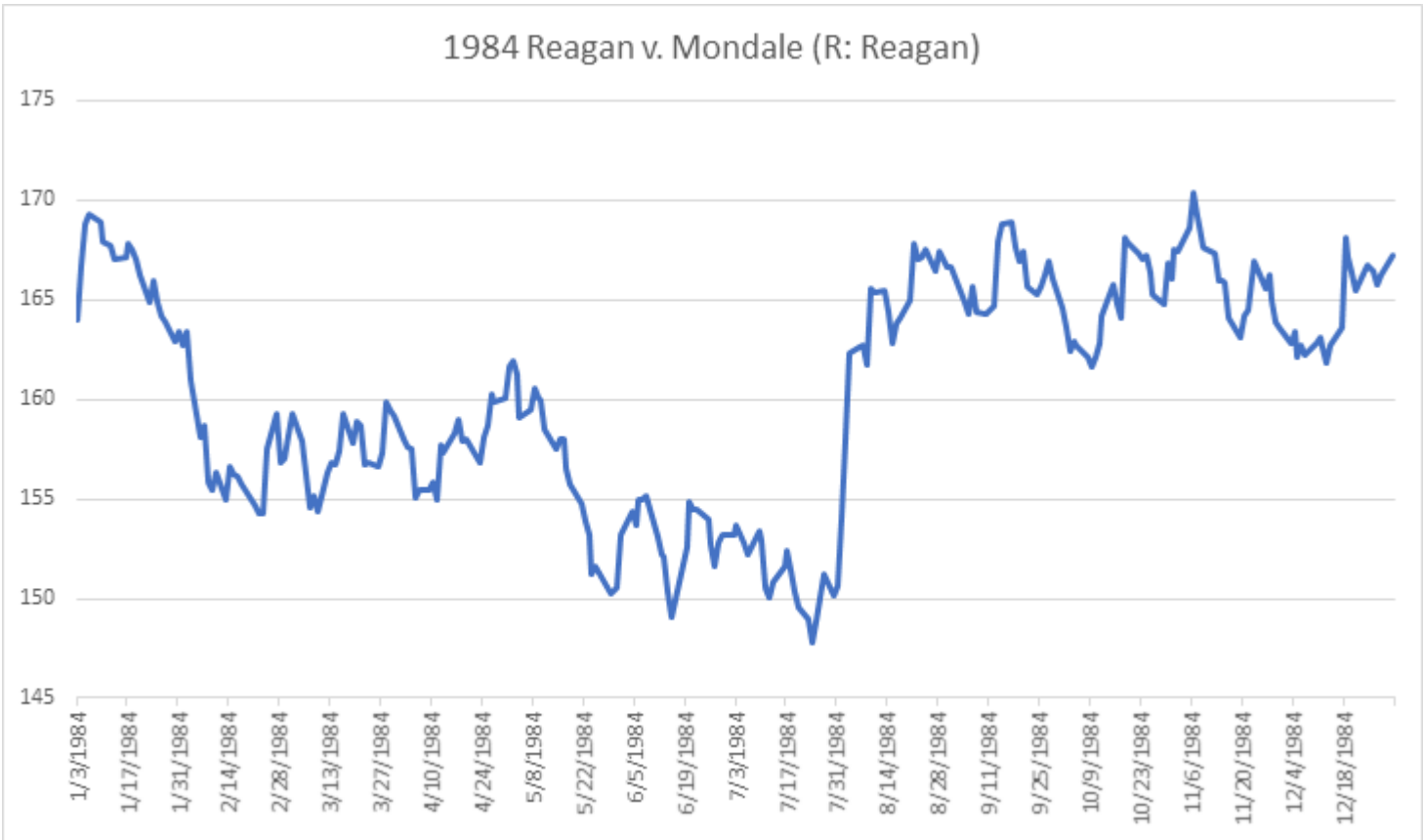
While some of these trends are debatable, depending on the period of time you explore, a few things stood out:

1. The market doesn't seem to care which party is elected
2. The market doesn't seem to care if the White House switches parties – in either direction
3. The only two years below in which the market ended the year **lower** than it started were 2000 and 2008 – both years with broader market sell off stories (dot com bubble bursting and the global financial crisis)
4. In most cases, market performance post-election reflects a continuation or acceleration of the pattern of the prior few quarters.

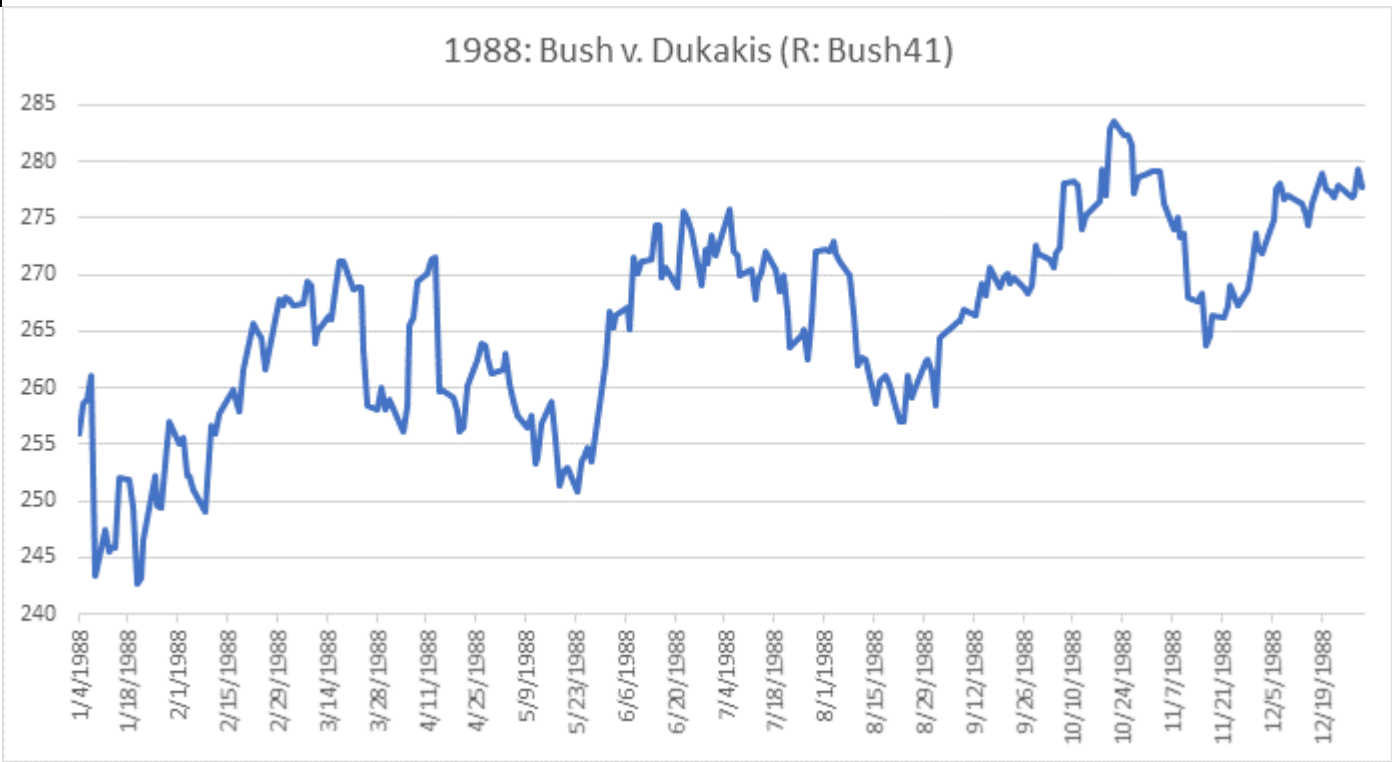
	What Happened	Post election day
1980	Republican Ronald Reagan wins White House from Jimmy Carter	Market rose, then sold off before rising and ending the year up but off highs
1984	Republican Ronald Reagan wins re-election	Sold off before recovering, but ended year off highs
1988	Republican George H.W. Bush beats Michael Dukakis	Sold off before recovering, but ended year off highs
1992	Democrat Bill Clinton beat incumbent Republican George H.W. Bush	Market rose and ended year at highs
1996	Democrat Bill Clinton wins re-election against Bob Dole	Market rose before selling off and then recovering, ending near highs
2000	Republican George W. Bush defeats Al Gore	Market sold off (but was already in a sell off) and ended year near lows. Dot com bubble bursting
2004	Republican George Bush wins re-election	Market continues to rally and ends year at highs
2008	Democrat Barack Obama defeats Republican John McCain	Market continues Global Financial Crisis selloff before slightly recovering. Ends year off lows but far lower.
2012	Democrat Barack Obama wins re-election	Market sells off before recovering, but fails to reach new highs
2016	Republican Donald Trump defeats Democrat Hillary Clinton	Market rallied and finished year near highs but doesn't quite hit peak



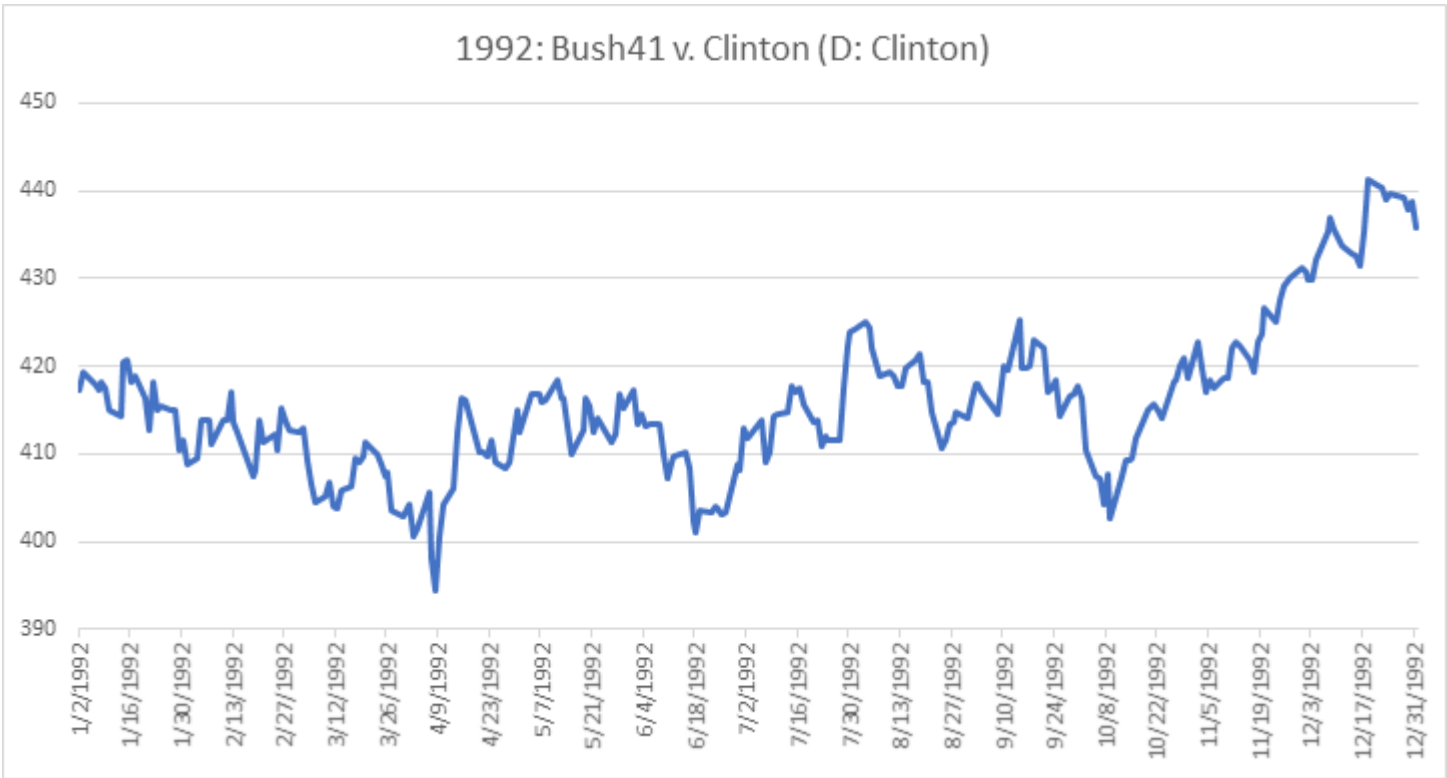
Source: Bloomberg, Jefferies



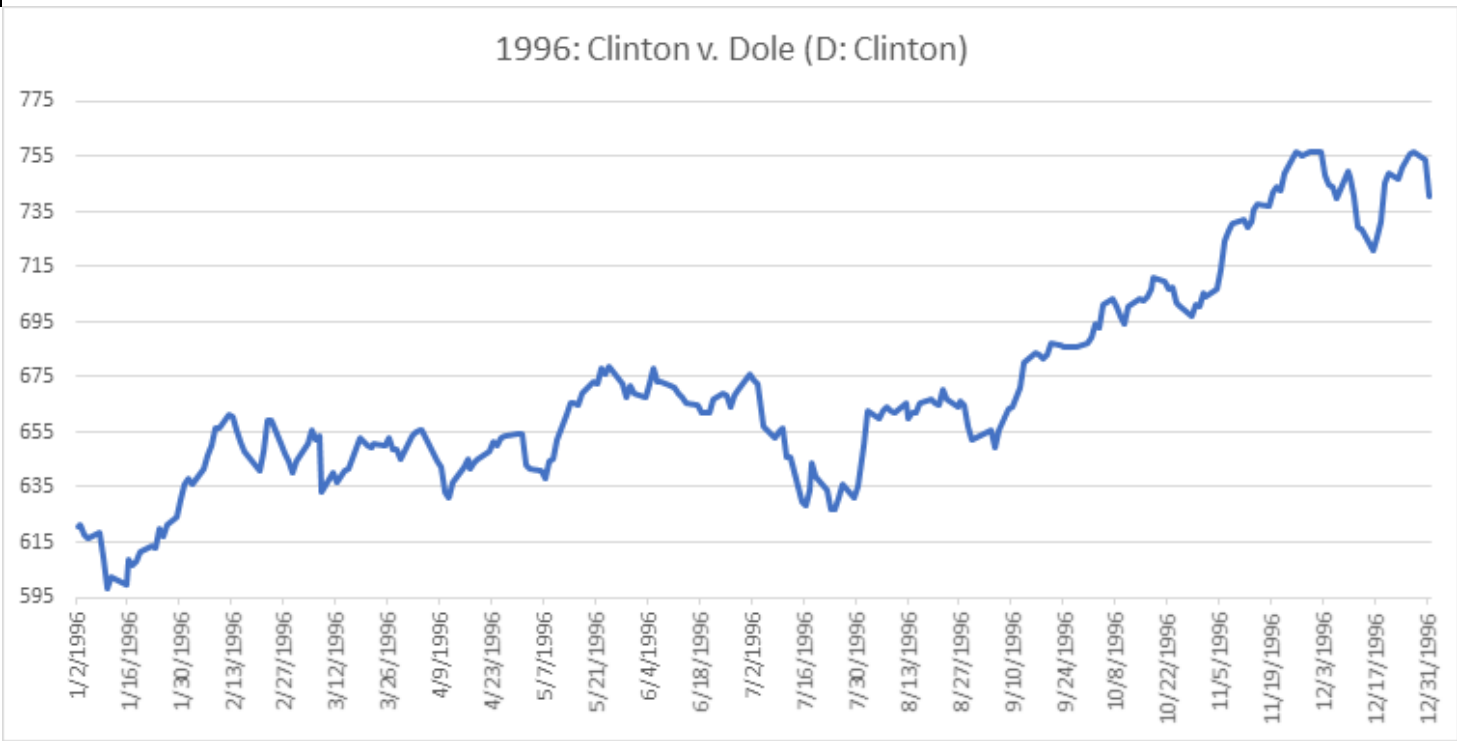
Source: Bloomberg, Jefferies



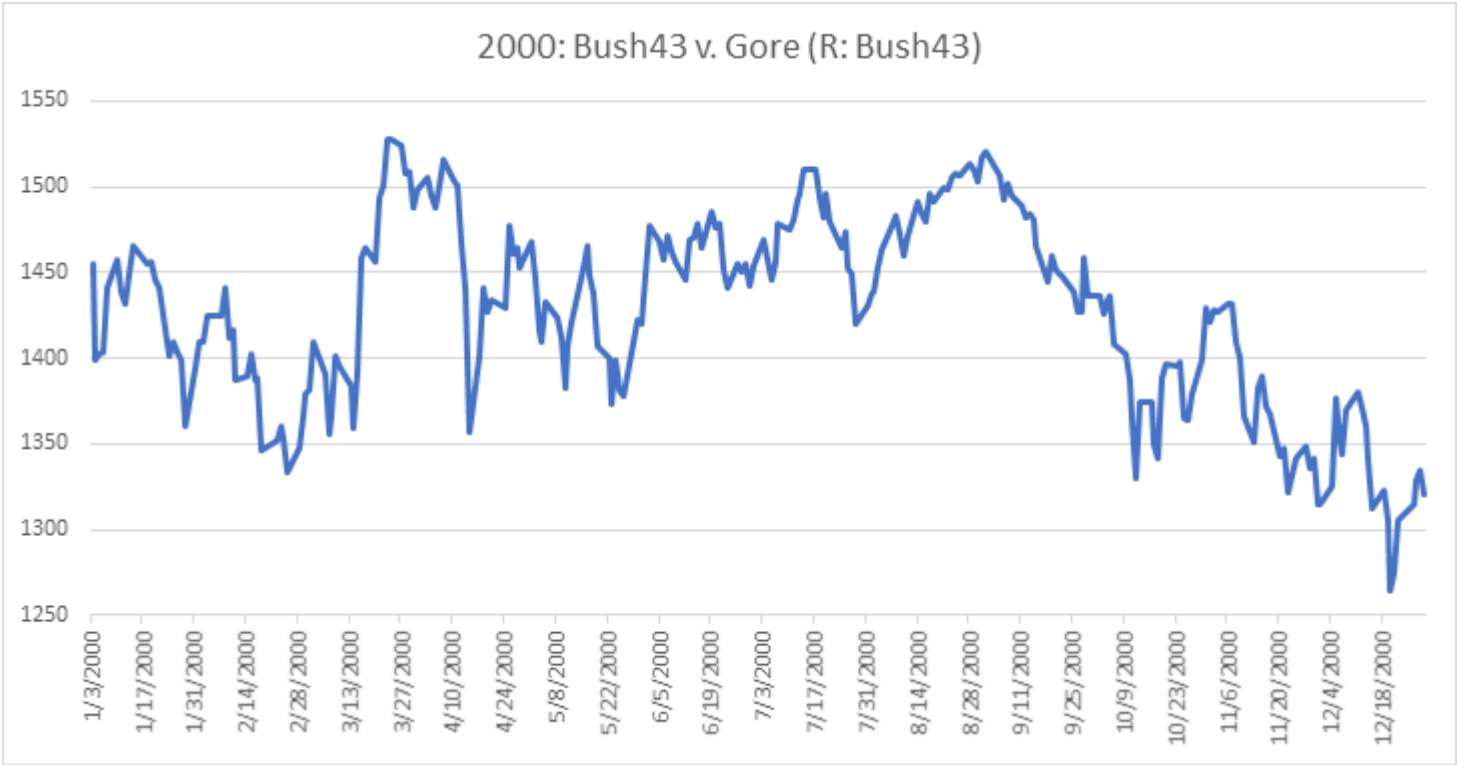
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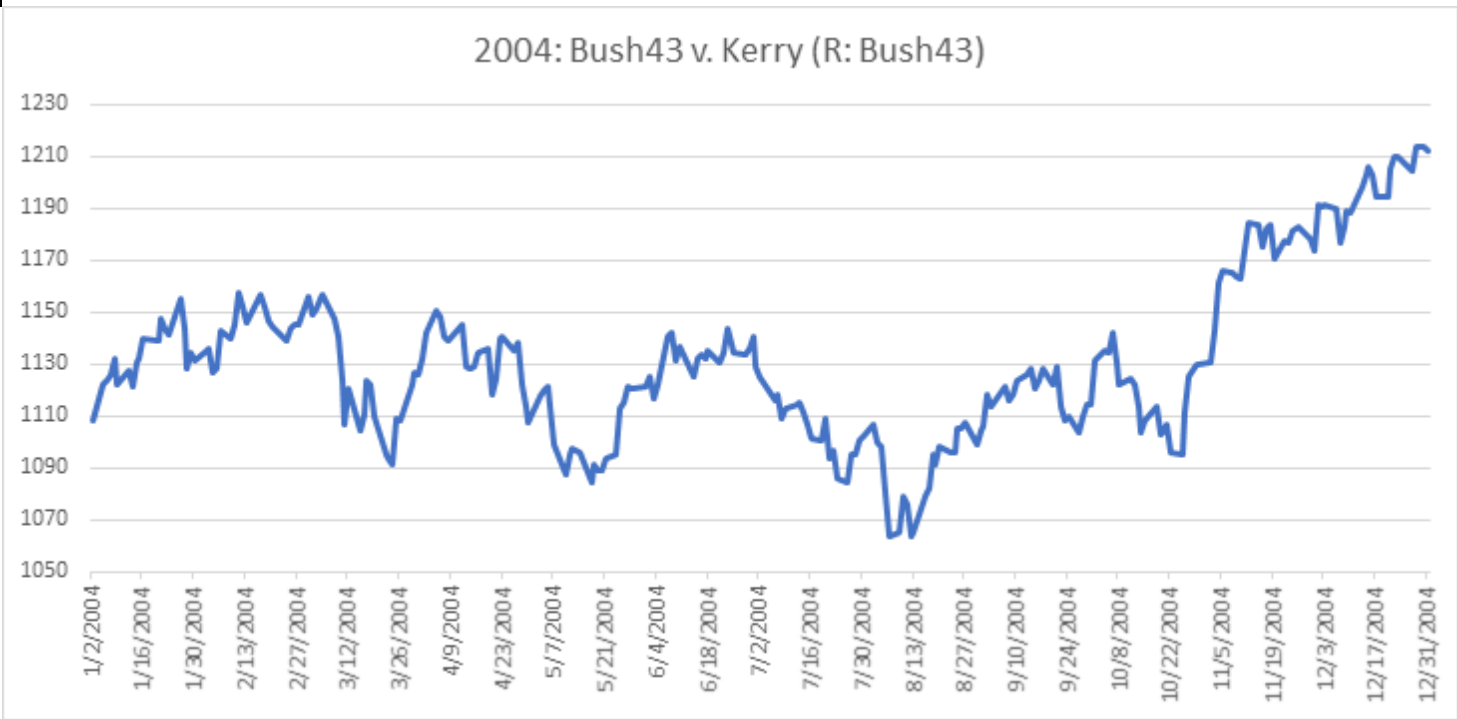
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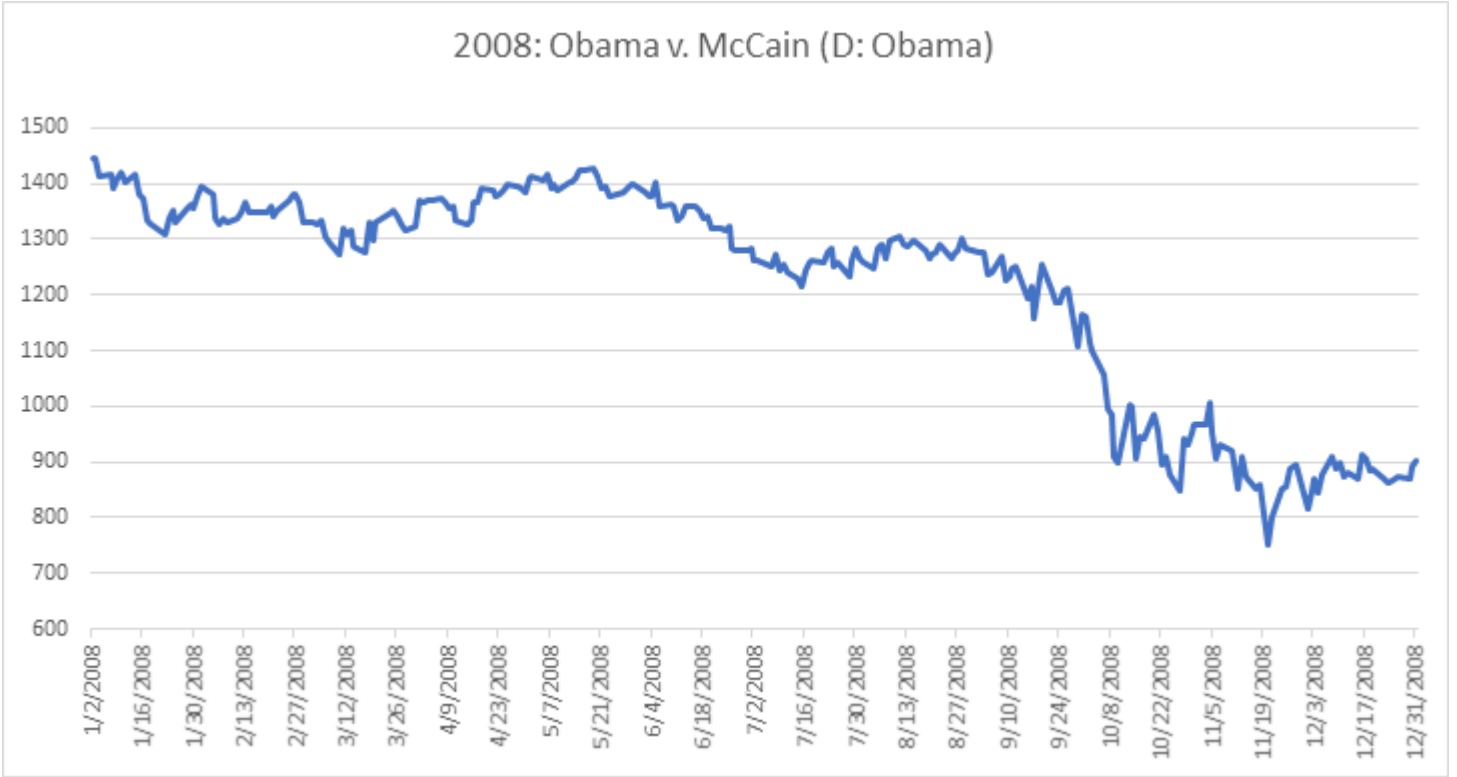
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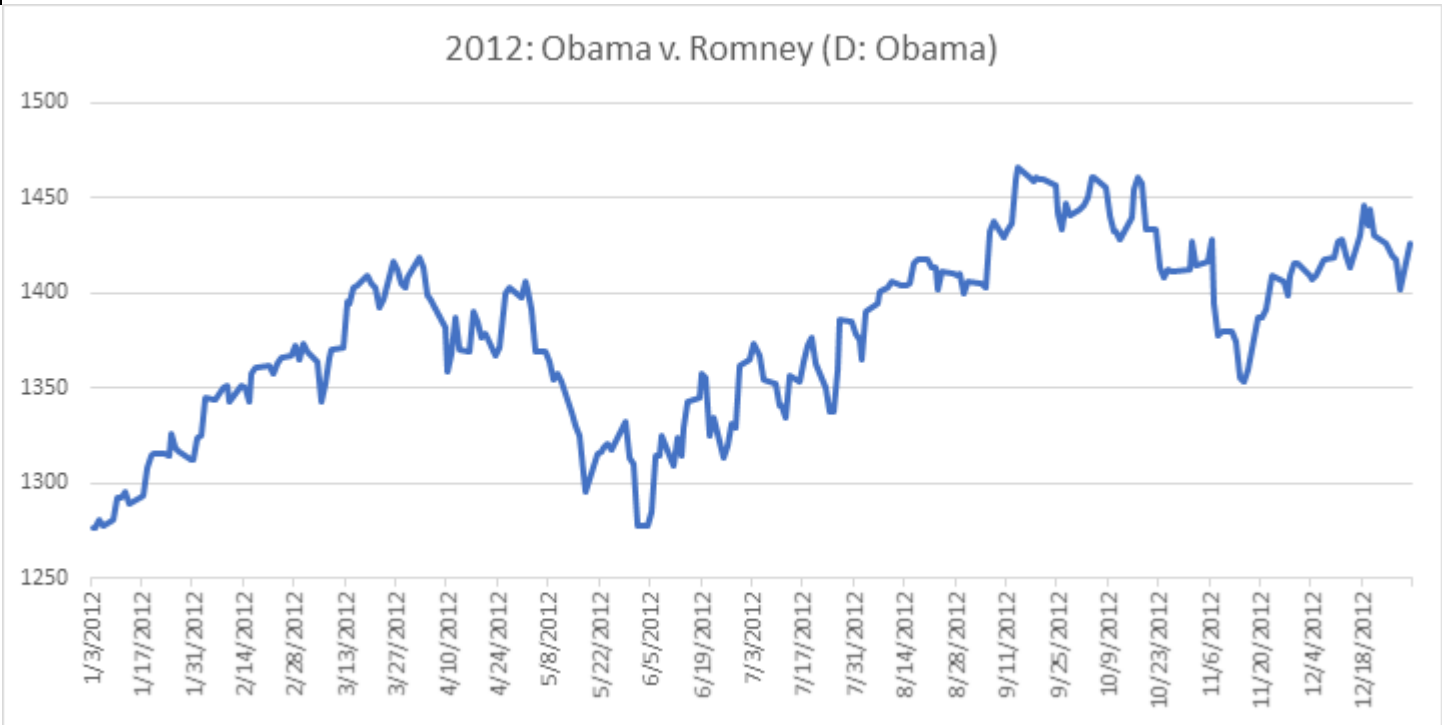
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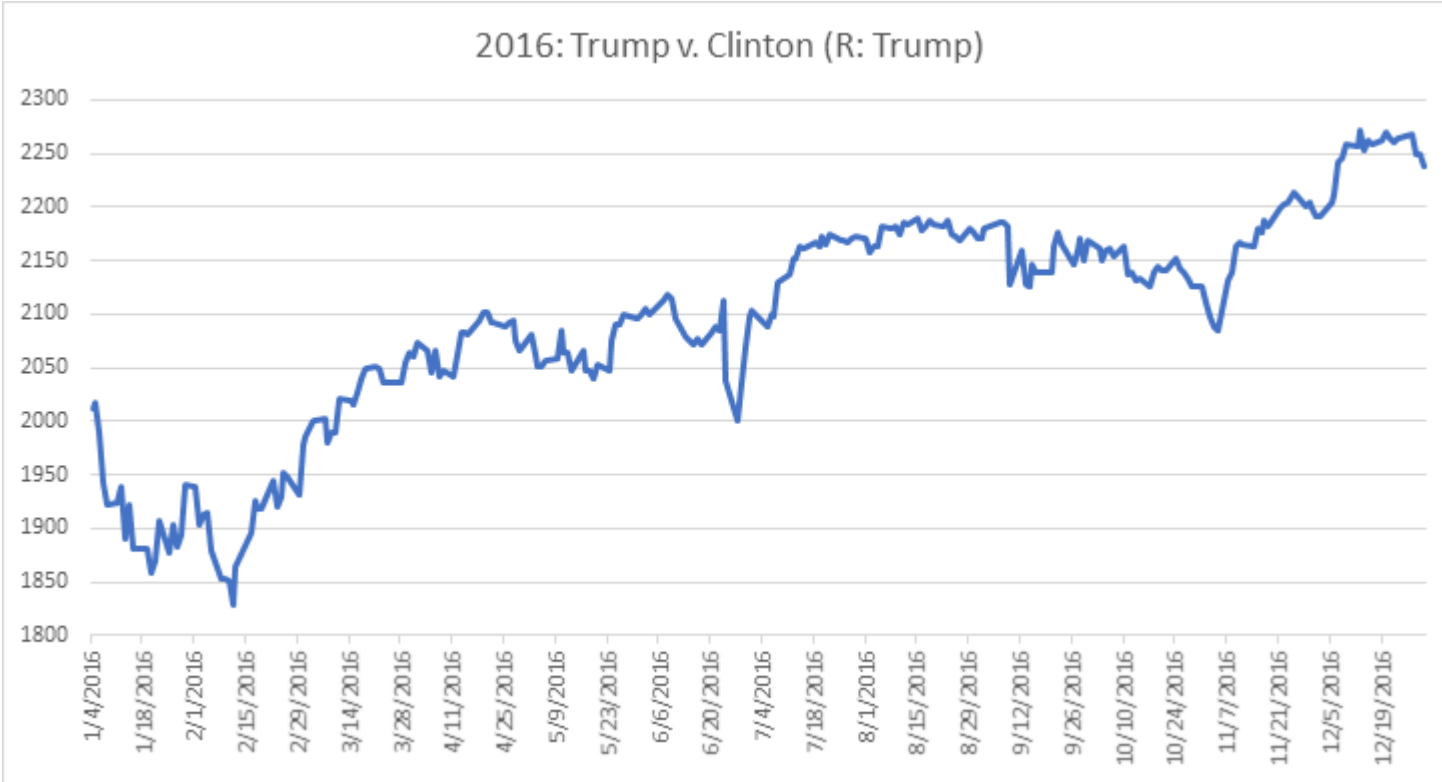
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