



July 22, 2024

## The Race to 270

The Fifth Report in a Series  
on the 2024 Presidential  
Election



**Gregory M Drahuschak** | Market Strategist

What already had promised to be a highly contentious presidential campaign took a dramatic turn with the attempted assassination of the ex-president and 2024 candidate Donald Trump, two days before the Republican National Convention was about to convene. The fortuitous escape from what might have been a lethal rifle shot eventually led to Trump's formal nomination on the first day of the convention, as well as the selection of Ohio Senator J.D. (James David) Vance to be Trump's running mate. For months, it was widely expected that the August 19-22 Democratic National Convention would merely formalize President Joseph Biden's candidacy for a second term in the White House, however Biden's decision to withdraw his candidacy thrust the process into turmoil. Biden's withdrawal from the Presidential election race was only the second time a sitting President abandoned a re-election effort.

Beset by the Vietnam War and faltering health, on March 31, 1968, President Lyndon Baines Johnson gave a 4,110-word address that initially said nothing about leaving the election process. After a pause in his speech, Johnson said, "I shall not seek, and I will not accept, the nomination of my party for another term as your President." The next day the S&P 500 SPX closed up 2.5% higher, and by the end of the year the S&P 500 was 15.1% higher.

Although, as of this date, the presidential ballots are not completely set, both parties have released their campaign platforms that, in theory, would be the basis for their quest for the presidency as well as control of the House of Representatives and the Senate. Both parties use plenty of words to state their cases. The Republican and Democratic platforms this year contain 5,398 and 3,952 words, respectively. Political platforms often become the basis for heated debate between the major parties, but the path of any platform item making it through the legislative process is often extremely difficult, unless there is one-party control of the Congress and the White House.

Of the 20 specific objectives outlined in the Republican Party platform, six have what could be direct ties to the economy and the stock market. As stated in the platform, these six are:

1. Make America the dominant energy producer in the world, by far.
2. Stop outsourcing, and turn the United States into a manufacturing superpower.
3. Large tax cuts for workers, and no tax on tips.
4. Strengthen and modernize our military, making it, without question, the strongest and most powerful

in the world.

5. Keep the U.S. dollar as the world's reserve currency.
6. Fight for and protect Social Security and Medicare benefits, with no cuts, including no changes to the retirement age.

The scope of these objectives is extremely broad. However, numbers one, three, four, and five, potentially have direct investment connections.

The stock market has already reacted to how some of the Republican proposals might affect various market segments.

Activity in the energy sector has had the most obvious market impact. The formal nomination of Donald Trump prompted a drop in the price of oil due to thinking that Trump's often-stated desire to open more exploration could increase supplies of crude. Oil service stocks rallied on the potential for increased drilling, but over many years, often energy and defense stocks at least temporarily reacted to specific mentions in party platforms. Thinking that a Trump presidency might allow for less regulation gave bank stocks a boost, while emphasis on the military allowed defense stocks to rise.

The 2024 Democratic platform lists the following as key objectives:

1. Growing the economy.
2. Lowering costs.
3. Climate.
4. Securing energy independence.
5. Closing the racial wealth gap.
6. Investing in small businesses.
7. Restoring Roe v. Wade.
8. Protecting communities from gun violence.
9. Securing our border.
10. Strengthening American leadership worldwide.

	2021		2022		2023
Energy	47.74	Energy	59.04	Tech	56.39
Real Estate	46.19	Utilities	-1.44	Com Services	54.36
Tech	33.35	Staples	-3.17	Discretionary	41.04
Financials	32.54	Healthcare	-3.55	Industrials	16.04
Materials	25.00	Industrials	-7.10	Real Estate	12.36
Healthcare	24.16	Financials	-12.35	Materials	10.23
Discretionary	23.66	Materials	-14.06	Financials	9.94
Com Services	20.53	Real Estate	-26.13	Healthcare	0.30
Industrials	19.40	Tech	-28.91	Staples	(2.16)
Staples	15.55	Discretionary	-37.58	Energy	-4.8
Utilities	13.99	Comm Services	-40.42	Utilities	(10.20)

Divining what market sector will benefit from a Republican versus Democratic White House can be a perilous exercise. The 2020 Democratic platform, for example, had 30 specific references to "clean energy". However, as the accompanying table shows, the first and second years of President Biden's administration, saw the traditional energy sector lead the S&P 500.

### S&P 500 Calendar Year Returns During Political Scenarios

Political Scenarios	Avg. Chg.	Years	FoA
<b>Unified Government</b>	<b>10.2%</b>	<b>32</b>	<b>75%</b>
>Democratic Pres. & Congress	9.3%	24	75%
>Republican Pres. & Congress	12.9%	8	75%
<b>Unified Congress</b>	<b>7.4%</b>	<b>32</b>	<b>66%</b>
>Dem. Pres./Rep. Congress	13.0%	10	60%
>Rep. Pres./Dem. Congress	4.9%	22	68%
<b>Split Congress</b>	<b>10.6%</b>	<b>16</b>	<b>75%</b>
>Democratic President	16.0%	6	83%
>Republican President	7.3%	10	70%
<b>All Years</b>	<b>9.2%</b>	<b>80</b>	<b>71%</b>

Source: S&P DJ Indices. Data: 12/31/44-7/17/24. FoA: Frequency of advance.  
Past performance is no guarantee of future results.

Regardless of what a party platform might suggest, unless a political party achieves sufficient political muscle to pass the needed legislation, the proposed items will not get passed. This makes the House and Senate elections almost as important as the presidential election. The accompanying data assembled by CFRA-Standard & Poor's breaks down the various political combinations and the equity market results.

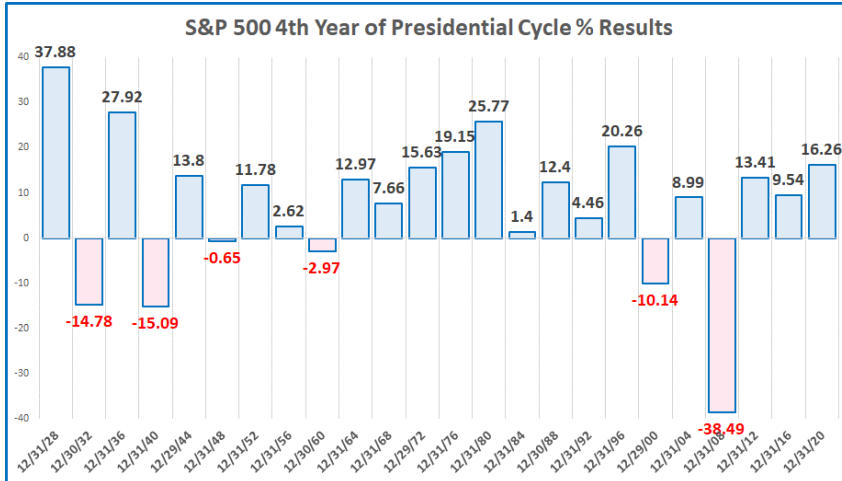
After July, there are 96 days until the presidency and the composition of Congress will be determined. Until then, speculation about the outcome and how it might affect the stock market can be hazardous, especially when history suggests that August, September, and October of election years have a downside bias.

At this date, garnering the 270 Electoral College votes needed to win the presidency remains very much in doubt.

### Number of Down Months in Election Years 1952-2020

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9	9	7	7	5	3	9	7	9	7	7	3

	Jan	Feb.	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year %
1952	1.430%	-4.280%	4.680%	-3.560%	2.980%	4.870%	1.110%	-1.650%	-2.430%	0.160%	4.310%	3.470%	11.78
1956	-2.970%	2.980%	6.460%	-0.660%	-6.150%	3.050%	5.240%	-4.250%	-5.300%	1.970%	-3.100%	1.500%	2.62
1960	-7.180%	0.290%	-1.200%	-1.910%	3.140%	1.840%	-2.720%	2.580%	-6.250%	0.060%	2.970%	5.080%	(2.97)
1964	2.690%	0.990%	1.520%	0.610%	1.150%	1.640%	1.820%	-1.620%	2.870%	0.810%	-0.520%	0.390%	12.97
1968	-4.380%	-3.120%	0.940%	6.970%	1.250%	0.870%	-1.850%	1.150%	3.850%	0.720%	4.800%	-4.160%	7.66
1972	1.810%	2.530%	0.590%	0.440%	1.730%	-2.180%	0.230%	3.450%	-0.490%	0.930%	4.560%	1.180%	15.63
1976	11.830%	-1.140%	3.070%	-1.100%	-1.440%	4.090%	-0.810%	-0.510%	2.260%	-2.220%	-0.780%	5.250%	19.15
1980	5.760%	-0.440%	-10.180%	4.110%	4.660%	2.700%	6.500%	0.580%	2.520%	1.600%	10.240%	-3.390%	25.77
1984	-0.920%	-3.890%	1.350%	0.550%	-5.940%	1.750%	-1.630%	10.630%	-0.350%	-0.010%	-1.510%	2.240%	1.40
1988	4.030%	4.190%	-3.330%	0.940%	0.310%	4.330%	-0.540%	-3.860%	3.970%	2.600%	-1.890%	1.480%	12.40
1992	-1.980%	0.960%	-2.180%	2.790%	0.100%	-1.740%	3.920%	-2.400%	0.910%	0.210%	3.030%	1.010%	4.46
1996	3.260%	0.690%	0.790%	1.340%	2.290%	0.230%	-4.570%	1.880%	5.420%	2.610%	7.340%	-2.150%	20.26
2000	-5.090%	-2.010%	9.670%	-3.080%	-2.190%	2.390%	-1.630%	6.070%	-5.350%	-0.500%	-8.010%	0.410%	(10.14)
2004	1.730%	1.220%	-1.640%	-1.680%	1.210%	1.800%	-3.430%	0.230%	0.940%	1.400%	3.860%	3.250%	8.99
2008	-6.120%	-3.480%	-0.600%	4.750%	1.070%	-8.600%	-0.990%	1.220%	-9.080%	-16.940%	-7.490%	0.780%	(38.91)
2012	4.360%	4.060%	3.130%	-0.750%	-6.270%	3.960%	1.260%	1.980%	2.420%	-1.980%	0.280%	0.910%	13.41
2016	-5.070%	-0.410%	6.600%	0.270%	1.530%	0.090%	3.560%	-0.120%	-0.120%	-1.940%	3.420%	1.820%	9.54
2020	-0.160%	-8.410%	-12.510%	12.680%	4.530%	1.840%	5.510%	7.010%	-3.920%	-2.770%	10.750%	3.710%	16.26
2024	1.590%	5.170%	3.100%	-4.160%	10.950%	3.470%							
Ave.	0.168%	-0.515%	0.398%	1.262%	0.220%	1.274%	0.610%	1.243%	-0.452%	-0.738%	1.792%	1.266%	7.24



### Worst Five Years in Each of the Election Year Cycles

1st year	2nd year	3rd year	4th year
1937 - down 38.59% (FD Roosevelt)	1974 - down 29.72% (Nixon-Ford)	1931 - down 47.07% (Hoover)	2008 - down 38.49% (GW Bush)
1941 - down 17.86% (FD Roosevelt)	1930 - down 28.48% (Hoover)	1939 - down 5.18% (FD Roosevelt)	1930 - down 15.09% (Hoover)
- down 17.37% (Nixon)	2002 - down 23.37 (GW Bush)	2015 - down 0.73% (Obama)	1932 - down 14.78% (Hoover)
- down 14.31% (Eisenhower)	2017 - down 19.44% (Trump)	2011 - down 0.0013180% (Obama)	1945 - down 10.14% (FD Roosevelt)
- down 13.4% (GW Bush)	1966 - down 13.09% (Johnson)	1947 - 0.00% (Truman)	1935 - down 2.97% (FD Roosevelt)

### Best Five Years in Each of the Election Year Cycles

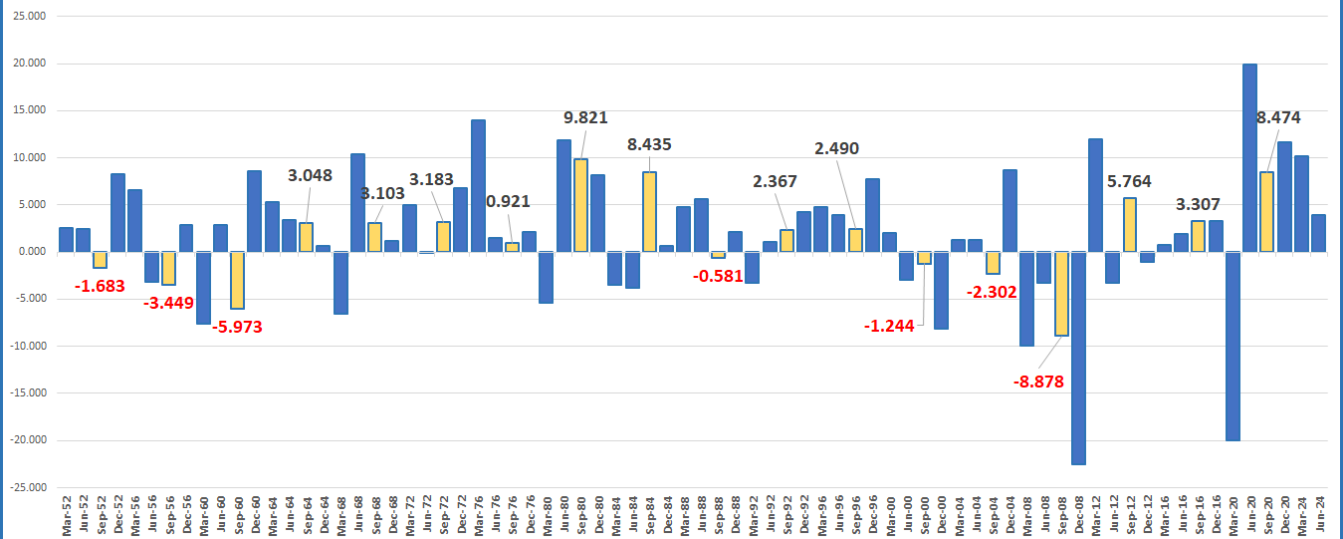
1st year	2nd year	3rd year	4th year
- up 44.08% (Hoover)	1954 - up 45.02% (Eisenhower)	1935 - up 41.37% (FD Roosevelt)	1928 - up 37.88% (Coolidge)
- up 31.01% (Clinton)	1958 - up 38.06% (Eisenhower)	1995- up 34.11% (Clinton)	1936 - up 27.92% (FD Roosevelt)
- up 30.72% (FD Roosevelt)	1998 - up 26.67% (Clinton)	1974 - up 31.55% (Nixon-Ford)	1980 - up 25.77% (Carter)
- up 29.60% (Obama)	1938 - up 24.55% (FD Roosevelt)	2019 - up 28.88% (Trump)	1996 - up 20.26% (Clinton)
- up 27.25% (Reagan)	1950 - up 21.68% (Truman)	1956 - up 26.4% (Eisenhower)	1976 - up 19.15% (Ford)

## Electoral College Votes by State

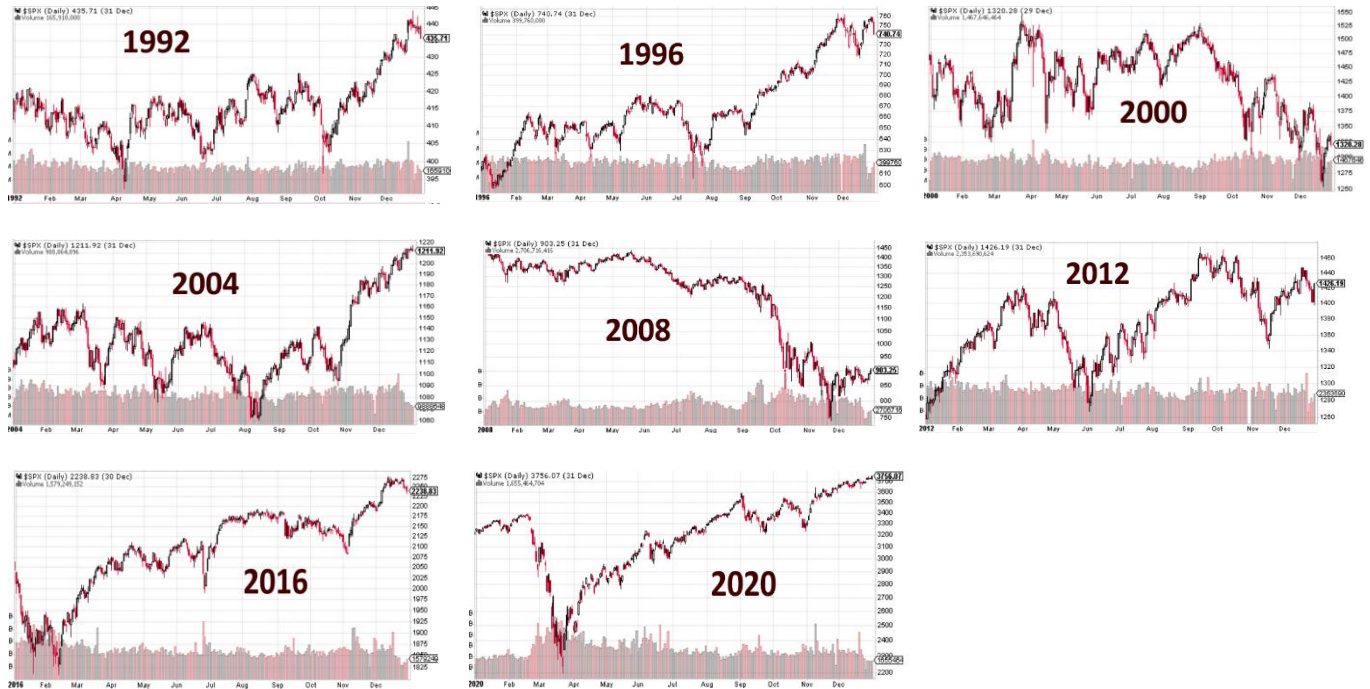
Alabama - 9 votes	Kentucky - 8 votes	North Dakota - 3 votes
Alaska - 3 votes	Louisiana - 8 votes	Ohio - 17 votes
Arizona - 11 votes	Maine - 4 votes	Oklahoma - 7 votes
Arkansas - 6 votes	Maryland - 10 votes	Oregon - 8 votes
California - 54 votes	Massachusetts - 11 votes	Pennsylvania - 19 votes
Colorado - 10 votes	Michigan - 15 votes	Rhode Island - 4 votes
Connecticut - 7 votes	Minnesota - 10 votes	South Carolina - 9 votes
Delaware - 3 votes	Mississippi - 6 votes	South Dakota - 3 votes
District of Columbia - 3 votes	Missouri - 10 votes	Tennessee - 11 votes
Florida - 30 votes	Montana - 4 votes	Texas - 40 votes
Georgia - 16 votes	Nebraska - 5 votes	Utah - 6 votes
Hawaii - 4 votes	Nevada - 6 votes	Vermont - 3 votes
Idaho - 4 votes	New Hampshire - 4 votes	Virginia - 13 votes
Illinois - 19 votes	New Jersey - 14 votes	Washington - 12 votes
Indiana - 11 votes	New Mexico - 5 votes	West Virginia - 4 votes
Iowa - 6 votes	New York - 28 votes	Wisconsin - 10 votes
Kansas - 6 votes	North Carolina - 16 votes	Wyoming - 3 votes

## S&P 500 % Quarterly Result in Election Years

(3rd Quarters highlighted by yellow columns)



## Annual Election Year Charts for the Standard & Poor's 500



### Disclaimer

This report is provided for informational and educational purposes only and shall in no event be construed as an offer to sell or a solicitation of an offer to buy any securities or a recommendation for any strategy or to buy, sell, or hold any product. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors. Employees of Janney Montgomery Scott LLC or its affiliates may, at times, release written or oral commentary, technical analysis, or trading strategies that differ from the opinions expressed here. The information described herein is taken from sources which we believe to be reliable, but the accuracy and completeness of such information is not guaranteed by us. The opinions expressed herein may be given only such weight as opinions warrant. This Firm, its officers, directors, employees, or members of their families may have positions in the securities mentioned and may make purchases or sales of such securities from time to time in the open market or otherwise and may sell to or buy from customers such securities on a principal basis. This report is the intellectual property of Janney Montgomery Scott LLC (Janney) and may not be reproduced, distributed, or published by any person for any purpose without Janney's prior written consent. This presentation has been prepared by Janney Investment Strategy Group (ISG) and is to be used for informational purposes only. In no event should it be construed as a solicitation or offer to purchase or sell a security. Past performance is no guarantee of future performance and future returns are not guaranteed. There are risks associated with investing in stocks such as a loss of original capital or a decrease in the value of your investment. For additional information or questions, please consult with your Financial Advisor.