

ELECTION 2020

WALL STREET'S PATH TO THE ELECTION

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The July 14, 2020, Investment Strategy Group report, "The Home Stretch," delved into past elections and the eventual composition of the legislative and executive branches of federal government and how they related to the stock market. With the election rapidly approaching, equity market activity in the next few months becomes increasingly important.

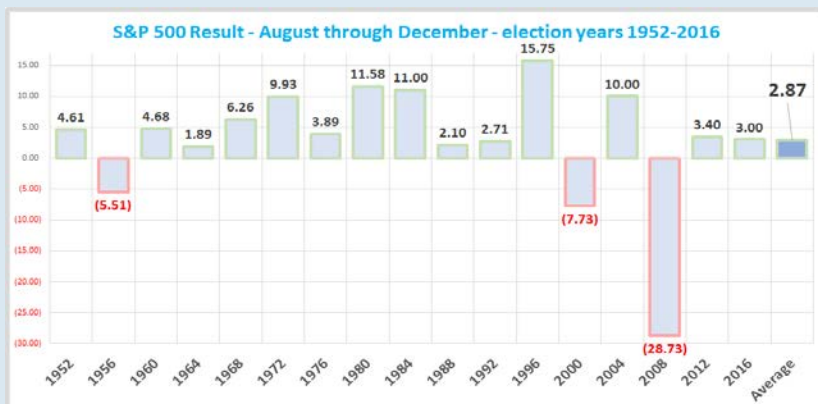
The 2020 election is complicated significantly by the precedent-setting economic and nationwide health impact of the coronavirus. Nonetheless, despite most economic measures still in extremely depressed conditions, the equity market rallied sharply, as sequential improvement gave rise to hope that the worst of the deterioration had passed. Whether this belief persists could have a major bearing on the stock market's progress and the election outcome. The four reports of the Conference Board's Consumer Confidence Index and three employment reports due before Election Day could influence voter sentiment just as they did in previous presidential elections.

The stock market generally has fared well in the final five months of the previous 17 presidential election years, falling only in 1956, 2000, and 2008. The path, however, often was choppy from August through November. The removal of the election unknown probably had a hand in lifting the market in December, but the strong upside seasonal bias for the month probably helped also.

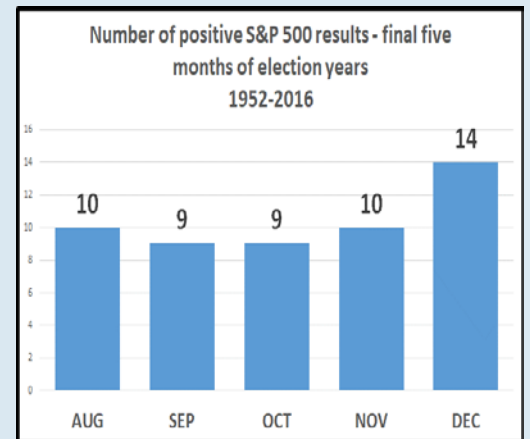
The S&P 500 posted a gain in all five months only in 2004, but it was up in four months in 1992 and 1996 when President William Clinton was elected and then won re-election in the midst of the 1990s tech boom. The 1996 gain was the best of the five-month pre-election periods. The median gain for all months in these measured periods was only 0.78%.

	1952	1956	1960	1964	1968	1972	1976	1980	1984	1988	1992	1996	2000	2004	2008	2012	2016
AUG	(1.46)	(3.81)	2.61	(1.62)	1.15	3.45	(0.51)	0.58	10.63	(3.86)	(2.40)	1.88	6.07	0.23	1.22	1.98	(0.12)
SEP	(1.96)	(4.55)	(6.04)	2.87	3.85	(0.49)	2.26	2.52	(0.35)	3.97	0.91	5.42	(5.35)	0.94	(9.08)	2.42	(0.12)
OCT	(0.08)	0.51	(0.24)	0.81	0.72	0.93	(2.22)	1.60	(0.01)	2.60	0.21	2.61	(0.49)	1.40	(16.94)	(1.98)	(1.94)
NOV	4.65	(1.10)	4.03	(0.52)	4.80	4.56	(0.78)	10.24	(1.51)	(1.89)	3.03	7.34	(8.01)	3.86	(7.48)	0.28	3.42
DEC	3.55	3.53	4.63	0.39	(4.16)	1.18	5.25	(3.39)	2.24	1.47	1.01	(2.15)	0.41	3.25	0.78	0.71	1.82

(Source: Janney Investment Strategy Group)



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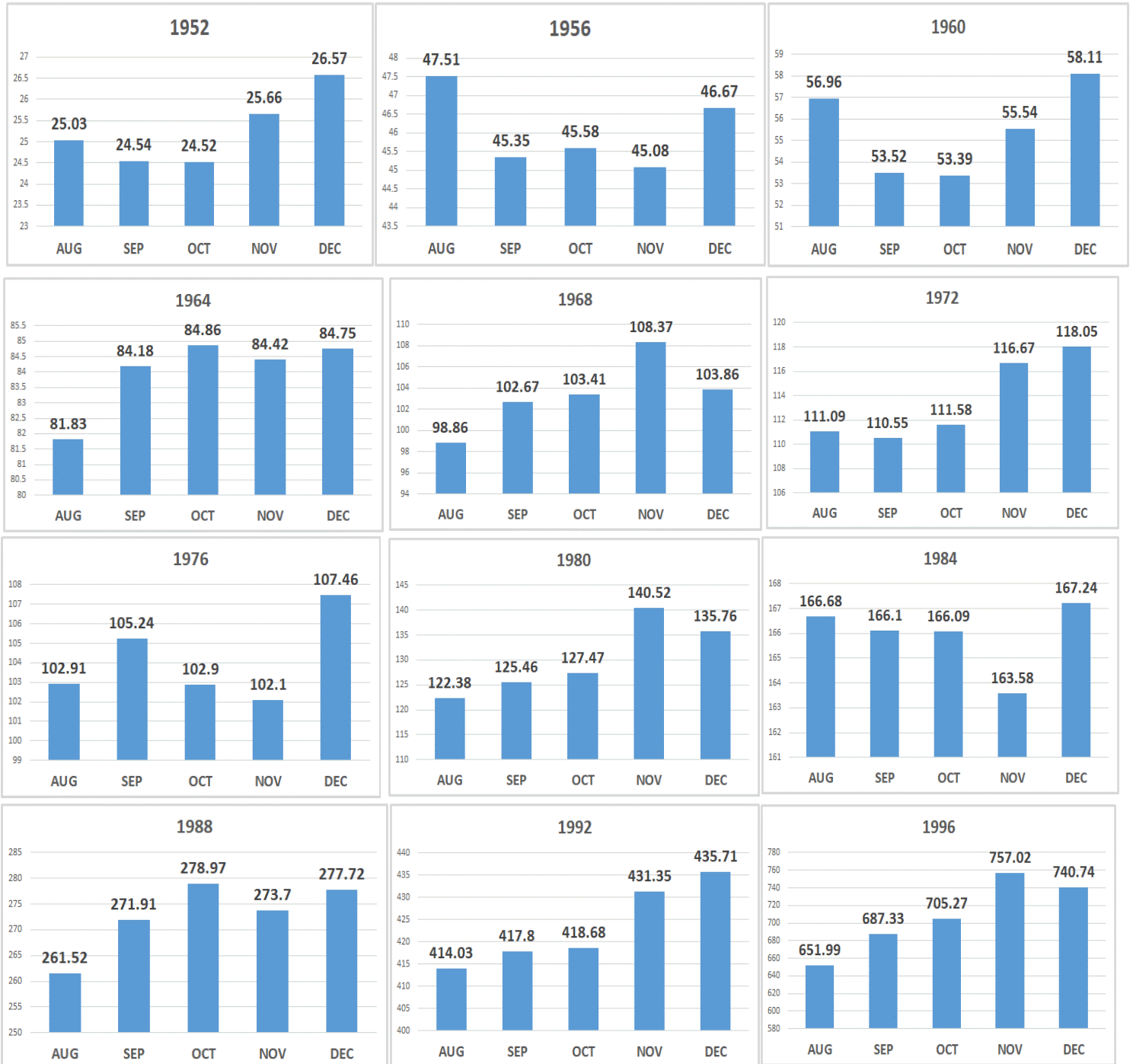


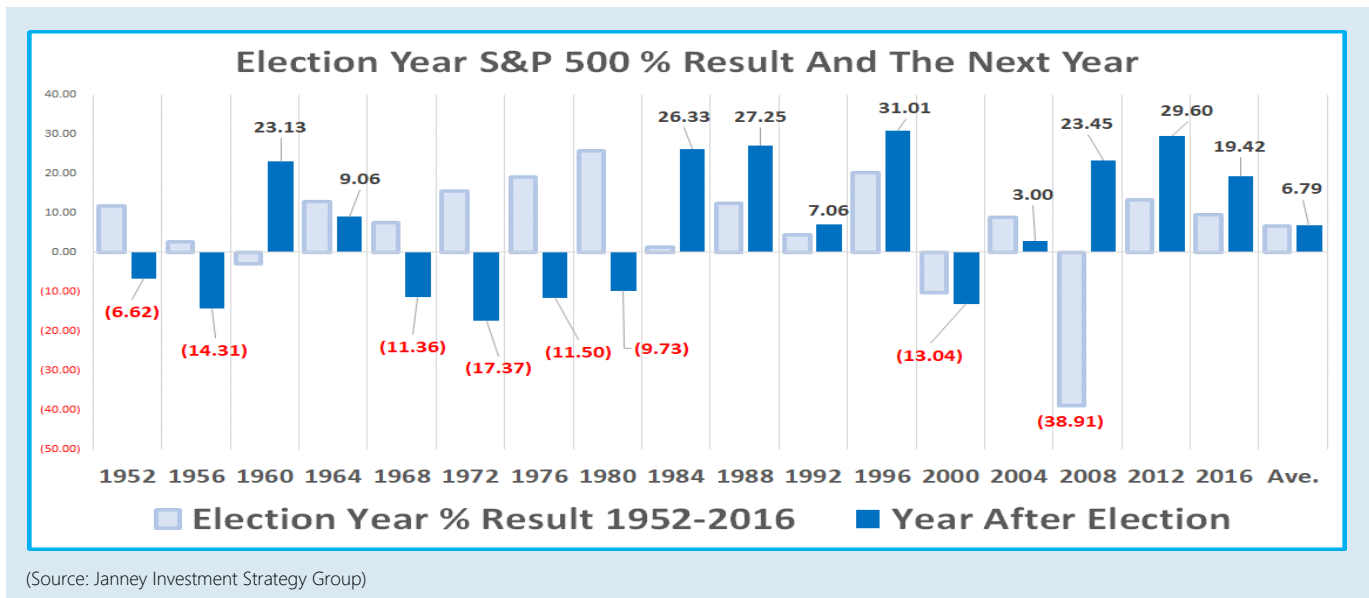
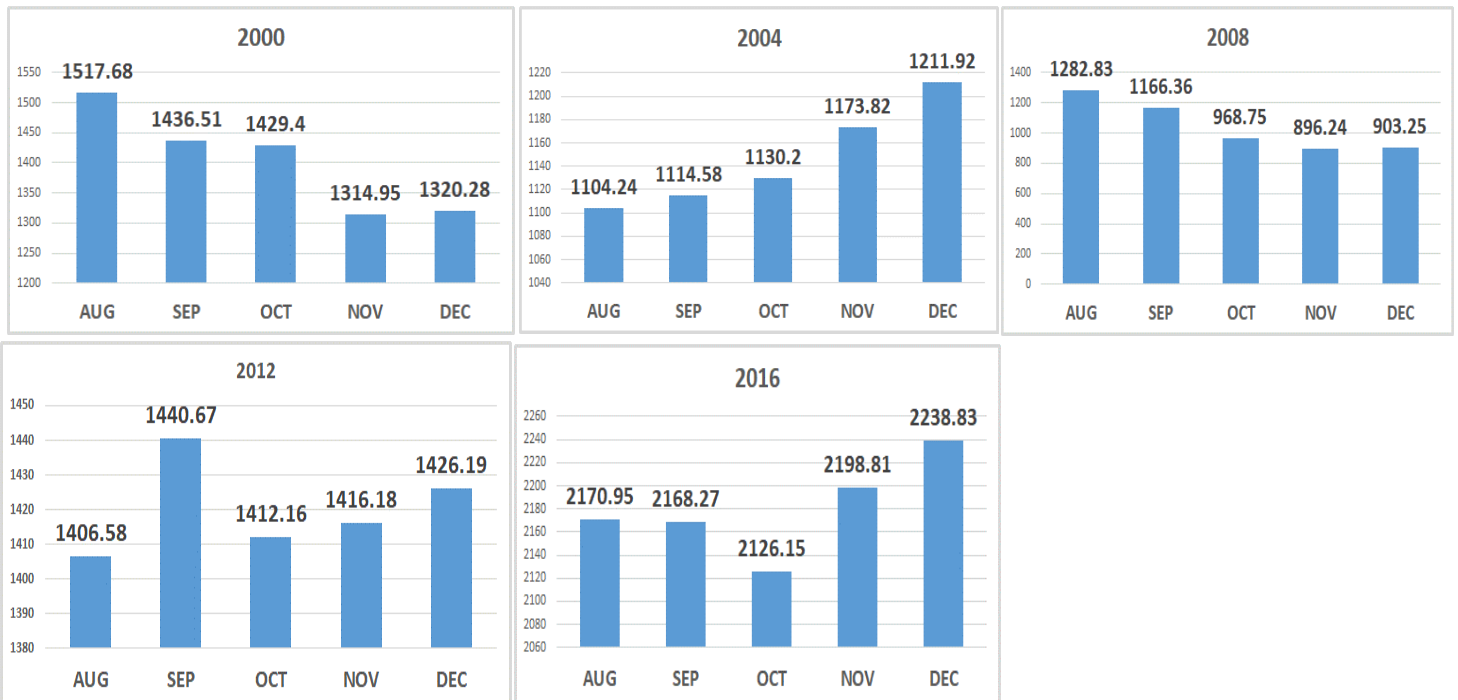
(Source: Janney Investment Strategy Group)

As noted multiple times in previous reports in our Election 2020 series, the economy often was the key issue in determining the election outcome as well as how the equity market fared during the pre-election period.

Beginning in 1952, three election-year S&P 500 losses all occurred during the recession-impacted years of 1960, 2000, and 2008. In these three instances, the party in control of the White House ceded control to the opposition party. In 1961, Democratic President John F. Kennedy replaced Republican Dwight D. Eisenhower. In 2001, Republican George W. Bush followed Democrat William Clinton into the White House. In 2009, Democrat Barack Obama followed Republican George W. Bush into the presidency.

The following charts illustrate the exact levels of the S&P 500 for the final five months of each election year 1952 through 2016.





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