

CLIENT UPDATE: October 2024

October 8, 2024

The Presidential Election and Markets

How will the election impact the stock markets? This is a question that is being actively debated as we approach the final weeks until the U.S. election. More than half of the world’s population in over 80 nations have headed to the polls this year, making 2024 the biggest election year ever.

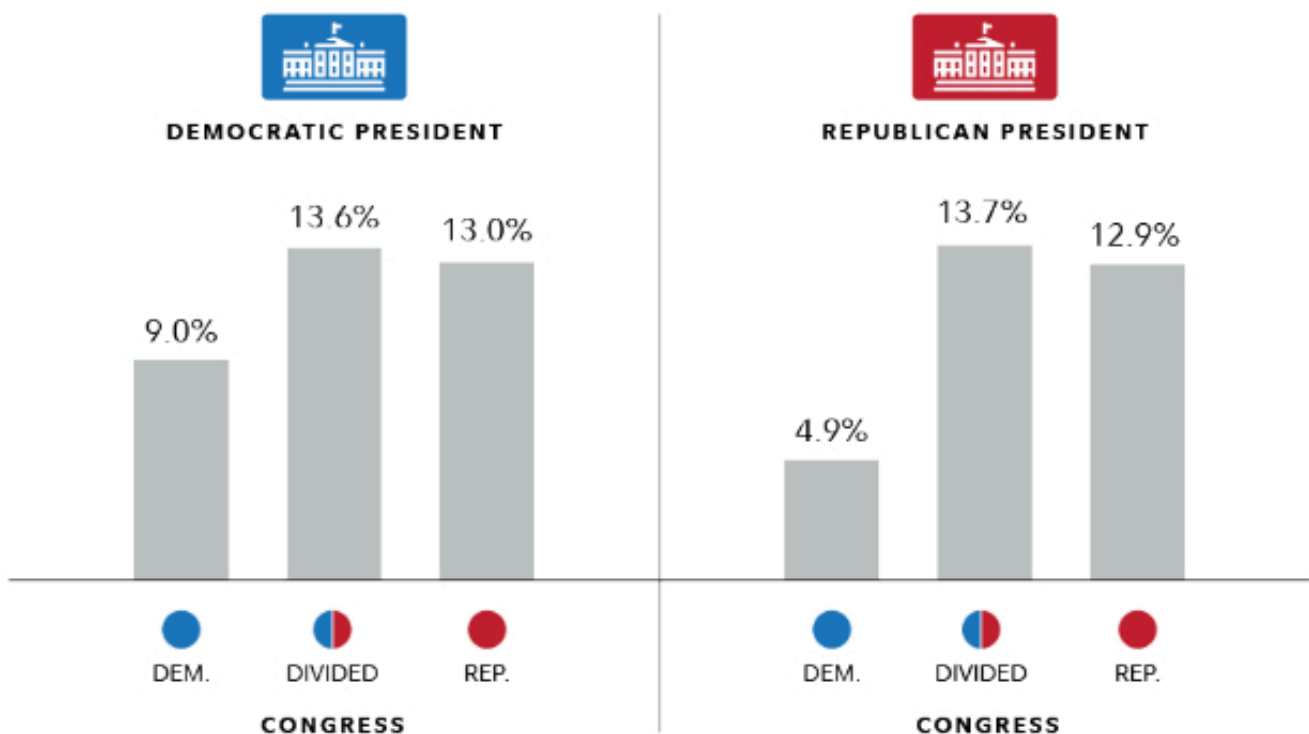
What's been noted in many elections, is that elected candidates have difficulty turning the platform they ran upon into action. The reality is that many of their causes do not turn into policy. The reason is the winning parties do not have decisive majorities to enact the policies they promote.

A comparable situation may occur in the U.S. elections. Whichever party wins, they will likely have a slim majority, if any, in the House or Senate. Neither the Democrats nor the Republicans may control all three branches of government. This will result in gridlock where not much new legislation or policies get passed.

Markets find gridlock to be acceptable because it means there will not be sweeping changes or reversals in policies. It could result in more bipartisan legislation where compromise leads to a more balanced approach.

As you can see in the below graph*, the S&P 500 Index has done better when there is a divided Congress regardless of which party holds the Presidency.

Average annual S&P 500 performance
 (1933-2022, excluding 2001-2002)



Having an appropriate asset allocation is a strong investment strategy to weather the election cycle. While there will be a lot of chatter and debate leading up to the election, the historical data shows that markets are fairly resilient to any outcome.

Enjoy the beautiful fall weather and please contact us by email or phone with any questions.

Best regards,

Dave & Jim

Jim Onorato

E: jim@summit-capital.com

C: (440) 725-3864

David Yormick

E: dave@summit-capital.com

C: (216) 849-8753

www.summit-capital.com

Main: (216) 539-8444