



How Political Parties in Power Influence Markets

No matter whether the White House and Congress are unified or divided, the stock market tends to march higher.

WHEN POLITICAL QUESTIONS ARE IN THE HEADLINES, ESPECIALLY DURING ELECTION SEASONS OR TIMES OF UNCERTAINTY, ONE MAY ASK WHAT IMPACT THE PARTY IN POWER HAS ON THE MARKETS. But whether the White House and Congress are in sync or divided, and regardless of which party has majority control, markets tend to be resilient. History shows that the stock market (as represented by the S&P 500 Index)¹ generally marches higher regardless of which party is in charge.

How markets react when the president and Congress represent the same political party

(D) Democrat, (R) Republican, 1937–Present

					S&P 500 Index (%)				
Start	End	President	Senate	House	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
1937	1939	D - Franklin D. Roosevelt	D	D	-34.75	-5.27	-7.47	4.37	11.12
1939	1941	D - Franklin D. Roosevelt	D	D	-0.38	-7.37	3.71	7.18	13.38
1941	1943	D - Franklin D. Roosevelt	D	D	-11.59	10.11	16.81	13.25	14.66
1943	1945	D - Franklin D. Roosevelt	D	D	25.63	26.97	14.74	16.95	15.16
1945	1947	D - Harry S. Truman	D	D	36.31	9.82	10.60	17.00	14.88
1949	1951	D - Harry S. Truman	D	D	18.60	24.58	17.74	19.94	14.86
1951	1953	D - Harry S. Truman	D	D	23.97	13.21	23.76	16.08	12.06
1953	1955	R - Dwight D. Eisenhower	R	R	-0.94	25.63	13.51	13.40	11.64
1961	1963	D - John F. Kennedy	D	D	26.88	12.48	13.25	8.18	8.31
1963	1965	D - Lyndon B. Johnson	D	D	22.76	17.14	12.37	9.91	8.30
1965	1967	D - Lyndon B. Johnson	D	D	12.46	7.83	4.98	1.25	7.79
1967	1969	D - Lyndon B. Johnson	D	D	23.89	8.01	8.38	6.62	10.15
1977	1979	D - Jimmy Carter	D	D	-7.19	5.41	8.09	13.80	14.54
1979	1981	D - Jimmy Carter	D	D	18.45	14.27	17.30	16.27	17.73
1993	1995	D - Bill Clinton	D	D	10.08	15.35	20.27	9.35	8.22
2003	2005	R - George W. Bush	R	R	28.68	14.39	12.83	7.10	
2005	2007	R - George W. Bush	R	R	4.91	8.63	0.42	7.68	
2009	2011	D - Barack Obama	D	D	26.46	14.12	17.94	13.12	
2017	2019	R - Donald Trump	R	R	21.83	15.28			
Average					12.95	12.14	11.62	11.19	12.19

Sources: Senate.gov and House.gov. Congressional sessions run two years (e.g., the House became Republican in the 2016 midterm election and served from January 2017 to January 2019).

Summary

	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
# Positive	14	17	17	18	15
# Negative	5	2	1	0	0
Total	19	19	18	18	15
% Positive	74%	89%	94%	100%	100%
% Negative	26%	11%	6%	0%	0%

Client Conversations

How markets react when the president and Congress represent different political parties

(D) Democrat, (R) Republican, 1947–Present

Start	End	President	Senate	House	S&P 500 Index (%)				
					1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
1947	1949	D - Harry S. Truman	R	R	5.63	9.70	16.56	18.29	13.65
1955	1957	R - Dwight D. Eisenhower	D	D	31.41	7.70	14.90	12.79	6.86
1957	1959	R - Dwight D. Eisenhower	D	D	-10.72	12.69	12.77	9.19	7.90
1959	1961	R - Dwight D. Eisenhower	D	D	11.95	12.58	9.86	10.00	6.52
1969	1971	R - Richard Nixon	D	D	-8.40	2.82	1.99	3.16	9.52
1971	1973	R - Richard Nixon	D	D	14.22	5.06	3.22	8.45	11.14
1973	1975	R - Gerald Ford	D	D	-14.67	-4.82	-0.18	6.71	11.32
1975	1977	R - Gerald Ford	D	D	37.14	16.37	14.74	14.75	14.56
1981	1983	R - Ronald Reagan	R	D	-4.88	12.28	14.63	13.90	15.66
1983	1985	R - Ronald Reagan	R	D	22.46	19.63	16.40	16.13	12.69
1985	1987	R - Ronald Reagan	R	D	31.64	18.00	20.33	14.36	13.21
1987	1989	R - Ronald Reagan	D	D	5.18	17.32	15.35	15.28	11.80
1989	1991	R - George H.W. Bush	D	D	31.69	18.53	14.55	19.21	8.43
1991	1993	R - George H.W. Bush	D	D	30.47	15.62	16.59	17.45	9.14
1995	1997	D - Bill Clinton	R	R	37.58	31.15	28.56	12.07	9.85
1997	1999	D - Bill Clinton	R	R	33.36	27.58	10.70	8.42	7.68
1999	2001	D - Bill Clinton	R	R	21.04	-1.03	-0.57	-1.38	5.62
2001	2003	R - George W. Bush	D	R	-11.89	-4.05	0.54	1.41	
2007	2009	R - George W. Bush	D	D	5.49	-5.63	-0.25	6.94	
2011	2013	D - Barack Obama	D	R	2.11	16.18	12.57		
2013	2015	D - Barack Obama	D	R	32.39	15.14	15.79		
2015	2017	D - Barack Obama	R	R	1.38	11.41	11.70		
2019	2021	R - Donald Trump	R	D	31.49				
Average					14.61	11.56	11.40	10.90	10.33

Summary

	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr
# Positive	18	18	19	18	17
# Negative	5	4	3	1	0
Total	23	22	22	19	17
% Positive	78%	82%	86%	95%	100%
% Negative	22%	18%	14%	5%	0%

Data Sources: Morningstar and Hartford Funds. Data starts on January 1 of the year following each November midterm election.

Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment.

Talk to your financial professional today to make sure your portfolio is positioned correctly regardless of what happens in Washington, D.C.

¹S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks.

Investing involves risk, including the possible loss of principal.

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