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Many people, including myself, have concerns about the current economic and social direction of the United States. Our nation has continued to face many ongoing issues, including multiple strands of Covid-19, civil unrest, inflation, excessive government spending, and deteriorating relationships with China and Russia. As a result, I often receive questions from clients about “getting out of the market.” While I certainly do not claim to know if the market is going to grow or contract in 2022, I believe it is helpful to review the long-term history of the market and its performance. Since the election of 1976, the country has suffered an attempted assassination, impeachment trials, terrorist attacks, an energy crisis, the dotcom and housing bubbles, recessions, and multiple wars. Despite all these issues, the S&P 500 is currently near an all-time high. With that being said, how much is the market impacted by who is president? Do political parties determine the direction of the market?

Market performance by Presidentⁱ

President	Political Party	Years in Office	S&P 500 Return (%)
Bill Clinton	D	1993-2001	210
Barack Obama	D	2009-2017	182
Ronald Reagan	R	1981-1989	117
Donald Trump	R	2017-2021	56
George H. W. Bush	R	1989-1993	51
Jimmy Carter	D	1977-1981	28
George W. Bush	R	2001-2009	-40

While decisions made by political leaders can certainly impact markets short-term, the American market has historically shown growth under both political parties. As long-term investors, we believe it is vital to remain invested despite ongoing turmoil throughout the world. For example, “a \$1,000 investment in an index of large U.S. stocks in January 1945, would have compounded at an annual total return of 11% and would have been worth \$2.3 million by the end of 2019” (Klebnikov & Touryalai, 2021).

ⁱ Klebnikov, S., & Touryalai, H. (2021, June 30). We looked at how the stock market performed under every U.S. president since Truman - and the results will surprise you. Forbes. Retrieved January 10, 2022, from <https://www.forbes.com/sites/sergeiklebnikov/2020/07/23/historical-stock-market-returns-under-every-us-president/?sh=163c398dfaaf>

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