

# Does The Stock Market Care *Which Party Wins?*



Submitted By **Tom Rauchegger**, Co-Founder Of Cramer & Rauchegger, Inc.

**T**he Presidential election will be held on Tuesday, November 8. By the time you are reading this article it may or may not have already been decided. As Financial Advisors we are often asked: Who will win the election and what will happen to the stock market?

According to research from Goldman Sachs, since the mid-1970's, the stock market hasn't really cared, which party wins the White House. In fact, in the twelve months following a presidential election, the overall S&P 500 Index offers a 10% return regardless of which party occupies the White House. Recent events also indicate that the constant media attention that draws us into the "political storm" tends to ultimately result in minimal impact on investments long-term with both parties delivering 4+ year median total returns of 63% (Republican) and 72% (Democrat) for the S&P 500 Index.<sup>1</sup>

The results from Strategas Research tell us that the markets generally tend to prefer a divided government with the best average annual stock market performance (S&P 500) coming in

years with a Republican controlled Congress and a Democratic President or vice versa.<sup>2</sup>

Two industries that could be impacted by the election results include Health Care and Financial Services. The Affordable Care Act has been a boon for managed care and hospitals since its introduction. While Republicans have talked about abandoning the program, the effective expansion of Medicaid to the State level will most likely remain in place with even greater funding. This could boost some health care investments.<sup>3</sup>

The Republicans have expressed an interest in breaking up the largest banks and separating the investment and commercial banking operations. In reality, any breakup of the large banks would require bi-partisan talk about allowing U.S. corporations to bring back the estimated \$2 Trillion in assets parked in foreign countries. Bringing some of these assets back to the U.S. would be a positive for the overall economy.<sup>4</sup>

Since we cannot predict the election results or the future, you should consider the following strategies to protect your "Financial House" both during and after election years.

**Find an Advisor you can trust to guide you**

**Establish a well-constructed Retirement and Investment Plan**

**Review and adjust your plan regularly especially as you near/enter retirement Remember to invest for the Long-Term and protect for the Short-Term Make sure your Portfolio Risk matches your risk comfort level**

For more information, please feel free to contact us at Cramer & Rauchegger. You can reach us by phone at **407-645-4433**; e-mail at **info@cramerandrauchegger.com** or visit our company website at **www.cramerandrauchegger.com**. Cramer & Rauchegger is located in Maitland.

<sup>1</sup> "Chart of the Day; Business Insider, October 29, 2012"

<sup>2</sup> "Strategas Research" and Sterling Capital "The Lead" August 1, 2016; S&P 500 Index real-time data. Google Finance.

<sup>3</sup> "As 2016 Election Looms, Hospital Obamacare Revenue May Slow." Forbes. Sept. 13, 2015.

<sup>4</sup> "GOP Platform to Call for Breaking Up the Big Banks, Trump Campaign Says." New York magazine. July 18, 2016.

Founded by Orlando natives Scott Cramer and Tom Rauchegger, Cramer and Rauchegger Inc. is an independent advisory firm that specializes in retirement management, estate planning and wealth management for high net worth clients who are close to or currently in retirement.

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