

The Presidency and the Stock Market

As we begin the search for a new president in the United States, I wonder what it might mean for the stock market. Of course, I have no idea, but a look back at the market performance during past presidential tenures might offer some measure. I used the S&P 500 as the measuring stick, beginning with Republican Calvin Coolidge in 1926.

- the average annual rate of return is 12.05%.
 - 14.92% during 48 Democrat years
 - 8.91% during 44 Republicans years

- the average has been bettered 48 times,
 - 29 times by Democrats
 - 19 times by Republicans

- if we only look at the last 50 years, we see that
 - Democrat presidential years averaged 15.53%
 - Republican presidential years averaged a far less 8.60%

- each year of a president's four years in office produces far ranging returns:
 - Year 1 average = 9.84%
 - Year 2 average = 9.17%
 - Year 3 average = 17.91%
 - Year 4 average = 11.26%

• The 5 best 4-year returns:

Roosevelt	D	200%
Truman	R	130%
Eisenhower	R	112%
Reagan	R	92%
Clinton	D	89%

The 5 worst 4-year returns:

Hoover	R	-64%
Roosevelt	D	-23%
Bush	R	-19%
Bush	R	-2%
Nixon	R	6%

Stock Market Returns of U.S. Presidencies broken into year 1 through year 4.

President	First Year	Year 1	Year 2	Year 3	Year 4	Cumulative
Coolidge	1925		11.60	37.57	43.58	
Hoover	1929	-8.44	-24.89	-43.36	-8.08	-64%
Roosevelt	1933	53.81	-1.36	47.61	33.96	200%
Roosevelt	1937	-35.02	31.09	-0.41	-9.77	-23%
Roosevelt	1941	-11.60	20.29	25.98	19.72	60%
Truman *	1945	36.45	-8.08	5.72	5.50	40%
Truman	1949	18.79	31.72	24.02	18.35	130%
Eisenhower	1953	-0.98	52.62	31.56	6.56	112%
Eisenhower	1957	-10.78	43.36	11.96	0.47	44%
Kennedy **	1961	26.82	-8.75	22.65	16.39	65%
Johnson	1965	12.35	-10.06	23.95	11.08	39%
Nixon	1969	-8.47	3.98	14.32	18.94	29%
Nixon ***	1973	-14.80	-26.49	37.27	23.61	6%
Carter	1977	-7.40	6.52	18.48	32.47	55%
Reagan	1981	-4.95	21.55	22.56	6.27	50%
Reagan	1985	31.73	18.67	5.25	16.61	92%
Bush	1989	31.69	-3.11	30.47	7.62	79%
Clinton	1993	10.08	1.32	37.58	22.96	89%
Clinton	1997	33.36	28.57	21.05	-9.11	89%
Bush	2001	-11.88	-22.10	28.69	10.87	-2%
Bush	2005	4.89	15.80	5.49	-37.00	-19%
Obama	2009	26.46	15.07	2.12	16.00	72%
Obama	2013	32.39	13.69	1.38	11.96	71%
Trump	2017	21.83				
Average		9.84	9.17	17.91	11.26	55%

- Harry Truman replaced Franklin Roosevelt on April 12, 1945
- ** Lyndon Johnson served out the term beginning on November 22, 1963
- *** Gerald Ford served out the term beginning on August 9, 1974