

## Not “If;” “When”: Presidential Drawdowns

You’re starting to hear people talk about “if” there’s a bear market during the Trump Administration, when the real truth is they should be talking about “when.” And it won’t necessarily be triggered by a poorly-worded tweet, a global-trade-stopping new tariff regime or tax and entitlement reform. Every presidential cycle has its share of market drawdowns, seemingly regardless of presidential policies.

You don’t believe it? The accompanying chart shows the worst stock market drawdowns for every president since Herbert Hoover in the 1930’s, and you can see that good president or bad, Republican or Democrat, they all eventually experienced significant down markets. Some might be surprised to see Ronald Reagan’s 25% and 33% drop from high to low, or the nearly 52% drawdown experienced during George W. Bush’s presidency. Weren’t these pro-business Presidents?

What the chart doesn’t show, but you know already, is that after every single one of these scary drops, the markets recovered to post new highs, which we’re experiencing today. So don’t listen to anybody who talks about “if” the markets are eventually going to go down sometime in the next four years. We’re going to experience a bear market—time, date, duration and extent unknown. And then, if history is any indication, we’ll see new highs again eventually.

President	Inauguration Date	End of Term	Worst Stock Market Drawdown
Herbert Hoover	Mar. 4, 1929	Mar. 3, 1933	-86.19%
Franklin Roosevelt*	Mar. 4, 1933	Jan. 19, 1937	-33.93%
	Jan. 20, 1937	Jan. 19, 1941	-54.47%
	Jan. 20, 1941	Apr. 11, 1945	-28.79%
Harry Truman	Apr. 12, 1945	Jan. 19, 1949	-28.47%
	Jan. 20, 1949	Jan. 19, 1953	-14.02%
Dwight Eisenhower	Jan. 20, 1953	Jan. 20, 1957	-14.43%
	Jan. 21, 1957	Jan. 19, 1961	-20.66%
John F. Kennedy*	Jan. 20, 1961	Jan. 19, 1965	-27.97%
Lyndon Johnson	Jan. 20, 1965	Jan. 19, 1969	-22.18%
Richard Nixon**	Jan. 20, 1969	Jan. 19, 1973	-34.73%
	Jan. 20, 1973	Jan. 19, 1977	-47.32%
Jimmy Carter	Jan. 20, 1977	Jan. 19, 1981	-17.07%
Ronald Reagan	Jan. 20, 1981	Jan. 20, 1985	-25.30%
	Jan. 21, 1985	Jan. 19, 1989	-33.51%
George Bush	Jan. 20, 1989	Jan. 19, 1993	-19.92%
Bill Clinton	Jan. 20, 1993	Jan. 19, 1997	-8.94%
	Jan. 20, 1997	Jan. 19, 2001	-19.34%
George W. Bush	Jan. 20, 2001	Jan. 19, 2005	-43.46%
	Jan. 20, 2005	Jan. 19, 2009	-51.93%
Barack Obama	Jan. 20, 2009	Jan. 19, 2013	-22.60%
	Jan. 21, 2013	Jan. 19, 2017	-14.16%
Donald Trump	Jan. 20, 2017	???	???

\*Lyndon Johnson sworn in Nov. 22, 1963

\*\*Gerald Ford sworn in Aug. 9, 1974

*By Bob Veres, publisher of Inside Information - the premier publication of financial industry trends and information for leading practitioners in the financial planning profession.*