KELSON GESTION DE PATRIMOINE WEALTH MANAGEMENT | iA Gestion privée de patrimoine Private Wealth

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Capital *Chronicles*

MARKET PERSPECTIVE

What *midterms* have meant for markets

With midterm elections drawing attention to who will control the House and Senate, we looked at three studies on what those outcomes have historically meant for investors.

The findings offer some perspective: markets have delivered gains under different political configurations, and the periods following midterm elections have historically been strong.

BLACKROCK · 1970–2022

14.1%

Average S&P 500 total return in the six months after midterms, versus 5.7% in non-midterm years

J.P. MORGAN · 1950–2022

19 *of* 19

Midterms followed by a positive 12-month S&P 500 price return, averaging approximately 15%

BlackRock

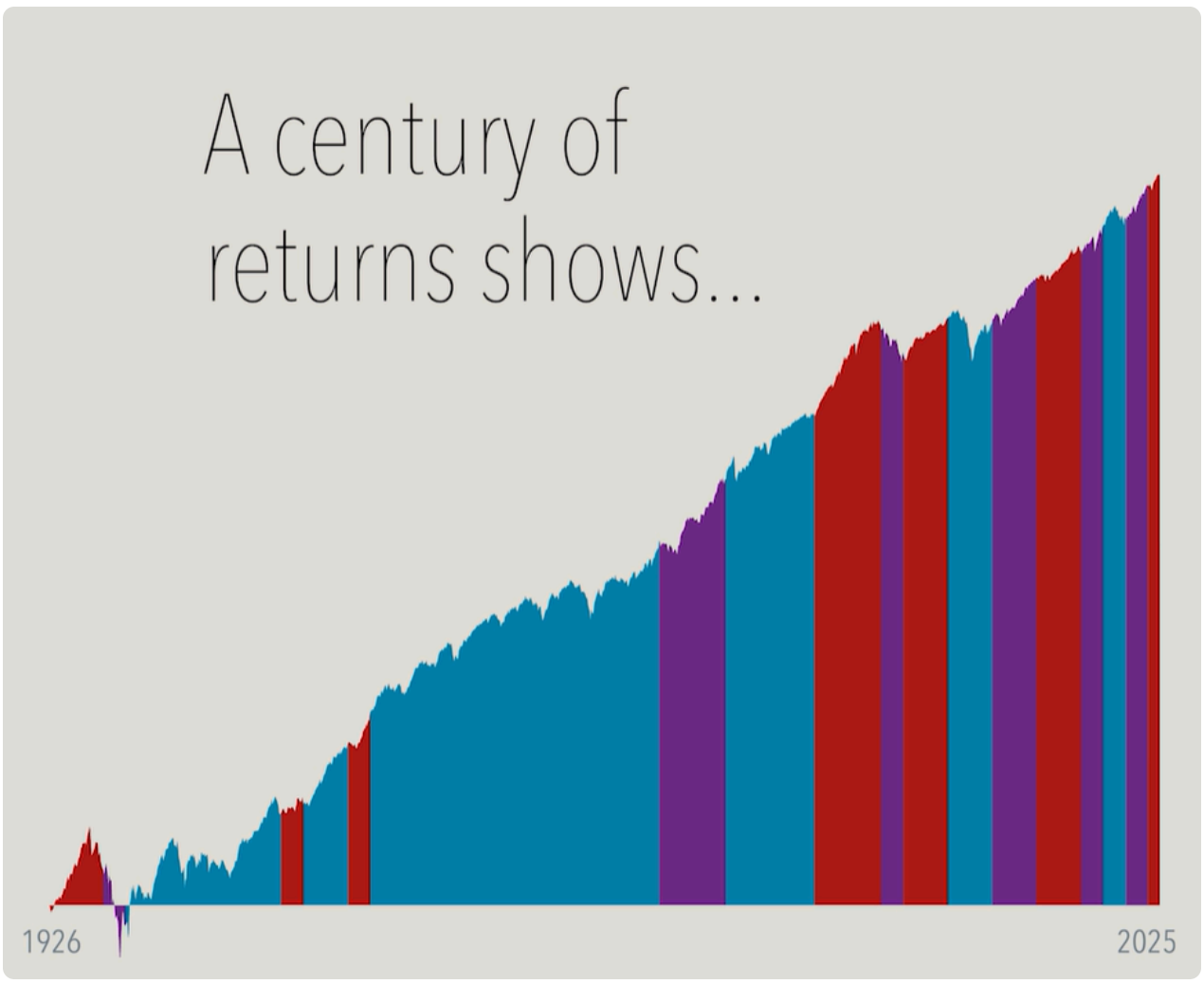
BlackRock studied midterm elections from 1970 through 2022 and found that, on average, the market rally began about one month before Election Day. In the six months following the election, the S&P 500 delivered an average 14.1% total return, including dividends, compared with 5.7% over comparable periods in non-midterm years.

J.P. Morgan

J.P. Morgan examined a longer history, going back to 1950. Across the 19 midterm elections through 2022, the S&P 500 recorded positive price returns in every subsequent 12-month period, averaging approximately 15%. The study points to reduced political uncertainty following elections as one possible explanation, while recognizing that economic conditions and company earnings remain important drivers.

Dimensional

Dimensional considered the question of which party controls Congress. Its finding was straightforward: historically, markets have rewarded investors regardless of who held the majority. Stock market growth has not been confined to periods of Republican or Democratic control.



Growth of the US stock market, 1926–2025, by party control of Congress. Source: Dimensional Fund Advisors.

> *Control of the House and Senate has been a less reliable guide to broad market performance than election coverage might imply.*

Taken together

Taken together, these studies suggest that control of the House and Senate has been a less reliable guide to broad market performance than election coverage might imply. Policy decisions can affect businesses and industries, but the historical record does not support a simple connection between one party winning Congress and markets doing well or poorly.

The post-midterm figures are historical averages, not forecasts. BlackRock measures six-month total returns, while J.P. Morgan measures 12-month price returns. What they share is evidence that markets have continued to deliver gains across a wide range of political outcomes.

As always, the plan is the strategy.

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