

# Is the Stock Market a predictor of Presidential Elections?

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## Exploring the S&P 500 Index as a Predictor of Presidential Election Outcomes

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Can the stock market predict the outcome of the presidential elections? Not really, but there is some interesting data about the S&P 500 Index and the presidential elections.

Since 1984, if the S&P 500 was positive the three months prior to the election, the incumbent was re-elected. If the S&P 500 was negative the opposing party won.

Looking back further in history, BTIG Brokerage reported in the Wall Street Journal on September 7, 2020 that going back to 1928, 90% of the time the incumbent has won if the S&P 500 Index was positive the three months prior to the elections.

On August 3, 2020, the S&P 500 Index closed at 3,294. If the S&P 500 Index is above this number on November 2, 2020, President Trump will be re-elected. If the S&P 500 is below 3,294, Joe Biden will be the next president. I do not read too much into this information other than it is fun to watch and speculate. Now that you know this little tidbit of information, depending which political camp you are in, you may want the S&P 500 Index to continue to rally or have a decline prior to the elections.