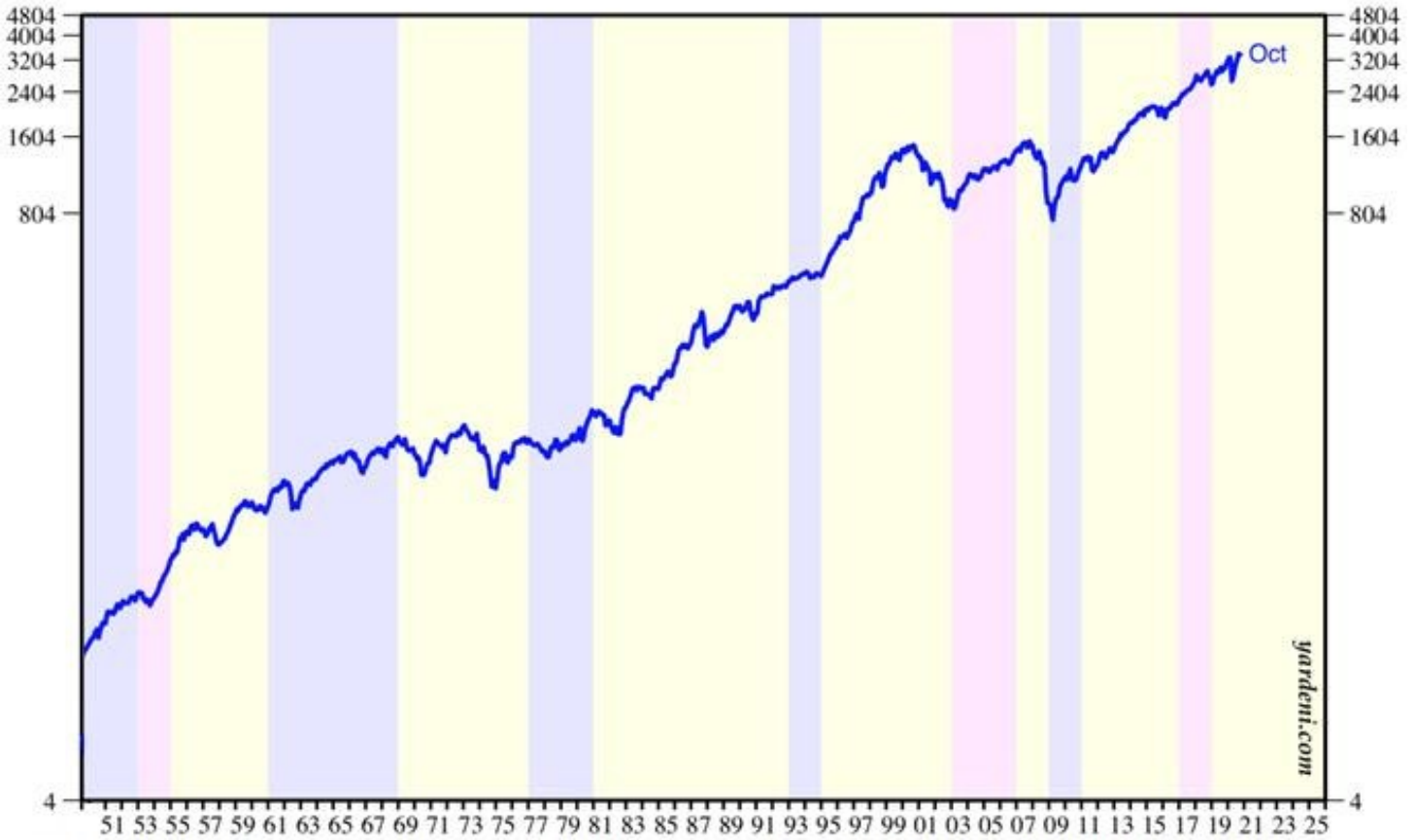


# CHART OF THE MONTH

NOVEMBER 2020

## S&P 500 During Unified and Divided Government 1950-2019



Note: Blue (red) shades are when Democrats (Republicans) controlled the White House and both houses of Congress. Yellow shades are when the government was divided.  
Source: Standard & Poor's.

Whether you're a Republican wishing for a Trump victory or a Democrat hoping for a Blue Wave, don't despair — at least not as it relates to the stock market. A divided government has historically been bullish for stocks and, in all likelihood, the government promises to be split with neither party controlling the White House, Senate, and House of Representatives.

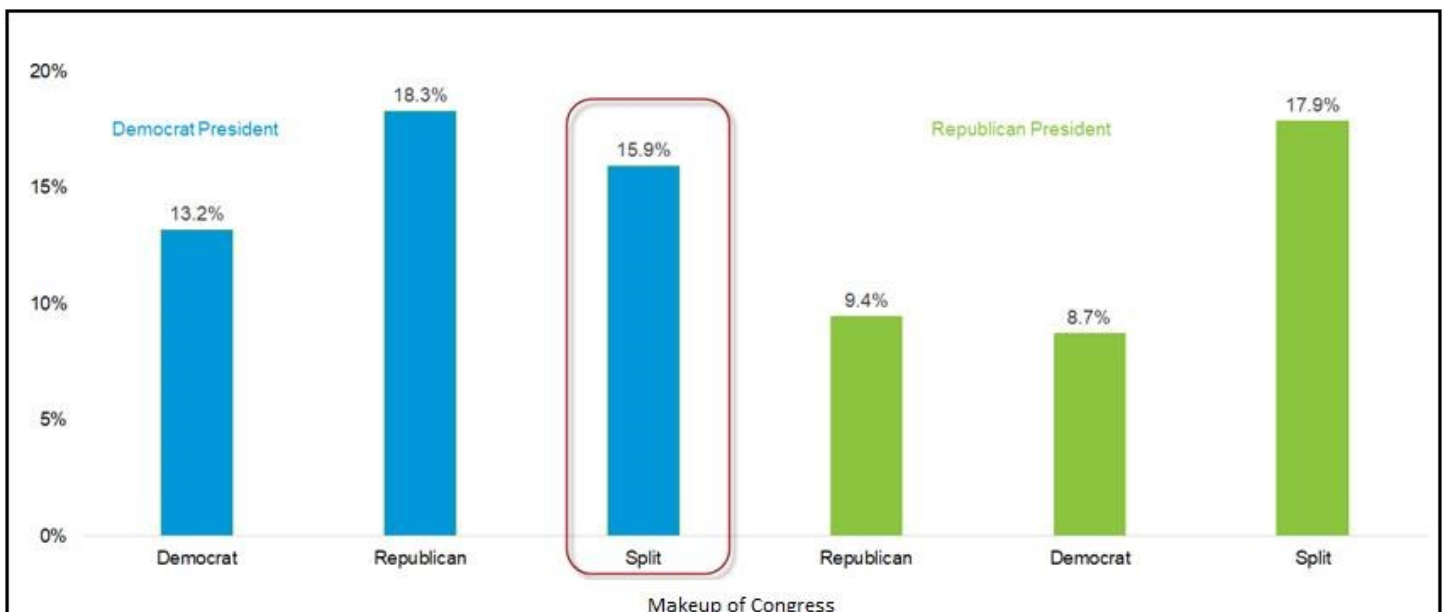
As shown in the chart below, since 1950, a Democrat President and a Republican Congress has produced the best results (18.3%), followed by a Republican President and a split Congress (17.9%) and a Democrat President and a split Congress (15.9%) — all far better than the average annual return of 11.1% over the past 70 years.

In our [October Chart of the Month](#), we pointed out, "No matter who wins, it is important to recognize that the market has performed well under Democrat and Republican administrations. It has also achieved strong returns under Democrat, Republican, and split Congresses."

A month later, the S&P 500 is on pace for one of its best Novembers ever. However, we believe the market could reverse course if the Republicans don't hold onto the Senate by winning at least one of the runoffs in Georgia in early January. Should the Democrats win both, it would give them the power to implement their expansive agenda, including increasing federal spending, raising taxes, and imposing more regulations.

More trivia than not but next year may become the first time with a Democrat President and House and a Republican Senate since the 1880s when Grover Cleveland occupied 1600 Pennsylvania Avenue in Washington D.C.

## S&P 500 Average Annual Return Based on Congressional Makeup 1950-2019



Source: LPL Research, Bloomberg