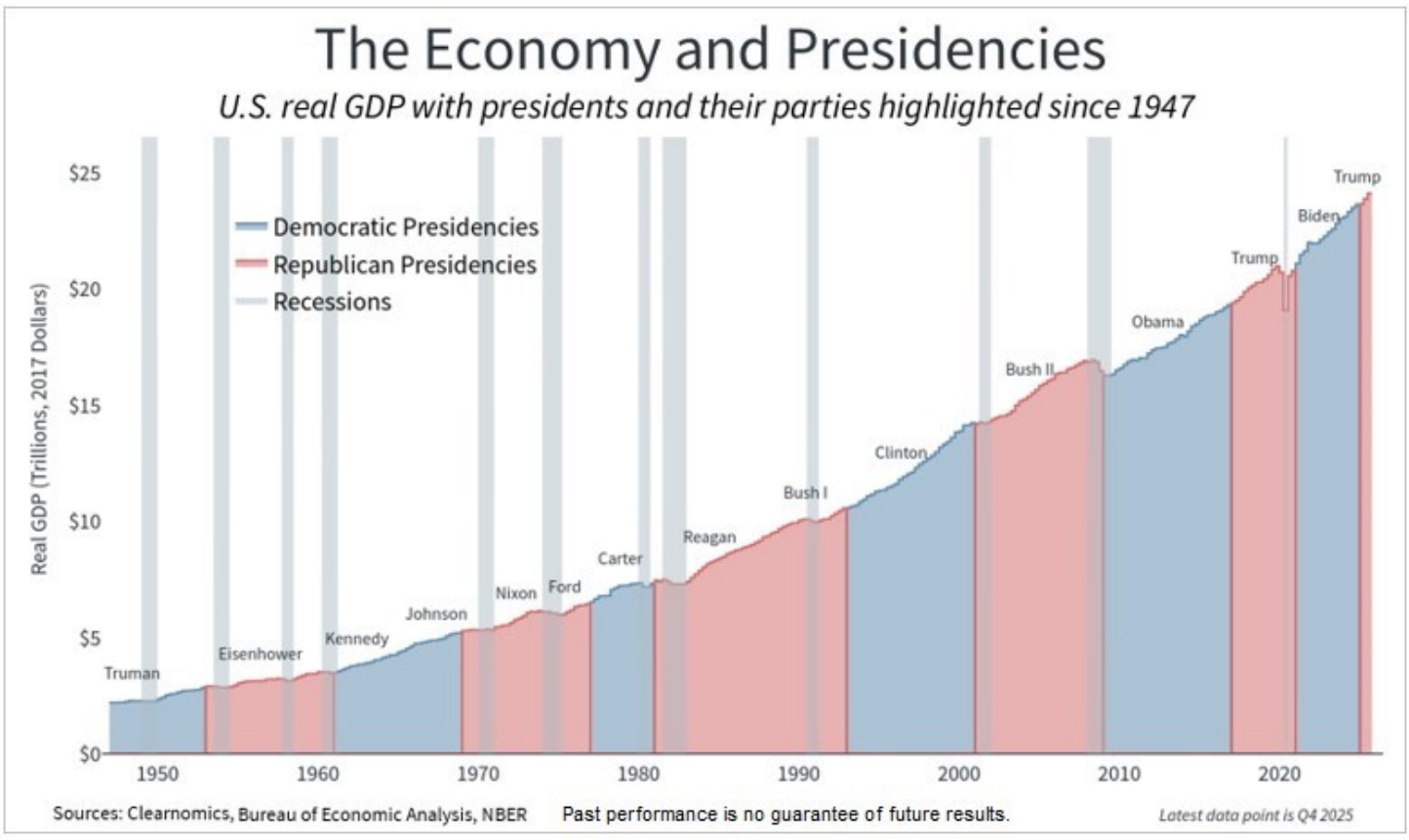
Chart of the Month

November 2026



Democrats won majorities in both the House and Senate on Tuesday, setting up a divided government for the remaining two years of President Donald Trump's term. Notably, split governments, where the White House and Congress are controlled by different parties, are not unusual.

While the Democrats maintained continuous majorities in both chambers of Congress from 1955-1980, they overlapped Democratic and Republican presidencies. Since then, presidents have faced either a split Congress or a full opposition majority during parts of their terms (including administrations of Ronald Reagan, Bill Clinton, George W. Bush, Barack Obama, Trump's first term, and Joe Biden).

As shown above, the party of the POTUS has alternated over the years with neither side occupying more than two consecutive terms except in the case of the 1980s with Reagan and George H.W. Bush. Accordingly, the back and forth has become the norm for the past 75 years. Based on history, we should expect these trends to persist well into the future. Nonetheless, irrespective of the party in power, real GDP will continue to increase except for brief recessions from time to time.

Regardless of politics, the stock market has produced impressive results after the midterm elections since 1950. In fact, as displayed below, the S&P 500 has risen following the midterms in every such November-April period, boasting a perfect 19-for-19 track record, covering Democratic and Republican administrations and Congresses. The index has produced an average return of 15% during these six-month stretches.

Politicians can influence federal spending, tax rates, and regulation, but corporate earnings and monetary policy have repeatedly proved more consequential over the years. Going forward, Democrats may restrict the expansion of data centers, one of the main engines of recent economic growth, adding volatility to the so-called artificial intelligence (AI) trade. In addition, there most assuredly will be acrimonious fiscal and debt-ceiling debates early next year, creating short-term market turbulence as the negotiations play out.

The key for investors, however, is to separate political views from investment decisions. We manage portfolios based on your goals and objectives, including risk tolerance and time horizon, navigating uncertainties across many different environments via asset allocation, equity strategies, and the selection of securities.

Best Six Months in Midterm Years Are Immediately Ahead
November to April (1950-Current)

	S&P 500 Returns						
Year	November-April	November	December	January	February	March	April
1950	14.8%	-0.1%	4.7%	6.0%	0.6%	-1.5%	4.4%
1954	19.8%	8.1%	5.1%	1.8%	0.4%	-0.5%	3.8%
1958	12.2%	2.2%	5.2%	0.4%	0.0%	0.1%	3.9%
1962	23.5%	10.2%	1.3%	4.9%	-2.9%	3.5%	4.9%
1966	17.2%	0.3%	-0.1%	7.8%	0.2%	3.9%	4.2%
1970	24.8%	4.7%	5.5%	4.2%	0.9%	3.7%	3.5%
1974	18.1%	-5.3%	-2.0%	12.3%	6.0%	2.2%	4.7%
1978	9.2%	1.7%	1.5%	4.0%	-3.7%	5.4%	0.2%
1982	23.0%	3.6%	1.5%	3.3%	1.9%	3.3%	7.5%
1986	18.2%	2.1%	-2.8%	13.2%	3.7%	2.6%	-1.1%
1990	23.5%	6.0%	2.5%	4.2%	6.7%	2.2%	0.0%
1994	9.0%	-4.0%	1.2%	2.4%	3.6%	2.7%	2.8%
1998	21.5%	5.9%	5.6%	4.1%	-3.2%	3.9%	3.8%
2002	3.5%	5.7%	-6.0%	-2.7%	-1.7%	0.8%	8.1%
2006	7.6%	1.6%	1.3%	1.4%	-2.2%	1.0%	4.3%
2010	15.2%	-0.2%	6.5%	2.3%	3.2%	-0.1%	2.8%
2014	3.3%	2.5%	-0.4%	-3.1%	5.5%	-1.7%	0.9%
2018	8.6%	1.8%	-9.2%	7.9%	3.0%	1.8%	3.9%
2022	7.7%	5.4%	-5.9%	6.2%	-2.6%	3.5%	1.5%
2026	?	?	?	?	?	?	?
Average	14.8%	2.7%	0.8%	4.2%	1.0%	1.9%	3.4%
Median	15.2%	2.2%	1.3%	4.1%	0.6%	2.2%	3.8%
% Higher	100.0%	78.9%	63.2%	89.5%	63.2%	78.9%	94.7%

Source: Carson Investment Research, FactSet Past performance is no gaurantee of future results

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