

Election Year

The rally in late 2023 that caught many investors by surprise has continued into 2024. Much of those gains were concentrated in the more “growth-oriented” technology sector, dubbed by some as the “Magnificent Seven.” But the first three months of 2024 have featured a broadening of this market rally, with sectors like financials and industrials helping drive the push to new highs. Yes – the S&P 500 has now fully recovered from the steep declines of 2022 to reach a new all-time high, surpassing the previous highs notched in late 2021. It took roughly two years, but the market did what it has always done – recovered and reached new heights.

Stocks have been quietly rallying for months now, with volatility virtually non-existent:

- It has been over a year since we’ve had a one-day decline of 2%+ in the S&P 500. This is the third longest streak since 2000.
- The S&P 500 has already closed at a new record high 17 times in 2024 (out of 55 trading days).
- The S&P 500 has also gained in 17 of the past 20 weeks, one of the best streaks since 1971.

This happens to be an election year – have you heard? And, while the market has been lacking volatility recently, I think we can all agree, it’s sure to make a return.

The months leading up to a Presidential election tend to feature more market volatility, but it’s usually short-lived. We have a propensity to over-emphasize the importance of our political preferences, and who can blame us? Relentless and intense media coverage showcase the extremism and partisanship in U.S. politics; pushing us further and further into our respective “corners.” This yields an insidious view that, unless our candidate prevails, all hope for prosperity is lost. It all concerns me too. Yet, history shows us that the economy and markets tend to fare well under most government configurations. I’ve included some of my favorite charts highlighting this – hopefully you will find them helpful as well.

Political coverage and hyperbole are sure to intensify as we inch closer to November, and that may lead to heightened market volatility as well. Do yourself a favor – don’t let your political preferences influence your long-term investment portfolio.



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