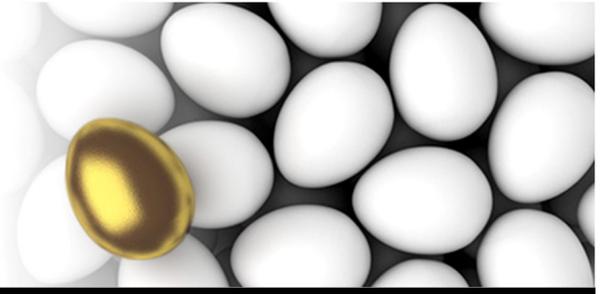




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Market Watch Newsletter

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How Presidential Elections Affect the Stock Market

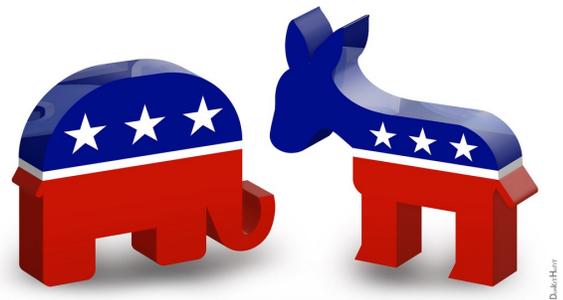
With the presidential election behind us, you may be wondering how the change in leadership will affect the stock market. Does the stock market perform better or worse in the beginning years or later years of the presidential four-year term? Does the stock market do better under a democratic or republican president?



Per the Stock Traders Alamac, historically the stock market during the first two years of a president's term produces lower stock market returns than the last two years of the president's term. Some analysts conclude it is because investors are uncertain about the new president's policies and agenda; therefore, investors hold back. Investor confidence builds as the president moves into year three and four and investors better understand the policies of the standing president. There was one big exception to this in 2008. The S&P 500 fell 34%.

You may have strong political feelings about one party or another, but when it comes to your investments, it doesn't really matter which party wins the white house. Historically republicans are more "business friendly" than democrats, so you might think markets do better under republican leadership. Per the Kiplinger Report (February 2016) since 1900 democrats have been slightly better for stocks.

We feel the best strategy is to maintain good asset allocation with your investments and let our long-term indicators be our guide. New presidents, recessions, and bull markets are part of our history. They are variables we have little control over. What we can control is sticking to a sound investment research strategy and staying focused so we are not distracted by the news and chatter that is bombarding us today.



To learn how Intermountain Wealth Management can help you manage your investments, please contact us.

- **Phone: 208-522-3344**
- **Email: iwm@intmntwealthmgt.com**

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