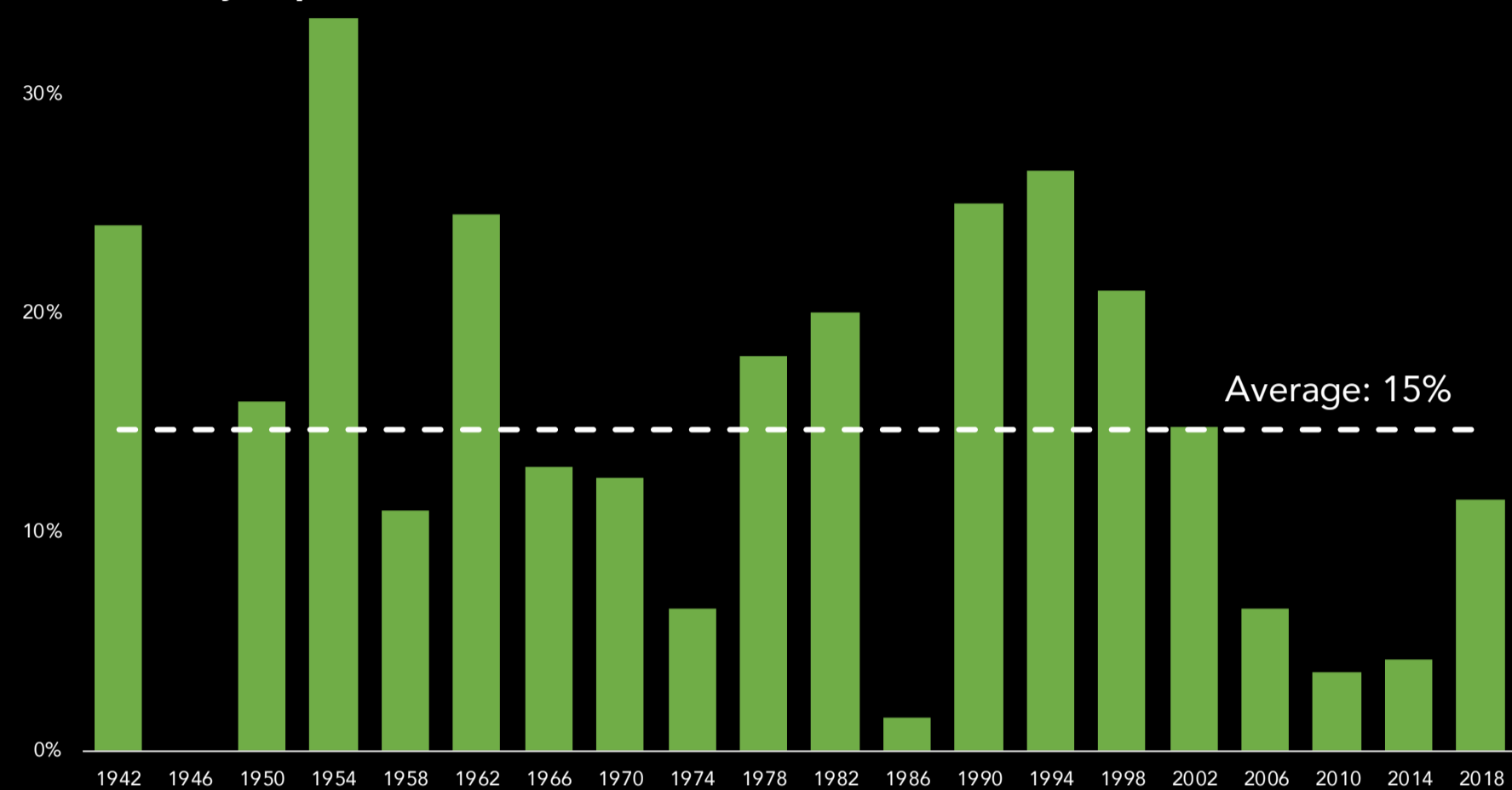


# Chart of the Day

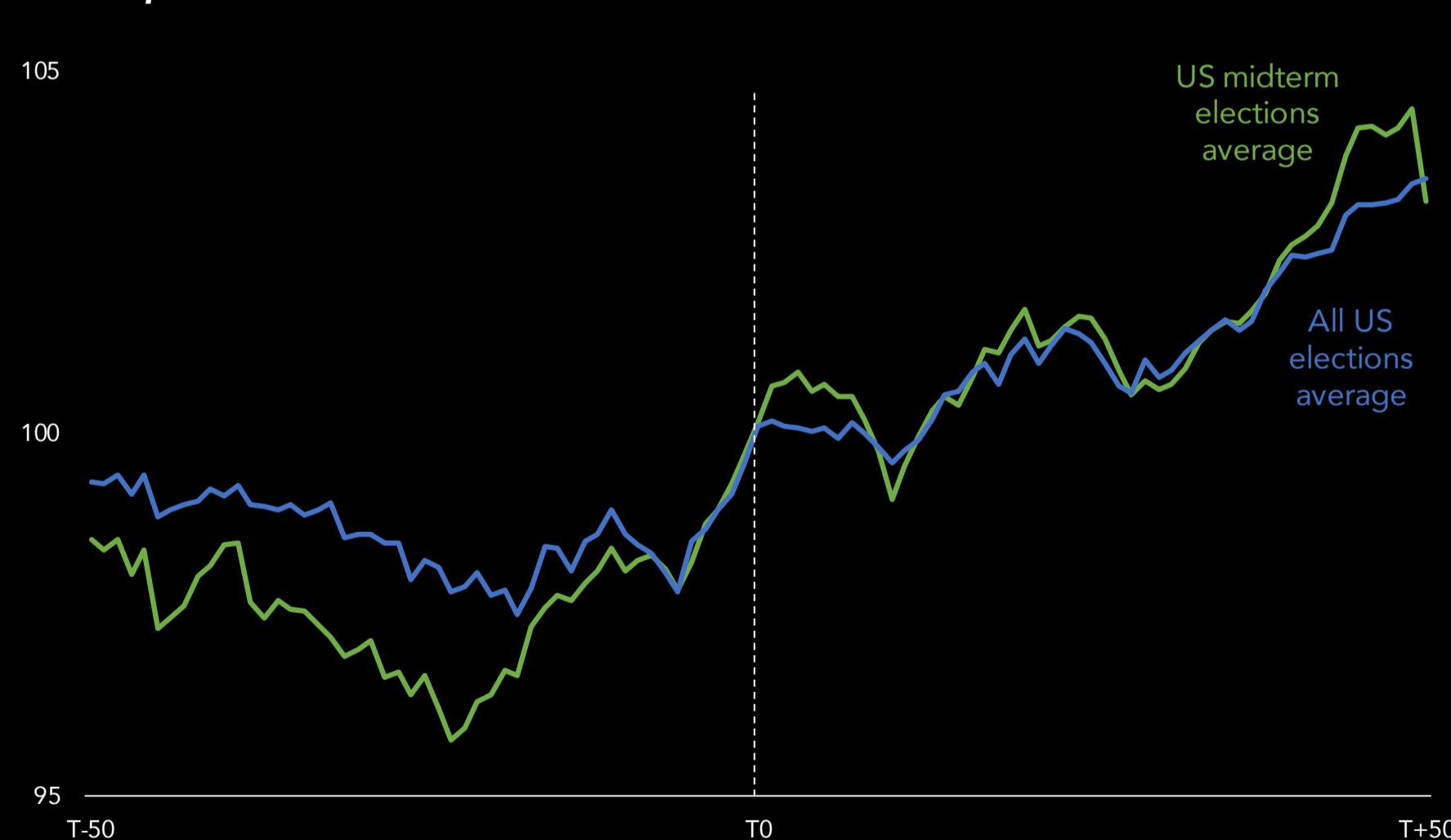
The incumbent party has suffered losses in 36 of the last 39 US midterm elections. US stocks have advanced in the year following every midterm election for the past 80 years. In fact, going back to 1930, the S&P 500 has risen by 6.3% on average in the 3 months following the US midterm elections. While that is quite possible in the year ahead as well, we would note that the economy and markets are likely to be driven by much larger forces outside of Washington - higher global energy prices, elevated inflation, accelerated Fed tightening and recession risk.

## S&P 500 one-year performance after Midterm Elections



Historically, markets have tended to underperform during the period of pre-election uncertainty, with the post election rallies on higher certainty often beginning in the days immediately preceding the actual election (regardless of political party gaining or losing control).

## S&P 500 performance before and after US elections



Source: (1) Dow Jones Market Data. WSJ, "After Punishing Year for Stocks, Investors Aren't Betting on Post-Midterm Rally" (October 2, 2022). (2) Bloomberg. Data as of October 27, 2022. Election data since 1960 for S&P 500. Election day = 100.

### Global Corporate & Investment Banking Capital Markets Strategy Team

 <p><b>Tom Joyce</b> Managing Director Tom.Joyce@mufgsecurities.com (212) 405-7472</p>	 <p><b>Hailey Orr</b> Director Hailey.Orr@mufgsecurities.com (212) 405-7429</p>	 <p><b>Stephanie Kendal</b> Associate Stephanie.Kendal@mufgsecurities.com (212) 405-7443</p>
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"Macro stability isn't everything, but without it, you have nothing."