

# Election 2020

*Wall Street reacts to a potentially divided government.*

Provided by DSA Financial Group

After many weeks of telegraphing a long and careful ballot count, this week's election lived up to that prediction in races for the Senate, the House, and the presidency. While Americans voted Tuesday, Wall Street cast its ballot Wednesday.

The S&P 500 rose 2.2% on Wednesday, November 4, as it appeared a divided government would be the outcome of election 2020. The Nasdaq, which has led all year, picked up 3.9%.<sup>1</sup>

While one might assume that having one party control the White House and both houses of Congress is the best situation for investors, in practice, this isn't the case. Since 1937, the S&P index (in its various iterations) has shown a 14.6% return after elections, resulting in a divided government. This compares to a 13% return in election years where one party took the presidency, House, and Senate.<sup>2</sup>

Elections mean new leaders throughout the government and new policies that may be pursued. If you have concerns about these changes, visit with your trusted financial professional for guidance.

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## Citations

1. YahooFinance.com, November 4, 2020
2. Hartford Funds, "Election and Your Portfolio," 2020