

CAPITAL VIEW INVESTMENT GROUP

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Quarterly Newsletter

What does an election year mean for the market? Part 2

Happy summer to each of you! We hope that you had a nice spring and that your summer is off to a great start!

As we noted in our previous newsletter, it was believed by many that the Federal Reserve (the Fed) was done raising interest rates at the beginning of this year and that held true. Several analysts then began speculating when the Fed would begin to cut interest rates, with many hypothesizing the first interest rate decrease would happen this summer. However, following the last Federal Open Market Committee (FOMC) meeting in June, the Fed left rates unchanged and lowered guidance on interest rate cuts for the year, signaling there will likely only be one rate cut before the end of 2024. The Fed continues to be data dependent and time will tell as more economic metrics roll in this year if that forecast will hold true or not.

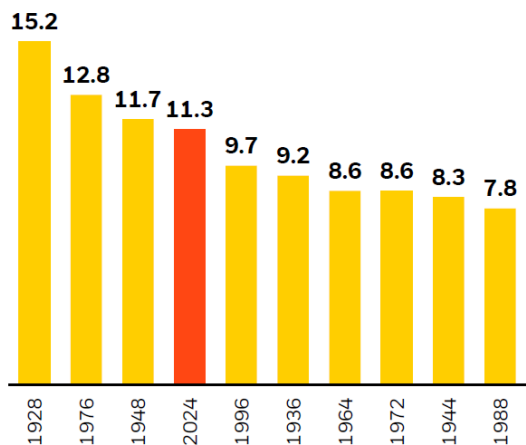
While you may have heard about AI leader Nvidia up 173% this year or that the GameStop meme stock frenzy returned again, we wanted to pick up where we left off in our last writing with some interesting data surrounding stocks in an election year as we enter the back half of 2024 and draw closer to the general election in November.

The charts below, provided from our partners at BlackRock, highlight a couple of interesting statistics. Looking at broad stock market returns (measured by the S&P 500) from January 1st thru May 31st in every election year since 1926, 2024 ranked the 4th best start for stocks in history, notching an 11.3% return in the first five months of this year.

When we look at the chart on the right, we then see what has happened in each election year in the remaining seven months of the year. In 16 out of 17 of those years, positive stock returns have continued, carrying the momentum found in the first five months of those election years.

4th best start for stocks during an election year

Since 1926, total return for 1/1- 5/31 each calendar year, %



Source: BlackRock, "Student of the Markets" June 2024

While we will always remind clients that past performance does not guarantee future results, we do feel these are noteworthy statistics and we remain cautiously optimistic moving into the back half of 2024. While mega cap tech stocks have continued to capture headlines and claim responsibility for notable rallies we have seen in the market, company earnings across the broad market have been relatively positive, which is also worth noting.

The approaching election will continue to receive more attention, hype and buzz – but ultimately, as noted in our last quarter's newsletter, historically it has not made a material difference to the market which party occupies the white house.

While markets may be volatile, we remain steadfast in managing your money with a disciplined approach in identifying opportunities while also managing risk. If you have any questions about your portfolio or wish to review your financial plan, please don't hesitate to reach out to us. Thank you for your continued trust.

Best Regards, Mark, Brad T., Drew, Brad H., Renee & Erin

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