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Midterms & the Market

S&P 500 performance in the 19 midterm election years, 1950–2022 · Nov 1, 2026

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01 SUMMARY

Midterm years are usually weak going in. From January 1 to the vote, the S&P 500 averaged +1.3% in midterm years against +8.1% over the same dates in other years, and rose in only 11 of 19. The average drawdown along the way was −17.0%, against −12.0% in other years.

The year after has been up every time since 1950. The first stretch is not special: Election Day to December 31 averaged +2.9%, up 13 of 19, about the same as any other year (+2.7%). The gap opens in January. Three months out the average was +7.8% against +2.8%, up 17 of 19, and twelve months out +15.6% against +7.3%, up 19 of 19. Party and control of Congress made little difference to any of it.

What is different this time is the run-up. The S&P 500 comes into the 2026 vote up 10.7% for the year, one of the stronger midterm-year starts on record and far above the +1.3% average. The closest parallel is 1998, in the middle of the dot-com build-out: up 14.5% into that vote after a 19% summer drawdown, then up another 21.2% over the following year, with the bubble's peak still about 16 months away. Today's market leadership is similarly concentrated in one theme, AI spending, and that theme came under pressure in October as the Nasdaq fell 5.3% for the month. History shows how midterm years have behaved, not how this one will.

2026, JAN 1 → OCT 30

+10.7% vs +1.3%

This year's run-up against the midterm-year average (11 of 19 up). Deepest drawdown −9.1%.

ELECTION → DEC 31

+2.9% vs +2.7%

13 of 19 up (other years 74%). No midterm edge into year-end.

ELECTION → +12 MONTHS

+15.6% vs +7.3%

19 of 19 up (other years 73%). Range +4.0% to +33.2%.

02 GOING IN: THE RUN-UP AND 2026

The weak run-up is the most consistent feature of a midterm year. The average midterm year was up only 1.3% by Election Day and fell 17.0% peak to trough along the way; 8 of 19 were down by the vote. Five of those years made their low in October, weeks before the election.

2026 does not fit that pattern. The Nov 3 vote comes with a Republican president and Republican majorities in both chambers, the "unified going in" group, and the S&P 500 is up 10.7% from January 1 to October 30 with a shallower −9.1% drawdown. Seven earlier midterm years were already up more than 10% by Election Day; all seven were higher a year later, averaging +16.4%.

The dip going in is a tech sell-off, not a broad one. The S&P 500 finished October down 0.9%, after a 1.8% drop on October 30 erased the month's gains. The Nasdaq fell 5.3% for the month as AI and chip stocks sold off, while the Dow rose 1.7%. The 1998 midterm is the closest match: a market led by one technology theme, already up double digits for the year, and shaken before the vote by a 19% summer drawdown. It went on to gain 21.2% over the next twelve months, and the dot-com peak was still about 16 months away. One case is a parallel, not a pattern.

SETUP	2026	MIDTERM HISTORY
President · House · Senate	R · R · R	Unified going in: 10 of 19
Jan 1 → Oct 30	+10.7%	+1.3% avg to the vote
Deepest drawdown	−9.1%	−17.0% avg
Unified going in → +12 months	–	+16.3% avg · 10 of 10 up
Up >10% by the vote → +12 months	–	+16.4% avg · 7 of 7 up
Down by the vote → +12 months	–	+19.0% avg · 8 of 8 up

2026 figures through the Oct 30 close; the year's low so far was March 30. History, not a forecast of the election or the market.

03 ELECTION DAY TO YEAR-END

The market does not reliably rally from the vote into December. It finished the year higher in 13 of 19 midterm years (68%), close to the 74% rate in other years, and the average gain was nearly identical. The relief after the vote shows up over months rather than weeks: the first three months averaged +7.8%, up 17 of 19 times.

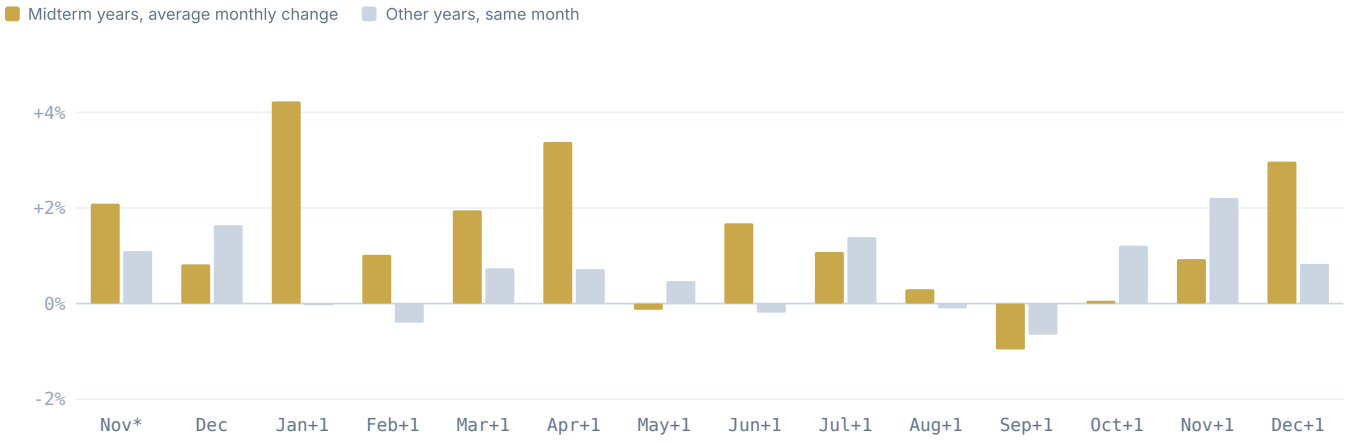
WINDOW	MIDTERM AVG	UP	OTHER-YEAR AVG	UP
Jan 1 → Election	+1.3%	58%	+8.1%	82%
June 30 → Election	+3.4%	63%	+1.5%	61%
Election → Dec 31	+2.9%	68%	+2.7%	74%
Election → +3 months	+7.8%	89%	+2.8%	67%
Election → +12 months	+15.6%	100%	+7.3%	73%

Down from Election Day to Dec 31: 1966 (−0.5%), 1974 (−6.2%), 1986 (−1.5%), 1994 (−0.8%), 2002 (−3.1%), 2018 (−8.5%). Other years = all non-midterm years 1950–2025 (57; 56 for +12 months) over the same calendar dates.

04 MONTH BY MONTH, 14 MONTHS AFTER

The gains come early. From Election Day through the following April, the S&P 500 added an average of 14.1%, against 3.8% over the same months in other years. January and April did most of the work: January rose in 17 of 19 cases (+4.2% on average) and April in 18 of 19 (+3.4%).

After April the path flattens. May through October added under 2% combined, and September was the weakest month, higher only 6 times in 19. December of the following year then closed strong at +3.0%. The December right after the vote is the soft spot: +0.8% on average against +1.6% in a normal December, with sharp drops in 2018 (−9.2%), 2002 (−6.0%) and 2022 (−5.9%). That is why Election Day to year-end is inconsistent while the year after is not.

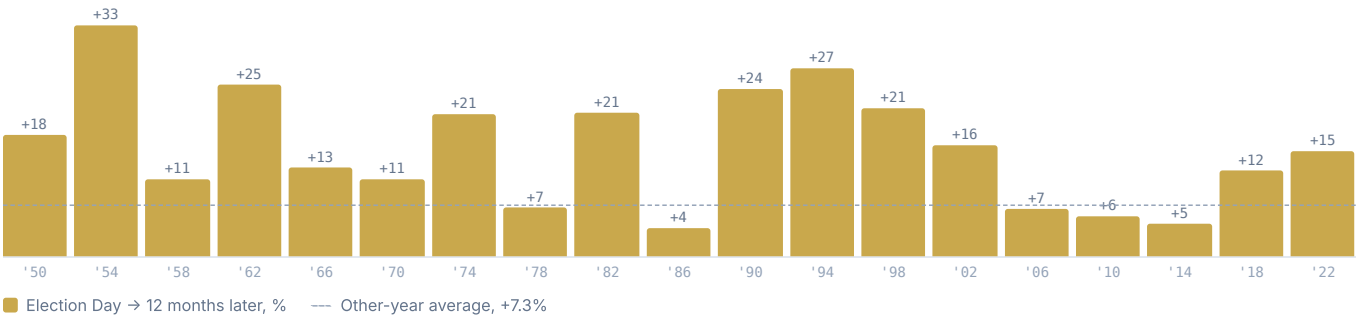


Nov* = last close before Election Day to Nov 30. "+1" months are the year after the vote. Every midterm was higher 14 months later; the smallest gain was +0.5% after 1986, when October 1987 fell 21.8%. Other years = all non-midterm years 1950–2024 over the same calendar months.

MONTH	MIDTERM AVG	UP	BEST	WORST	OTHER AVG	UP	CUMULATIVE, MIDTERM	CUMULATIVE, OTHER
Nov*	+2.09%	74%	+7.7%	−4.3%	+1.10%	64%	+2.1%	+1.1%
Dec	+0.82%	63%	+6.5%	−9.2%	+1.64%	77%	+2.9%	+2.7%
Jan+1	+4.23%	89%	+13.2%	−3.1%	0.00%	50%	+7.2%	+2.7%
Feb+1	+1.02%	63%	+6.7%	−3.7%	−0.40%	50%	+8.3%	+2.4%
Mar+1	+1.95%	79%	+5.5%	−1.7%	+0.74%	59%	+10.4%	+3.2%
Apr+1	+3.38%	95%	+8.1%	−1.1%	+0.72%	61%	+14.1%	+3.8%
May+1	−0.13%	53%	+5.1%	−6.6%	+0.47%	64%	+13.9%	+4.3%
Jun+1	+1.68%	58%	+8.2%	−4.8%	−0.19%	55%	+15.8%	+4.3%
Jul+1	+1.08%	63%	+6.9%	−6.8%	+1.39%	59%	+16.9%	+5.8%
Aug+1	+0.30%	47%	+5.3%	−6.3%	−0.10%	57%	+17.3%	+5.6%
Sep+1	−0.96%	32%	+4.0%	−7.2%	−0.65%	48%	+16.2%	+5.2%
Oct+1	+0.06%	53%	+10.8%	−21.8%	+1.21%	61%	+15.9%	+6.3%
Nov+1	+0.93%	63%	+8.9%	−8.5%	+2.21%	73%	+17.0%	+8.8%
Dec+1	+2.97%	74%	+11.2%	−1.8%	+0.83%	71%	+20.5%	+9.8%

05 THE 12 MONTHS AFTER

Every midterm since 1950 was followed by a higher market a year later, from +4.0% after 1986 to +33.2% after 1954. In other years the same window fell about one time in four, by as much as −33%. Part of the pattern is the starting point: midterm years often bottom before the vote. In five of the 19, the low of the year came in October, so the next twelve months began from a depressed level.



October lows: 1966, 1974, 1990, 2002, 2022. Windows start at the last close before Election Day; 12 months = 252 trading days.

06 PARTY AND CONTROL OF CONGRESS

Who held the White House and Congress has not changed the outcome. Under Republican and Democratic presidents, with unified or split Congresses before or after the vote, every group was higher twelve months later, in a tight +15% to +16% band. Year-end results vary more, but with one to ten elections per group those gaps are noise.

The one visible difference comes before the vote. When the president's party held both chambers going in, June 30 to Election Day averaged +4.9% and rose 80% of the time; with a split Congress it averaged +1.8% and rose 44% of the time.

GROUP	ELECTIONS	ELECTION → DEC 31	UP	ELECTION → +12 MO	UP
PRESIDENT'S PARTY					
Republican	10	+2.3%	60%	+16.0%	100%
Democratic	9	+3.7%	78%	+15.1%	100%
CONGRESS GOING IN					
Unified	10	+2.8%	70%	+16.3%	100%
Split	9	+3.1%	67%	+14.8%	100%
CONGRESS AFTER					
Unified	5	+2.2%	60%	+15.6%	100%
Split	14	+3.2%	71%	+15.6%	100%
PRESIDENT × CONGRESS AFTER					
Republican, split	9	+2.9%	67%	+16.0%	100%
Republican, unified (2002)	1	−3.1%	—	+16.0%	—
Democratic, split	5	+3.8%	80%	+14.8%	100%
Democratic, unified	4	+3.5%	75%	+15.5%	100%
WHAT THE VOTE CHANGED FOR THE PRESIDENT'S PARTY					
No change in control	10	+4.5%	80%	+17.1%	100%
Lost the House	3	−0.5%	67%	+11.1%	100%
Lost the Senate	2	+0.3%	50%	+4.3%	100%
Lost both	3	+5.1%	67%	+22.4%	100%
Gained the Senate (2002)	1	−3.1%	—	+16.0%	—

Unified = the president's party holds both the House and the Senate; split = the other party holds at least one. A Republican president with a unified Congress coming out of a midterm has happened once (2002). No midterm in this period produced a filibuster-proof (60-seat) Senate. Groups of 1–14 elections: read as description, not signal.

07 THE RECORD, YEAR BY YEAR

The full set, with control of the House and Senate before and after each vote. The four weakest run-ups (1974, 2002, 2022, 1962) all gained 15% to 25% over the following year. Years with strong run-ups were more mixed, from +4.0% after 1986 to +33.2% after 1954.

YEAR	PRESIDENT	HOUSE / SENATE BEFORE	AFTER	JAN 1 → VOTE	VOTE → DEC 31	VOTE → +12 MO
1950	Truman (D)	D/D	D/D	+15.3%	+5.5%	+17.5%
1954	Eisenhower (R)	R/R	D/D	+28.1%	+13.2%	+33.2%
1958	Eisenhower (R)	D/D	D/D	+28.9%	+7.1%	+11.1%
1962	Kennedy (D)	D/D	D/D	−18.4%	+8.1%	+24.8%
1966	Johnson (D)	D/D	D/D	−12.7%	−0.5%	+12.9%
1970	Nixon (R)	D/D	D/D	−9.3%	+10.3%	+11.1%
1974	Ford (R)	D/D	D/D	−25.1%	−6.2%	+20.5%
1978	Carter (D)	D/D	D/D	+0.1%	+1.0%	+7.0%
1982	Reagan (R)	D/R	D/R	+10.5%	+3.8%	+20.6%
1986	Reagan (R)	D/R	D/D	+16.3%	−1.5%	+4.0%
1990	Bush (R)	D/D	D/D	−11.0%	+5.0%	+24.1%
1994	Clinton (D)	D/D	R/R	−0.7%	−0.8%	+27.1%
1998	Clinton (D)	R/R	R/R	+14.5%	+10.6%	+21.2%
2002	Bush (R)	R/D	R/R	−20.9%	−3.1%	+16.0%
2006	Bush (R)	R/R	D/D	+10.5%	+2.8%	+6.9%
2010	Obama (D)	D/D	R/D	+6.2%	+6.2%	+5.8%
2014	Obama (D)	R/D	R/R	+9.2%	+2.0%	+4.6%
2018	Trump (R)	R/R	D/R	+2.4%	−8.5%	+12.4%
2022	Biden (D)	D/D	R/D	−20.1%	+0.9%	+15.1%
2026	Trump (R)	R/R	pending	+10.7%	—	—

S&P 500 price index (no dividends), daily closes January 1949 to October 30, 2026. Election Day = the Tuesday after the first Monday in November; windows start at the last close before it; +3 / +12 months = 63 / 252 trading days. Control = the Congress in session before the vote and the one elected that day.

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