

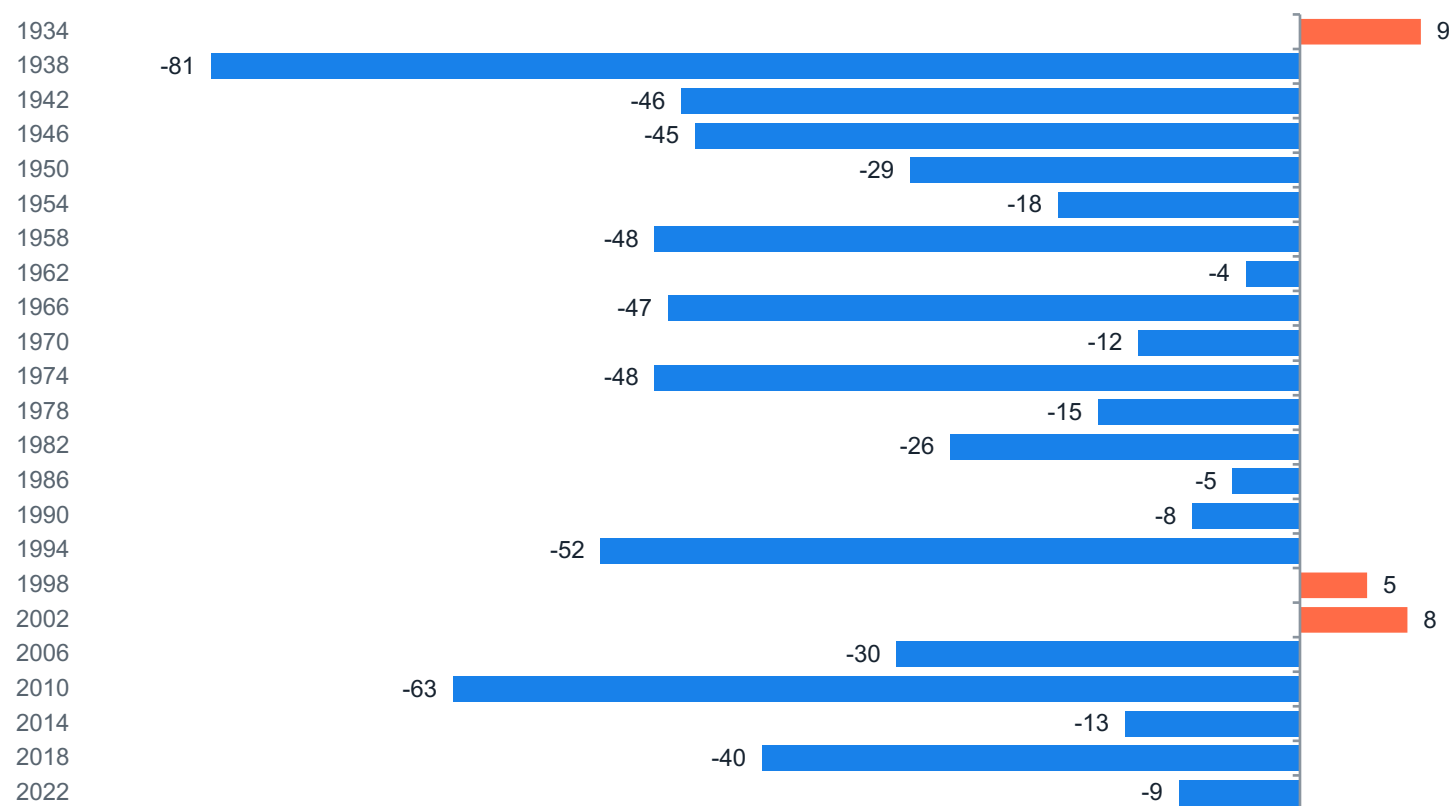
MIDTERM ELECTIONS | 2026

Noise before the vote, rally after it

What 75 years of history says about stocks and midterm elections

The party in the White House almost always loses seats

Change in House seats held by the president's party after each midterm



Source: Capital Group, UCSB American Presidency Project, as of 1/15/2026. Coral bars mark the three midterms where the president's party gained seats.

20 of 23

midterms since 1934 in which the president's party lost House seats

27 of 435

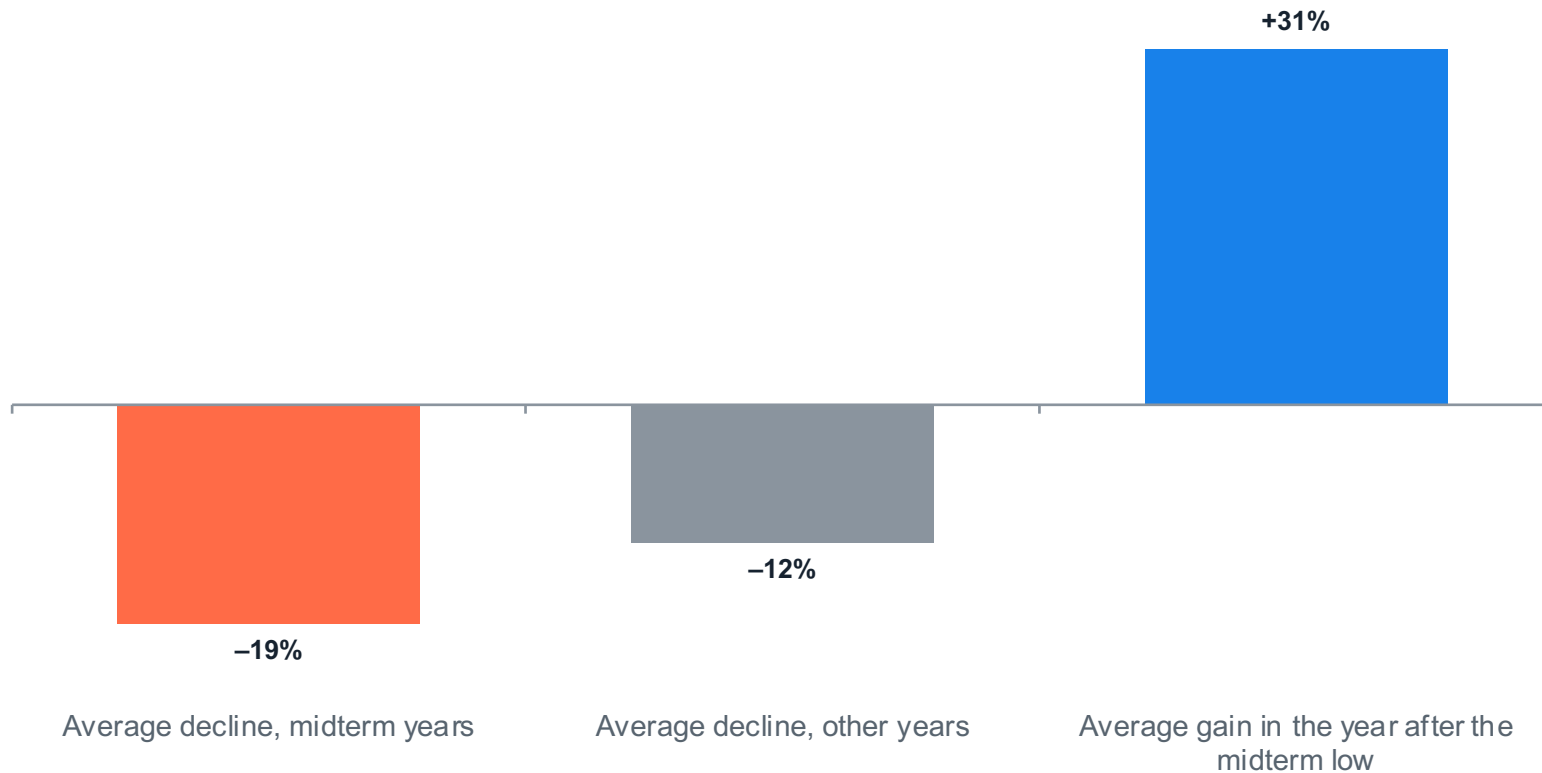
average House seats lost, enough to flip control when majorities are slim

It takes 218 seats to control the House. When a few seats can change who's in charge, it's hard to know what laws will pass, and that uncertainty is what weighs on stocks.

THE PATTERN

Midterm years bring the deepest dips of a president's term, and they've been temporary

S&P 500: the midterm dip, and what came next



Source: Strategas, S&P 500, 1960–2025, data as of 9/30/2026. Low dates: First Trust, Bloomberg, midterm years 1950–2022.

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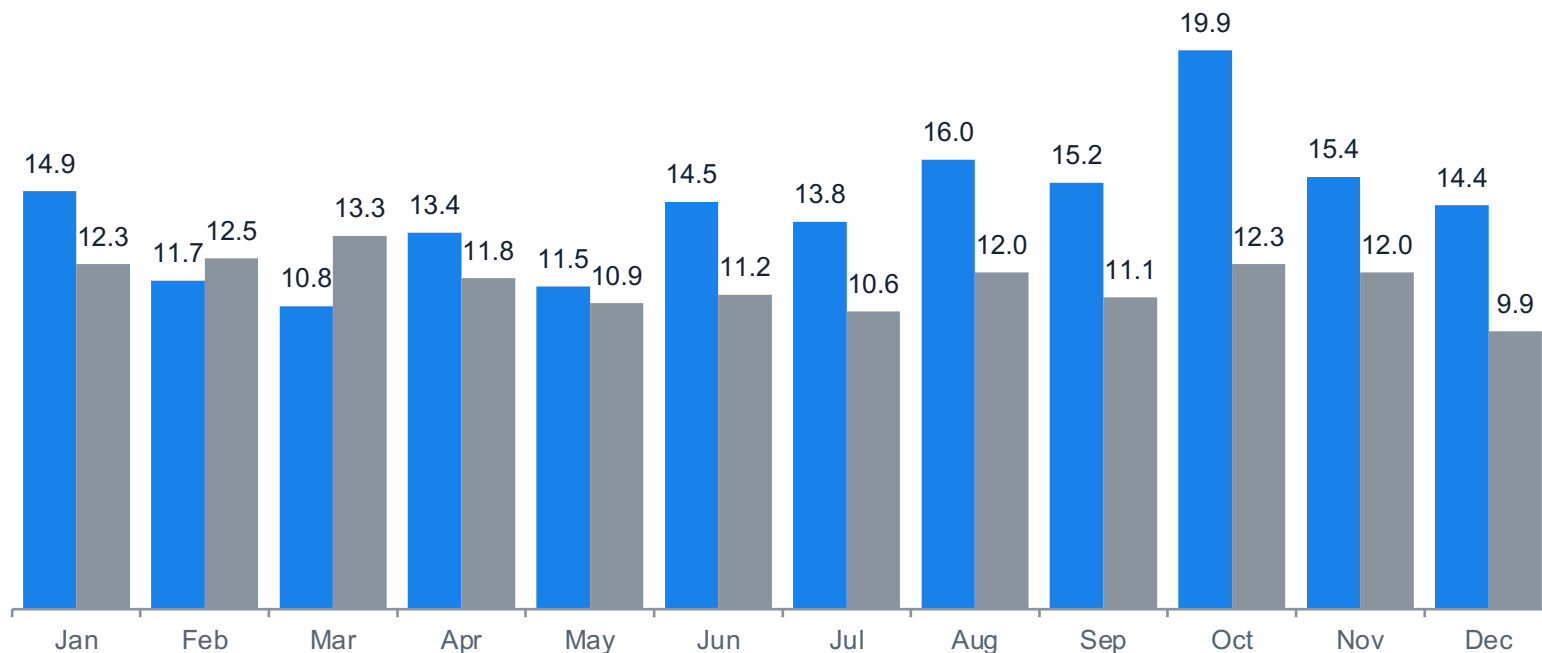
midterm years where the low came before Election Day

The midterm-year dip has run deeper than in other years. It has also been followed by an average gain of 31% over the next twelve months.

Markets get most nervous right before the vote

S&P 500 volatility by month: how much prices typically swing, annualized (higher = bumpier)

■ Midterm election years ■ All other years



Source: Capital Group, RIMES, S&P Global, as of 12/31/2025. Median annualized standard deviation of daily S&P 500 returns by month.

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19.9% vs. 12.3%

October volatility, midterm years vs. other years. In plain terms: a typical day's move of about 1.3% vs. 0.8%

16% vs. 13%

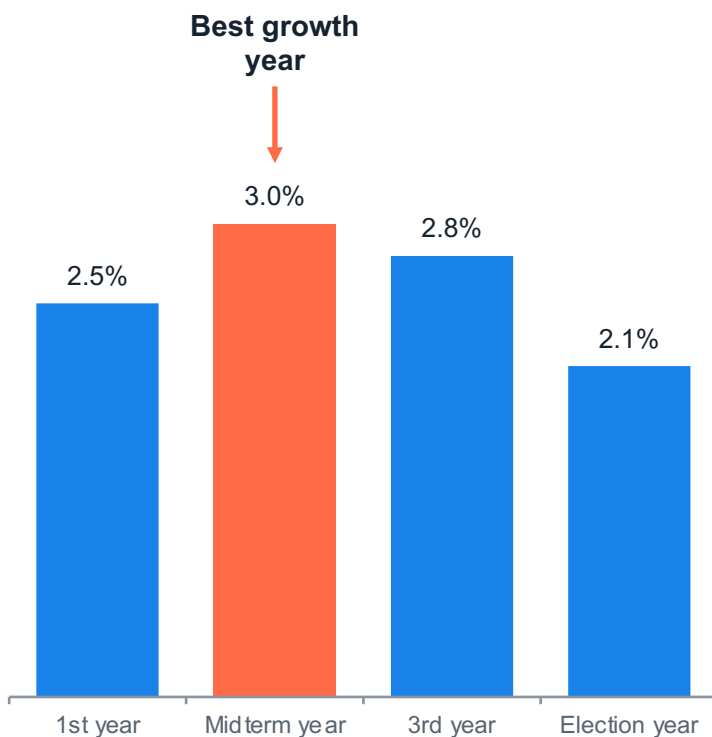
volatility across the whole year since 1970, or a typical day's move of about 1.0% vs. 0.8%

Volatility measures how much prices bounce around, up or down. It is not a decline, and it is not the VIX, which measures expected swings.

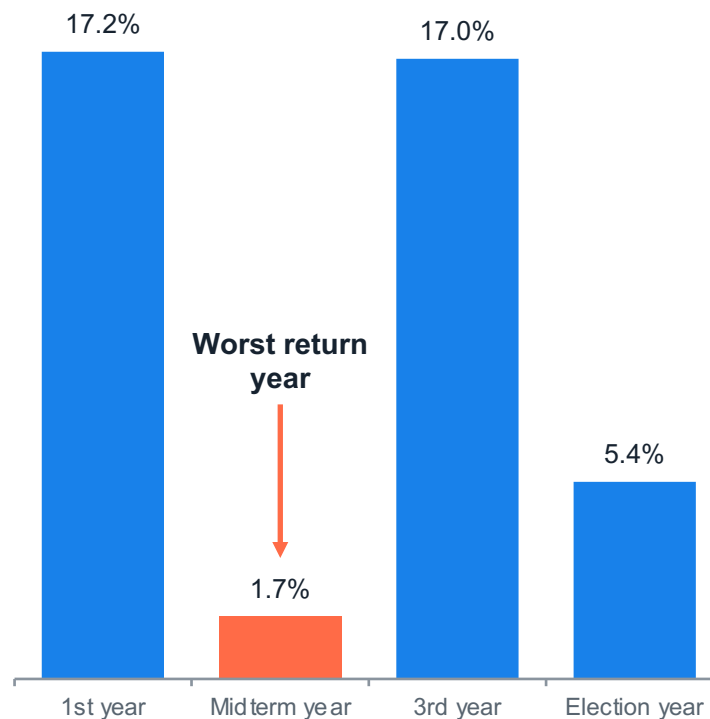
THIS YEAR

The economy usually peaks in midterm years while stocks lag. 2026 has been different

Economic growth (real GDP)



S&P 500 return



Source: Strategas (averages by year of the presidential cycle, 1994–2025, and 2026 data); J.P. Morgan Asset Management, S&P 500 price index (quarterly returns in midterm years). Data as of 9/30/2026. Coral bars mark the midterm year.

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+6.6%

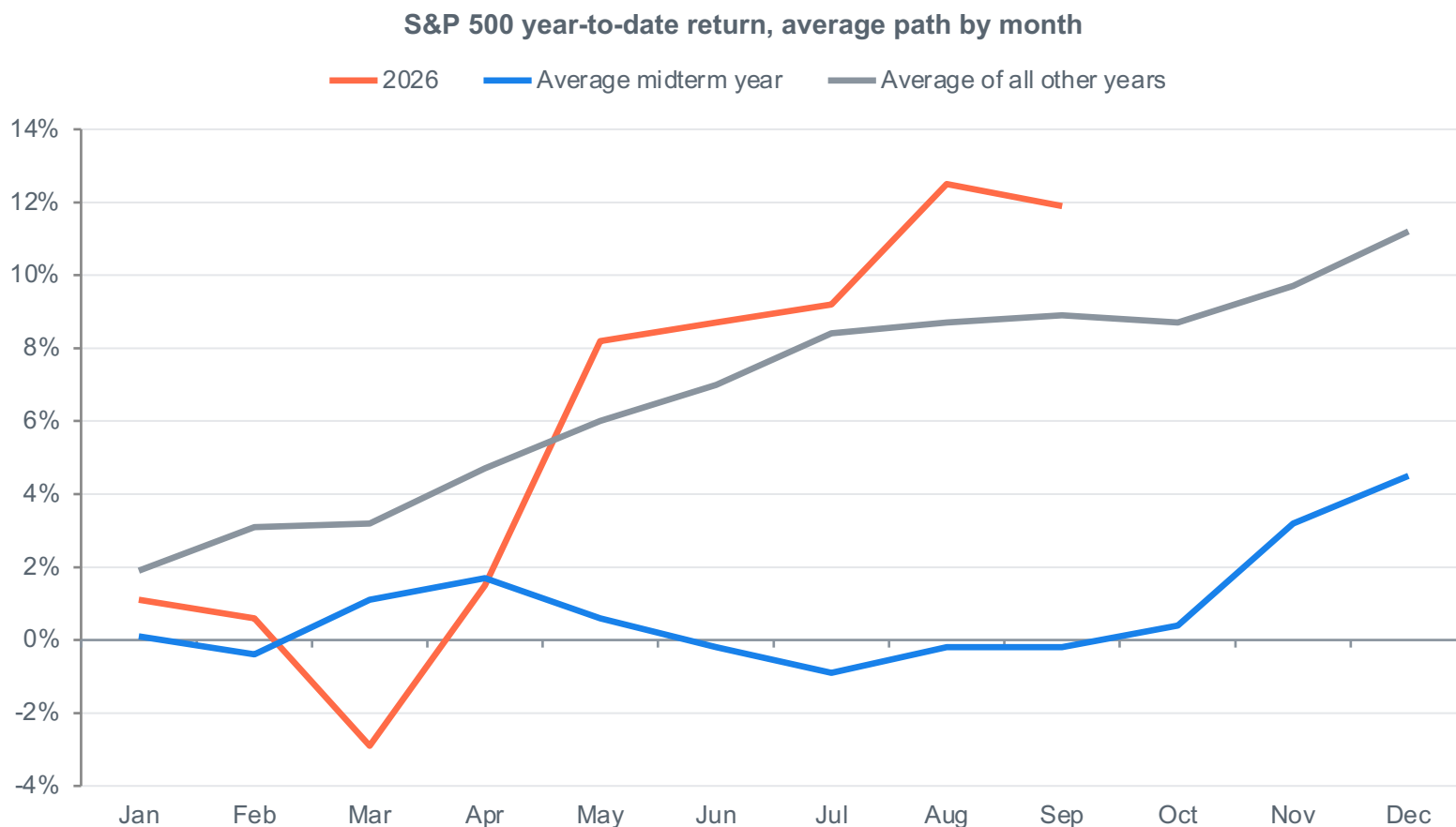
average fourth-quarter gain in midterm years, the best quarter of the year. The first three quarters have averaged roughly flat

+12.7%

S&P 500 so far this year, through a ~10% dip in the first quarter

Markets tend to price in stronger growth before it shows up. This year, stocks kept climbing even with the 10-year Treasury yield above 5%.

2026 has run well ahead of the typical midterm year



Source: Aptus analysis of monthly average S&P 500 price levels (S&P, Shiller dataset), 1950–2025 and 2026 through September. Midterm years 1950–2022. Monthly averages, so figures differ slightly from month-end closes.

Flat

where the average midterm year has stood at the end of September, vs. about +9% in other years

Q4

where the typical midterm year has done most of its work

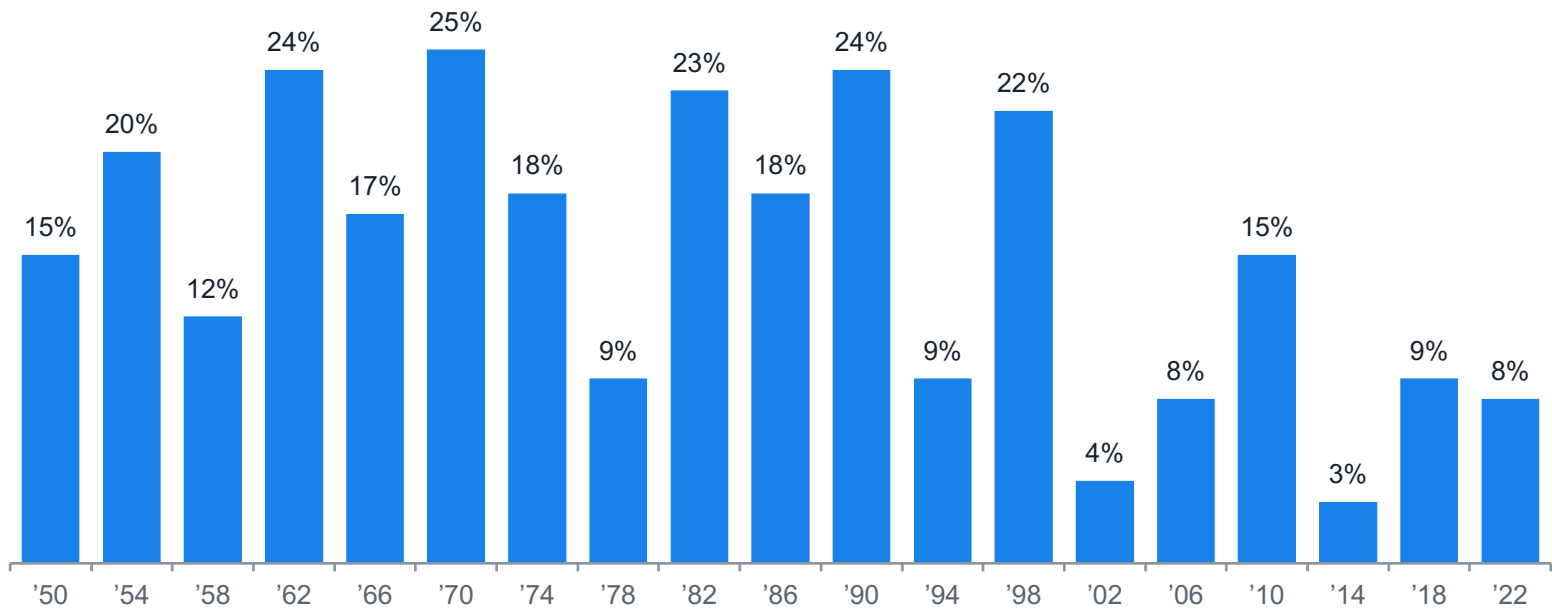
Strong starts to a midterm year haven't tended to fade, and weak starts have often bounced hardest into year-end. Either way, the late-year rally has been the pattern.

After the midterms, stocks are 19 for 19

NOV 1 → APR 30

The best six months of the entire four-year cycle

S&P 500 return, Nov 1 of each midterm year to Apr 30 of the next year



Source: S&P 500 daily closes, 1950–2023. Price return, Oct 31 close to Apr 30 close. Six-month ranking: Aptus analysis of monthly average S&P 500 levels, 1950–2025, all 48 rolling windows of the cycle. Past performance is not indicative of future results.

#1

Nov 1 to Apr 30 after a midterm ranks first among every six-month stretch of the four-year presidential cycle

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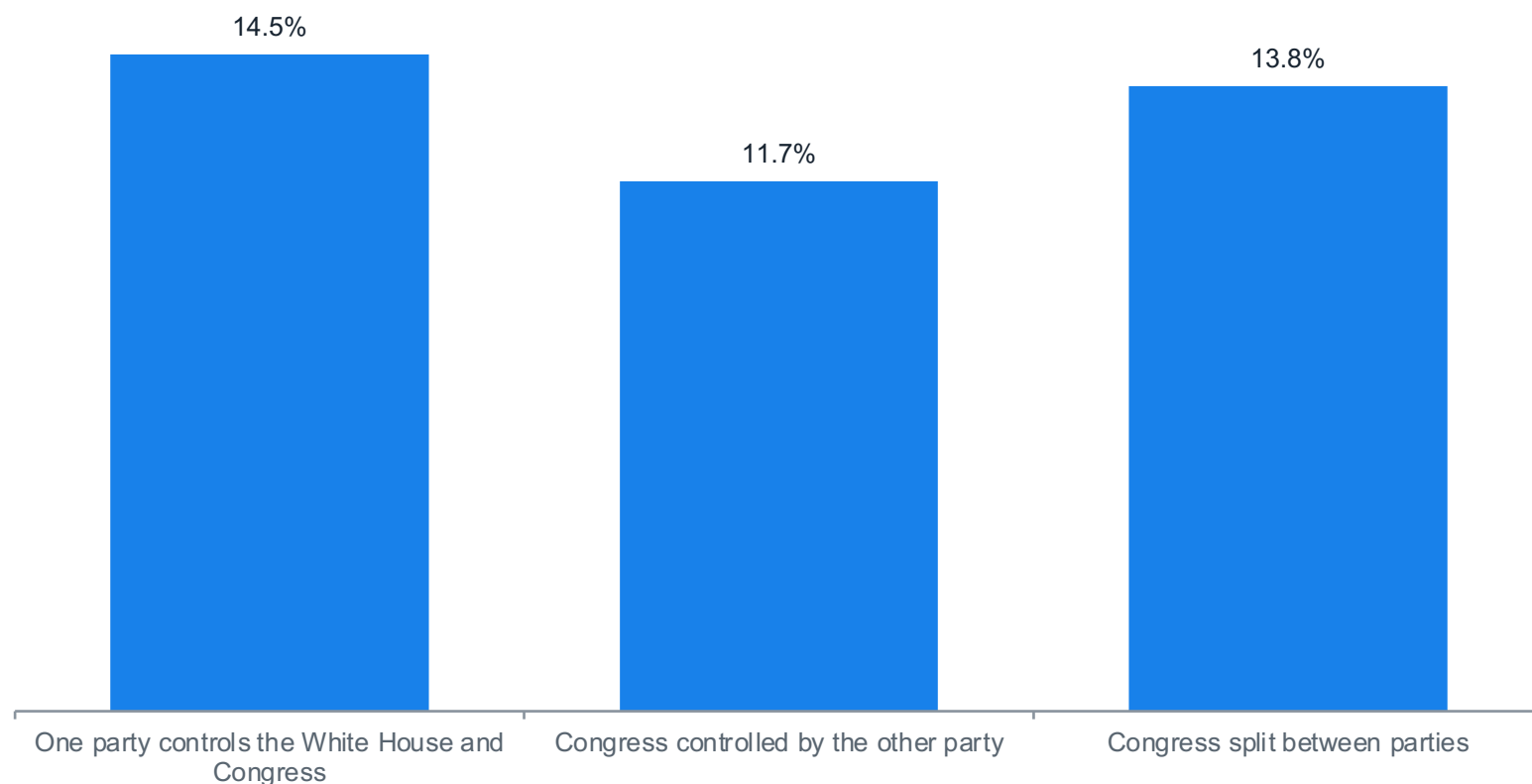
positive since 1950

+14.8%

average gain, vs. +4.3% for the same window in all other years

Which party controls Congress has mattered less than you'd think

S&P 500 average annual return by party control, 1933–2025



Source: Capital Group, Office of the Clerk, U.S. House of Representatives, Senate.gov, S&P Global, as of 12/31/2025. S&P 500 total return. 2001 excluded due to Senate changing hands three times.

Double digits

average yearly return under every mix of party control since 1933

Long-term returns come from what companies earn, not who wins in November. Elections drive the headlines; businesses drive the returns.

THE TAKEAWAY

It's better to be patient than clever

01

Expect some bumps

Midterm years have historically brought the biggest dips and the most volatility of a president's term.

02

Remember what came next

Since 1950, stocks rose in the six months after every midterm election.

03

Stay the course

Which party wins has mattered far less than staying invested through the noise.

Questions about your portfolio heading into November? Talk with your financial advisor.

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