

## How Will the Election Affect the Market?

Written by Rob Copeland  
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It's been an unusual election cycle so far, with upstart, controversial candidates Donald Trump and Bernie Sanders giving the establishment candidates fits.

One question I've been receiving a lot is this: How will it impact my investments if a certain candidate wins? What if the next president enacts high import tariffs? Or jacks up taxes?

It's easy to assume that the market will rise or sink based on who wins the general election in the fall. After all, stocks have already made a few short-term moves based on candidates' statements in the primaries. But I believe that such market moves are merely head-fakes. Judging from history, the occupant of the White House matters less to the markets than other factors and forces.

Having been a financial advisor through five presidential elections, I'm used to hearing bold claims on the left and the right during campaign season. Candidates battling for votes have no choice but to take positions on things like the economy and taxes, because voters care about those things. But harsh, polarized primary rhetoric always seems to mellow during the general election, as candidates move toward the political center in order to attract the broadest possible support.

Once a candidate becomes president and takes office, they typically find that bold changes are extremely difficult to put in place due to our government's system of checks and balances. Americans seem to prefer a bit of stalemate in Washington, and so do the markets, which tend to perform better in periods of legislative gridlock.

Presidents have an easier time putting their agendas in place when their political party controls Congress. But such full control is the exception, not the norm. Most often, different parties control the White House, the Senate, and the House of Representatives. Since 1945, both branches of Congress and the Presidency been controlled by the same party in just 26 years.

So what actually does move markets? Instead of politics, it's usually factors like inflation, changing interest rates, or just the normal ebb and flow of the business cycle, in which

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expansion alternates with recession.

The bottom line is that it makes more sense to control what you can control than to obsess over how the election will affect the markets. What's in your control? Having a financial plan. Saving enough money. Having a professionally managed investment portfolio that balances risk and reward according to your needs and risk tolerance. Minimizing taxes wherever possible.

There's a lot of drama on the campaign trail right now. But financial success doesn't involve a lot of drama. It's a matter of planning, execution and patience. So do yourself a favor and vote for your own financial success.