

TS Model Portfolios

Presidential elections= non-event

Overview: Little impact on markets

The focus this month is on the U.S. Presidential election and potential impact that this critical decision has on the markets, the consumer and business confidence.

First a few key takeaways.

- 1) The average annual returns of the S&P 500 after a four-year presidential term throughout history are roughly the same for Republicans and Democrats.
- 2) The market always looks forward 6 to 9 months and not at the current economic or political issues.
- 3) Of the last 23 presidential elections dating from 1928, the market had only four returns that were negative. The market, on average, rose 11.28 percent.
- 4) The average market advance in the 1st year in 6.5 percent
- 5) Since 1928, when the Democrat controlled the White House, the Dow averaged 9 percent annually. When Republicans controlled the White House, the Dow rose nearly 6 percent per year.

The consumer

The largest single component of U.S. GDP is consumer spending, and by extension, the amount of spending depends on greatly on consumer confidence (**Chart 1**).

The U.S. Consumer Confidence gauge jumped in September to 78.9, the highest level since March. Indicating that the election has begun to have an impact on expectations about future economic prospects. It was the Democrats that posted gains in economic prospects while optimism about the economy weakened among Republicans.

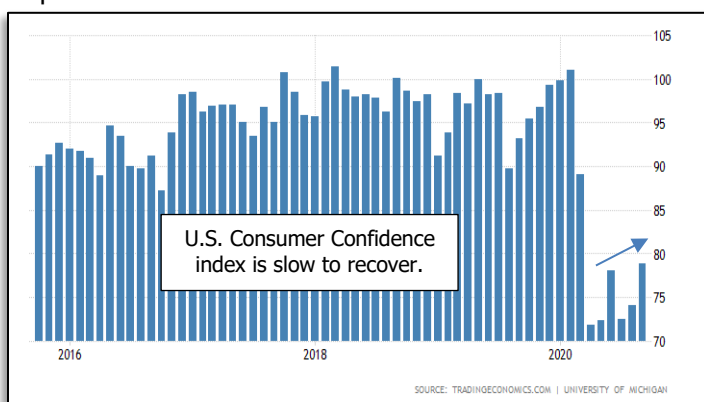


Chart 1

Canadian Consumer Confidence also rose in September with 45.35 points compared to 43.96 points in August (**Chart 2**). Though the rebound is positive, it is still well below the five year average.

Again, a general reflection that Canadian consumers believe that their economy will be more robust in the months ahead.

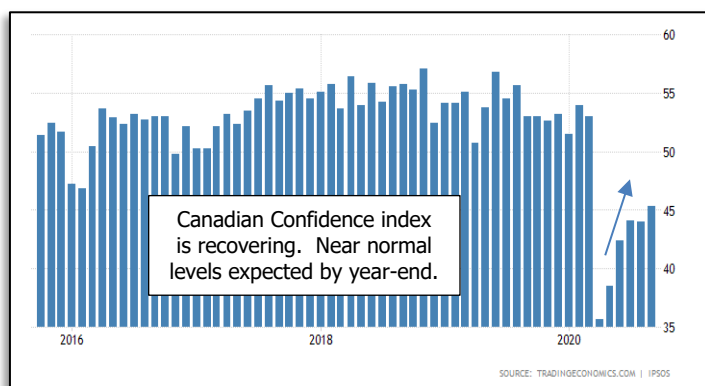


Chart 2

Business confidence

U.S. Business Confidence gauges are showing more of an upside lift than consumer confidence indexes. The latest gauge shows a strong jump from June to August, with most of the optimism coming from the manufacturing sector. This increase in business confidence is the strongest growth since 2018 (**Chart 3**).

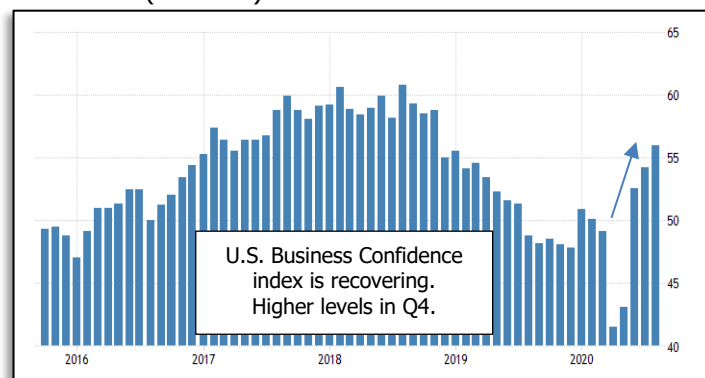


Chart 3

Canada's recent business confidence levels, as with their consumer sentiment levels, are outpacing their U.S. counterparts. Canada's consumer confidence is nearing a