U.S. midterm election guide for investors

A look at the historical impact of U.S. elections on the markets

Ameriprise Financial

About this guide

Every two years, Americans head to the polls for midterm elections, which determine control of Congress. During these periods, it's natural to wonder how political outcomes might impact the economy, the markets and your personal finances.

To help put these developments into context, the Ameriprise Investment Research Group created this guide to examine how markets and the economy have historically performed under different political environments and election cycles.

It highlights common market patterns that tend to occur in election years, giving you helpful context as you navigate the current environment.

The big picture: midterm election results have typically had a limited impact on the long-term performance of the broader market. No matter which party is in control, staying focused on a long-term plan and maintaining a well-diversified portfolio has generally been a sound approach.

If you're feeling uncertain about how changes in Washington could affect your financial life, your Ameriprise financial advisor is here to help. They can provide guidance, answer your questions and help you stay on track toward your financial goals.

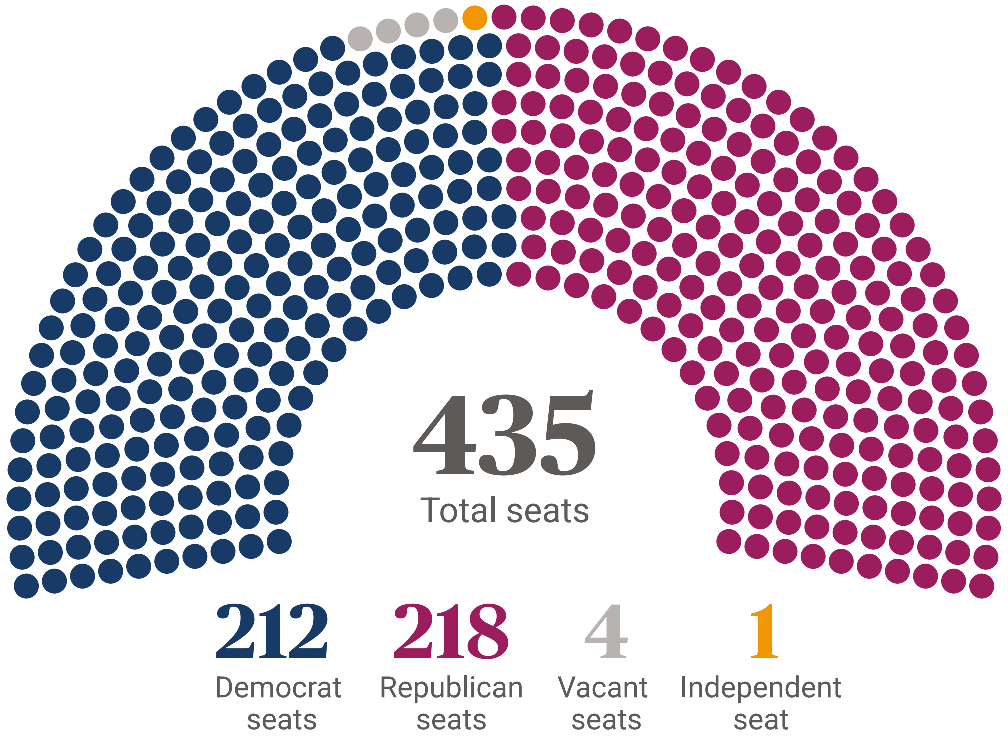
This guide is intended to provide perspective on how potential election outcomes may impact financial markets and the U.S. economy. These insights are not political statements from Ameriprise Financial, nor an endorsement of a particular candidate or political party.

The makeup of Congress matters

The balance of power in Congress can have meaningful implications for markets and the broader economy, influencing tax policy, government spending, regulation, and the legislative outlook.

Even a small change in seats can determine which party sets the agenda in Washington and how easily policies move forward.

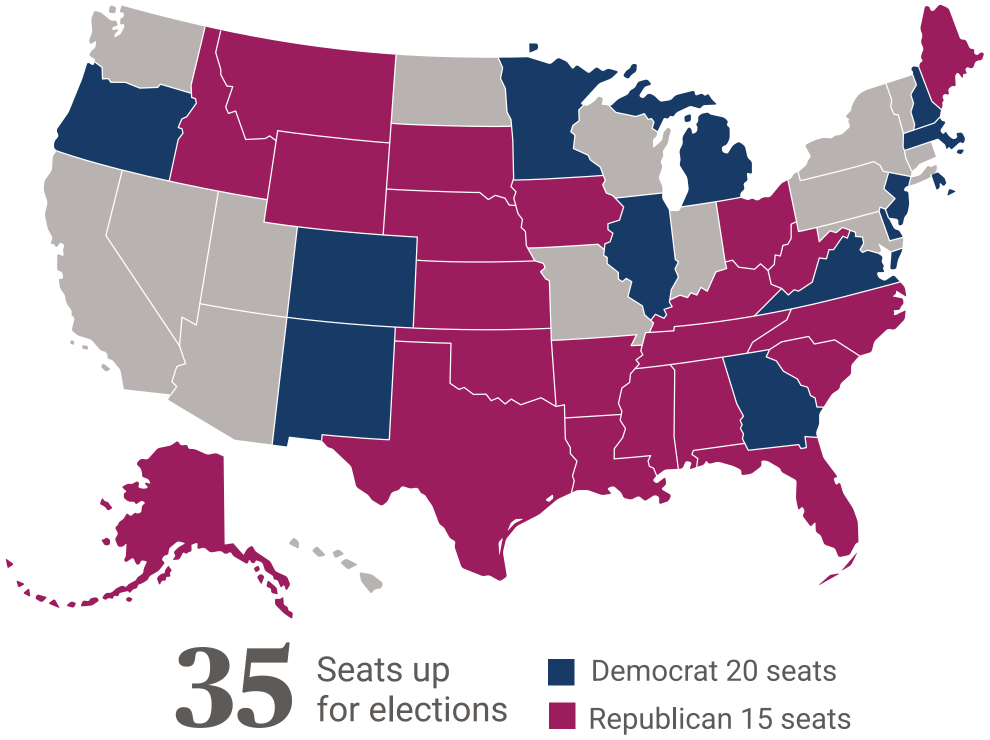
Current U.S. House makeup



Republicans currently hold a slim majority in the House of Representatives. All 435 House seats are up for election, as is the case every two years.

Sources: United States House of Representatives, American Enterprise Investment Services, Inc.

Senate seats up for election in 2026



Republicans currently hold the majority in the Senate with 53 seats. This year, 35 seats are up for election — enough to potentially shift control of the chamber.

Sources: Ballotpedia.org, United States Senate, American Enterprise Investment Services, Inc.

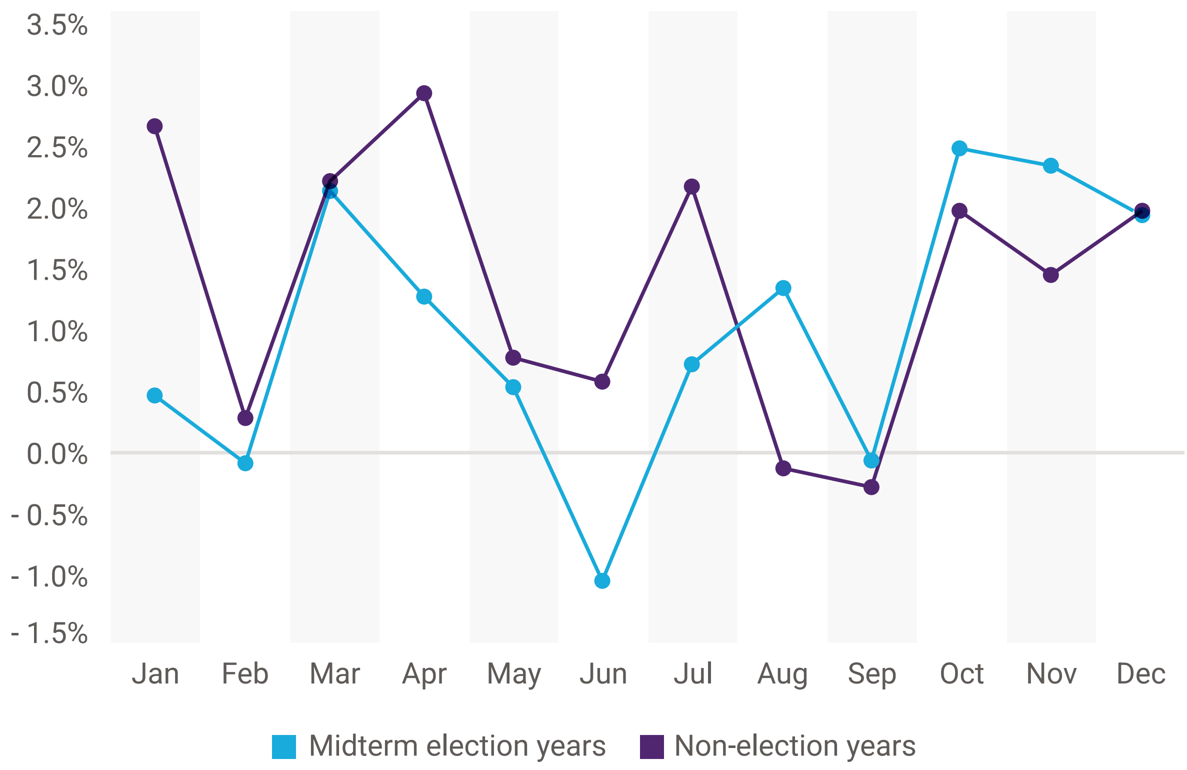
Stocks tend to deliver lower returns during midterm election years

During midterm election years, it's common for markets to feel uncertain. As investors watch changes in Congress take shape, stock returns are often more muted and markets can be more volatile than usual.

In fact, the S&P 500 Index typically makes only modest gains in the early part of midterm years, compared to its typical steady growth in other years.

The good news: once election results are in and there's more clarity, markets often regain momentum heading into year-end.

Midterm election year market returns
S&P 500 Index median return by month



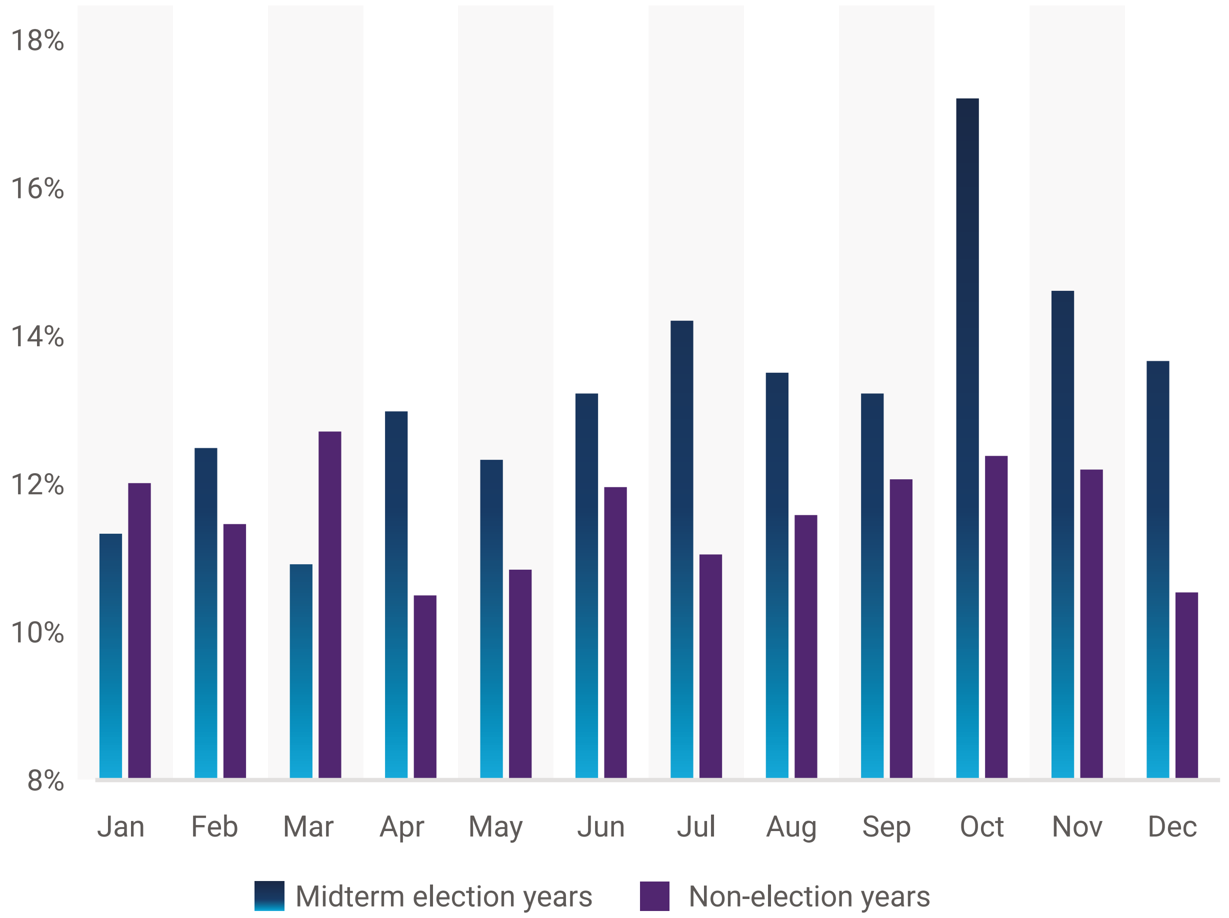
Sources: Bloomberg, S&P Dow Jones Indices. S&P 500 market returns during midterm election years based on calendar month. Midterm election years reflect only years with a midterm election. Non-election years include all years without a midterm or presidential election. Data as of 04/30/2026, beginning with the 1946 midterm election year. This example is shown for illustrative purposes only and is not guaranteed. An index is a statistical composite that is not managed. It is not possible to invest directly in an index. **Past performance is not a guarantee of future results.**

Market volatility tends to be heightened during midterm election years

As investors weigh potential shifts in the political policy landscape, markets often become more volatile.

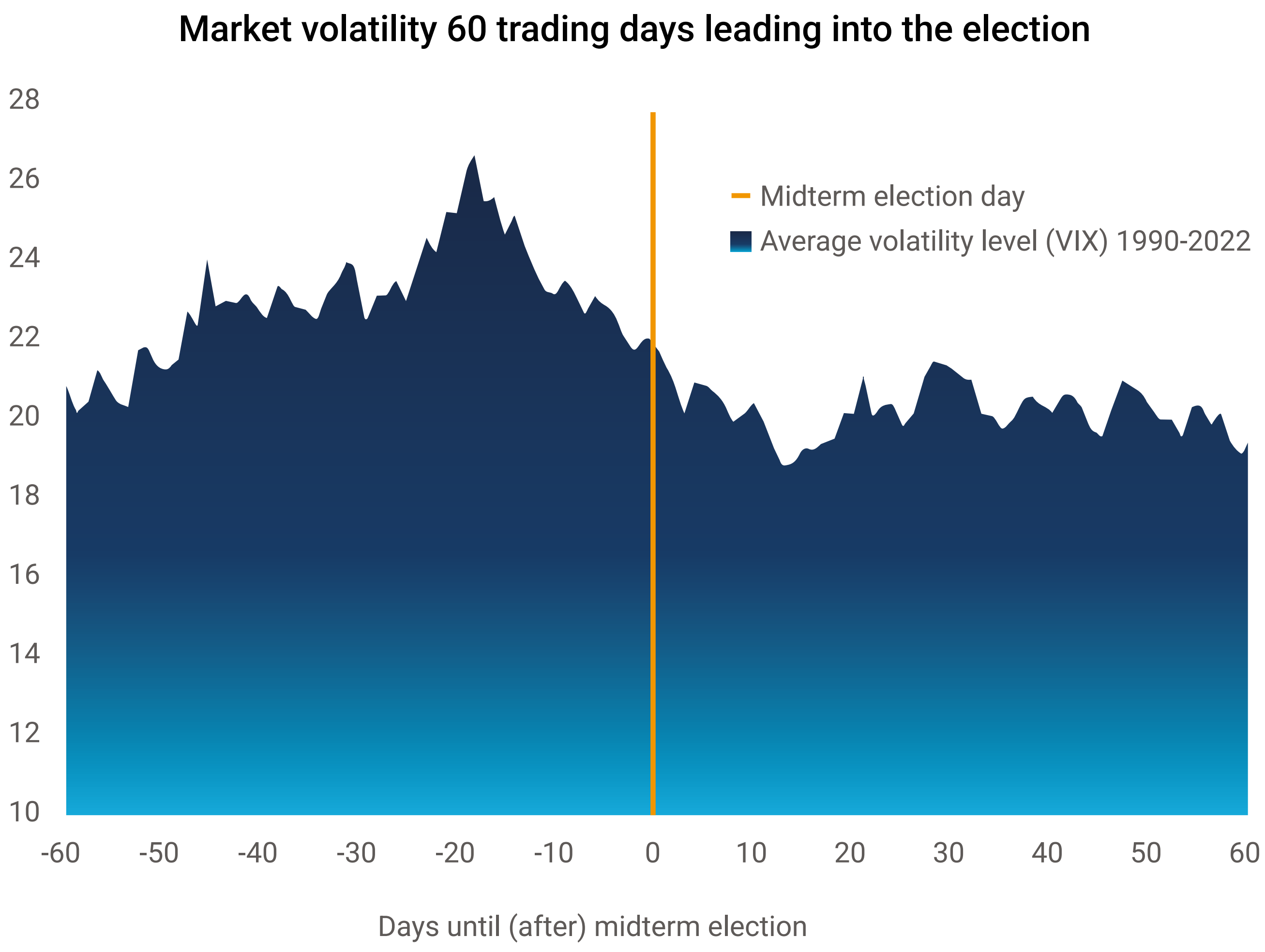
Election-year volatility tends to increase during summer months and into October as uncertainty surrounding election outcomes and congressional control reaches its peak.

S&P 500 Index median 30-day volatility



Sources: Bloomberg, S&P Dow Jones Indices. S&P 30-day volatility during midterm election years based on calendar month. Data as of 04/30/2026, beginning with the 1946 midterm election year. This example is shown for illustrative purposes only.

Market volatility typically peaks in the weeks before voters cast their ballots



As the election draws closer, investors may want to prepare for the possibility of uncertainty.

Market volatility tends to build as voters prepare to cast their ballots. Once election day passes, markets often begin to stabilize as investors gain greater clarity about the future.

Sources: Bloomberg, Chicago Board Options Exchange Volatility Index. 30-day expected volatility of the S&P 500 Index, 60 trading days prior to elections and 60 trading days after the election. Data begins with the 1992 election cycle and ends with the 2022 election cycle. This example is shown for illustrative purposes only.

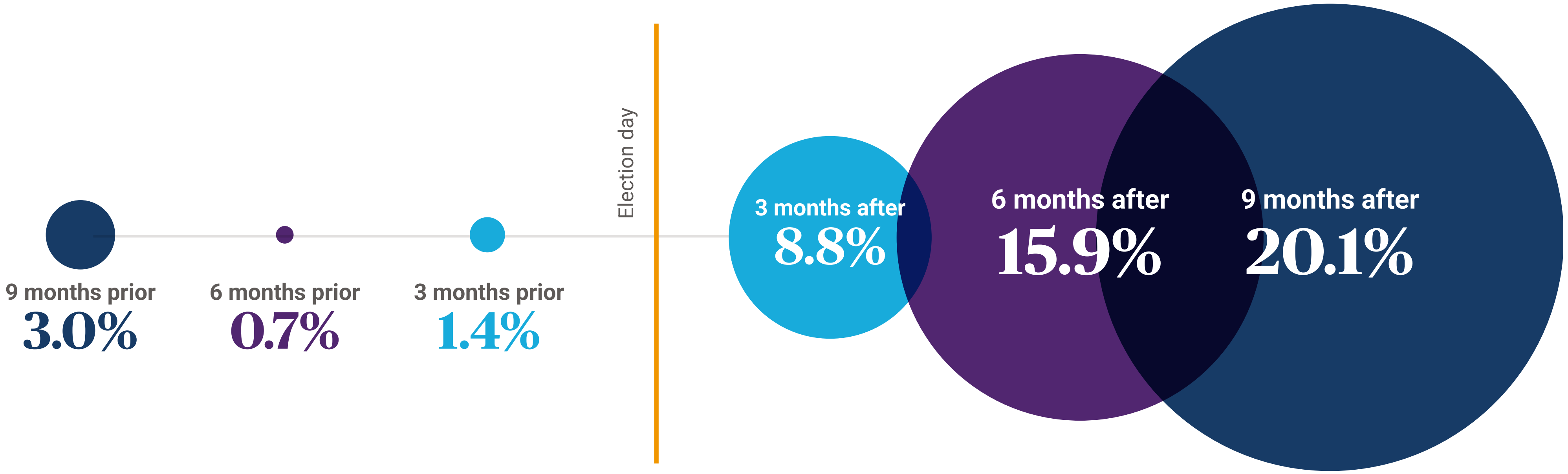
Election uncertainty and market volatility

Markets often rebound in the year following the midterms

The S&P 500 generally sees lower returns heading into the midterms and higher returns afterwards when there is more clarity on what the makeup of Congress could mean for fiscal policies.

Once midterm election results are known, markets often see stronger-than-average returns over the next year, except during periods of unusual financial stress. Notably, the S&P 500 has gained an average of +15.4% one year after a midterm election, going back to 1950.

S&P total return, before and after a midterm election



Sources: Bloomberg, S&P Dow Jones Indices. Data based on calendar months beginning in 1946. Since we do not have pre- and post-2026 midterms data, this data includes midterms up through 2022. For illustrative purposes only. **Past performance is not a guarantee of future results.** An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

The political and policy landscape

The presidential cycle can also provide clues about market performance

Beyond the midterms, market returns vary depending on where we are in a president's four-year term.

First term of presidency

Year 1: Market returns tend to be strong following the excitement of campaign promises.

Year 2: Policies can be difficult to pass through Congress due to the upcoming midterms, leading to a second-year slump.

Year 3 and 4: Presidents refocus on key priorities and begin building the case for a second term, which tends to be positive for equities.

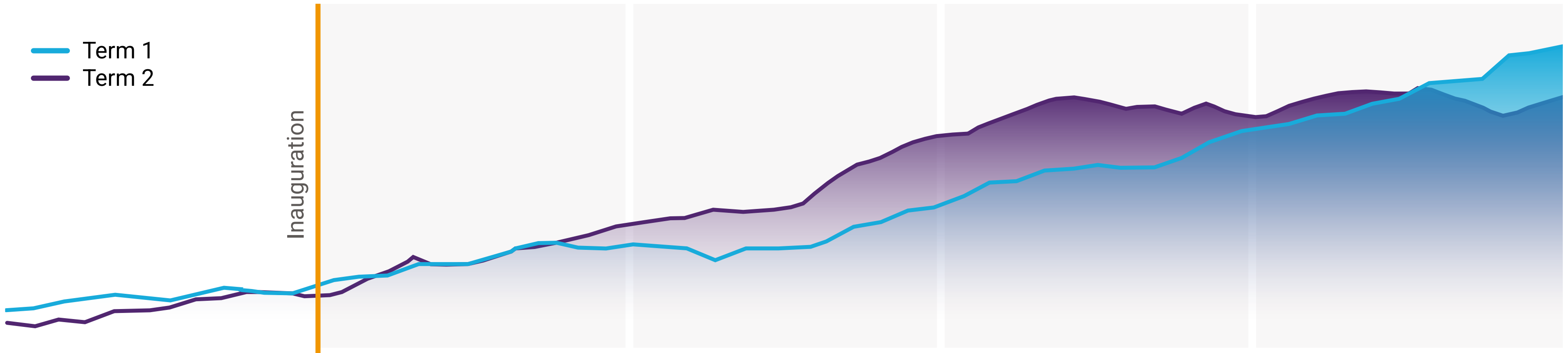
Second term of presidency

Years 1 and 2: Presidents lean on their experience, which can yield strong results in the first half of their term.

Years 3 and 4: Market returns are historically weaker, in part because investors begin to prepare for the uncertainty of the next administration.

Stocks follow familiar rhythms across a president's term

Historical market performance since 1945



	Prior 9 months	Year 1	Year 2	Year 3	Year 4
Average return: Term 1	5.6%	11.1%	8.9%	16.2%	15.3%
Average return: Term 2	9.5%	13.5%	20.4%	5.6%	4.1%

Sources: Bloomberg, S&P Dow Jones Indices. Calculations based on monthly price-return data of the S&P 500 Index and is averaged for each presidential administration during the term that president served, based on monthly observations. Presidential terms are rounded to the nearest month based on the day the president enters and exits office. Not all presidents finish their entire term, not all presidents serve a second term. Data as of 4/30/2026, beginning in April 1945. For illustrative purposes only. **Past performance is not a guarantee of future results.** An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

Stocks tend to rise over the long term (regardless of political outcomes)

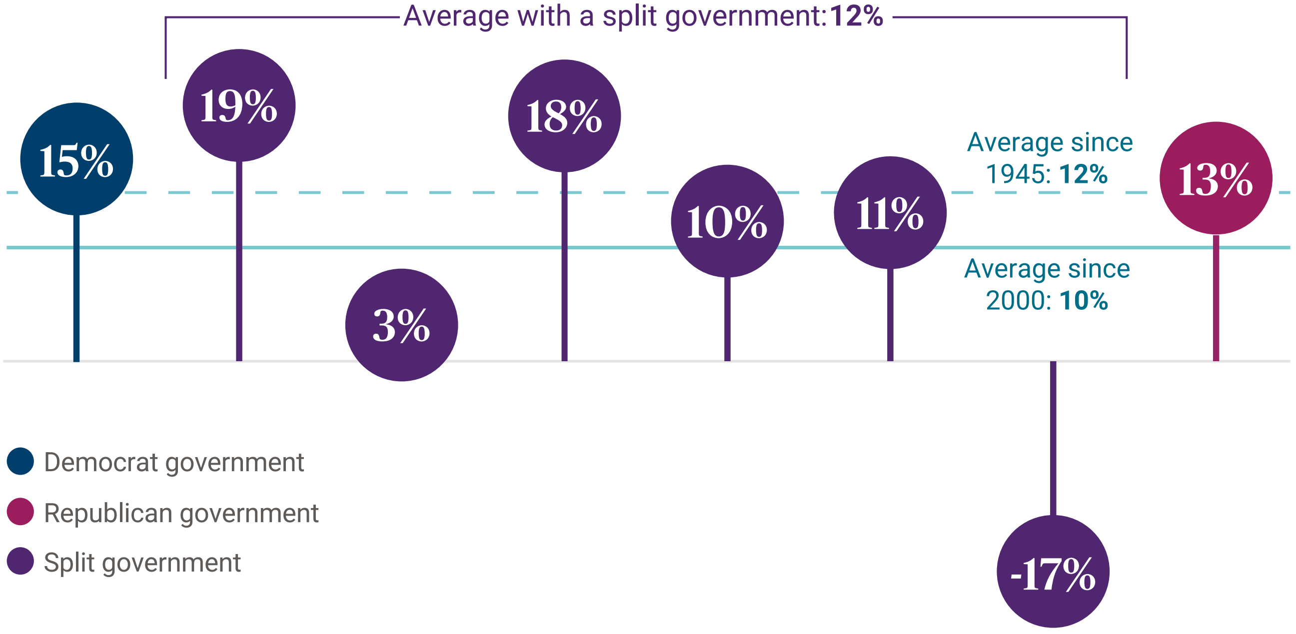
The market generally climbs higher over the long term — regardless of who is in the White House or Congress.

Market returns tend to be relatively consistent regardless of whether Democrats or Republicans have full control in Washington.

While we see mixed results from a split government, depending on the divide, performance has tended to be positive and in line with full-party control.

Ultimately, the long-term direction of markets is shaped more by economic growth, corporate earnings and interest-rate trends than by politics.

S&P 500 annualized total returns in different political environments



Occurrences:	10	3	1	4	10	5	1	6
Presidential party	Democrat	Democrat	Democrat	Democrat	Republican	Republican	Republican	Republican
Senate majority	Democrat	Democrat	Republican	Republican	Democrat	Republican	Split	Republican
House majority	Democrat	Republican	Democrat	Republican	Democrat	Democrat	Republican	Republican

Performance is calculated based on a January — December calendar year. Data as of 04/30/2026, beginning in 1945.

Sources: Bloomberg, S&P Dow Jones Indices. This example is shown for illustrative purposes only and is not guaranteed. An index is a statistical composite that is not managed. It is not possible to invest directly in an index. **Past performance is not a guarantee of future results.**

GDP growth in different political environments

Political leadership can play a role in shaping economic conditions, but growth is ultimately influenced by many factors beyond government policy. Moreover, the effects of major policy changes often take years to be fully reflected in the economy.

Average GDP growth in different political environments

Occurrences:	10	3	1	4	10	5	1	6
Presidential party	Democrat	Democrat	Democrat	Democrat	Republican	Republican	Republican	Republican
Senate majority	Democrat	Democrat	Republican	Republican	Democrat	Republican	Split	Republican
House majority	Democrat	Republican	Democrat	Republican	Democrat	Democrat	Republican	Republican

Note: Data presented here should be viewed as informational only. GDP begins the first quarter a president enters office to the last quarter they are in office.
Source: St Louis Federal Reserve. Data as of 12/31/2025, beginning in 1945.

Investor checklist

Here are a few actions for investors to consider as the midterms approach:

Stay focused on your long-term investment strategy
While elections can shape market sentiment, they shouldn't drive long-term investment decisions.

Be prepared for potential volatility
Should any election-induced market volatility arise, consider the benefits of redeploying cash for investment.

Focus on fundamentals
Prioritize investment strategies that focus on long-term growth drivers rather than react to short-term election headlines.

Don't let political uncertainty distract you from your investment strategy

When you partner with an Ameriprise financial advisor, they'll work with you to create an investment portfolio that's built to help weather different political, market and economic cycles.

To learn more, visit
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Index definitions

DEFINITIONS
Unless otherwise noted the following indices were used throughout this document.

S&P 500 Index — The S&P 500 Index is a basket of 500 stocks that are considered to be widely held. The S&P 500 index is weighted by market value (shares outstanding times share price), and its performance is thought to be representative of the stock market as a whole. The S&P 500 index was created in 1957 although it has been extrapolated backwards to several decades earlier for performance comparison purposes. This index provides a broad snapshot of the overall US equity market.

S&P 500 Total Return Index — The S&P 500 Total Return Index, calculated intraday by S&P based on the price changes and reinvested dividends of the S&P 500 Index with a starting date of 01/04/1988.

MSCI EAFE Index — The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom, as of June 2017.

Dow Jones Industrial Average — The Dow Jones Industrial Average (DJIA) is likely the most widely known measure of American stock market indicators. The index is more than 100 years old, includes only 30 individual stocks and is comprised of the largest, most established firms across a broad range of industries. The DJIA is calculated based on share price — providing a greater weighting within the index to those companies with a higher share price. Due to the small number of issues contained in the index, it does not always provide the most accurate measure of aggregate stock market performance.

U.S. Dollar Index — The U.S. Dollar Index (USDX) indicates the general international value of the US Dollar. The USDX does this by averaging the exchange rates between the USD and other major world currencies.

The Chicago Board of Options Exchange (CBOE) Volatility Index® (VIX®) — Index is based on real-time prices of options on the S&P 500® Index (SPX) and is designed to reflect investors' consensus view of future (30-day) expected stock market volatility.

INDEX DEFINITIONS
An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

Definitions of individual indices mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the **Additional Ameriprise research** disclosures section, or through your Ameriprise financial advisor.

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