

HOW DO MIDTERM ELECTIONS IMPACT MARKETS OVER TIME?

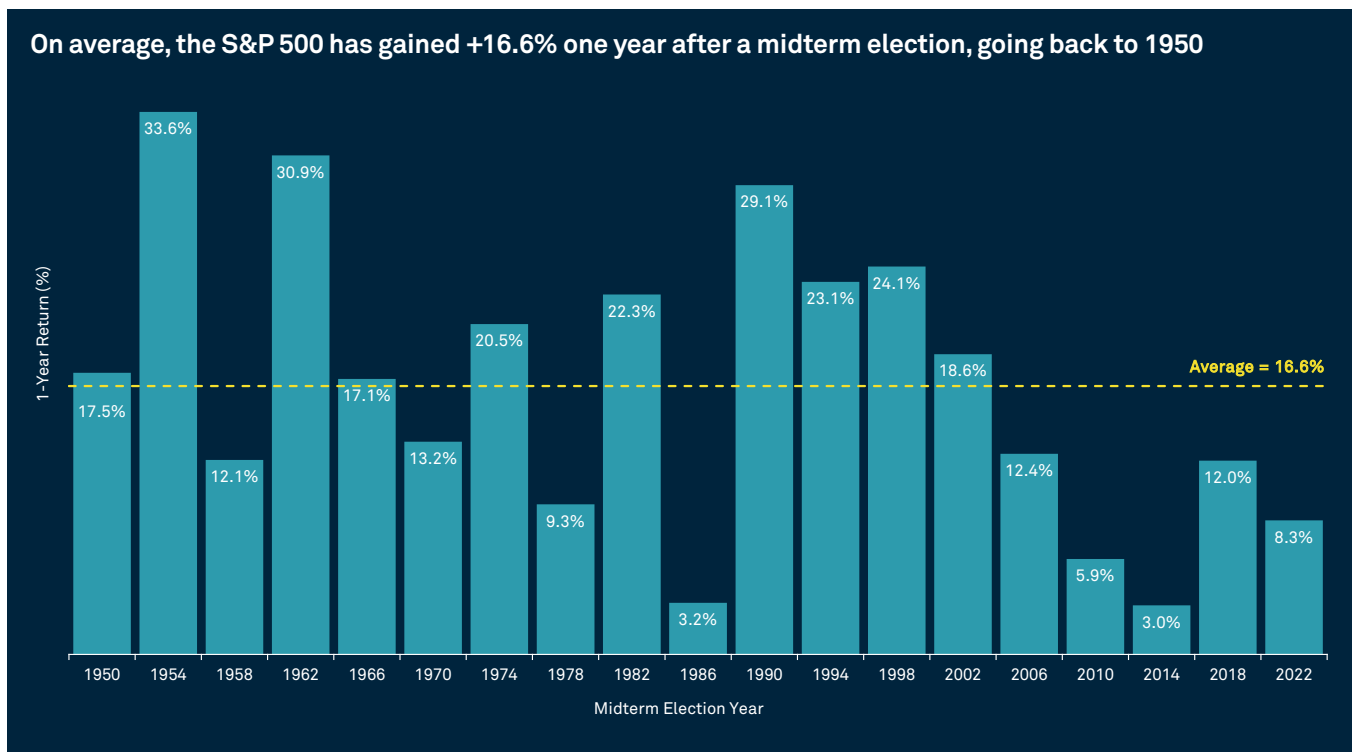
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Midterm elections often cause short-term spikes in market volatility. In the months leading up to election day, uncertainty around outcomes, policy changes, and campaign agendas can cause swings in investor sentiment. Yet while investors can face a bumpy road before an election, markets have typically recovered, and even moved higher, in the periods that follow.

If we look back at midterm cycles since the 1950s, we see the S&P 500 Index has posted positive price returns, gaining 16.6% on average, with market rebounds one year

later.¹ This pattern indicates that despite volatility prior to Election Day, once the outcome has been determined, and regardless of results, the market has often rallied.

While political uncertainty can be unsettling for investors, short-term market moves are often temporary. Staying focused on long-term goals rather than reacting to near-term noise has historically been an effective strategy.



Source: BNY Investment Strategy & Research Group, Macrobond, S&P 500 Index historical price data; calculations as of 12-month returns following U.S. midterm elections. As of May 4, 2026. Chart is for illustrative purposes only. Past performance is not necessarily an indication of future results.

¹ BNY Investment Strategy & Research Group, Macrobond, S&P 500 Index.



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The **S&P 500** is an index designed to track the performance of the largest 500 U.S. companies. An investor cannot directly invest in an index.

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