It's the final countdown...
to the election

As the 2020 Presidential election draws near, our attention instinctively turns to Europe – the Swedish pop-metal band, not the continent – and their mid-80s chart-topper, The Final Countdown. Now that summer is over, the final countdown to election day has begun. In this spirit, we are introducing our Election Countdown Calculator ("ECC"), a tool aimed to provide insight into which party will win The White House come November 3. The math behind the ECC is simple. Since 1928, the performance of the S&P 500 Index (S&P 500) for the three months before the Presidential election successfully "predicted" the winner of The White House 87% of the time. More specifically, when the S&P 500 is up for those three months the incumbent party tends to hold onto the White House and when the S&P 500 is down for those three months the party out of power tends to capture the White House. While we don't know for sure if the performance of the S&P 500 and the outcome of the vote speaks to causation, correlation, or neither, the ECC is as

good a tool as any to bring some predictability to an unpredictable campaign season. The ECC will be updated and incorporated into every Weekly Wire between now and Election Day. While Election Day is eight weeks away, with the S&P 500 up 4.22% since August 3, the stock market is telling us it is more likely than not that President Trump wins reelection. Finally, two points worth remembering as we all navigate these very difficult days: since Europe released The Final Countdown in 1986, our great nation has successfully held eight Presidential elections and the S&P 500 has gained 1,300%.

Year	S&P 500 Price Return %	Incumbent Party	Correct?
1928	14.91	Won	✔
1932	-2.56	Lost	✔
1936	7.92	Won	✔
1940	8.56	Won	✔
1944	2.29	Won	✔
1948	5.36	Won	✔
1952	-3.26	Lost	✔
1956	-2.58	Won	✘
1960	-0.74	Lost	✔
1964	2.63	Won	✔
1968	6.45	Lost	✘
1972	6.91	Won	✔
1976	-0.09	Lost	✔
1980	6.73	Lost	✘
1984	4.80	Won	✔
1988	1.91	Won	✔
1992	-1.22	Lost	✔
1996	8.17	Won	✔
2000	-3.21	Lost	✔
2004	2.16	Won	✔
2008	-19.48	Lost	✔
2012	2.45	Won	✔
2016	-1.90	Lost	✔
2020	?	?	?

Election countdown calculator

56 DAYS LEFT

DEM | ✔ (REP)

S&P 500 INDEX PERFORMANCE SINCE 8/3/20

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Stocks, bonds, and commodities (9/4/2020)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	3426.96	10.54%	6.07%	15.05%
Russell 2000	1535.30	6.52%	-7.98%	2.00%
Russell 3000 Growth	1752.61	13.41%	22.90%	33.55%
Russell 3000 Value	1559.86	7.34%	-11.89%	-4.51%
Crude Oil WTI	39.51	0.61%	-35.29%	-30.10%
Natural Gas	2.58	47.29%	17.82%	3.33%

Treasury rates (9/4/2020)

	Price		Yield
2Y	99.30 /	99.3	0.145
3Y	99.26 /	99.2	0.178
5Y	99.24 /	99.2	0.299
7Y	99.31 /	99.3	0.503
10Y	99.02 /	99.0	0.720
30Y	97.21 /	97.2	1.470

Weekly reports

This week
- NFIB Small Business Index
- Initial Claims

Last week
- Markit PMI Manufacturing 53.1
- Nonfarm Payrolls 1,371K

Brinker Capital Market Barometer

We continue to focus on the COVID-19 pandemic and the upcoming election as key drivers for the economy, financial markets, and confidence over the near term. The Federal Reserve has expanded monetary policy support with the introduction of a more flexible inflation target. Fiscal policy remains supportive, and we expect an additional fiscal package will still be completed. We also expect the equity market to remain range-bound in the near term as we navigate an uneven economic recovery. Overall, the barometer leans neutral to slightly positive, in-line with our modest overweight to risk across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Momentum remains solid
Trend				●	US markets above 50-day and 200-day moving averages
Investor sentiment			●		Sentiment surveys show optimism but equity outflows continue
Seasonality		●			Seasonality weaker through October, especially during election cycle

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Very strong fiscal response; debate on additional package continues
Monetary policy				●	Fed all in to support markets and economy; Global central banks also supportive
Inflation				●	Global inflation low; Fed committed to more flexibility with inflation target
Interest rate environment				●	Treasury yields remain at low levels but stable; yield curve positively sloped
Macroeconomic			●		Macroeconomic data has bottomed; uneven improvement as economy reopens
Business sentiment		●			CEO confidence improved in 2Q but still weak; small biz optimism improving
Consumer sentiment		●			Consumer confidence declined further in July on coronavirus concerns
Corporate earnings		●			Looking for improvement after negative impact of COVID-19 on 1H results
Credit environment				●	Credit environment continues to improve and Fed remains supportive

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations above long-term averages but not a near-term driver
Business cycle			●		US exited recession that began in February; recovery will be uneven
Demographics			●		Mixed - US and emerging markets positive but developed international negative