Morgan Stanley

The David Miller Group at Morgan Stanley
July 31, 2026

As we move closer to the midterm elections, one thing is almost certain: political headlines will become louder, opinions will become stronger, and every news outlet will explain why this election changes everything.

History also suggests that market volatility may increase in the months leading up to Election Day. That's nothing new. Elections create uncertainty, and uncertainty often causes investors to feel anxious.

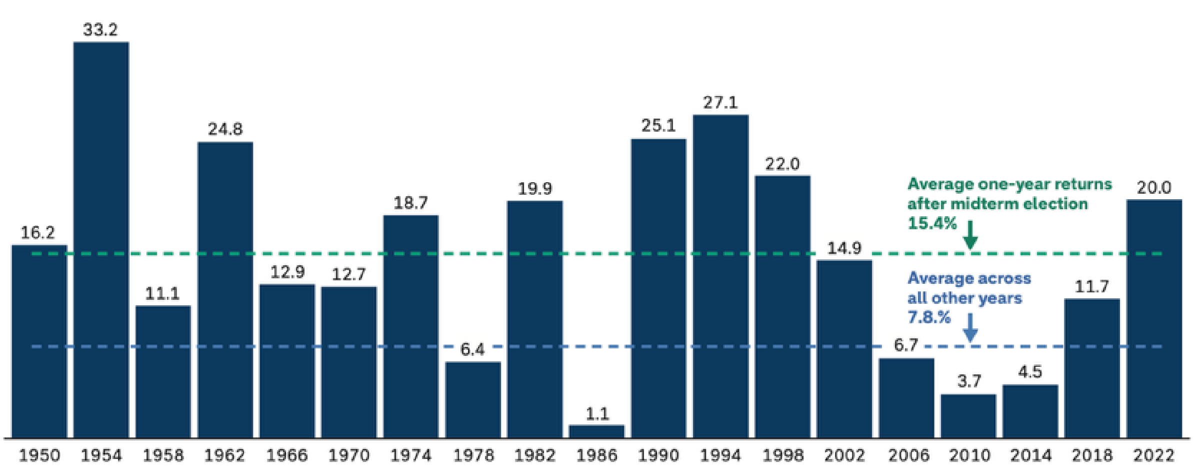
The greater danger, however, isn't the election itself. It's allowing our political beliefs to influence our investment decisions.

Whatever our political beliefs, it's easy to convince ourselves that the outcome of an election will determine the future of the economy and the stock market. When we feel strongly about politics, we naturally begin looking for information that confirms what we already believe.

History tells a different story.

Post-midterm market returns have been strong

S&P 500 Index price return one year after midterm election



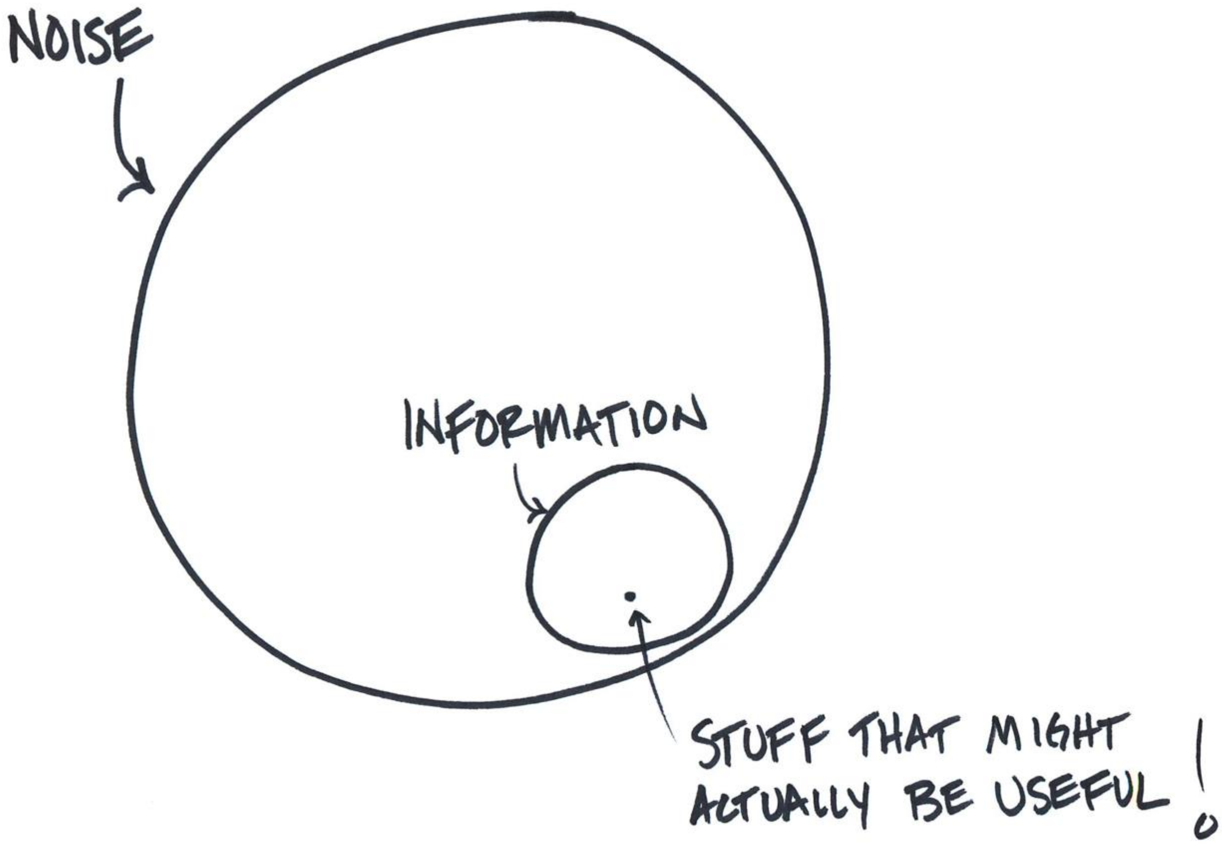
Sources: Capital Group, RIMES, S&P Global. Calculations use Election Day as the starting date in all election years and November 5th as a proxy for the starting date in other years. Only midterm election years are shown in the chart. As of December 31, 2025. Price returns exclude distributions. Past results are not predictive of results in future periods.

6 GUIDE TO MIDTERM ELECTIONS

While every election is unique, the data shows that since 1950, the average stock market return during the year following a midterm election has been almost twice as high as during other years. That doesn't mean history will repeat itself this time. Every election and every market environment is different. But it is a helpful reminder that the headlines surrounding election season often feel far more consequential than the long-term investment results that eventually follow.

Election seasons come and go. The headlines change, the candidates change, and the issues change. But one principle remains the same: investment decisions are best made according to your financial plan, not your political preferences.

Staying disciplined may not always feel comfortable, but history suggests it has often been the wiser course.



BEHAVIOR | GAP

David J. Miller, ChFC®, CFP®
Managing Director, Financial Advisor
Senior Portfolio Management Director
The David Miller Group at Morgan Stanley
7500 Dallas Parkway, Ste 500 | Plano, TX 75024
Direct: 972-943-7238
Mobile: 972-837-3258
Fax: 972-943-7299
David6.miller@ms.com

Forbes America's Best-in-State Wealth Advisors 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025
Forbes America's Next Generation Wealth Advisors 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025
Five Star Wealth Manager 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

For more information please visit our website

Connect with me on Linked In

Visit our team page on Facebook

Morgan Stanley Smith Barney, LLC member SIPC