



Touchbutton

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Markets this week

Whatever the outcome of the US Presidential election on Wednesday, don't judge the longer term future direction of the US economy or financial markets on the knee jerk dramatic reaction which we are almost bound to witness later in the week, whoever we see winning the Presidency.

History suggests that the short term move in the US equity market after the election result is a poor indicator of what may lie ahead, and in 15 of the last 22 elections the market has fallen the day after the Presidential election. The short term collapse in US share prices after Obama's election in 2008 – when admittedly there was plenty else to worry about – is solid proof that the days after an election are meaningless when it comes to predicting the future. During Obama's two term presidency, the S&P 500 has recorded an average annual increase of more than 13%.

Professional investors and traders in particular often feel the need to form instant views following major events, and how markets behaved post the Brexit referendum are a good example of this. Longer term and more sensible investors will allow the antics of later this week to wash over them, and instead remain focused on original, longer term goals and objectives.



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