

The Last State Of The Union Comparison

It shall come to pass in the end of days politicians will beat their swords into plowshares and beat each other over the head therewith. And if this does not happen, well, it will be at the end of days and neither you nor I will be around to witness it.

And so all good things must pass, including a comparison of U.S. markets at comparable times during the administrations of George W. Bush and Barack H. Obama. I started doing this little comparison way back in 2010, including in [January 2015](#), mostly to see if I could make certain peoples' heads explode (not yet) and because I find market analyses based on presidential cycles to be classic cases of spurious correlation combined with small-sample biases.

Regardless of anyone's political bias, we should be able to agree everyone is entitled to their own opinion but not to their own facts, even in the Internet age wherein everyone can be a publisher and very few can be a reliable editor for what makes it into the public square. With that, let's take a look at the average annual returns for each administration from the date at which their conceptions were discounted by markets to the Monday prior to their eighth and final State of the Union address.

The conception dates in question are December 13, 2000 for George W. Bush and September 26, 2008 for Barack H. Obama. The former was when the Supreme Court handed down its decision in *Bush v. Gore* and the latter was the date of the debate between John McCain and Obama in the midst of the TARP debate and financial crisis. As a side thought for those of you who wish to feel old, this year's high school graduating class presumably en route to college and student debt has no conscious memory of *Bush v. Gore*.

As always in this series, five markets are compared, the total returns for the Russell 3000, 7-10 year Treasuries, investment-grade and high-yield corporate bonds and the change on the Bloomberg correlation-weighted dollar index. Unlike the pattern of recent years when all average annual returns for these markets were higher during the Obama years, we find the average annual returns for 7-10 year UST were higher by Bush's last State of The Union address delivered in January 2008.

	Average Annual Return	
	Bush	Obama
Russell 3000	1.96%	8.49%
7-10 Year UST	6.32%	5.16%
IG Bonds	5.78%	7.71%
HY Bonds	4.23%	6.95%
USD	-5.64%	3.00%

Does any of this give you a clue on how to trade, invest or vote this year? No, not at all. Take it all with a grain of low-sodium salt.