



Stock Market Is Predicting a Republican President

[Mark Hulbert's study of correlations](#)

between the stock market and presidential elections and Jeff Hirsch's *Stock Trader's Almanac* are making a powerful case that, come November, it will be a Republican occupying the White House for the next four years.

The Hulbert Financial Digest is so highly regarded that it was acquired by CBS MarketWatch in 2002. It remained active, with Hulbert continuing to provide commentary and guidance after Dow Jones bought it from CBS in 2005, and he is now a mainstay of commentary on the market at News Corporation, the owner of Fox Broadcasting Company.

According to Hulbert, the correlation between the stock market and presidential elections is remarkable: "A strong stock market is correlated with the incumbent party winning. A declining stock market is associated with a change in parties at 1600 Pennsylvania Avenue." To cover himself, Hulbert notes that "correlation is not causation" and that the conclusion is "suggestive [rather] than conclusive." But with stocks down hard so far this year — the Dow Jones Industrial average is down eight percent for the year, while the Standard and Poor's 500 Index is down nine percent and the NASDAQ is off 14 percent — the market is going to have to reverse itself mightily to keep a Democrat in the White House.

Jeff Hirsch's *Stock Trader's Almanac* adds significant substance to Hulbert's case. Published annually, the almanac includes patterns, seasonalities, trends, and cycles that are based on historical evidence of the first order. There's his January Barometer. There's his Presidential Election Year Cycles and Perspectives. There are daily and monthly reminders. And all of them are based on a simple premise: Historical patterns have a tendency to repeat.

Since 1920, according to Hirsch, the eighth years of presidents serving two terms have experienced the worst stock market performance, with the Dow, on average, losing 14 percent and the S&P 500 showing average losses of 11 percent. The market showed losses in the final year of an eight-year term





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five times out of the last six two-term administrations.

It gets worse for the Democrats. Hirsch's January Barometer shows that as the first five days of trading goes, so goes the market for the year. And if January itself is down, then it bodes ill for the market for the rest of the year as well.

One need not be reminded that the first five trading days of 2016 were the worst opening week in stock market history.

Now that Hulbert and Hirsch have concluded that a Republican will be president, the next question is: So what? Will this make any difference? Progressive historians have concluded that the Republican and Democrat parties at the national level are birds of a feather. As far back as 1944, Charles A. Beard, a progressive historian writing about events surrounding the presidential election of 1896, concluded: "The two parties were becoming as much alike in their interests and sentiments as two bottles of the same size and shape, differing only in their labels."

This conclusion was confirmed and amplified by a historian with in-depth connections to political and cultural elites, Georgetown University professor Carroll Quigley, in 1966 in his tome *Tragedy and Hope*. In it he agreed with Beard:

The argument that the two parties should represent opposed ideals and policies, one, perhaps, of the Right and the other of the Left, is a foolish idea acceptable only to doctrinaire and academic thinkers.

Instead, the two parties should be almost identical, so that the American people can "throw the rascals out" at any election without leading to any profound or extensive shifts in policy.

If these august historians are correct, what is to be done? For starters it is helpful to note what the mainstream media *are not covering* this election cycle: the congressional races, especially and particularly the House of Representatives. The shift from the Democrat Party to the Republican Party in the House and Senate have been well documented. Less well documented, however, is the similar if not even more important shift in the state legislatures. The 2014 election put the GOP in control of 68 out of 98 state legislatures, the highest number in that party's history. Republicans hold the governorship and both houses of the legislature in 23 states, while Democrats have control of only seven.

The groundswell was noted in both the Iowa and New Hampshire primaries by Stephen Dinan in the *Washington Times*:

Republicans set a new turnout record Tuesday in New Hampshire's primary, attracting more than a quarter of a million voters to the polls and offering evidence that most of the energy in the 2016 presidential race continues to be on the GOP side....

The New Hampshire results follow last week's Iowa caucus turnout, where Republicans easily outdistanced Democrats by more than 50 percent.

In a talk to the Mises Circle in Phoenix last November, former presidential candidate Ron Paul noted as well that "things are changing":

Things are changing dramatically and in a favorable way....

We're seeing more success now among the young and many future leaders....

I ... never imagined that my presidential campaigns [in 2008 and 2012] would get the attention they did for our ideas. Our success in bringing new young people into the [freedom] movement



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surpassed anything I thought was possible.

Paul is not discouraged that the numbers involved in the freedom fight are small:

It's important to keep in mind that we don't need majority support ... what we need is intellectual leadership in a country that can influence government and society overall.

That's where the progress is being made. We're only talking about 7 or 8 percent of a country that is necessary to provide the kind of influence you need.

This was the case during the American Revolution, and it's true today.

Now that the distraction provided by the mainstream media over the presidential election has been settled by the predictions of Hulbert and Hirsch, those involved in the freedom fight can continue to do intellectual battle where it is increasingly counting the most: on the local level.

That's why, after 50 years, The John Birch Society remains active and increasingly influential in that fight. Its programs, put into action by members of local chapters, are aiding in awakening the numbers necessary to continue and expand that percentage, on the way to the rebirth of freedom, as Robert Welch, the founder of JBS, put it during his two-day presentation at the society's birth:

All we must find and build and use, to win, is sufficient understanding. Let's create that understanding and build that resistance, with everything mortal men can put into the effort — while there still is time.

Then, while we are destroying and after we have destroyed the Communist tyranny, let's drive on towards our higher goals of more permanent accomplishment; towards an era of less government and more responsibility, in which we can create a better world.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.



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