



ELECTIONS

What to expect between Election Day and the inauguration

John Emerson and Matt Miller

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With the U.S. presidential election less than two weeks away, Americans may be looking forward to the end of a tumultuous political campaign season. However, if past trends are any indication, November 5 could be just the beginning.

“There’s a good chance we won’t know the outcome on Election Day,” says John Emerson, vice chair of Capital Group International and a former U.S. Ambassador to Germany. “If the presidential election is close, and most polls suggest it will be, then it could take many days to count the votes – particularly mail-in ballots, which have become increasingly popular since the pandemic-influenced 2020 election.”

Feedback

The path to the White House



Timeline of dates between Election Day and Inauguration Day

November 5

Election Day

⌵ Voters cast ballots and states appoint electors

November 5 to December 17

⌵ State governors certify election results

December 16



⌵ Deadline to resolve any litigation related to state certification of election results

December 17

⌵ Members of the Electoral College cast their votes based on the results of each state's popular vote

December 25

⌵ Electoral votes must be delivered to the U.S. Senate no later than nine days after electors meet

January 6

⌵ If no presidential candidate receives 270 electoral votes, the U.S. House of Representatives chooses a winner

January 20

Inauguration Day

President-elect takes the oath of office

Feedback

Sources: Capital Group, National Archives.

Of course, it's possible one candidate will gain a sizable enough lead that the outcome will essentially be known that evening or the next morning. That happened in the 2016 election. If that doesn't happen, here are five things to keep in mind as Americans choose their next president.

1. There is certainty within the uncertainty

November 5 is just the beginning of a process that takes several weeks to complete. For example, the certification of election results is handled by individual state governors. That starts in mid-November and can take up to five weeks.

The Electoral College, which consists of 538 electors who determine the outcome, must cast their ballots based on the popular vote in each state by December 17. A majority plus one – or 270 electoral votes – are needed to win the presidency. If there are disputes, any litigation related to votes, recounts or ballot certification must be resolved by December 16 so the electors can do their job. If no candidate achieves 270 electoral votes, the U.S. House of Representatives is tasked with choosing the next president. Inauguration Day follows on January 20.

Emerson, who has worked on political campaigns since the 1980s, stresses that Americans may need to be patient and allow the process to work itself out.

“As we’ve seen in past elections, there could be a lot of uncertainty in the days to come and that may be reflected in a high level of market volatility,” he notes. “But we will have a president on Inauguration Day, and I believe we will have a peaceful transition of power. It just might take longer than we hope to get there.”

2. Expect a firestorm of legal challenges

In addition to the time needed to count votes, there are also likely to be many recount requests and literally hundreds of legal challenges, adds Matt Miller, a Capital Group political economist and former senior advisor to the White House Office of Management and Budget.

Indeed, more than 165 lawsuits have already been filed related to the 2024 election, according to an analysis published October 15 by Bloomberg News. Many more are expected to be filed in what has been called a “firestorm” of legal warfare involving disputes over vote counting methods, absentee ballot collection and voter identification, among other issues.

“A close presidential race will be contested by whoever loses,” Miller says. “Investors need to be ready for public drama, mass litigation and a great deal of uncertainty between November 5 and January 20.”

“In my view, the election remains too close to call,” Miller continues. “The final two weeks of the campaign will be crucial. Most people have already decided who they will vote for, so a great deal will depend on which party is better at mobilizing their base.”

3. Mail-in ballots will take time to count

Mail-in ballots are expected to be at the heart of many legal disputes. In the 2020 election, amid the COVID-19 pandemic, a record 43% of Americans voted by mail, according to the U.S. Census

Bureau. That number fell to 32% for the 2022 midterm elections, but it remains above historical averages, based on an analysis by the Massachusetts Institute of Technology.

If those trends continue this year, a large number of mail-in ballots will not have been certified and counted by Election Day. Some states, including the crucial swing state of Pennsylvania, don't allow mail-in ballots to be processed until Election Day, meaning those results will almost certainly come later.

That's what happened in 2020, when Trump appeared to be winning on election night but President Joe Biden pulled ahead in the days that followed. A repeat of that scenario – with Trump in the lead on November 5 but Harris catching up in the following days – is a distinct possibility. That's because more Democrats typically vote by mail than Republicans. So far in this cycle, 47% of early votes have been submitted by Democrats and 33% by Republicans, according to data compiled by the University of Florida's Election Lab.

In an extreme case, such as the 2000 election pitting Texas Governor George W. Bush against Vice President Al Gore, the outcome could be decided by the U.S. Supreme Court. On December 12, 2000, 35 days after Election Day, the justices decided by a 5-to-4 vote to effectively halt recount efforts in Florida, which ultimately gave Bush 271 electoral votes, one more than he needed to win the White House.



Election Day key takeaways

Thursday, November 7 | 11 AM PT/2 PM ET

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4. Recounts are rare – and rarely change the outcome

Recounts get lots of headlines, but they don't happen very often, and they rarely change the outcome of a race. For example, most statewide races do not get recounted at all. Of the 0.5% where recounts were conducted, 92% did not reverse the initial outcome, according to an analysis by FairVote, a nonpartisan research organization focused on election reform.

Among the 6,929 elections included in that study, 36 recounts were conducted and only three changed the outcome. All three occurred when the initial margin of victory was less than 0.06%, suggesting the odds of overturning an election through a recount are extremely low.

5. History argues investment implications are minimal

For long-term investors, it's important to remember that historically speaking, the political power structure in Washington, D.C., hasn't had much of a discernible impact on equity market returns.

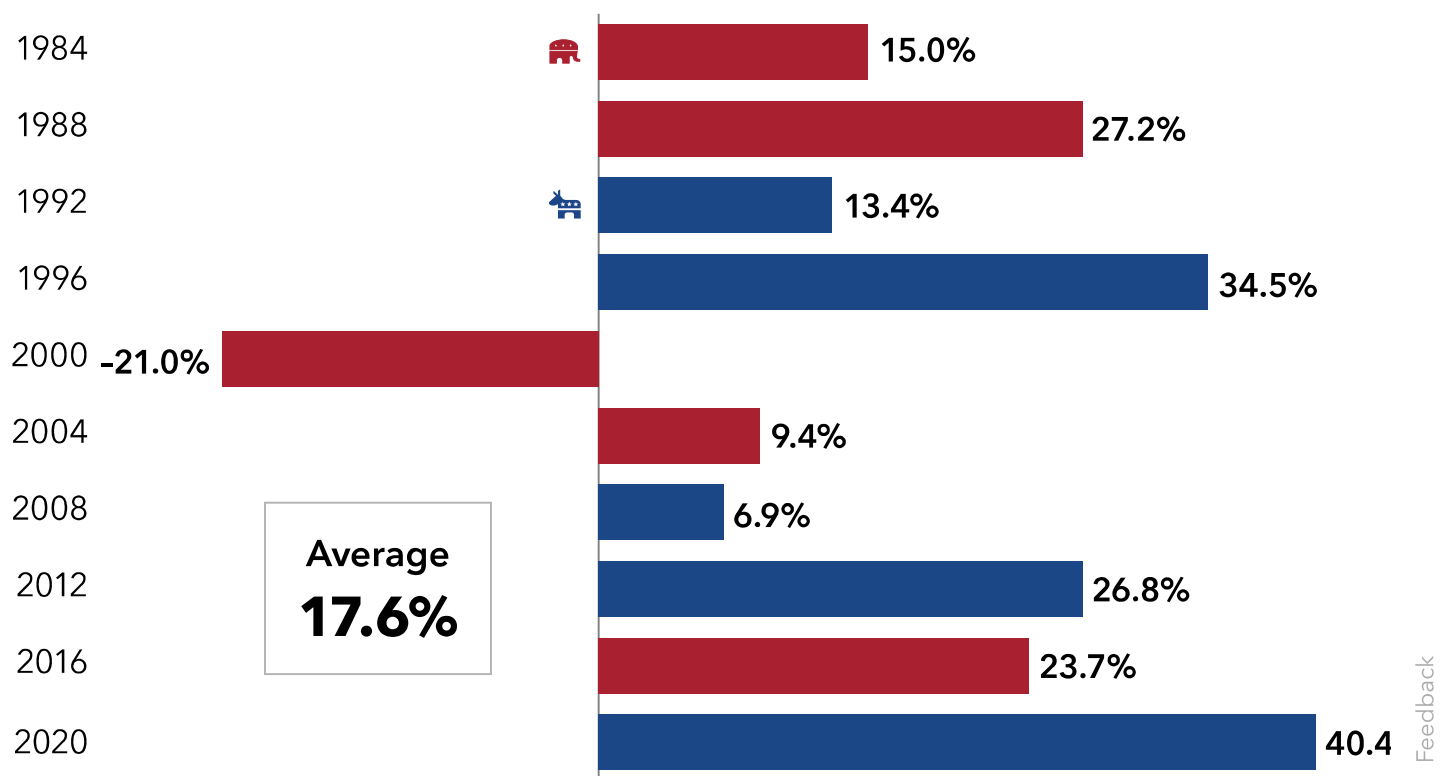
From 1933 to 2023, under unified and split governments, the average annual return for the S&P 500 Index has fallen into a broad range from roughly 11% to 14%. A split Congress, as we have today, has generated an average return of 13.7%.

U.S. stocks have generally done well regardless of election results



S&P 500 Index total returns one year after Election Day

 Democratic presidency  Republican presidency



Sources: RIMES, Standard & Poor's. As of September 30, 2024.

In more recent times, markets have posted even better results one year after Election Day, peaking at 40.4% after the 2020 contest. The worst period was after the 2000 election when the index fell 21.0%, while the average return since 1984 was 17.6%.

"At the end of the day," Miller says, "financial markets appear to care more about the certainty of election outcomes than about who occupies the White House or who controls Congress."

While no one knows exactly how events will play out between Election Day and Inauguration Day, investors should expect some short-term market volatility and consider taking a long-term view.

[Read important disclosures](#)



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