Two Elections, One Trump: Stock Price Reactions to Trump's 2016 and 2024 Wins

Daniela Dahlgren[1] **Nina Sharp**[2]

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Supervisor: Ramin Baghai, Professor of Finance

Stockholm School of Economics

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[1] 24930@student.hhs.se
[2] 42672@student.hhs.se

Abstract

Do financial markets react differently when the same politician is elected on two different occasions? Given that the outcome of a presidential election can hint at possible policy changes that could impact public companies, examining the stock price movements of those companies following an election provides an intriguing opportunity for analysis. This paper presents a comparison of stock price reactions following Donald Trump's victories in the 2016 and 2024 U.S. presidential elections, with a focus on taxes, firm exposure to international trade, and board demographics. The results indicate that tax rates had a positive effect on stock prices in 2016, however they were associated with a lower stock return in 2024. Firms with foreign operations were negatively affected following both elections, but less so in 2024. This is in contrast to firms in trade-sensitive industries, which appear to have fared worse in 2024 compared to 2016. Lastly, a higher share of females on the board was associated with an initial negative reaction in 2024, which was not the case in 2016. This is interpreted as being due to increased criticism of issues and practices related to diversity, equity and inclusion in the 2024 election. In conclusion, tax rates appear to have been more important in explaining stock returns following the 2016 election, whereas other factors may have been more important in explaining stock returns following the 2024 election.

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Introduction

The 2016 United States (U.S.) presidential election was widely considered an upset: despite massively lagging behind his opponent in the polls, Donald Trump came out victorious (Raedle, 2017). Given that this result was so unanticipated, it made for very interesting research on various topics. One aspect which has received a lot of attention is the reaction of stock markets, especially within the U.S.. Presidential elections can foreshadow what may be to come regarding policy changes, including taxation and regulation, which may directly or indirectly impact publicly listed corporations.

In the following 2020 election, Trump instead lost to Joe Biden. Despite this setback, Trump ran in the 2024 election again. This election cycle was turbulent, with incumbent president Biden withdrawing late and being replaced by his vice president Kamala Harris (The Economist, 2024). In national polls in the run up to election day, projections signalled that the race was tight. The gap between the two candidates had steadily shrunk in the final weeks, yet on the morning of election day, *The Financial Times* reported that Harris was still in the lead at 49.1%, versus Trump at 47.6% (Financial Times, 2024). Despite this, Trump won the election, becoming just the second U.S. president in history to be elected to two non-consecutive terms (Treisman, 2024).

The race was close between the candidates considering that betting markets and polls did not clearly indicate that either of the candidates would be a clear winner; given this, the stock market likely did not incorporate the effect of either of them winning the election specifically. Thus, the election of Trump should reasonably have been somewhat of a surprise for the stock markets. Therefore, it should be possible to measure the effect of Trump winning once the results were announced. Since the outcome of presidential elections are important for future policy that affects markets, we seek to examine the stock market reaction to both of Trump's election victories, as well as whether there are any statistically significant differences in the reactions observed in 2016 versus 2024. Additionally, we aim to analyze whether the election had an impact for specific sectors or groups of firms, particularly trade-sensitive industries; we also explore stock price reactions in the context of board demographics.

Previous research by Wagner et al. (2018) has found that following Trump's 2016 election, stock prices reacted positively for firms with high effective tax rates. In addition, domestically-oriented companies fared better in the election aftermath than their internationally-oriented counterparts. As noted by them, after the 2016 election, corporations

were hoping for a decreased tax burden, which eventually occurred through the Tax Cuts and Jobs Act (TCJA) passed in 2017. In 2024, taxes were again featured in Trump's campaign, though this time the main focus was not on corporations (Donald J. Trump for President 2024, 2024). Consequently, we expect that taxes will not play as big a role in explaining stock price movements in 2024. However, there are other items that warrant closer examination as well; for example, we expect that stocks of firms in sectors particularly exposed to international trade may have been more strongly affected following the 2024 election, given that tariffs were given a focal point. In addition, we believe that board demographics may help explain stock price movements considering the increased politicization around issues like diversity, equity and inclusion (DEI). However, not just analyzing stock price reactions after each election separately, but also directly comparing them, is very interesting.

The sample of firms in the dataset includes constituents of the S&P 1500 index as of November 8, 2016, the day of the 2016 U.S. presidential election. The sample remains the same when looking at the 2024 U.S. presidential election as well to enable comparison between the two events. Using data on daily stock prices, firm financials, and board statistics, we conducted several sets of regressions on time periods following the 2016 and 2024 election dates. We analyze 2016 and 2024 trends separately, as well as a set of comparative regressions examining the differences in reactions from one election cycle to the second.

Our analysis reveals a nuanced pattern of market responses. While corporate tax rates appear to have had a significant and positive impact on stock performance after the 2016 election as detailed in Wagner et al. (2018), they were associated with a less positive and in some instances a negative stock return in 2024 according to our comparison results. Firms operating in trade-sensitive industries saw a negative stock price reaction in 2024, likely due to discussions around tariffs (Gupta, 2025). For U.S. firms with foreign operations, they appear to have seen negative stock returns following both elections, but to a lesser extent in 2024. When it comes to company board composition, the initial reaction was negative in 2024 for firms with a higher share of female board members; in contrast, the effect observed was statistically insignificant in 2016. Overall, our research shows that while corporate tax rates can be a key factor in explaining stock reactions, as observed for 2016, there are other factors or characteristics that may have played a bigger role in explaining stock reactions in 2024.

Background

Global Events and Trends

The global political and economic environment has changed significantly between the years 2016 and 2024. The election of Trump in 2016 was unexpected by many, yet this was not the only political upset to occur in that year - another significant event was that voters in the United Kingdom unexpectedly voted to leave the European Union (EU). The so-called "Brexit", or the actual leaving of the EU, did not occur immediately however, and was not finalised until 2020. This led to increased uncertainty regarding future trade relations between the UK and the EU as well as uncertainty regarding the future prospects of the EU (European Council, n.d.b). The increased uncertainty also contributed to rising populism, especially in Europe, which has seen an increase in support for populist politicians (Mudde, 2016). This, in combination with Trump's election, shaped a large part of the political and economic landscape during 2016.

Halfway in between the two presidential elections in which Trump emerged victorious was one in which he lost to Joe Biden. This election cycle occurred in the middle of the COVID-19 pandemic which had begun in early 2020. The pandemic affected all aspects of society, including major restrictions on both the economy as well as individuals' freedom. In the U.S., the measures implemented to control the virus greatly varied between states, and certain related topics such as wearing masks became highly politicized (Scoville et al., 2022). In the five years since, more than 7 million people have died from COVID, with 1.2 million of those deaths occurring in the U.S. (World Health Organization, 2025).

During Biden's presidency, Russia commenced their attack on Ukraine in 2022 (The Institute for the Study of War, 2022). This led to increased uncertainty worldwide. Given Russia's importance as an exporter of fossil fuels, energy prices were heavily affected as countries chose to sanction Russian exports. The global prices of food were also impacted, both directly as well as indirectly (European Council, n.d.a). However, the Russo-Ukrainian war was not the only conflict to blaze up during Biden's presidency; in October 2023, following an attack by Hamas on Israel, a full-scale war erupted which further heightened the global uncertainty (Shotter and England, 2023).

These events in combination with the support packages implemented by governments to combat the adverse economic effects attributable to the pandemic contributed to rising inflation (Soyres et al., 2022). This led central banks to hike interest rates, further spurring the economic downturn present since the onset of the pandemic (Adrian and Natalucci,

2022). During this time, a silver lining has been the rise of Artificial Intelligence (AI) which has become more accessible, and its future potential has been heralded by many. Clearly, there have been major events between Trump's two presidencies, which makes it interesting to analyze the difference in the stock price reactions between these two events.

Election Promises

One defining characteristic about the election cycles in which Trump was elected were the drastic differences in campaign promises between the two candidates. The topics discussed in this section are summarized in Table 1.

Table 1. Summary of Election Promises Attributed to U.S. Presidential Candidates in the 2016 and 2024 Elections

	2016	2024
Candidates	Donald Trump & Hillary Clinton	Donald Trump & Kamala Harris
Taxes	Trump supported significantly reducing tax rates through the TCJA	Trump proposed to keep the reduced tax rates and potentially lowering them further, while Harris suggested raising tax rates
Energy	Trump was in favour of supporting coal and oil whereas Clinton emphasized transitioning to green energy	Trump continued to be in favour of oil and wanted to remove clean energy programmes, in contrast to Harris
Foreign policy	Trump emphasized America First whereas Clinton wanted to focus on diplomatic relationships	Trump, once again, had a more isolationist approach, whereas Harris focused on maintaining strong alliances
DEI	While Trump did not mention DEI as much during the 2016 election campaign, there was some controversy regarding his stance on issues related to gender equality	Trump would most likely scale back on DEI spending, in contrast to Harris, who promoted reducing discrimination and harassment

Note: One of the most notable aspects of the U.S. presidential elections in 2016 and 2024 was the stark differences between the two candidates in terms of policy opinions and campaign promises. The candidates' diverging views on some prominent topics are summarized here.

Considering the 2016 election, in which Trump defeated Hillary Clinton, corporate taxation was perhaps one of the most frequent topics of discussion. Wagner et al. (2018) addressed this in detail; at the time of the 2016 election, the last major corporate tax reform had been enacted in 1986. Some of the proposals put forward by Trump as well as House Republicans

in 2016 included, but were not limited to, significantly reducing the federal corporate tax rate, allowing certain firms to expense, rather than depreciate, capital expenditures alongside a limit on interest expense deductibility, and taxing accumulated foreign earnings (Wagner et al., 2018).

Another important area where Clinton and Trump had differing views was energy and the climate. Clinton supported the Paris Agreement enacted in 2015 while Trump promised to leave it. Trump also wished to terminate various environmental regulations to fuel more coal and oil activities, whereas Clinton wanted to lead the U.S. into a green transition and reduce energy waste (Grunwald, 2016, Prysby et al., 2017).

Foreign policy also differed between the candidates in 2016. Trump criticized the role that the U.S. had played internationally and its commitments to organizations such as NATO. At the same time, he supported increased military spending and had a strong emphasis on the United States (Prysby et al., 2017). This is perhaps most adequately summarized through one of his main mottos: 'America First'. In contrast, Clinton emphasized building international diplomatic relationships (Grunwald, 2016). Yet, another example of this was the difference in their immigration policies; while Trump focused on limiting immigration by proposing to construct walls on U.S. international borders, Clinton instead proposed reforming existing immigration policy to simplify the process of obtaining citizenship (Prysby et al., 2017).

While there was more focus on diversity, equity and inclusion (DEI) in the 2024 election campaign, there was also a lot of controversy regarding Trump and his view on gender equality during the 2016 election campaign (BBC News, 2016).

When looking specifically at the 2024 election cycle, the campaign promises of Harris and Trump were contradictory in multiple ways, echoing a key takeaway from the 2016 election. One such aspect was taxation. Kamala Harris advocated for introducing higher tax rates for corporations and high-income workers. Specifically, the corporate tax rate would be raised from 21% to 28% and the tax rates on capital gains would also be increased, including a potential tax on unrealized capital gains. In contrast, the tax rates for middle-class families, small businesses, and start-ups would be lowered (Ferrante, 2024). In comparison, Trump proposed to make parts of the TCJA, which he himself signed into law in 2017, permanent. While the reduction in corporate tax rate implemented by this legislation was permanent, Trump has recently suggested that it be lowered even further, from the current 21% to 15%, which would apply specifically to domestic firms (Ferrante, 2024).

The proposed policies regarding energy also differed between the two candidates. Harris has supported several programmes focusing on developing clean energy and she

suggested imposing restrictions on fossil fuels. In contrast, Trump continues to encourage more oil and gas drilling within the U.S. and has announced plans to remove clean energy programmes. Trump also expressed a wish to develop nuclear energy within the U.S. (Maizland, 2024a and Maizland, 2024b).

Another aspect was also foreign policy. Harris represented a more active approach in foreign conflicts, such as the Russo-Ukrainian war, where she pledged to continue supporting the Ukrainian forces. Trump, on the other hand, represented a more isolationist approach, considering the wish to withdraw forces from countries such as Iraq and Syria. Regarding the Russo-Ukrainian war, Trump did not pledge to support Ukraine with any further military aid if reelected. Instead, he demanded that European countries increase their support. While Trump promised to allocate more resources to strengthen the U.S. military, he also questioned alliances such as NATO. His main critique was that the other NATO members were not meeting or exceeding the GDP spending guideline for NATO member nations. In comparison, Harris was a stronger advocate for the NATO alliance and other military alliances in general. During the Biden administration, military cooperation was strengthened with several countries (Maizland, 2024a and Maizland, 2024b).

Tariffs have also been an important topic during the 2024 election cycle. Trump proposed to introduce several tariffs on worldwide imports, though imports from China would be especially targeted (Ferrante, 2024). More specifically, Trump pledged to match the respective countries' own tariffs. He also announced that he would withdraw from trade unions and organizations such as the Indo-Pacific Economic Framework and WTO. While Harris also supported implementing tariffs, these were more modest in comparison to the proposals made by Trump. In addition, while she agreed that the U.S. had been disfavoured in some of the agreements, she wanted to focus on renegotiating the terms rather than abandoning them. Specifically, she wished to protect American workers and keep China at bay through tariffs. Her stance was that previous trade agreements have targeted corporate profits while not taking into account the negative effects it has had on U.S. workers and the climate (Maizland, 2024a and Maizland, 2024b).

DEI was another aspect where Trump and Harris diverged. Scaling back on DEI would most likely be one of Trump's goals if he won the election. During his first term in office, the Trump administration imposed a ban to prevent bias and diversity training in the federal government, which served as an indication of the politics that Trump may promote during his second term. Additionally, before Trump took office after winning the election in 2024, the Republicans reportedly prepared an executive order to remove DEI programmes

(Yoshino et al., 2024). In contrast to Trump's stance on DEI, Harris promoted reducing discrimination and in the past she worked to extend anti-harassment laws while she was a senator. The two candidates embody different politics with regards to DEI and this would likely impact how their administrations would operate (Reynolds Lewis, 2024).

Literature Review

U.S. Elections and Their Effect on Equity Prices

One of the earlier works on U.S. presidential elections and their effect on stock price movements found that the stock market performs better after a Republican election victory compared to elections where the Democrats won. They also note that the incumbent party has a tendency to win the election if the stock market performs well the week before the election, versus a tendency to lose the election if the stock market performs badly the week before the election. There also appears to be a correlation between the margin of victory of the elected party and the change in the Dow Jones Index the day before the election (Niederhoffer et al., 1970).

A few decades later, Wagner et al. (2018) examined stock price reactions to Trump's 2016 election in the context of speculated legislative changes, such as lower corporate taxes, which Trump had expressed support for during his campaign. Theoretically, corporate tax cuts are generally good for business and thus one would expect a positive reaction. In the paper, the authors found that firms with high effective tax rates responded positively. In addition, domestically-oriented companies fared better in the election aftermath than their internationally-oriented counterparts.

On a related note, opinion polls have been seen to be correlated with the stock prices before an election. Herold et al. (2021) reports that most industries in the 2016 election experienced a negative effect following opinion polls suggesting that Trump would win the election. One exception from this was the financial industry, which experienced a positive effect. Another study notes that during the election campaign, Trump promised to lower the regulations that were implemented for Global Systemically Important Banks (G-SIBs) following the 2008 financial crisis. After the election of Trump, banks on a global scale saw a positive share price effect, though banks that classify as G-SIBs gained the most (Hachenberg et al., 2017).

Unsurprisingly, politics is a source of uncertainty that affects the stock market as well. This is true both for regular and midterm elections (Chan and Marsh, 2021). While elections

appear to affect stock markets, there is also a possibility that stock markets affect elections. Crane et al. (2024) found evidence that supports this view. Specifically, counties in the U.S. with high voting participation are more likely to vote for the incumbent party, compared to low-participation counties, when the market has performed well. Stock returns, which are both subject to unique shocks as well as dependent on economic conditions, thus have an important impact on voting. In conclusion, there seems to be a link between elections and stock price returns documented in previous research.

Board Composition and Equity Prices

To the best of our knowledge, there is scarce research on how board demographics, as in board gender diversity, impacts stock price movements following elections. There is however more general research on board diversity and stock price performance. In a study by Ahern and Dittmar (2012), they found a negative effect on stock price performance as well as on firm value measured through Tobin's Q after Norway introduced a mandatory board gender quota in 2003. The quota led to male directors being replaced by female ones. Additionally, the female directors were substantially different from their male counterparts considering their younger age, higher level of education and them having less experience being directors. After the quota was passed, firms increased their leverage, firm size, number of acquisitions as well as lowering their cash holdings. This evidence seems to suggest that this mandatory board quota had an overall negative effect on the Norwegian firms included in the study.

Board size and composition are important factors for board effectiveness. While outside board members may be more independent in relation to the CEO, inside board members are likely to possess more proprietary information. Transaction costs are also likely to be lower among inside board members. Additionally, the optimal board structure can vary within different industries and depending on firm characteristics (Raheja, 2005). However, Duchin et al. (2010) found that on a general level, the effect of adding an outside board member seems to be negligent but when the information cost is low the effect appears to be positive. When the information cost is high for outside board members, the effect on firm performance seems to be negative.

The size of the board also seems to be related to firm performance, where larger boards are negatively correlated with firm performance measured through Tobin's Q (Yermack, 1996). This effect seems to be robust to the possibility that poorly performing firms may increase the board size to manage the difficulties. Companies with smaller boards also appear to fire poor performing CEOs to a greater extent and have CEO compensation

that tracks company performance more closely (Yermack, 1996). One potential explanation for the positive effect of smaller boards on firm performance could be the higher information cost that may arise with larger boards (Cheng et al., 2008).

From an empirical standpoint, measuring the effect of board composition is difficult and poses endogeneity issues that are hard to control for unless there is some exogenous variable. In our study, the exogenous part of the study will be the election of Trump considering that the results should not have been priced in by the stock markets in advance. We will extend this line of research by examining the effect of the election in 2016 as well as in 2024 on stock performance for firms with different board compositions.

Taxation and the Effect on Equity Prices

Taxation has an impact on firm value, and since tax policy is highly linked to election outcomes, it is interesting to study it in relation to Trump's elections (Graham, 2003). Much of the previous research linked to taxation and firm value concerns dividends and debt, such as Fama and French (1998 and 2002), rather than the effect of changes to tax policy. Lang and Shackelford (2000) on the other hand, examine the impact of capital gains taxes on equities with respect to the May 1997 budget accord, which reduced the long-term capital gains tax rate to 20%. They found results consistent with equity market values pricing in expected capital gains taxes, which resonates theoretically given that a capital gains tax reduction increases market value.

A later study found that the 2003 Jobs and Growth Tax Relief Act, which included tax cuts, led to increased share prices for firms that are regular dividend payers. This result suggests that this increase was due to a rise in the value of future dividends, rather than a reduction in the cost of capital, which would instead have resulted in a boost of investments. For firms that do not pay out dividends, the results were more ambiguous (Auerbach and Hassett, 2006).

Sialm (2009) investigates two competing hypotheses on the relationship between equity prices and taxes. The empirical results were consistent with the so-called tax capitalization hypothesis, which states that equity valuation measures are inversely related to taxes. This is in contrast to the tax irrelevance hypothesis, which instead stipulates that taxes have no impact on equity prices or returns. Overall, there appears to be a significant relationship between before-tax abnormal asset returns and effective tax rates (Sialm, 2009).

In conclusion, there is much research with regards to not just equities and taxes, but also many different firm characteristics and factors that may be connected to firm value.

There has also been much research done related to stock prices and elections, notably on when Trump was first elected in 2016. However, there is not yet much research regarding his second election. Hence, we will now proceed into detailing our methodology, as well as hypotheses for our empirical analysis.

Research Questions & Hypotheses

The questions that we aim to explore in this thesis include a more detailed analysis of the effect of the 2016 and 2024 U.S. presidential elections on U.S. stock performance. Our research questions that we strive to answer are the following:

1. *Has there been a significant difference in the stock market reaction following the 2016 and the 2024 U.S. presidential elections?*
2. *Is there a difference depending on industry, tax situation or board gender composition?*

We do this by extending the research done by Wagner et al. (2018) and hence comparing the stock market reactions following the election in 2016 with those observed following the election in 2024. Specifically, we will replicate part of their study and examine the effect of tax rates on stock price performance. Given Trump's election promises and public attitudes with regards to business and corporate tax policy, we expect to see an overall positive stock market reaction in both elections.

We also aim to provide a more detailed answer by separating firms that may be more sensitive to changes in trade policy, given Trump's focus on tariffs. We predict that these more sensitive or vulnerable industries may have experienced a more negative stock price reaction following the elections. We also supplement this by examining whether firms with more foreign operations react differently to their domestic counterparts, and predict that foreign operations are associated with a negative stock price reaction following both elections.

Additionally, we will also analyze whether there is a difference depending on the gender composition on firm boards. For this, we expect a negative stock price reaction following the elections for firms with more females on the board. Firms with these characteristics may work more actively with DEI, which came under scrutiny by Trump

during his first term in office and even more so during the 2024 election campaign (Price and Miller, 2025).

We anticipate that the initial aggregate stock market reaction to Trump's reelection in 2024 was not as significant in magnitude as the reaction in 2016, considering that the 2016 election was even more unexpected. However, we still expect to observe at least some sort of reaction given the previously discussed element of surprise in his elections.

Data and Methodology

Data Sources

The data that we employ for regression analysis includes values for the S&P 1500 total return index, which we obtained from the S&P Global website (S&P Global, n.d.). The risk-free rate used is the one month T-bill rate, which we obtained from Federal Reserve Economic Data (FRED, n.d.). For stock data, we used the CRSP database to obtain daily closing stock prices as well as Compustat for gathering firm fundamentals and financial data, all accessible through WRDS (Wharton Research Data Service, n.d.).

Additionally, we also utilized Eikon to access the constituent list of the S&P 1500 index, as per the 2016 election date - November 8, 2016. We used this constituent list to filter out the relevant stocks from the original dataset obtained through CRSP for all our regressions in order to enhance comparability with the analysis done by Wagner et al. (2018).[3] Eikon was also used to collect data on board structure for the S&P 1500 constituents. Wagner et al. (2018) used the Russell 3000 constituent list but due to lack of data availability, we were not able to obtain this list. The key difference between these two indices is the number of constituents - 3,000 versus 1,506 - though both aim to cover a significant portion of the U.S. equity market.

For firm characteristics, including board data, we used values per 2015-12-31 similarly to Wagner et. al (2018). However, as not all companies report values per that date, we also allow data to be used that is within a 6 month interval from this date if data per 2015-12-31 was missing. For the election in 2024, we followed the same approach and collected data per 2023-12-31. For a comprehensive list of the variables used in this analysis and underlying formulas, please see Appendix 3.

[3] We used the same constituent list to filter out data for all regressions, however, this resulted in a smaller sample size for the 2024 data. However, we do not think this affected our results in a significant manner given that we still have at least several hundred observations per regression.

Variable Calculations and Methodology

The dependent variable in our regressions is raw stock returns as well as CAPM-adjusted returns. Wagner et al. (2018) also calculates 3-factor Fama-French adjusted returns, but we chose to exclude these from the scope of our analysis due to limited data availability in the Fama French data library. To measure the stock returns, we follow the methodology of Wagner et al. (2018) and filter out all stocks below USD 5 and we use different time windows. We have three main time windows: the day following the election, from the day following the election until December 30th and from the day following the election until February 28th. Wagner et al. (2018) also had a time window from the day following the election until April 28th, however we only recreated that time-window when analyzing the 2016 election separately due to data availability at the time of writing.

To calculate the raw returns, we divide each stock's price with the stock price the day before and subtract one to obtain the daily change in decimal terms. For the time windows longer than the day immediately following the election, we calculate cumulative returns. The CAPM-adjusted returns are calculated through multiple steps, starting with taking each stock's raw return and subtracting the risk-free rate to obtain the stock's excess return. We then regress the individual stock's excess return on the S&P 1500 index excess return from 2015-10-01 until 2016-09-30 in order to obtain each stock's beta for the 2016 election. For the election in 2024, we recalculate the betas using a period between 2023-10-01 until 2024-09-30. We then arrive at the CAPM-adjusted returns by subtracting the expected excess return, which is stock beta multiplied by index excess return, from each stock's actual excess return, as detailed in Appendix 3.

Summary statistics for the stock returns can be seen in Tables 2 and 3, within Panels A and C, respectively. All stock returns are presented in percentage points throughout the paper. When comparing our summary statistics for the 2016 election with Wagner et al. (2018), we observe similar values for the mean and median stock returns. However, Wagner et al. (2018) report higher maximum stock returns, which is expected considering that they used the Russell 3000 index encompassing a broader set of stocks.

In addition, summary statistics for the firm characteristics used in our analysis are shown in Tables 2 and 3, within Panels B and D, respectively. Additional calculations were performed on the firm characteristics data to obtain the independent variables; for example, Revenue Growth is calculated as the percent growth in sales between 2014-12-31 until 2015-12-31 (for 2016 election data), as well as between 2022-12-31 until 2023-12-31 (for

2024 election data). For firms that do not report values per those dates, we use the closest available dates to calculate the 1-year revenue growth but not longer than 6 months before or after the dates mentioned above.

Percent Profitability is calculated as pretax income divided by total assets and then multiplied by 100.

To capture the firm's tax exposure, we use Cash ETR (effective tax rate) which is calculated as income taxes paid divided by pretax income adjusted for special items and then multiplied by 100. Another measurement that we supplement this with is GAAP ETR which is calculated as total income taxes divided by pretax income. GAAP stands for Generally Accepted Accounting Principles, which is the accounting standard used in the U.S. and differs from IFRS.

Foreign Operations aims at capturing whether a firm has business abroad (i.e., outside the U.S.) and is calculated as foreign pretax income divided by total assets and then multiplied by 100.

Leverage is calculated as the sum of total long-term debt and total debt in current liabilities, divided by total assets and then multiplied by 100.

Interest Expense is calculated as total interest and related expense divided by total assets and then multiplied by 100.

We also use several data points related to board demographics in our analysis, in addition to the firm financials already discussed. Board Size captures the number of board members. Board Skills measure how many of the board members have either industry specific background or a strong financial background. Board Tenure measures the average number of years each board member has been on the board. Females on the Board represent how many of the board members are females.

Please see Appendix 3 for additional details and formulas on all the variables used in our analysis.

Table 2. Summary Statistics for 2016 (see detailed calculations and definitions in Appendix 3)

Panel A: 2016 stock returns	N	Min	P25	Mean	Median	P75	Max	Std.Dev
AR Nov 9	1367	-24.96	0.16	2.34	2.15	4.49	43.13	4.24
CAPM-adjusted AR Nov 9	1360	-27.16	-1.17	0.96	0.80	3.06	42.13	4.09
Cumulative return Dec 30	1361	-67.40	2.45	11.29	9.78	19.05	83.38	13.32
CAR (CAPM-adjusted) Dec 30	1354	-68.93	-3.08	4.48	3.58	11.08	65.22	11.85
Cumulative return Feb 2017	1352	-69.53	4.38	14.01	12.62	22.56	137.49	16.94
CAR (CAPM-adjusted) Feb 2017	1345	-72.19	-7.09	0.55	0.37	7.61	117.75	14.16
Cumulative return Apr 2017	1335	-66.63	4.04	14.61	13.66	24.30	142.78	19.20
CAR (CAPM-adjusted) Apr 2017	1328	-69.83	-8.25	0.02	-0.14	7.66	120.73	16.56
Betas	1361	0.12	0.88	1.13	1.11	1.34	2.85	0.38

Panel B: 2016 Firm characteristics	N	Min	P25	Mean	Median	P75	Max	Std. Dev
Market Value	1274	127	1222	14320	2814	10134	615336	41070
Percent Revenue Growth	1329	-64.18	-3.74	4.44	2.97	10.29	246.76	21.05
Percent Profitability	1348	-149.80	2.17	6.81	5.93	11.38	84.21	11.69
Cash ETR	1143	0.00	12.81	22.84	23.61	31.76	98.86	14.22
GAAP ETR	1136	0.00	24.34	29.63	31.80	36.48	96.95	12.70
Foreign Operations	815	0.00	0.64	3.53	2.16	5.07	41.46	4.14
Leverage	1344	0.00	0.09	0.26	0.25	0.38	2.80	0.21
Interest Expense	1200	0.00	0.40	1.20	1.01	1.71	11.59	1.05
CAPEX	1341	0.00	0.91	3.88	2.51	5.21	43.90	4.61
Females on the Board	1037	0.00	11.11	17.40	16.67	23.08	75.00	10.33
Board Tenure	1033	0.25	7.42	9.79	9.36	11.69	28.33	3.87
Board Size	1037	2.00	8.00	10.05	10.00	11.00	27.00	2.44
Board Skills	1037	0.00	40.00	54.19	54.55	69.23	100.00	20.86

When comparing our 2016 firm characteristics with those in Wagner et al. (2018), the mean and median values closely resemble their results for most variables. In general, our sample consists of slightly larger firms, which may explain why our revenue growth is lower. In line with Wagner et al. (2018), we restrict the sample for the variables Cash ETR and GAAP ETR to firms that have a positive pretax income and an effective tax rate below 100% in order to enhance comparability with their results. Due to lack of data availability, we have not fully replicated the summary statistics and regressions of Wagner et al. (2018). Specifically, we have excluded deferred tax assets and deferred tax liabilities as they used Bloomberg to access this data, as well as some of the variables related to foreign profits and foreign revenue. All our regressions have White heteroskedasticity consistent standard errors and fixed effects applied according to the Fama-French 30 industries classification.[4]

[4] When we downloaded the Fama-French 30 industries list from the Fama French data library, a few SIC codes were not included under any of the 30 categories. Therefore, we manually added them to the best-fitting category. Specifically, we categorized the SIC codes 3089, 3080, 3081, 3060 into 'Chemicals', the SIC-codes 3480 and 3990 into 'Construction and Construction Materials', and the SIC-codes 3760, 9997, 3050 into the 'Other' category.

Table 3. Summary Statistics for 2024 (see detailed calculations and definitions in Appendix 3)

Panel C: 2024 stock returns	N	Min	P25	Mean	Median	P75	Max	Std.Dev
AR Nov 6	1037	-20.52	0.56	4.37	3.95	7.39	42.10	5.64
CAPM-adjusted AR Nov 6	1036	-27.53	-1.69	1.70	1.32	4.60	39.07	5.52
Cumulative return Dec 30	1033	-80.96	-8.22	-1.44	-2.20	3.74	82.02	12.83
CAR (CAPM-adjusted) Dec 30	1032	-81.93	-10.03	-3.41	-3.90	1.76	79.54	12.59
Cumulative return Feb 2025	1031	-79.96	-12.24	-1.96	-2.52	7.61	123.98	18.18
CAR (CAPM-adjusted) Feb 2025	1030	-81.15	-14.70	-4.73	-5.12	4.75	117.73	17.84
Betas	1055	-0.31	0.65	0.98	0.97	1.27	3.51	0.50

Panel D: Firm characteristics	N	Min	P25	Mean	Median	P75	Max	Std. Dev
Market Value	971	121	2491	38300	6601	22797	3322626	173066
Percent Revenue Growth	1043	-81.24	-5.10	5.22	3.91	12.27	172.42	19.88
Profitability	1044	-75.82	1.94	6.78	5.54	10.66	55.83	8.88
Cash ETR	891	0.00	14.21	21.80	21.27	27.16	96.97	13.53
GAAP ETR	890	0.00	16.37	21.03	21.30	24.55	95.52	10.97
Foreign Operations	671	0.00	0.70	3.62	2.10	5.16	53.54	4.47
Leverage	1041	0.00	0.14	0.31	0.30	0.43	3.11	0.23
Interest Expense	926	0.00	0.64	1.50	1.29	1.99	11.73	1.23
CAPEX	1042	0.00	0.64	3.21	2.13	4.50	41.15	3.66
Females on the Board	893	0.00	25.00	31.83	30.77	36.36	80.00	9.28
Board Tenure	893	1.83	7.09	9.25	8.68	10.79	26.25	3.23
Board Skills	893	0.00	50.00	61.87	61.54	75.00	100.00	16.54
Board Size	893	5.00	9.00	10.38	10.00	12.00	23.00	2.14

Regressions

While we start with estimating the below regressions for the election in 2016 and the election in 2024 separately, our results and discussion in this paper will mostly revolve around the comparison between the two elections. The main regression that we aim to replicate from Wagner et al. (2018) regresses Cash ETR, Market Value, Revenue Growth and Profitability on raw stock returns as well as CAPM-adjusted returns. In line with Wagner et al. (2018), we supplemented this with a regression where we replace Cash ETR with GAAP ETR. This is another proxy for tax rate with the main difference being that Cash ETR captures what the firm actually paid in taxes, whereas GAAP ETR captures the taxes that they should pay based on their income statement. These regressions aim to capture the firm's tax sensitivity and its effect on stock returns.

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability + 2024\ Election\ Dummy \quad (1)$$

$$Stock\ returns \sim GAAP\ ETR + log(Market\ value) + Revenue\ growth + Profitability + 2024\ Election\ Dummy \quad (2)$$

In addition to these regressions and in line with Wagner et al. (2018), we also seek to examine whether firms with foreign operations display a stronger stock price reaction following the elections. We do this by adding the variable Foreign Operations. This results in the regression below:

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability + 2024\ Election\ Dummy + Foreign\ Operations \quad (3)$$

We also wish to examine if there is a stronger negative effect following the election in firms with more females on the board, considering that the two political candidates had differing politics in regards to DEI in both elections. To control for other factors that may also influence the stock price reaction in relation to board demographics, we added the variables Board Size, Board Skills as well as Board Tenure.

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability + 2024\ Election\ Dummy + Board\ Size + Board\ Skills + Board\ Tenure + Females\ on\ the\ board \quad (4)$$

We also established a trade-sensitive industries dummy to isolate the impact of the election on specific industries that can be classified as trade or tariff-sensitive. According to a report from MSCI, the U.S. exposure of global ex-U.S. firms comes from both revenue as well as the location of a firm's production facilities; for example, automobile manufacturers that produce vehicles in Mexico for the U.S. market could be impacted differently than firms that manufacture in Japan for the U.S. market (Gupta, 2025). The five industry groups that are classified as the most sensitive towards potential tariffs are Automobiles and Components, Capital Goods, Energy, Technology Hardware and Equipment, and Materials (Gupta, 2025). These are named and defined according to the Global Industry Classification Standard. For the purpose of our analysis, however, we use the Fama French 30 industries classification, which is sorted by Standard Industrial Classification codes, to select similar industries as those five mentioned above. Thus, we identified the following industry groups from the Fama French 30 list: Automobiles and Trucks, Fabricated Products and Machinery, Electrical Equipment, Petroleum and Natural Gas, Coal, Telecommunications, as well as Chemicals, Precious Metals, Non-Metallic, and Industrial Metal Mining as well as Paper. The

trade-sensitive industries dummy selects these industry groups for further examination and are assigned a value of 1 whereas all others are assigned a value of 0.

$$Stock\ returns \sim Cash\ ETR\ +\ log(Market\ value)\ +\ Revenue\ growth\ +\ Profitability \quad (5)$$
$$+\ 2024\ Election\ Dummy\ +\ Trade\ Sensitive\ Industries\ Dummy$$

To expand our analysis, we will test whether the stock price reactions differed in 2016 in comparison to 2024 by using a time dummy variable. This will have some similarities to a Difference-in-difference (DiD) regression with a before and after event but without a control group. To set up this time dummy, we have assigned a value of 0 to all stock return values for the first election in 2016, and assigned a value of 1 to all stock return values recorded during the second election in 2024. This applies to both raw and CAPM-adjusted returns across all defined time frames. The interaction term will be the time dummy variable and the variable of interest for the specific regression.

Results

From Table 2, we observe that the mean stock return was positive for all time periods following the election in 2016. Comparing this to 2024 which can be seen in Table 3, the mean stock return was initially positive for the day immediately after the election but became negative for the two subsequent time periods. This is congruent with the findings in our comparison regressions below as seen in Tables 4 through 8.

To elaborate, the *2024 Election Dummy* as defined in Appendix 3 is statistically significant and initially positive for the period November 6th but then turns negative for the periods ending December 30th and February 28th[5]. This finding is consistent across all comparative regressions discussed here as well as for both raw and CAPM-adjusted returns, as seen in Table 4 through 8. For example, the coefficient estimates for *2024 Election Dummy* in Table 4 for raw returns are 3.292 percentage points for specification 1, -9.307 percentage points for specification 2, and -13.060 percentage points for specification 3, respectively.

These estimates show a similar pattern in that the immediate general stock market reaction following the elections was initially more positive in 2024 relative to 2016, however

[5] In the comparison regressions, November 6th (Nov 6) refers to the day after the election for both 2024 and 2016. December 30th (Dec 30) refers to the time period between the day after the election until December 30th of that year for both 2016 and 2024. February 28th (Feb 28) refers to the time period between the day after the election until February 28th of the next year for both 2016 and 2024.

over time stock market returns in 2024 became relatively more negative, and even more so after Trump took office in January 2025.

The results from replicating the main table in the paper by Wagner et al. (2018), as seen in Table 10, show that a higher Cash ETR seems to be positively correlated with stock returns after the election in 2016. This means that firms paying more taxes saw a relatively larger stock price increase after the election in 2016, however this result is only significant at the 10% level. Following the 2024 election, Cash ETR does not seem to have had any statistically significant correlation with the stock prices. While Wagner et al. (2018) found that Cash ETR was highly significant for all their time periods, the difference in results that we obtain is likely because we use another index with fewer and larger constituents, which we address in more detail in the Discussion section.

First looking at the coefficient estimates for Cash ETR alone, as shown in Table 4, this variable is very statistically significant the day after the election, but this statistical significance fades over time. The coefficient for Cash ETR in specification 1 suggests that for each percentage point increase in Cash ETR, stock returns increase on average with 0.035 percentage points. This is 1.1% higher in relation to the sample mean of 3.22%.[6] However, the interaction term for this specification is not significant. For specification 2, the coefficient on Cash ETR is 0.058, which is 1% higher than the sample mean of 5.80%. Specification 4 suggests that for each percentage point increase in Cash ETR, stock returns increase by 0.037 percentage points on average, which is 2.9% higher compared to the sample mean of 1.28%. Overall, the Cash ETR coefficients have a positive correlation with stock returns as seen in Table 4 below.

The interaction dummy in Table 4 below, *Cash ETR:2024 Election Dummy*, is not statistically significant for specification 1, but it is for specification 2, with a corresponding coefficient estimate of -0.092. This implies that for firms in the 2024 election, the effect of Cash ETR was actually negative for the time period ending December 30th and had a combined impact of -0.034 percentage points for each percentage increase in Cash ETR. A similar trend is observed for all specifications in Table 4, even though not all are statistically significant. Hence, we can infer that on average Cash ETR appears to have a positive relationship with stock returns, however, when looking at the 2024 election specifically, the overall impact was relatively less positive compared to 2016, and in most cases, becomes negative.

[6] We divide the coefficient estimate by the sample mean for that specific time period in order to obtain the reaction relative to the sample mean in percentages. For example: 0.035/3.22 * 100 = 1.1%. The sample means for the comparison regressions can be seen in Table 20 in the appendix.

Table 4. Comparative regression for the 2016 and 2024 elections with Cash ETR as independent variable of interest. (Regression 1)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (1)	Dec 30 (2)	Feb 28 (3)	Nov 6 (4)	Dec 30 (5)	Feb 28 (6)
Cash ETR	0.035***	0.058*	0.030	0.037***	0.058**	0.032
	(0.013)	(0.031)	(0.040)	(0.013)	(0.029)	(0.035)
2024 Election Dummy	3.292***	-9.307***	-13.060***	2.109***	-4.909***	-3.201**
	(0.451)	(1.183)	(1.623)	(0.440)	(1.116)	(1.511)
log(Market Value)	-0.809***	-1.799***	0.029	-0.738***	-1.617***	0.226
	(0.064)	(0.195)	(0.249)	(0.064)	(0.183)	(0.229)
Revenue Growth	0.023***	0.046***	0.040	0.020***	0.039***	0.031
	(0.007)	(0.016)	(0.026)	(0.007)	(0.015)	(0.024)
Profitability	-0.026**	-0.066	-0.129**	-0.024*	-0.047	-0.085
	(0.013)	(0.041)	(0.054)	(0.013)	(0.039)	(0.053)
Cash ETR:2024 Election Dummy	-0.023	-0.092**	-0.142**	-0.030*	-0.086**	-0.127**
	(0.017)	(0.044)	(0.063)	(0.017)	(0.042)	(0.059)
Observations	1,891	1,887	1,878	1,891	1,887	1,878
Adjusted R^2	0.245	0.279	0.224	0.184	0.180	0.074
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (1) detailed in the methodology section using raw as well as CAPM-adjusted returns as the dependent variable. The time periods used consist of the day after the election, set as November 6th, 2024 and November 9th, 2016, respectively. The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year, and the day after the election through February 28th of the next calendar year. Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

In our second regression where we substitute Cash ETR with GAAP ETR, the results are slightly more statistically significant, at least immediately following the election in 2016 and for the period ending December 30th, as shown in Table 11. In 2024, there seems to be an initial positive correlation between stock prices and GAAP ETR, but this effect disappears after the initial day following the election, as shown in Table 16. Considering that Cash ETR was not statistically significant at all in 2024, as seen in Table 15, the immediate effect of GAAP ETR may potentially be capturing the effect of something else.

In Table 5, GAAP ETR appears to be statistically significant and positive for the two time periods ending November 6th and December 30th. Looking at specification 7, the coefficient on GAAP ETR is 0.039 suggesting that for each percentage increase in GAAP ETR, stock returns increase with 0.039 percentage points. Comparing this to the sample mean of 3.22% for this time period, this is 1.2% higher. A similar trend is observed for the same time period with CAPM-adjusted returns, as seen in specification 10, with a coefficient

estimate of 0.036, which is 2.8% higher compared to the sample mean of 1.28%. Note that the effect of GAAP ETR is not statistically significant for either set of returns for the period ending February 28th.

The interaction dummy seen in Table 5 below, *GAAP ETR:2024 Election Dummy*, suggests that there is no statistically significant difference in the effect of GAAP ETR on stock prices following the elections. None of the coefficient estimates for this interaction term are statistically significant, despite the fact that some of the coefficient estimates for GAAP ETR and 2024 Election Dummy are statistically significant on their own. Hence, the lack of statistical significance means it is difficult to infer anything on the economic impact of these variables.

Table 5. Comparative regression for the 2016 and 2024 elections with GAAP ETR as independent variable of interest. (Regression 2)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (7)	Dec 30 (8)	Feb 28 (9)	Nov 6 (10)	Dec 30 (11)	Feb 28 (12)
GAAP ETR	0.039**	0.093***	0.017	0.036**	0.075**	-0.011
	(0.015)	(0.034)	(0.055)	(0.015)	(0.031)	(0.048)
2024 Election Dummy	2.754***	-9.403***	-15.590***	1.411**	-5.557***	-6.492***
	(0.592)	(1.398)	(2.226)	(0.583)	(1.302)	(2.032)
log(Market Value)	-0.745***	-1.757***	0.106	-0.678***	-1.588***	0.275
	(0.066)	(0.201)	(0.256)	(0.065)	(0.188)	(0.236)
Revenue Growth	0.023***	0.036**	0.032	0.019***	0.030**	0.026
	(0.007)	(0.016)	(0.025)	(0.007)	(0.015)	(0.024)
Profitability	-0.026**	-0.077*	-0.119**	-0.024*	-0.058	-0.078
	(0.013)	(0.041)	(0.054)	(0.013)	(0.039)	(0.053)
GAAP ETR:2024 Election Dummy	0.012	-0.054	-0.012	0.013	-0.031	0.023
	(0.021)	(0.053)	(0.085)	(0.021)	(0.050)	(0.079)
Observations	1,875	1,871	1,861	1,875	1,871	1,861
Adjusted R^2	0.255	0.284	0.219	0.191	0.186	0.073
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (2) detailed in the methodology section using raw as well as CAPM-adjusted returns as the dependent variable. The time periods used consist of the day after the election, set as November 6th, 2024 and November 9th, 2016, respectively. The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year, and the day after the election through February 28th of the next calendar year. Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

In our third regression as seen in Table 6, we add the variable Foreign Operations to examine the impact of Trump's election on U.S. firms with foreign exposure. For the 2016 and 2024 elections, where we ran regressions separately for each election year, foreign operations seem to have an initial negative effect on the stock price, but this effect appears to disappear shortly after that. These results are detailed in the Appendices, specifically Tables 12 and 17.

For the comparison regression shown below in Table 6, Foreign Operations is statistically significant in four out of six specifications, and not statistically significant for the period ending February 28th. The coefficient estimates for this variable are negative across the board; for specification 14, Foreign Operations has a coefficient of -0.286 which is 4.9% lower compared to the sample mean. However, the interaction term, *Foreign Operations:2024 Election Dummy*, is statistically significant at a value of 0.407 resulting in a combined impact of 0.121, which gives a 2.1% higher stock return on average compared to the sample mean. This means that firms with foreign operations experienced a relatively more positive reaction in 2024 than in 2016.

We observe a similar pattern looking at the CAPM-adjusted return results and specification 17 specifically. The coefficient on Foreign Operations is -0.289, which is 27.3% lower compared to the sample mean of 1.06%. The interaction term is 0.356, which suggests a combined stock price impact of Foreign Operations in the 2024 election of 0.067 which gives a 6.3% higher stock return on average compared to the sample mean. Again, factoring in the impact of the interaction term means that the overall impact on stock prices is actually positive, different from what is implied by the coefficient on Foreign Operations alone.

Note that we chose to highlight these two particular specifications because they are the only two in Table 6 where the interaction term is statistically significant, and we can be confident in drawing insights from our results. Economically, it appears that firms with foreign operations were better off in 2024 compared to 2016 with regards to their stock market performance.

Table 6. Comparative regression for the 2016 and 2024 elections with Foreign Operations as independent variable of interest. (Regression 3)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (13)	Dec 30 (14)	Feb 28 (15)	Nov 6 (16)	Dec 30 (17)	Feb 28 (18)
Foreign Operations	-0.077*	-0.286**	-0.078	-0.088**	-0.289***	-0.099
	(0.043)	(0.119)	(0.170)	(0.042)	(0.110)	(0.153)
2024 Election Dummy	2.189***	-10.094***	-14.387***	0.835**	-5.587***	-4.165***
	(0.357)	(1.053)	(1.414)	(0.359)	(1.015)	(1.320)
Cash ETR	0.006	-0.029	-0.072	0.004	-0.020	-0.047
	(0.009)	(0.029)	(0.045)	(0.010)	(0.028)	(0.042)
log(Market Value)	-0.743***	-1.875***	-0.026	-0.650***	-1.655***	0.239
	(0.078)	(0.248)	(0.325)	(0.078)	(0.234)	(0.303)
Revenue Growth	0.002	0.036	0.042	-0.004	0.026	0.030
	(0.011)	(0.023)	(0.048)	(0.013)	(0.022)	(0.044)
Profitability	0.010	-0.024	-0.062	0.016	0.001	-0.008
	(0.015)	(0.047)	(0.072)	(0.015)	(0.046)	(0.071)
Foreign Operations:2024 Election Dummy	-0.018	0.407**	0.034	-0.046	0.356**	-0.023
	(0.054)	(0.181)	(0.224)	(0.055)	(0.173)	(0.209)
Observations	1,202	1,199	1,195	1,202	1,199	1,195
Adjusted R^2	0.225	0.229	0.187	0.165	0.129	0.045
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (3) detailed in the methodology section using raw as well as CAPM-adjusted returns as the dependent variable. The time periods used consist of the day after the election, set as November 6th, 2024 and November 9th, 2016, respectively. The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year, and the day after the election through February 28th of the next calendar year. Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

In our fourth comparative regression, we test whether the proportion of female board members in a firm has an impact on the stock price. When we ran separate regressions for the two elections, there did not seem to be any effect in 2016, but in 2024 there was a strong initial negative reaction as seen in Table 13 as well as Table 18. Specifically, in Table 18 and specification 89, we observe that for each percentage increase in females on the board of a firm, the average stock price return was 0.070 percentage points lower for the day after the election. Comparing this to the mean return of 4.37% the day after the election in 2016 as seen in Table 3, this suggests a 1.6% lower stock return for each additional percent increase in female board members. This is also observed for the same time period using CAPM-adjusted returns as seen in specification 92 where the coefficient estimate is -0.058, which compared to the mean stock return of 1.7% as seen in Table 3 implies a 3.4% lower stock return for each additional percent increase in female board members.

When we look at the comparison regression as seen in Table 7 below, the variable Females on the Board is not statistically significant for any regression except for specification 20, and only at the 10% level.

Table 7. Comparative regression for the 2016 and 2024 elections with Females on the Board as independent variable of interest. (Regression 4)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (19)	Dec 30 (20)	Feb 28 (21)	Nov 6 (22)	Dec 30 (23)	Feb 28 (24)
Females on the Board	0.024	-0.077*	-0.052	0.021	-0.059	-0.021
	(0.016)	(0.040)	(0.052)	(0.016)	(0.038)	(0.046)
2024 Election Dummy	6.332***	-12.951***	-16.844***	4.474***	-7.886***	-5.485*
	(0.678)	(2.320)	(3.013)	(0.683)	(2.231)	(2.865)
Board Tenure	0.024	-0.040	-0.084	0.033	-0.009	-0.022
	(0.030)	(0.102)	(0.125)	(0.030)	(0.096)	(0.116)
Board Size	0.324***	0.527***	0.452**	0.326***	0.459***	0.318*
	(0.052)	(0.159)	(0.198)	(0.051)	(0.148)	(0.179)
Board Skills	-0.022***	-0.023	-0.027	-0.022***	-0.023	-0.027
	(0.006)	(0.017)	(0.023)	(0.006)	(0.016)	(0.021)
Cash ETR	0.015	0.008	-0.029	0.014	0.010	-0.023
	(0.012)	(0.027)	(0.038)	(0.012)	(0.026)	(0.035)
log(Market Value)	-1.006***	-1.773***	-0.250	-0.909***	-1.546***	0.073
	(0.092)	(0.279)	(0.343)	(0.092)	(0.262)	(0.319)
Revenue Growth	0.031***	0.021	0.040	0.029***	0.021	0.040*
	(0.007)	(0.018)	(0.025)	(0.007)	(0.016)	(0.024)
Profitability	-0.009	-0.028	-0.060	-0.007	-0.018	-0.034
	(0.014)	(0.044)	(0.058)	(0.014)	(0.041)	(0.058)
Females on the Board:2024 Election Dummy	-0.117***	0.121	0.063	-0.099***	0.093	0.010
	(0.023)	(0.075)	(0.099)	(0.023)	(0.072)	(0.093)
Observations	1,543	1,540	1,536	1,543	1,540	1,536
Adjusted R^2	0.304	0.239	0.218	0.237	0.145	0.068
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (4) detailed in the methodology section using raw as well as CAPM-adjusted returns as the dependent variable. The time periods used consist of the day after the election, set as November 6th, 2024 and November 9th, 2016, respectively. The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year, and the day after the election through February 28th of the next calendar year. Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

However, we find more interesting results with regards to the interaction term, *Females on the Board:2024 Election Dummy* as seen in Table 7. For both raw and CAPM-adjusted returns, the interaction term is statistically significant and negative in magnitude for the day

after the election, implying that there was an initial negative shock for companies with female board members in 2024. For the other dates, the statistical significance disappears. For specifications 19 and 22, the coefficient estimates on this interaction term are -0.117 and -0.099, respectively. This means that for every 1% increase in the share of females on the company board, that company's stock would have performed 0.117 or 0.099 percentage points worse in the 2024 election than in the 2016 election, depending on the returns used for the dependent variable.

Economically, the results indicate that firms with more females on the board appear to have experienced lower stock returns following the 2024 election in contrast to the election in 2016 when this effect was not observed.

Lastly, we run a regression to examine trade-sensitive industries. As mentioned in Data and Methodology, we classified nine out of thirty groups from the Fama French 30 list as trade-sensitive to establish our trade-sensitive industries dummy variable. When running separate regressions for the two elections, as shown in Tables 14 and 19, the trade-sensitive industries dummy is statistically significant and positive immediately after the elections for the raw returns, as seen in specifications 63 and 95. However, the effect is not statistically significant for the CAPM-adjusted returns.

Looking at the comparison regression results below in Table 8, the coefficient estimates for the Trade-Sensitive Industries dummy appear to be more significant for raw returns than for CAPM returns, and the significance fades as the time frame is extended. The three specifications where this dummy is statistically significant are numbers 25, 26, and 28, where the coefficient estimates are 2.019, 5.180, and 1.053, respectively. Comparing these results to their respective sample means, specification 25 implies a 62.7% higher stock return for firms in trade sensitive industries. For specification 26, the result is 89.3% higher relative to the sample mean; for specification 28, the result is 82.2% higher relative to the sample mean.

The interaction term *Trade-Sensitive Industries Dummy:2024 Election Dummy* is not statistically significant immediately after the election but it is for the two time periods ending in December 30th and February 28th. Looking at specification 26, the interaction term is -6.116 indicating that firms classified as being trade sensitive on average experienced a combined impact on stock returns as -0.936 in 2024. Comparing this to the sample mean of 5.8%, this suggests that trade sensitive firms in 2024 experienced a 16.1% lower stock return. Overall, trade sensitive firms appear to have fared worse following the 2024 election compared to following the 2016 election.

Table 8. Comparative regression for the 2016 and 2024 elections with Trade-Sensitive Industries as independent variable of interest. (Regression 5)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (25)	Dec 30 (26)	Feb 28 (27)	Nov 6 (28)	Dec 30 (29)	Feb 28 (30)
Cash ETR	0.026***	0.020	-0.028	0.025***	0.022	-0.020
	(0.010)	(0.024)	(0.033)	(0.010)	(0.022)	(0.030)
log(Market Value)	-0.812***	-1.822***	0.006	-0.741***	-1.637***	0.208
	(0.065)	(0.195)	(0.250)	(0.064)	(0.184)	(0.230)
Revenue Growth	0.023***	0.048***	0.042	0.020***	0.042***	0.033
	(0.007)	(0.016)	(0.026)	(0.007)	(0.015)	(0.024)
Profitability	-0.023*	-0.053	-0.111**	-0.021	-0.035	-0.070
	(0.013)	(0.041)	(0.054)	(0.013)	(0.038)	(0.053)
2024 Election Dummy	2.797***	-10.392***	-15.522***	1.441***	-6.022***	-5.573***
	(0.246)	(0.680)	(0.905)	(0.244)	(0.650)	(0.844)
Trade-Sensitive Industries Dummy	2.019***	5.180**	4.558	1.053*	2.709	0.287
	(0.581)	(2.620)	(2.810)	(0.539)	(2.482)	(2.597)
Trade-Sensitive Industries Dummy: 2024 Election Dummy	-0.178	-6.116***	-4.677**	-0.129	-5.165***	-3.106*
	(0.453)	(1.402)	(1.925)	(0.459)	(1.290)	(1.780)
Observations	1.891	1.887	1.878	1.891	1.887	1.878
Adjusted R^2	0.244	0.283	0.223	0.183	0.184	0.072
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (5) detailed in the methodology section using raw as well as CAPM-adjusted returns as the dependent variable. The time periods used consist of the day after the election, set as November 6th, 2024 and November 9th, 2016, respectively. The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year, and the day after the election through February 28th of the next calendar year. Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Robustness Check

As a robustness check, we winsorize the stock return data at the 99% and 1% level, similar to the process shown in Wagner et al. (2018), in order to account for outliers or extreme values. Table 9 below details the interaction terms obtained from regressions using the winsorized data. The control variables applied in these regressions are the same as those stated in the Data and Methodology section for each regression.

Overall, we conclude that the winsorizing process increases the statistical significance of the interaction terms and changes some coefficients slightly. However, it does not significantly affect the interpretation of any of the interaction terms.

Table 9. Comparative regression for the 2016 and 2024 elections with winsorized data. (Regressions 1-5)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6	Dec 30	Feb 28	Nov 6	Dec 30	Feb 28
Cash ETR:2024 Election dummy	-0.028*	-0.092**	-0.155***	-0.035**	-0.085**	-0.143***
	(0.016)	(0.042)	(0.057)	(0.015)	(0.040)	(0.052)
GAAP ETR:2024 Election dummy	-0.0004	-0.064	-0.045	-0.001	-0.042	-0.017
	(0.019)	(0.051)	(0.075)	(0.018)	(0.048)	(0.067)
Foreign Operations:2024 Election dummy	-0.019	0.450***	0.017	-0.054	0.394**	-0.023
	(0.050)	(0.171)	(0.218)	(0.050)	(0.165)	(0.203)
Females on the Board:2024 Election dummy	-0.115***	0.135**	0.068	-0.097***	0.108*	0.018
	(0.021)	(0.068)	(0.093)	(0.021)	(0.064)	(0.085)
Trade-Sensitive Industries dummy:2024 Election dummy	-0.084	-5.943***	-4.951**	-0.078	-5.060***	-3.421**
	(0.439)	(1.279)	(1.807)	(0.444)	(1.206)	(1.650)

Note: This table presents the interaction term results from OLS regressions using raw as well as CAPM-adjusted returns as the dependent variable. The regression formulas and control variables for each regression is as described in the methodology section, and mimics the formulas used for the results presented in Tables 4-8. The time periods used, fixed effects, and standard error settings are the same as presented in Tables 4-8. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016, winsorized at the 99% and 1% level.

*p<0.1; **p<0.05; ***p<0.01

Discussion

Regression Results

Overall, our results suggest that there was a difference in stock price reactions between the election in 2016 compared to 2024. Taxes appear to have had an effect on stock returns following the election in 2016, yet our results are not as statistically significant as those found by Wagner et al. (2018) which makes it harder to draw an equally strong conclusion as they do. One reason why the impact of taxes may not have been as large in 2024 could be that corporate tax rates were already greatly reduced in 2017 during Trump's first term and that he had signalled he would not change taxes dramatically if he were to win the election in 2024. In addition, the reduced effect could be due to the fact that Trump had already been in the Oval Office once before when re-elected in 2024, so markets would have had a better idea of how to price in additional volatility related to his reelection and proposed policies. For Cash ETR, the interaction term is negative, as seen in Table 4. Given that Cash ETR appears to

have a positive effect on stock prices in 2016 as seen in Table 10, we interpret this to suggest that the effect of taxes on stock returns was relatively more negative in 2024 compared to 2016.

A possible explanation is that the corporate tax cut passed as part of the TCJA in 2017 was permanent. This reduced the ambiguity for corporations regarding Trump's intentions in terms of tax policy. In other words, during the 2016 election campaign, Trump promised to decrease taxes; but in the 2024 campaign, he merely promised to maintain the current 21% rate or potentially lower it. This implies that no significant tax increases were expected by the stock market given his victory. Nonetheless, an initial effect of GAAP ETR in 2024 is seen in Table 5 as well as Table 16. This reaction may be due to the stock market becoming reassured that no tax increases were likely to take place given that Harris lost the election. Yet, the results seem slightly contradictory given that Cash ETR is not statistically significant for 2024 whereas GAAP ETR is. Nonetheless, the effect of taxes seems to have been stronger in 2016 given that it was associated with anticipated tax relief instead of just absence of tax hikes as in 2024.

Firms with more foreign operations experienced an increase in uncertainty which led to a negative impact on stock performance following both elections in which Trump won. However, comparing the stock returns across 2016 and 2024 gives mixed results given that the interaction term is not significant in all cases. Yet, it appears as if firms with foreign operations may have been somewhat better off in 2024 compared to 2016, which is slightly surprising given Trump's isolationist politics. In contrast, firms classified as being within trade-sensitive industries faced a stronger negative stock price effect after the election in 2024. Trade sensitive industries may experience the effect of potential tariffs and other trade restrictions stronger than firms that simply have foreign operations. As such, foreign operations may be an imperfect proxy when it comes to capturing the effect on firms that depend on international trade. Additionally, while Trump did implement tariffs during his first presidency, the attention given to tariffs has been more intense during the 2024 election cycle, which may explain why trade sensitive industries appear to have been more adversely affected following it.

Lastly, it also seems as if firms with more females on the board saw a negative stock price reaction following the 2024 election. We find these results interesting considering Trump's critique of DEI. Firms with more females on the board may be working more actively with issues related to DEI, or alternatively, firms working more actively with DEI may have more females on the board. If this is the case, it could explain the results that we

observe immediately after the 2024 election. Furthermore, DEI has been given substantial attention in the 2024 election cycle which could explain why this effect was not observed to the same extent in 2016.

Methodology and Potential Issues

Based on the above discussion, a contrast that can be observed between our results and those presented by Wagner et al. (2018) is that the coefficient estimates in their regressions had a stronger level of statistical significance compared to ours. Comparing the effect they found of Cash ETR on stock price movement, similar coefficient estimates are seen on a general level, yet the statistical significance of those estimates in the Wagner paper were not possible to replicate by us. A potential reason for this difference is that we use another index with fewer observations in our analysis. Yet, given the strong statistical significance found by Wagner et al. (2018), one might expect that this would still be possible to observe using another sample. Given that this is not the case, it may suggest that the different results could be driven by the differences in the indices. We infer that the S&P 1500 index on average consists of larger firms compared to the Russell 3000. Thus, there may potentially be systematic differences among the smaller companies that we do not account for.

As previously discussed, Wagner et al. (2018) use the Russell 3000 index while we use the S&P 1500 index. The reason behind this deviation is that we were unable to access the constituent list of the Russell 3000 index. In spite of this, we decided to use the S&P 1500 in our analysis since it tracks a significant portion of the investable U.S. equity market. The S&P 1500 index covers about 90% of the investable U.S. equity market, while the Russell 3000 index covers around 98% (S&P Global, n.d.; FTSE Russell, n.d.). However, this discrepancy inherently poses a problem in replicating their exact methodology and results. Therefore, our efforts are rather to be seen as an extension of their work than a pure replication.

In addition, one of the sources that the authors of Wagner et al. (2018) used for data collection was Bloomberg, which we do not have access to. While we had access to data through other resources, namely Eikon and WRDS, the authors of the aforementioned paper acquired data related to certain tax assets and liabilities through Bloomberg, which we were unable to do. Hence, we decided not to attempt to replicate some regressions from Wagner et al. (2018) related to this, as well as various measures of foreign operations or exposure,

because we could not obtain enough reliable data. We did attempt to retrieve data on taxes and foreign operations from the databases available to us, but much of that data had numerous missing values for the firms in our sample. Including that data would not have added much to the analysis considering the lacking quality.

To evaluate the robustness of our results beyond our base regression settings of applying fixed effects by industry and using heteroskedasticity robust standard errors, we re-ran the regressions using winsorized return data to see if our previous results held. Overall, we found that our results did hold, and the levels of significance for the coefficient estimates increased when using winsorized data instead. This finding is in line with the results presented in Wagner et al. (2018), and is important because this suggests that extreme values in the dataset are not driving the results, rather it is the dataset as a whole.

Future Research

Overall, this research topic is relevant as it extends previous research as well as that it analyzes a current event. As mentioned, previous research has been done on Trump's election to the presidency in 2016, but not so much yet regarding 2024. However, there are multiple other factors that could influence stock price changes in connection to the time periods studied that we have not covered in our analysis, which creates opportunities for future research.

For example, it could be interesting to examine how stock prices change over a longer time period, especially after the 2024 election, given that we were unable to run regressions for all time periods examined in Wagner et al. (2018). This could also provide an opportunity to examine the effect of different independent variables than the ones we chose to focus on, especially given the turbulence caused by new tariff policies. There are also many other potential topics relating to the U.S. stock market and elections that could be interesting to examine. Our research is focused on the impact of a U.S. election on U.S. stocks, though given how influential the U.S. is in a global context, it could also be interesting to examine the impact of a U.S. election on non-U.S. stocks.

Conclusion

In conclusion, this paper explores if there are any differences in stock price reactions following the U.S. presidential election in 2016 compared to the election in 2024. It can reasonably be said that both of Trump's election victories were a surprise and hence not fully

priced in by the stock market prior to election day. This makes the elections interesting events to analyze in combination with the generally heightened level of uncertainty in the world.

Overall, our results suggest that there was a difference in stock price reactions between the elections in 2016 versus 2024. Our main results indicate that the effects of taxes on stock price reactions appear to have been more important in explaining stock returns in 2016 compared to in 2024.

Foreign operations seem to have been correlated with some negative stock price reactions after both elections when analyzed separately. However, when comparing the two elections, while some evidence points to firms with foreign operations being better off in 2024, there is limited statistical significance to support this. Industries classified as being trade-sensitive had significantly more negative stock returns in 2024 compared to 2016, suggesting a heightened level of volatility for firms operating in industries more susceptible to tariffs.

Lastly, the number of females on the board of the firm did not have any significant effect on stock prices after the election in 2016. In contrast, it did have a negative stock price effect in 2024 immediately after the election. While our analysis does not allow us to pinpoint the exact cause of this, we hypothesize that it may be due to Trump's stance regarding issues related to DEI.

One general trend in our findings is that we do not fully achieve the same results found in Wagner et al. (2018) for time periods following the 2016 election. This could be due to multiple factors, some of which we may not have controlled for. However, despite this, we found our results to be robust through conducting regression analysis on a winsorized version of our dataset. This implies stability in our results and that the results discussed are not primarily being driven by outliers or extreme values.

One avenue for future research could be to replicate our regression methodology explained here on a dataset for Russell 3000 constituents instead. It could also be worthwhile to revisit this topic at a later date and analyze data over a longer time frame, especially following the 2024 election, to see if the trends observed in our results evolve in any way over the longer term. This would be particularly interesting given the continued source of uncertainty that Trump represents for the markets.

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Appendices

Appendix 1: Regression Results for Election Year 2016

Table 10. Regression for the 2016 election with Cash ETR as independent variable of interest. (Regression 6)

	Dependent variable:							
	Raw Returns				CAPM Returns			
	Nov 9 (31)	Dec 30 (32)	Feb 28 (33)	Apr 28 (34)	Nov 9 (35)	Dec 30 (36)	Feb 28 (37)	Apr 28 (38)
Cash ETR	0.024*	0.050	0.022	-0.041	0.025*	0.051*	0.027	-0.025
	(0.013)	(0.032)	(0.041)	(0.044)	(0.013)	(0.029)	(0.031)	(0.037)
log(Market Value)	-0.505***	-3.017***	-1.037***	-1.181***	-0.475***	-2.714***	-0.689**	-0.805**
	(0.075)	(0.232)	(0.307)	(0.368)	(0.074)	(0.211)	(0.289)	(0.336)
Revenue Growth	-0.001	0.020	-0.014	0.003	-0.003	0.008	-0.031	-0.018
	(0.010)	(0.024)	(0.030)	(0.033)	(0.010)	(0.022)	(0.023)	(0.027)
Profitability	-0.008	-0.057	-0.060	0.004	-0.002	-0.028	-0.001	0.052
	(0.017)	(0.046)	(0.058)	(0.072)	(0.016)	(0.042)	(0.056)	(0.066)
Observations	1.067	1.065	1.058	1.045	1.067	1.065	1.058	1.045
Adjusted R^2	0.129	0.250	0.101	0.062	0.112	0.223	0.068	0.042
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (6) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 9th, 2016 (Nov 9). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), the day after the election through February 28th of the next calendar year (Feb 28), and the day after the election through April 28th of the next calendar year (Apr 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 11. Regression for the 2016 election with GAAP ETR as independent variable of interest. (Regression 7)

	Dependent variable:							
	Raw Returns				CAPM Returns			
	Nov 9 (39)	Dec 30 (40)	Feb 28 (41)	Apr 28 (42)	Nov 9 (43)	Dec 30 (44)	Feb 28 (45)	Apr 28 (46)
GAAP ETR	0.035**	0.104***	0.024	-0.067	0.031**	0.080**	-0.016	-0.095**
	(0.016)	(0.036)	(0.057)	(0.060)	(0.015)	(0.032)	(0.036)	(0.043)
log(Market Value)	-0.455***	-2.954***	-0.981***	-1.269***	-0.433***	-2.689***	-0.708**	-0.951***
	(0.076)	(0.244)	(0.318)	(0.391)	(0.075)	(0.222)	(0.290)	(0.341)
Revenue Growth	-0.001	0.011	-0.026	0.003	-0.003	-0.0002	-0.040*	-0.016
	(0.010)	(0.025)	(0.029)	(0.033)	(0.010)	(0.023)	(0.023)	(0.027)
Profitability	-0.011	-0.069	-0.040	0.006	-0.005	-0.038	0.020	0.058
	(0.017)	(0.046)	(0.057)	(0.072)	(0.016)	(0.043)	(0.055)	(0.066)
Observations	1.057	1.055	1.047	1.034	1.057	1.055	1.047	1.034

Adjusted R^2	0.143	0.271	0.114	0.069	0.120	0.238	0.076	0.049
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

*p<0.1; **p<0.05; ***p<0.01

Note: This table presents the OLS regression (7) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 9th, 2016 (Nov 9). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), the day after the election through February 28th of the next calendar year (Feb 28), and the day after the election through April 28th of the next calendar year (Apr 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

Table 12. Regression for the 2016 election with Foreign Operations as independent variable of interest. (Regression 8)

	Dependent variable:							
	Raw Returns				CAPM Returns			
	Nov 9 (47)	Dec 30 (48)	Feb 28 (49)	Apr 28 (50)	Nov 9 (51)	Dec 30 (52)	Feb 28 (53)	Apr 28 (54)
Foreign Operations	-0.082*	-0.182	-0.024	0.431**	-0.090**	-0.211*	-0.086	0.304
	(0.043)	(0.125)	(0.180)	(0.216)	(0.042)	(0.117)	(0.161)	(0.188)
Cash ETR	0.007	-0.046	-0.045	-0.075	0.009	-0.031	-0.013	-0.036
	(0.013)	(0.036)	(0.053)	(0.057)	(0.013)	(0.034)	(0.044)	(0.051)
log(Market Value)	-0.480***	-3.042***	-1.055***	-1.188**	-0.441***	-2.687***	-0.609	-0.703
	(0.087)	(0.293)	(0.391)	(0.466)	(0.086)	(0.269)	(0.371)	(0.434)
Revenue Growth	-0.008	-0.002	-0.023	-0.017	-0.010	-0.014	-0.041	-0.036
	(0.010)	(0.031)	(0.056)	(0.054)	(0.011)	(0.029)	(0.034)	(0.040)
Profitability	0.002	-0.024	-0.071	-0.131	0.010	0.014	0.011	-0.044
	(0.016)	(0.052)	(0.079)	(0.106)	(0.016)	(0.051)	(0.077)	(0.090)
Observations	663	662	659	649	663	662	659	649
Adjusted R^2	0.157	0.252	0.077	0.084	0.149	0.220	0.045	0.057
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (8) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 9th, 2016 (Nov 9). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), the day after the election through February 28th of the next calendar year (Feb 28), and the day after the election through April 28th of the next calendar year (Apr 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 13. Regression for the 2016 election with Females on the Board as independent variable of interest. (Regression 9)

	Dependent variable:							
	Raw Returns				CAPM Returns			
	Nov 9 (55)	Dec 30 (56)	Feb 28 (57)	Apr 28 (58)	Nov 9 (59)	Dec 30 (60)	Feb 28 (61)	Apr 28 (62)

Board Size	0.328***	0.813***	0.720***	0.446*	0.307***	0.667***	0.455**	0.210
	(0.060)	(0.187)	(0.227)	(0.250)	(0.058)	(0.164)	(0.219)	(0.246)
Board Skills	-0.025***	-0.025	-0.011	-0.010	-0.025***	-0.025	-0.012	-0.009
	(0.008)	(0.020)	(0.027)	(0.030)	(0.008)	(0.018)	(0.022)	(0.025)
Board Tenure	0.0003	0.044	-0.032	-0.041	0.009	0.081	0.045	0.043
	(0.037)	(0.104)	(0.132)	(0.154)	(0.036)	(0.094)	(0.121)	(0.137)
Females on the Board	0.004	-0.004	0.035	0.009	0.005	0.002	0.040	0.017
	(0.017)	(0.042)	(0.054)	(0.060)	(0.017)	(0.039)	(0.046)	(0.052)
Cash ETR	0.004	0.029	0.026	0.025	0.005	0.032	0.032	0.034
	(0.018)	(0.039)	(0.049)	(0.051)	(0.018)	(0.035)	(0.036)	(0.041)
log(Market Value)	-0.695***	-3.317***	-1.886***	-1.462***	-0.638***	-2.865***	-1.200***	-0.800*
	(0.126)	(0.355)	(0.447)	(0.507)	(0.125)	(0.320)	(0.398)	(0.448)
Revenue Growth	-0.004	-0.003	0.004	0.019	-0.005	-0.010	-0.008	0.004
	(0.017)	(0.023)	(0.029)	(0.030)	(0.016)	(0.020)	(0.029)	(0.032)
Profitability	0.021	-0.013	0.004	0.006	0.024	0.003	0.042	0.040
	(0.021)	(0.049)	(0.060)	(0.076)	(0.020)	(0.043)	(0.062)	(0.070)
Observations	826	824	821	813	826	824	821	813
Adjusted R^2	0.156	0.267	0.122	0.081	0.135	0.234	0.077	0.052
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (9) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 9th, 2016 (Nov 9). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), the day after the election through February 28th of the next calendar year (Feb 28), and the day after the election through April 28th of the next calendar year (Apr 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 14. Regression for the 2016 election with Trade-Sensitive Industries as independent variable of interest. (Regression 10)

	Dependent variable:							
	Raw Returns				CAPM Returns			
	Nov 9 (63)	Dec 30 (64)	Feb 28 (65)	Apr 28 (66)	Nov 9 (67)	Dec 30 (68)	Feb 28 (69)	Apr 28 (70)
Cash ETR	0.024*	0.050	0.022	-0.041	0.025*	0.051*	0.027	-0.025
	(0.013)	(0.032)	(0.041)	(0.044)	(0.013)	(0.029)	(0.031)	(0.037)
log(Market Value)	-0.505***	-3.017***	-1.037***	-1.181***	-0.475***	-2.714***	-0.689**	-0.805**
	(0.075)	(0.232)	(0.307)	(0.368)	(0.074)	(0.211)	(0.289)	(0.336)
Revenue Growth	-0.001	0.020	-0.014	0.003	-0.003	0.008	-0.031	-0.018
	(0.010)	(0.024)	(0.030)	(0.033)	(0.010)	(0.022)	(0.023)	(0.027)
Profitability	-0.008	-0.057	-0.060	0.004	-0.002	-0.028	-0.001	0.052
	(0.017)	(0.046)	(0.058)	(0.072)	(0.016)	(0.042)	(0.056)	(0.066)
Trade-Sensitive Industries Dummy	1.560**	5.029	4.426	5.643	0.960	2.022	-1.144	-0.695
	(0.675)	(3.825)	(3.972)	(4.568)	(0.674)	(3.598)	(4.095)	(4.780)
Observations	1,067	1,065	1,058	1,045	1,067	1,065	1,058	1,045
Adjusted R^2	0.129	0.250	0.101	0.062	0.112	0.223	0.068	0.042
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (10) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 9th, 2016 (Nov 9). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), the day after the election through February 28th of the next calendar year (Feb 28), and the day after the election through April 28th of the next calendar year (Apr 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Appendix 2: Regression Results for Election Year 2024

Table 15. Regression for the 2024 election with Cash ETR as independent variable of interest. (Regression 6)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (71)	Dec 30 (72)	Feb 28 (73)	Nov 6 (74)	Dec 30 (75)	Feb 28 (76)
Cash ETR	0.018	-0.026	-0.065	0.020	-0.024	-0.061
	(0.015)	(0.037)	(0.058)	(0.015)	(0.037)	(0.056)
log(Market Value)	-1.217***	-0.531*	1.303***	-1.069***	-0.464	1.349***
	(0.109)	(0.293)	(0.407)	(0.107)	(0.289)	(0.400)
Revenue Growth	0.048***	0.101***	0.108***	0.040**	0.094***	0.101***
	(0.016)	(0.023)	(0.041)	(0.017)	(0.023)	(0.038)
Profitability	-0.022	-0.096	-0.240**	-0.024	-0.095	-0.234**
	(0.022)	(0.075)	(0.113)	(0.022)	(0.074)	(0.111)
Observations	824	822	820	824	822	820
Adjusted R^2	0.345	0.058	0.063	0.308	0.055	0.068
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (6) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 6th, 2024 (Nov 6). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), and the day after the election through February 28th of the next calendar year (Feb 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 16. Regression for the 2024 election with GAAP ETR as independent variable of interest. (Regression 7)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (77)	Dec 30 (78)	Feb 28 (79)	Nov 6 (80)	Dec 30 (81)	Feb 28 (82)
GAAP ETR	0.051***	0.054	0.031	0.052***	0.055	0.032
	(0.017)	(0.047)	(0.076)	(0.017)	(0.046)	(0.073)
log(Market Value)	-1.153***	-0.424	1.531***	-0.996***	-0.354	1.577***
	(0.112)	(0.295)	(0.419)	(0.110)	(0.290)	(0.412)
Revenue Growth	0.047***	0.092***	0.100**	0.038**	0.085***	0.092**

	(0.016)	(0.022)	(0.040)	(0.017)	(0.022)	(0.038)
Profitability	-0.023	-0.101	-0.263**	-0.028	-0.102	-0.258**
	(0.022)	(0.075)	(0.114)	(0.023)	(0.074)	(0.112)
Observations	818	816	814	818	816	814
Adjusted R^2	0.350	0.065	0.066	0.313	0.064	0.073
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (7) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 6th, 2024 (Nov 6). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), and the day after the election through February 28th of the next calendar year (Feb 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 17. Regression for the 2024 election with Foreign Operations as independent variable of interest. (Regression 8)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (83)	Dec 30 (84)	Feb 28 (85)	Nov 6 (86)	Dec 30 (87)	Feb 28 (88)
Foreign Operations	-0.090**	0.031	-0.068	-0.123***	0.008	-0.092
	(0.043)	(0.149)	(0.194)	(0.046)	(0.146)	(0.190)
Cash ETR	-0.007	0.010	-0.042	-0.007	0.009	-0.041
	(0.015)	(0.052)	(0.080)	(0.015)	(0.051)	(0.078)
log(Market Value)	-1.088***	-0.649*	1.153**	-0.910***	-0.557	1.228**
	(0.130)	(0.381)	(0.544)	(0.129)	(0.376)	(0.536)
Revenue Growth	0.013	0.085**	0.117*	0.003	0.076**	0.107*
	(0.023)	(0.038)	(0.061)	(0.026)	(0.037)	(0.057)
Profitability	0.020	-0.026	-0.090	0.021	-0.024	-0.084
	(0.028)	(0.085)	(0.141)	(0.027)	(0.084)	(0.138)
Observations	539	537	536	539	537	536
Adjusted R^2	0.286	0.053	0.040	0.230	0.046	0.043
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (8) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 6th, 2024 (Nov 6). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), and the day after the election through February 28th of the next calendar year (Feb 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 18. Regression for the 2024 election with Females on the Board as independent variable of interest. (Regression 9)

	Dependent variable:	
	Raw Returns	CAPM Returns

	Nov 6 (89)	Dec 30 (90)	Feb 28 (91)	Nov 6 (92)	Dec 30 (93)	Feb 28 (94)
Board Size	0.273***	0.084	-0.017	0.322***	0.116	0.020
	(0.094)	(0.274)	(0.353)	(0.092)	(0.267)	(0.346)
Board Skills	-0.019*	-0.011	-0.052	-0.020*	-0.013	-0.051
	(0.011)	(0.030)	(0.042)	(0.011)	(0.030)	(0.041)
Board Tenure	0.064	-0.129	-0.146	0.072	-0.121	-0.133
	(0.050)	(0.196)	(0.240)	(0.050)	(0.192)	(0.234)
Females on the Board	-0.070***	-0.079	-0.136*	-0.058***	-0.073	-0.128
	(0.019)	(0.065)	(0.080)	(0.019)	(0.064)	(0.078)
Cash ETR	0.021	-0.045	-0.073	0.024	-0.042	-0.068
	(0.018)	(0.044)	(0.066)	(0.017)	(0.043)	(0.064)
log(Market Value)	-1.290***	-0.472	1.417***	-1.161***	-0.420	1.448***
	(0.135)	(0.384)	(0.497)	(0.135)	(0.378)	(0.490)
Revenue Growth	0.055***	0.088***	0.084**	0.048***	0.084***	0.079*
	(0.013)	(0.027)	(0.042)	(0.012)	(0.027)	(0.041)
Profitability	-0.018	-0.101	-0.237*	-0.018	-0.099	-0.229*
	(0.024)	(0.080)	(0.123)	(0.024)	(0.078)	(0.121)
Observations	717	716	715	717	716	715
Adjusted R^2	0.400	0.061	0.057	0.368	0.058	0.062
Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (9) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 6th, 2024 (Nov 6). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), and the day after the election through February 28th of the next calendar year (Feb 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

*p<0.1; **p<0.05; ***p<0.01

Table 19. Regression for the 2024 election with Trade-Sensitive Industries as independent variable of interest. (Regression 10)

	Dependent variable:					
	Raw Returns			CAPM Returns		
	Nov 6 (95)	Dec 30 (96)	Feb 28 (97)	Nov 6 (98)	Dec 30 (99)	Feb 28 (100)
Cash ETR	0.018	-0.026	-0.065	0.020	-0.024	-0.061
	(0.015)	(0.037)	(0.058)	(0.015)	(0.037)	(0.056)
Trade-Sensitive Industries dummy	2.627***	-0.634	0.318	1.208	-1.429	-0.654
	(0.827)	(2.302)	(2.763)	(0.766)	(2.361)	(2.777)
log(Market Value)	-1.217***	-0.531*	1.303***	-1.069***	-0.464	1.349***
	(0.109)	(0.293)	(0.407)	(0.107)	(0.289)	(0.400)
Revenue Growth	0.048***	0.101***	0.108***	0.040**	0.094***	0.101***
	(0.016)	(0.023)	(0.041)	(0.017)	(0.023)	(0.038)
Profitability	-0.022	-0.096	-0.240**	-0.024	-0.095	-0.234**
	(0.022)	(0.075)	(0.113)	(0.022)	(0.074)	(0.111)
Observations	824	822	820	824	822	820
Adjusted R^2	0.345	0.058	0.063	0.308	0.055	0.068

Fama-French Industry Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents the OLS regression (10) detailed in Appendix 4 using raw as well as CAPM-adjusted returns as the dependent variable. The first time period used consists of the day after the election, set as November 6th, 2024 (Nov 6). The other time periods where cumulative returns are used as the dependent variable are the day after the election through December 30th of the same calendar year (Dec 30), and the day after the election through February 28th of the next calendar year (Feb 28). Fixed effects are applied at the industry level using the Fama French 30 industry classification, and robust standard errors are used. The sample of firms consists of the constituents of the S&P 1500 index as of November 8th, 2016.

$^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

Table 20. Summary statistics for the comparison regressions (full regression results shown in Tables 4-8).

	N	Min	P25	Mean	Median	P75	Max	Std.Dev
AR Nov	2404	-24.96	0.24	3.22	2.72	5.52	43.13	4.99
CAPM-Adjusted AR Nov	2396	-27.53	-1.35	1.28	1.00	3.59	42.13	4.77
Cumulative Return Dec	2394	-80.96	-3.30	5.80	3.96	13.77	83.38	14.55
CAR (CAPM-Adjusted) Dec 30	2386	-81.93	-6.46	1.06	-0.10	7.60	79.54	12.78
Cumulative Return Feb	2383	-79.96	-4.12	7.10	6.82	17.47	137.49	19.19
CAR (CAPM-Adjusted) Feb	2375	-81.15	-10.47	-1.74	-1.41	6.57	117.75	16.07

Note: These summary statistics were calculated based on pooled data for both election periods and are used for the comparison regressions.

Appendix 3: Detailed Variable Appendix

Dependent Variables (Panel A & C)

- Raw stock returns
  - Calculated based on stock prices for all constituents of S&P 1500 index as of 2016 U.S. presidential election date (November 8, 2016)
  - Calculated over the following time frames for 2016 election:
    - November 9, 2016 (day after election) - one day return
    - November 9, 2016 - December 31, 2016 - cumulative return
    - November 9, 2016 - February 28, 2017 - cumulative return
    - November 9, 2016 - April 28, 2017 - cumulative return
  - Calculated over the following time frames for 2024 election (day of election = November 5, 2024):
    - November 6, 2024 (day after election) - one day return
    - November 6, 2024 - December 31, 2024 - cumulative return
    - November 6, 2024 - February 28, 2025 - cumulative return
  - Relevant formulas:

$$Cumulative\ returns\ =\ \prod_{i=1}^{n}(1+R_i)-1,\ where\ R_i = raw\ daily\ return$$

$$R_i = raw\ daily\ return\ =\ \frac{closing\ price_i}{closing\ price_{i-1}} - 1$$

- CAPM-adjusted stock returns
    - Calculated based on raw returns calculated above, as the difference of excess stock return and stock beta times excess index return:

$$CAPM\ return_i = R_i(excess) - \beta * S\&P1500_i(excess)$$

    - Excess stock return - raw daily return minus risk-free rate of return on the same date
    - Stock beta - the coefficient on the independent variable of the OLS regression Excess stock return ~ Excess index return for each stock in the sample
    - Excess index return - S&P 1500 index daily return minus risk-free rate of return on the same date
    - Once daily CAPM-adjusted stock return values were obtained for all dates in our sample, we used the same formulas defined above to generate cumulative return values for the desired time frames (for both elections).

Independent Variables (Panel B & D)

Please note these values were retrieved twice, once for each election period, based on the constituents of the S&P 1500 index as of the 2016 U.S. election date - November 8, 2016. We used the same sample of firms for both election periods to enhance comparability, similarly to Wagner et al. (2018). For the 2016 election, firm financial data was obtained per 2015-12-31 or the next closest date; for the 2024 election, firm financial data was obtained per 2023-12-31.

If a variable is named differently in the regression result tables, the alternate name for that variable is listed in parentheses below.

- Market Value (log(Market Value)): total market value of the company based on common shares outstanding
    - Note that this variable is used in log form in regressions
- Percent Revenue Growth (Revenue Growth): year-on-year revenue growth, calculated as:

$$RevGrowth = \left(\frac{Sales/Turnover\ (Net)_t}{Sales/Turnover\ (Net)_{t-1}} - 1\right) * 100\%$$

    - Revenue growth is calculated as the percent growth in sales between 2014-12-31 until 2015-12-31, as well as between 2022-12-31 until 2023-12-31. For firms that do not report values per those dates, we use the closest available dates to calculate the 1-year revenue growth but not longer than 6 months before or after the dates mentioned above.
- Percent Profitability (Profitability): profitability of the firm as a percent of assets, calculated as:

$$Profitability = \left(\frac{Pretax\ Income}{Assets\ Total}\right) * 100\%$$

- Cash ETR: effective tax rate (ETR) as a function of cash taxes paid, calculated as:

$$CashETR = \frac{Income\ Taxes\ Paid}{Pretax\ Income - Special\ Items} * 100\%$$

- GAAP ETR: effective tax rate (ETR) as a function of tax expenses, calculated as:

$$GAAPETR = \frac{Income\ Taxes - Total}{Pretax\ Income} * 100\%$$

- Foreign Operations: as a percent of assets, calculated as:

$$ForeignOps = \frac{abs(Pretax\ Income - Foreign)}{Assets - Total} * 100\%$$

- Leverage: as a fraction of assets, calculated as:

$$Leverage = \frac{Long\text{–}Term\ Debt - Total + Debt\ in\ Current\ Liabilities - Total}{Assets - Total}$$

- Interest Expense: as a percent of assets, calculated as:

$$IntExp = \frac{Interest\ and\ Related\ Expense - Total}{Assets - Total} * 100\%$$

- CAPEX: capital expenditures in percent of assets, calculated as:

$$CAPEX = \frac{Capital\ Expenditures}{Assets - Total} * 100\%$$

- Females on the Board: the percentage of female board members for a given firm
- Board Tenure: The average number of years each board member has been on the board
- Board Size: The total number of board members for a given firm
- Board Skills: Percentage of board members who have either an industry specific background or strong financial background
- 2024 Election Dummy: dummy variable applied to the full dataset for use in comparison regressions to compare 2016 and 2024, defined as follows:
    - 0 for all 2016 election data (earlier)
    - 1 for all 2024 election data (later)
- Trade-Sensitive Industries Dummy: used to examine the impact of the 2016 and 2024 election results on certain industries classified as trade sensitive, defined as follows:
    - 0 for all other industry groups not named below
    - 1 for the following industry groups as defined in the Fama French 30 industry groupings - SIC code groups 9, 13, 14, 15, 17, 18, 19, 21, 24. For more details on the industries included in these groups, please see the Methodology section of the thesis.
- Interaction Terms: used to examine differences in a particular variable between 2016 and 2024 - usually indicated by a colon (:) in between two variable names:
    - Cash ETR:2024 Election Dummy
    - GAAP ETR:2024 Election Dummy
    - Foreign Operations:2024 Election Dummy
    - Females on the Board:2024 Election Dummy
    - Trade-Sensitive Industries Dummy:2024 Election Dummy

Appendix 4: Regression Formulas

Beyond the regressions reported in the methodology section, we also run the below regression for each election. The difference is that these regressions do not include a dummy for the two elections.

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability \quad (6)$$

$$Stock\ returns \sim GAAP\ ETR + log(Market\ value) + Revenue\ growth + Profitability \quad (7)$$

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability + Foreign\ Operations \quad (8)$$

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability + Board\ Size + Board\ Skills + Board\ Tenure + Females\ on\ the\ board \quad (9)$$

$$Stock\ returns \sim Cash\ ETR + log(Market\ value) + Revenue\ growth + Profitability + Trade\ Sensitive\ Industries\ Dummy \quad (10)$$