Presidential Partisan Cycle? Presidential Election Cycle? Anomalies in Stock Market?

Abstract
In this paper, we reexamine the presidential anomalies, the presidential partisan cycle and the presidential election cycle, in the U.S. stock market returns from the viewpoint of behavior finance. Specifically, we attempt to determine whether the two presidential cycles in the stock returns are driven by the variation of investor sentiment as hypothesized by the prior literature. We fail to find evidence in this paper to support the idea that the presidential cycles in the stock market returns are the reflection of the variation of investor sentiment in the market. However, we do not claim that our results reject the existing hypothesis as we are aware of that the proxy of investor sentiment used in the study could be subject to various limitations.
Key words: Investor sentiment, stock returns, presidential partisan cycle, presidential election cycle