

The Dean's List 2026 Forecast

Lame-duck midterm history, monetary policy patterns, and muted sentiment point to wider dispersion of outcomes for the S&P 500.

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EINPresswire.com/ -- As Wall Street

turns to 2026, the most striking feature

of current market outlooks is not optimism or pessimism, but uniformity. Nearly every major institutional strategist has released a forecast, and most cluster tightly around mid- to high-single-digit returns for the S&P 500. These projections rely on familiar assumptions: steady earnings growth, continued leadership from artificial intelligence, some monetary policy support, and no recession. The similarity of these outlooks matters because history shows that when expectations compress this narrowly, markets rarely land squarely in the middle.

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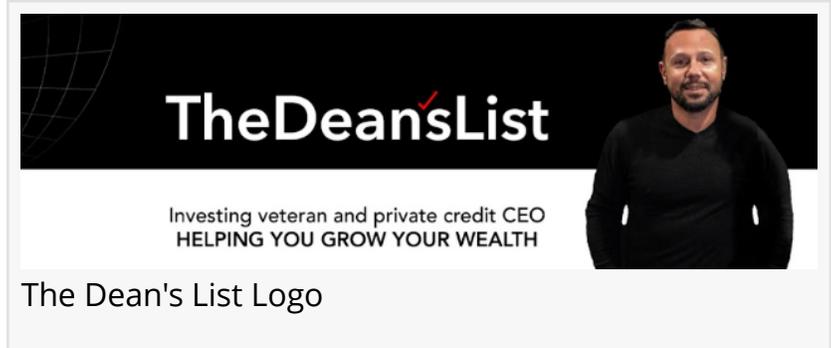
When expectations are this tightly clustered, history suggests outcomes are more likely to surprise—often to the upside—once policy uncertainty fades and financial conditions stabilize.”

Dean Lyulkin, The Dean's List

Instead, results more often diverge meaningfully. Either conditions deteriorate and returns disappoint, or risk premiums compress and returns exceed expectations. Moderation, while intuitive, has historically been the least common result. This observation does not predict market direction but helps frame the range of potential outcomes. Current consensus reflects this narrow band, with forecasts largely ranging between 7,250 and 7,800 on the S&P 500, implying low- to high-single-digit returns. While

these views are not flawed, their similarity increases the likelihood that outcomes fall outside consensus rather than within it, particularly if underlying conditions shift even modestly.

Structural context adds another layer. The year 2026 is a midterm election year and may qualify as a lame-duck midterm, when the sitting president is ineligible for re-election. Politics do not drive markets mechanically, as earnings growth, liquidity, and monetary policy remain dominant. However, political structure can influence policy uncertainty and legislative risk. Historically, lame-duck periods have coincided with reduced policy optionality and greater legislative gridlock, conditions markets have often found more predictable and supportive.



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Since 1950, there have been six lame-duck midterm years, five delivering positive S&P 500 returns. The lone negative outcome, 1974, occurred amid extreme systemic stress, including high inflation, collapsing earnings, credit strain, and political instability. That episode represents an outlier, not a typical midterm environment. The implication is not that lame-duck midterms guarantee strong returns, but that negative outcomes have historically coincided with severe external stresses rather than the election cycle itself.

Return timing also shows a pattern. Even in positive lame-duck years, gains were not evenly distributed. Excluding 1974, a majority of returns occurred after mid-year, with a disproportionate share in the fourth quarter. This does not predict short-term movements but suggests that early-year consolidation or volatility has not been inconsistent with positive full-year outcomes.

Monetary policy remains the most influential factor across these periods. In every positive lame-duck midterm year since 1950, the Federal Reserve was easing or neutral. There has not been a favorable outcome during sustained monetary tightening. While rate cuts are not required for gains, history suggests markets respond more favorably once tightening cycles conclude and policy pressure stabilizes.

Concerns that a positive 2026 would mark four consecutive calendar years of gains are also not supported by history. Extended multi-year advances have occurred repeatedly, with cycles typically ending due to economic or policy disruptions rather than time alone. Sentiment indicators remain far from the euphoric levels usually associated with market peaks, reinforcing that expectations remain restrained.

Taken together, historical patterns suggest that a flat or modestly positive outcome is not the only plausible scenario. When widely shared expectations prove incorrect, deviations have historically skewed more often to the upside, particularly when policy uncertainty diminishes and financial conditions stabilize. Based on this framework, The Dean's List views a reasonable year-end 2026 range for the S&P 500 as approximately 8,300 to 8,500, representing a higher-than-consensus outcome that reflects a plausible repricing of risk rather than a prediction or guarantee.

To access the complete 2026 Outlook report from The Dean's List, please reach out to alison@cardiff.co

About The Dean's List

The Dean's List is a registered investment advisory firm and media platform founded by Dean Lyulkin, a recognized authority in private credit and financial markets. Dean is also CEO of Cardiff, where he led the firm's evolution from a brokerage into a balance sheet funder. The firm

provides research-driven insights focused on market structure, monetary policy, and long-term capital allocation.

Important Disclosures

The views expressed reflect the opinions of Dean Lyulkin and The Dean's List as of the date published and are subject to change without notice. These views are provided for informational purposes only and do not constitute investment advice.

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