



Washinton Policy
Nov 03 2020.pdf

And The Winner Is...GRIDLOCK!

With the election over we are still days, if not weeks, from a clear answer to who is president. I have fielded many calls of concern as to what we were doing leading up today, and thankfully being patient and waiting for the results is much better than trying to read the tea leaves and my shiny crystal ball (yes, I really do have one on my desk).

I believe the majority of folks thought this week would have massive negative volatility and not the massive uptick it has had. The market almost always does exactly the opposite of what the masses expect and it sure hasn't disappointed with that theory this week!

It looks like both parties remain in power almost identically as they were prior to last night. Republicans with the Senate and Democrats with the House (see attached PDF if you want a deeper read). So gridlock it is! And I guess the markets love gridlock, as nobody is going to be able to implement party policies without a fight. Today's early indicators also look like Biden wins the presidency. The markets seem to love that also with the S&P 500 up a whopping 114 points which is over 3.3% up today and 6.5% this week as I write this at 10:50 am. Patience, for now, has been rewarding.

It does seem to me that volatility is lurking, though we are all pleasantly surprised, many are still extremely nervous. Remember Warren Buffet's saying, "be greedy when others are fearful". As the coming days/weeks play out there will be some volatility as it really just looks like Mr. Market wants a stimulus package now that the election is over.

Strangely, this seems to be almost mirroring what happened in 2016 even though we have more uncertainty with a ton of Covid concerns. The Friday before the election was the start of a nice run through 2017 then, so does 2020 bring something similar????

Thanks to Andrew Adams of Saut strategy for these charts he sent me today:



In PIMG accounts, I have recently moved EVRI (Everi) after a nice gain to DKNG (Draftkings) as more states voted to support sports gambling. I will continue to do some re-positioning over the coming days. If you are looking at your account, Livongo has been taken over by Teladoc and I do look to add to that position also in the next few trading sessions.

As always, please call or respond to this email with any questions or concerns.

Cheers,
Steve

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Steven Switzer CIM®

Portfolio Manager

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www.switzerfinancialservices.ca

Raymond James Ltd.

Switzer Financial Services

10202B-100 Avenue | Fort Saskatchewan AB | T8L 1Y8

T: 587.285.3340

F: 587.285.3342

steven.switzer@raymondjames.ca