

STRATEGY FOR Week Commencing 5 October

Last week's presidential debate, the first of a scheduled three, saw acrimonious debate most unbecoming of the office that is being fought for. Markets may have already factored in a potential Biden victory as polls swing towards this candidate. Markets often react to current events and the dynamic fluidity of news will often be reflected in market consensus. The Efficient Market Hypothesis aptly states that prices will always reflect current news so no point in trying to outwit the market. I strenuously point out that theory is all very well but anticipation and conjecture of potential changes can assist in helping to outwit the market. Scenario analysis is a tool that allows one to determine the possible outcome of probable events. Such a tool is a useful method as it allows one to assess alternatives. Pinning down various outcomes from uncertain events is a skill which one can learn given the right information.

Focusing on potential winning scenarios with specific reference to sectors is, in my opinion the way to go. For an intuitive glance of how to trade the upcoming 2020 presidential election with the candidates preferred policy choices for industries can be found in this report. [CLICK HERE- How to trade the 2020 US election](#). Dynamically opposing policy choices allows one to make one's own decision on the probability of the winning candidate. [Are you ready for a Joe Biden Victory? CLICK HERE to View](#). The continuing frustrating UK/EU trade negotiations now looks likely to go to the wire and again plotting probabilities on the possible outcomes makes one opt for the optimal choice. Rhetoric is a politician's weapon to convey their chosen mantra. British Prime Minister Boris Johnson and the head of the EU's executive, Ursula von der Leyen, agreed to step up Brexit talks to close "significant gaps" barring a new trade partnership. Smokescreen! How many years has it for them to reach an agreement! I suggest that this 'conversation' is spin and hyperbole at its crudest. So preparing for a no trade deal could now be looking the most realistic outcome with subsequent trading decisions being based on this. Think currency opportunities. The consequences of the pandemic further eroding the economic fabric of societies continues relentlessly. In the UK, a surge in unemployment is clearly underway. Britain's official jobless rate rose slightly to 4.1% in the three months to the end of July, and the Bank of England has forecast it will hit 7.5% by the end of this year after furloughs are ended [for million]. [CLICK HERE – The tale of two Britain's homes market](#).

Last week the portfolio saw a rebound with a spirited +2.39% portfolio increase with all stocks seeing gains with the exception for Bango plc declining -6%. Top of the list last week was Omega Diagnostics which saw a +17% weekly increase as further optimism regarding the companies prospect for delivery on testing took hold. I still look to a price target for this share for profit taking. UK housebuilders Bellway [+7%] and Redrow [+9%] helped stabilise recent dour performance. Spirent Communications also gradually recovering with last week's +4% increase. Despite robust performance of recent purchase of Lithium Americas Corp, I took +44% profits being recycled into Canadian Solar Inc. [CSIQ], conscious of the fact that presidential candidate Biden favours clean energy as opposed to fossil fuels. This being an example of projecting in the future for a possible change in US president. Nano one materials the other US share continues to show neutral performance so a wait and see approach being adopted. Segro Plc continues with its volatile nature but UK/EU trade uncertainty will favour retention until the undoubted announcement that a no deal is now on the cards. This week I will look for achievement of targets (as with Lithium Americas Corp). One never goes broke taking a profit! Until Next Time.

[STRATEGY 28 September](#) [21 September](#) [14 Sept](#) [7 Sept](#) [31 Aug](#) [24 Aug](#) [17-10 Aug](#) [3 Aug](#) [27 July](#) [20 July](#)