

## STRATEGY FOR week commencing 2 November

Market spontaneity will be in clear evidence on Tuesday and Wednesday of this week as the outcome of the US election begins to unfold. Media will be concentrating on the swing states in the US as the influencers to potential a change in US leadership. [Alaska, Arizona, Florida, Georgia, Hawaii, North Carolina, Pennsylvania, Wisconsin] The outcome of the presidential elections will have a massive impact on the US stock market. Donald Trump and Joe Biden have different views on many areas, from climate change to technology. Those differences will play a key role in determining the list of potential winners and losers of different outcomes of the US elections. A taste of the volatile things to come was fully reflected in last week markets as U.S. stock indexes wrapped up their worst week since the March sell-off, amid jitters over next week's U.S. presidential election.

The commonly regarded 'fear gauge' the Cboe Volatility Index VIX closed at 38.02, its largest weekly gain since mid-June, to finish the week more than 4-month closing high Irrespective of the political line one chooses to sit, last week's retracement suggest that the market is anticipating a change with early voting breaking all records in the US. Poll ratings this time around may be too much for the incumbent of the white house with the pandemic the possible decider of the US election. Bearing this in mind, one has to be objective in assessment on the consequences on the policy objectives favoured by the respective candidates. [CLICK HERE on How to trade the US 2020 election](#) which provides valuable information on sectors an shares that might do well or not under the respective candidates.

Another deadline passed again on UK/EU trade negotiations so perhaps a final final decision will be made this week regarding a trade deal or not. Whatever the outcome, I would expect currency markets to be in full flow navigating the course of the US election. In the UK, the contradictory nature of the housing market was in full show as UK house prices rose in October at the fastest annual rate in almost six years with the Bank of England reporting that mortgage approvals in September were the highest since 2007. The housing market has experienced a mini boom after the UK wide coronavirus lockdown, partly fuelled by the government's temporary cuts to stamp duty, which comes to an end in March. Yet times they are a changing, as a tsunami of job losses begin to filter through to the real economy. [CLICK HERE – UK house prices jump](#). Are we to see a repeat of a natural housing correction or something more serious only you can judge? [CLICK HERE – UK house price boom collapse](#). A previous commentary highlighted that October can be a volatile month for equities. Since 1984 seven of the ten largest one day falls in the market have occurred in October.

That being said, last week the portfolio took a significant hit declining -9.59% with all shares seeing declines, some more than others. October early months profits cushioned the effect of last week's decline. Contributing to the fall was the disappointment of Omega Diagnostics which fell -27% on a poor trading update. The shine has been taking off this share and optimistic management rhetoric has not been shown to be the case as disposal is on the cards. Declining performance of battery maker Nano one materials which hit stop loss meant a disposal and reinvestment into previous winner miner Lithium Americas Corp. [CLICK HERE why lithium Americas stock soared from sept](#). I discarded BATM advanced communications on poor share performance. US Share Teradyne a previous selection was included as an acquisition. UK house Builder shares Bellway -8% and Redrow -12% both showing lack lustre performance. US share Canadian Solar also seeing a weekly decline of -8%. As an objective assessment, I have shifted the portfolios emphasis to stocks favoured by a Biden presidency whether good or bad. Not long to go if this was a right call. Markets are acting as if the polls are tilted to Biden, Goldman Sachs analysts say. Knowing that November is the start of the strong six month period and I look for a year-end rally to offset last weeks retracement. Until next time.

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