

## STRATEGY FOR week commencing 9 November

Last week's comment that I had shifted the portfolio emphasis to stocks favoured by a possible Biden presidency would seem to have been the right call. Yet it's never over to it over as the fat lady has not yet sung her last tune just yet. Responsibility politics may be the winner of last week's election. A change in US policy direction with a return to global centric economics as opposed xenophobia will see markets respond appropriately. The consequences of the pandemic continues to have significant ramifications as countries economies grapple with the devastation caused. The UK like several other countries has returned to lockdown status. The UK has also returned to providing furlough status support. With last week's announcement that the UK Government extending furlough payments to March 2021 and Bank of England re-instigated. £150bn in quantitative easing raises the prospect a circle of debt that will never be redeemed. [CLICK HERE BOE slashes UK economic growth](#). In Quantitative easing, a central bank creates credit out of thin air, which it uses to buy securities from banks and other institutions. Purchases of long-dated bonds are intended to drive down yields, which is seen enhancing appetite for stocks and other securities as investors look elsewhere for returns. With changes afoot in the US, the approach of the FED may give guidance on whether additional stimulus is on the cards. How much of that stimulus created by QE will ultimately be a political call. The need for more stimulus was underlined last Friday [6 Nov] when the U.S. government reported that employers hired the fewest workers in five months in October. It was the clearest evidence yet that the end of the previous fiscal stimulus and exploding new coronavirus infections were sapping momentum from the economic recovery. How much of the stock market's gain since the financial crisis is due to the Federal Reserve's extraordinary monetary policy actions, particularly quantitative easing, or QE? A pretty huge chunk, according to analysts at Société Générale. One can only surmise president elect Biden will make the responsible political decisions. [CLICK HERE](#). How to navigate the present stock markets is the \$64,000 question. [CLICK HERE on How to trade the US 2020 election](#) which provides valuable information on sectors and shares that president elect Biden might favour. The impact of the US election has also filtered through to currency markets. The dollar sank to its lowest level in over two months against a basket of peer currencies last Friday [6 Nov], as the vote counting for the contentious U.S. elections slowly moved toward a divided government and investors predicted more losses for the currency. [CLICK HERE](#). Volatility was back in vogue last week as trading positions were slanted towards a Biden presidency.

Last week the portfolio regained positive momentum with a +5.22% increase following from the prior week's -9.59% decline. The optimism around the US election being a contributory factor. All the shares regained momentum last week as US shares Teradyne +12% Canadian Solar +8%, Lithium Americas +8%, performing admirably. The sectors favoured by the new administration should continue to inspire to new heights. UK house builder shares Bellway +9% and Redrow +7% proving resilient in these challenging times. After prior weeks large fall, Omega Diagnostics seeing a +7% increase following news that their food tolerance test had been approved in China. The continued importance of lateral testing providing additional emphasis for Omega price increase. I look to set a target price for reselection for Omega. Bango plc has begun to improve up +8% with Learning Tech Group slowly recovering to break even with a +3% increase. Final confirmation of the US election result may well see enthusiastic stock price recovery and knowing that November is the start of the strong six month period and I look for a year-end rally to look for portfolio recovery from the recent pull back and last March's devastation. This week I will maintain responsible monitoring with looking for a price targets on Omega and Canadian Solar on the agenda. Until next time.

[STRATEGY FOR week commencing 2 November](#)   [26 October](#)   [19 October](#)   [12 October](#)   [5 October](#)   [28 September](#)   [21 September](#)   [14 Sept](#)   [7 Sept](#)   [31 Aug](#)   [24 Aug](#)   [17-10 Aug](#)   [3 Aug](#)   [27 July](#)   [20 July](#)