



Wealth Management



Market Update

November 4th, 2020

As widely expected, the election results were not finalized on election night. As of the writing of this update, it looks as if the Republicans will hold the Senate, and the Democrats will maintain the House. The Presidential race is too close to call, although it seems that Biden has a clearer path to victory. We expect the election results to be known by Friday.

Market action is surprisingly calm with the biggest moves coming from big tech and cyclicals. We are currently seeing a reversal of the reflation trade that has taken place over the last month. Markets were betting on a blue wave which was bearish for rates and bullish for cyclicals as a bigger fiscal stimulus deal was expected. It now seems that a smaller fiscal stimulus deal is being priced in. We expect to see continued volatility up until the election is decided and predict to see swings in both directions. Looking back to the contested election of 2000, the equity markets, yields, and the dollar were all down over the ensuing weeks while vote counts were being finalized. This does not mean it will happen again, but history often rhymes.

Our thoughts remain the same. We believe equity markets will fare well in any of the scenarios over the longer term, although we also believe the Federal Reserve will have to increase their support with a split government as fiscal support will be harder to pass through Congress. It is too early to make investment decisions based off the information we currently have, but we will continue to monitor how the market dynamics will affect conditions.

Projected governmental gridlock coupled with uncertainty is not an ideal investing environment, but we are here to help guide you through it. We will remain steadfast and keep your financial well-being in the forefront. Please feel free to reach out, and thank you for allowing us to help you reach your financial goals.

Matthew J. Roach, CFA
Director of Portfolio Management

135 South Madison Ave
Thomasville, GA 31799
229-225-1500
www.AMBwealth.com