

THE AMERICAN WAY

When I played sports back in Africa things were simple. In rugby, the highest score won. If you played cricket, the team with the highest number of runs won. But then I came to North America and found sports was so very different. Yes, there was a winning team, but often the score seemed secondary to a mind-numbing number of statistics – RBI's, stolen bases, ground rule doubles, passing stats, running stats, sacks and so on and so on. Who knew one could create something so complicated out of a sports game. So, I guess we should not be surprised that Americans managed to take a simple election process and make it so drawn out and convoluted. I have watched "**The Electoral College for Dummies**" a number of times and still am hesitant to say I fully understand it.

So, as Forest Gump wisely said, "*That's All I Have To Say About That.*"

If nothing else, then last week's elections should finally prove to everyone that polls and surveys **are not accurate** representations of anything; they were wrong in 2016 and wildly off in 2020. Yet, we are inundated by them in virtually every facet of our lives.

And what about the financial markets? *I wrote the previous week, "The result was across the board declines in every financial index or sector.... The only safe haven was perceived to be CASH. It was not pretty. Even impressive (but largely expected) blow out earnings and revenue numbers from our technology favorites was not enough to save the day."*

Last week was a virtual mirror image. Every index and sector was up and up big, in many cases completely reversing the declines of the week before. The only losers were very short-term US bonds and the US dollar.

If anyone needed an example of the folly of trying to forecast short-term market swings, the last two weeks gyrations would be the poster boy.

What lies ahead? No one knows – I stand by what I had written a numbers of times in the weeks pre-election, "a bumpy ride for a week or two, but then as I have noted before, the economy will dictate the 2021 path of financial assets and the ***panic now makes it all the more likely of a strong year-end rally.***"

We know Covid-19 and economic stimulus will be a major focus of the new administration, but there is so much more: higher US taxes; China and tariffs; global trade relations and that includes Canada; and what of our proposed pipelines vs. a cleaner green environment? There is a new sheriff in town and one should expect some **proposed*** major changes.

As I write, the markets are potentially up impressively - good news on the vaccine front and perhaps relief that the election uncertainty is presumably over. If this continues there is going to be some interesting back-pedaling from the many negative strategists we have witnessed on the business news in recent weeks.

* **proposed** because it appears there will still be a divided house which often means compromise, years of delay and many times nothing changes at all !