

IT'S ALL ABOUT 3 KEY WORDS

Last week, and until year year-end, financial markets and perhaps all of us are going to focus on 3 key words:

Vaccine development , **Stimulus** progress and **Election** implications.

The renewed increase in Covid cases so far seems unconstrained and globally many countries continue to re-introduce restrictions. A viable vaccine, and a method to distribute it, will remain the key to broad based economic revival in 2021. France's case numbers have hit a new record and Germany saw its highest numbers since April. Even New York City is seeing a spike again for the first time since June (case count topping 1,000).

In the USA an agreement on a new stimulus package remains stalled, and as attention now turns to the nomination of a new Supreme court Judge, the economic issues may well take a back seat. Meanwhile, Governments continue to incur staggering new debt loads as the demand for financial assistance to corporations and individuals remains and tax revenues shrink.

The Presidential election – I am not going to get into that, except to say, that today's **Wall Street Journal** reports that a record 70% are **not** going to consider changing their decision based on the debates and the "undecided" vote is at an all-time low of 9% - it is usually closer to 20%!!

With little good news to encourage investors, last week was a continuation of the "Risk Off" trade. Bucking the down trend was the technology heavy Nasdaq100 and Information Tech sector both managing gains in the 2% range. This was the result of FANG and other "at home" winners recovering a part of the months double digit declines. The consumer discretionary index was up 1.23%, a 10% jump in Nike's shares being a large contributor. Other than that, only Australia ASX200 stood out rising almost 1¾ %, perhaps the relaxation of Melbourne's lock down encouraged buyers.

Being a "Risk Off" week, naturally the gainers were the US dollar and the safety of US government bonds. The TSX, the Loonie, gold and oil all were part of the long list of weekly losers. From a technical analysis point of view, many indices and shares have hit significant "support" levels, so at a minimum, a move higher this week would not be unexpected .

Longer terms gains, as we approach year end, are going to depend very much on those three key words:

VACCINE
STINULUS
ELECTION