

Market Outlook:

Postscript

The voting is over. Let the dissension...on both sides....begin!!! One party will be considered winners, the other, "losers". But more importantly, the pulse beat of the globe goes on unremittingly, including commerce; infrastructure; and other necessities.....you know, like eating, drinking, and sheltering! Basic human needs endure.

Whereas fiscal policy oftentimes reflects political biases, true agnostic economics embodies the realities of everyday life. Everyone needs to be fed; we all aspire to be better off tomorrow; and no one is absolutely immune from infectious diseases. These things do not respond to a *date on the calendar* or a special event carved out by man. Capital gains reveal themselves as self-evident when one takes a macro approach to markets. In that same vein, my study of market statistics, called quantitative analysis, subscribes to the notion that *relative strength integers and cyclic phases march to their own drumbeat Irespective of the calendar or the imposition of time we, as analysts, seek to impose upon them*. Quantitative study is as close to the ideal of "agnostic" economics as one can get: just the numbers and the sciences which govern them.

Therefore, one might conclude that the election, or any other exogenous event, has minimal influence over the patterns of economics and financial markets. While only an aspiration, the hope is that we can now get back to the study of cycles that endure, unburdened by the discourse about which party will, or will not, impose a legislative tsunami upon them.

We know this is true because we can measure (quantify) both accelerating and receding market trends. The pandemic has laid bare economic, social, and psychological chasms that had been developing for decades prior, things like crumbling global infrastructure (roads and bridges); health and economic disadvantages amongst regions, ethnicities, and social strata; climate and ecological events, natural and man-made; dwindling resources (energy, foodstuffs, water); and other immoral/illegal doctrines of discrimination. All these things can be quantified as to their impact upon lives, commerce, and financial markets by examining their magnitude, amplitude, and location.

Prequel

Long term active strategic asset allocation investing has been much maligned during the past 9 months. Traders and speculators have used the pandemic crisis and an ensuing market collapse as justification for "picking up" undervalued or distressed stocks. *"If it's cheap today, we might as well jump in with both feet"*, they explain. And while we see the reasoning behind that, or any other, investment discipline, we are also grateful to our clients who appreciate us for our steady navigation provided to their portfolios by *not* increasing the drama (and volatility) of their hard-earned wealth.

Our data underscores how those industries with sustainable earnings power will, and have been, endure no matter who the victor last Tuesday night. We acknowledge that there might be an overall near-term disparity in portfolio performance between *value versus growth* equities, but the 5, 10, and 20 year track record of earnings acceleration patterns, price performance, and sector relative strength asset allocation investing trumps them all.

Despite all that, we can presume that a highly charged political atmosphere will wield various influences over the near-term outcome upon the markets. However, as alluded to earlier, no matter who the winner...and loser...the things that matter most to cyclic phase investing have more to do with that which binds us than that which identifies with any ideology or political party. Yes, the legislative power is held by those in power, but the mandate for change throughout history owes to entrepreneurship and innovation that springs from the talented minds of those who seek the solutions to the problems of man.

Economic growth always produces capital gains. Growth is the darling of the already-rich, as well as the aspirations of the seekers of fortune. When people feel "safe" they consume. Those cash flows become a self-perpetuating royalty to businesses and households, alike. To a market such as the one we have now, that kind of optimism would be welcome, indeed. Everything now depends upon the stability, not fragility, of our ethical message.

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