

## Volatility Continues in the Days Leading up to the Election

Since October 12, broad equity markets (SPY) are down 7% and have broken through important short-term technical support and the 50-day moving average, just below 340. A test of the all-important 200-day moving average at 312 appears inevitable.

Big tech leaders like Amazon and Apple have led the selling. It is generally cause for concern when the best companies in the world lead the way down. It is also problematic that the major U.S. stock indices failed to exceed, or even reach, the late August highs. Bond markets typically lead everything else and are known for being the “smart money”. I read over the weekend that bond investors are as polarized as the rest of us. Half are preparing for a Democratic sweep and a big stimulus package, leading to higher rates. The other half are preparing for a Biden win and the Republicans to hold the Senate, thus leading to continued gridlock and lower rates. Institutional investors are suggesting that a Trump win seems like a longshot absent a near perfect threading of the needle in battleground states and/or a protracted legal battle to contest mail-in ballots. I think that could also reduce the possibility of higher rates. In addition to the obvious implications of our national elections tomorrow, this week the Federal Reserve will make policy decisions with respect to treasury auctions going forward. This will increase the likelihood of interest rate volatility over the next few days. The bottom line is, buckle up - whether you are an equity investor, a fixed income investor, or an all-asset investor (like we are).

Get out there and vote, and remember we are all Americans. God bless our country.

Last week’s market commentary can be found [here](#).



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