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Published
November 2, 2020

The election seems to be the focus for investors. COVID-19 is surging globally. Technical damage has been done on the charts.

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The Hot List

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1. Election (last week: #3)

All eyes will be on the elections next week. There is a high level of enthusiasm for voting, as pre-election votes have surpassed two-thirds (<https://www.cnn.com/2020/10/31/politics/2020-early-voting-90-million-voted/index.html>) of all ballots cast in the 2016 election. Focus will be on the swing states such as Florida, Pennsylvania, North Carolina, Arizona, Michigan, Minnesota and Wisconsin.

This election has major implications on a wide range of industries. Everything from energy to healthcare could be impacted by the results of the election. Some fear the possibility of a “blue wave (<https://www.cbsnews.com/news/wall-street-predicting-2020-election-democrat-blue-wave-biden/>)” that could raise taxes and impose more regulations on Wall Street. There are also concerns that President Trump may not concede the election if it is a close outcome. To top it off, there are fears of interference from foreign governments and tampering with mail-in voting.

2. COVID-19 (last week: #1) (<https://www.investors.com/news/econom-reserve-meeting-wall-street-expects-yield-curve-control/>)

COVID-19 cases are still surging (<https://www.washingtonpost.com/nation/2020/10/30/coronavirus-covid-live-updates-us/>) in the U.S., with 100,000 new cases reported on Friday alone. This brings the number of infections nationwide to more than 9 million. Some cities, like Chicago, Newark and El Paso, have started imposing measures such as curfews to slow down the rate of infections.

The number of cases in Europe is still escalating as well. England, France, Germany and Belgium have established lockdowns (<https://news.sky.com/story/coronavirus-lockdowns-return-across-europe-heres-what-you-need-to-know-12117280>) for a second time. COVID-19 vaccines are reportedly getting closer to being ready. Here (<https://www.raps.org/news-and-articles/news-articles/2020/3/covid-19-vaccine-tracker>) is a tracker to keep you up to date with their progress.

3. Stimulus (last week: #2)

Policymakers couldn't come together and pass a stimulus bill before the election. Now, it appears that those needing relief will have to wait. President Trump and Speaker Pelosi gave hope that the wait wouldn't be too long. President Trump claimed (<https://www.cnet.com/personal-finance/elections-are-on-tuesday-what-happens-next-will-shape-stimulus-negotiations-for-another-check-more/>) "we will have a tremendous stimulus package immediately after the election." Speaker Pelosi said (<https://www.cnet.com/personal-finance/elections-are-on-tuesday-what-happens-next-will-shape-stimulus-negotiations-for-another-check-more/>) she expects Congress "certainly will have something done at the start of the new presidency."

4. Infrastructure (last week: #5)

Infrastructure should remain in focus with the state of the economy and the need for fiscal spending.

Here's (<https://www.whitehouse.gov/briefings-statements/building-stronger-america-president-donald-j-trumps-american-infrastructure-initiative/>) a look at Trump's infrastructure plan. Here's (<https://joebiden.com/clean-energy/>) a look at Biden's infrastructure plan.

5. Earnings (last week: #4)

Amazon, Apple, Google and Facebook all topped the analysts' sales and earnings estimates. The effects of COVID-19 continued to boost the sales of these companies. This week, investors will hear from companies like PayPal, Humana and T-Mobile.

Last Week



Monday: S&P 500 fell 64.42 (-1.86%) to 3400.97. Markets tumbled. COVID-19 cases rose globally. Stimulus hopes fade.

Tuesday: S&P 500 was down 10.28 (-0.30%) to 3390.69. Rising COVID-19 cases continue.

Wednesday: S&P 500 dropped 119.48 (-3.52%) to 3271.20. Markets continue to sell off.

Thursday: S&P 500 rose 39.11 (+1.20%) to 3310.14. GDP report was better than expected.

Friday: S&P 500 declined 40.08 (-1.21%) to 3270.03. COVID-19 cases spiked globally. Election concerns continue to grow.

Technical Look



The S&P 500 fell below 3400, which had been a major support level. This left the index deep in the previous trading range that all the Hot Sheet readers should know well, 3200-3400. If 3200 fails to hold as support, expect to see a sharp drop to the 200-day moving average, with 3000 as the next major level of expected support. If 3200 holds, the S&P 500 should easily rally back toward 3400, with a chance to break out once again.

My Takeaway

The S&P is getting back to a crossroads, as the S&P 500 sits just above 3200. This level has been significant for a long time. It has served as both support and resistance on numerous occasions. Heading into this election with rising COVID-19 cases, it's

The combination of rising COVID-19 cases along with a chance of a contested election has created a lot of uncertainty in the markets. However, this should be expected. I've mentioned for the past couple months that the market kept giving us opportunities to reposition ahead of the uncertainty we're seeing right now.

The good news is that everyone has known about this for a while, so a good bit of the move could be priced-in. This volatility should give you the opportunity to get out your shopping list and start to put some dry powder to work. My current shopping list is secular tech, infrastructure, precious metals, India, discount retail and healthcare.

Just realize things will probably be really volatile this week. I can't reiterate Buffett's quote enough to "be greedy when others are fearful and fearful when others are greedy." This is especially true if you are younger and have a longer time horizon.

Remember, investors have different goals and risk tolerances. What may be right for you, may not work for others. If you need help finding your own personal strategy during these turbulent times, contact DreamWork Financial Group (<https://dreamwork.financial/contact/>) and let us develop your Investing Gameplan™ today.

Until next time,

Clint Kirby

Chief Financial Strategist

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