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a bull and a bear made out of financial section of newspaper - investing hot sheet by dreamwork financial

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*Biden wins the presidency. Trump doesn't plan on conceding. Pfizer's vaccine could be a gamechanger. Stimulus talks are set to resume.*

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## The Hot List

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### 1. Election (last week: #1)

Joe Biden was elected 46<sup>th</sup> president of the United States. President Trump has brought lawsuits against multiple states trying to contest the results. He has also stated that he does not plan to concede anytime soon. President Trump said (<https://www.reuters.com/article/us-usa-election-trump-idUSKBN27N0YE>) "the simple fact is this election is far from over. Joe Biden has not been certified as the winner of any states, let alone any of the highly contested states headed for mandatory recounts, or states where our campaign has valid and legitimate legal challenges that could determine the ultimate victor." Control of the Senate is still up in the air with Georgia having 2 races that will be decided by runoff elections.

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

Pfizer and BioNTech's vaccine was found to be more than 90% effective (<https://www.pfizer.com/news/press-release/press-release-detail/pfizer-and-biontech-announce-vaccine-candidate-against>) in preventing COVID-19 in participants.

COVID-19 cases continue to surge as winter gets closer, and those numbers are baring out in hospitalization figures in some areas. Experts are warning (<https://www.nbcnews.com/health/health-news/covid-19-cases-surgin-u-s-dark-deadly-winter-n1246740>) that the situation could get much worse as the holidays approach and increased time is spent indoors with family and friends. Forty three of fifty states are reporting rising cases. The Colorado Governor said Friday (<https://www.nbcnews.com/health/health-news/covid-19-cases-surgin-u-s-dark-deadly-winter-n1246740>) that his state's hospitalizations were the "highest they've ever been."

The number of cases in Europe also continues to escalate. England, France, Germany and Belgium have established

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: #3)

Stimulus talks are set to resume next week as both sides try to get a bill passed before the end of the year. Even though Biden has a plan of his own, President Trump will be the one to sign the bill, if Congress can come together.

### 4. Infrastructure (last week: #4)

Biden has laid out his \$2 trillion plan (<https://joebiden.com/clean-energy/>) for infrastructure. The president of the United Steel Workers Union says infrastructure must be a top priority (<https://www.foxbusiness.com/economy/usw-biden-harris-infrastructure-plan>) as it is “central to our economic recovery.”

### 5. Unemployment (last week: unranked)

The U.S. economy added 638,000 jobs (<https://www.cnn.com/2020/11/06/economy/jobs-report-october-2020/index.html>) in October but is still down 10 million since February. This brought the unemployment rate to 6.9% from 7.9% in September. The increase in jobs was better than expected, but the pace of growth continues to slow. The rate of long-term unemployed remains at record levels, but the participation rate is starting to show signs of recovery. At its current pace, the job market won't return to pre-pandemic levels until February 2022, according to labor economists.

## Last Week



Stock chart showing the moves in the S&P 500 last week

**Monday:** S&P 500 up 40.28 (+1.23%) to 3310.24. No major headlines.

**Tuesday:** S&P 500 up 58.92 (+1.78%) to 3369.16. Election Day.

**Wednesday:** S&P 500 up 74.33 (+2.21%) to 3443.49. Potential for gridlock in Washington.

**Thursday:** S&P 500 up 67.01 (+1.95%) to 3510.45. Fed meeting concluded. Rates unchanged.

**Friday:** S&P 500 down -0.94 (-0.03%) to 3509.46. October jobs number released.

## Technical Look



The S&P 500 bounced off its long-established support level of 3200 in a big way. That bounce led to the index back to the October highs near 3500. This momentum is now pushing it back near the all-time high of 3600, which is the next resistance level to watch. If the index breaks above 3600, it will be in uncharted territory with no established resistance levels. If volatility strikes, look for downside support at the previously established 3400 level.

## My Takeaway

What a week for stocks! The S&P 500 was up almost 300 points or almost 9%. This move is basically a giant exhale from the markets, as investors seem to have moved past the election. There was so much anxiety built up that having some certainty may have been appealing to investors. The markets also like the idea of a split Congress, meaning a smaller chance of major policy changes or tax hikes. This should also keep rates lower for longer without any massive spending to force yields up.

This scenario would continue to favor stocks as there is still nowhere else to really outpace future inflation. Traders call this the “*TINA trade*” (There Is No Alternative). That trade has worked for a while, and this current dynamic could continue to force money from all over the globe into the U.S. stock market.

In last week’s Investing Hotsheet, I mentioned that the recent volatility should give you an opportunity to get out your shopping list and put some money to work. Now after a huge move, it may be time to be patient once again. We’re not exactly out of the woods with volatility. There are still election lawsuits, senate runoffs, and of course, COVID-19 is looming while we wait on a vaccine.

I’d watch the technical levels closely here, as the S&P 500 is running toward the all-time highs again. I’d expect some resistance near 3600 but if it breaks that then it could really make a move higher. However, look to 3400 to provide some support to the downside.

As always, you really need to have a long-term strategy and stick to it. The market could really make a big move in either direction with so many positive and negative catalysts out there. If you don’t have a plan, you can really get whipsawed in moments like these. If you need help finding your own personal strategy during these turbulent times, please contact DreamWork Financial Group and let us develop your Investing Gameplan™ today.

Until next time,

Clint Kirby

Chief Financial Strategist

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