

# Leigh Baldwin & Co.

## *Investment Brokerage*

Looking back at the first three quarters of 2020 is like a scary trip down Elm Street. While markets have roared back in heroic fashion, fear continues to dominate investor psyche. With Halloween quickly approaching, let us look at the markets through the elements of a good horror movie...

- 1) "A memorable, but frightening menace." In a divided nation, each side unfortunately has their own perceived menace, with Donald Trump and the radical Left taking on this role, depending on your political view. The markets will be better served once the elections are over.
- 2) "Clear rules to live by". Investments move based on supply and demand, fundamentals, and technical indicators. In 2020, you can add to this mix stimulus packages, government mandated shutdowns, and negative interest rates. We are in uncharted waters, with the theme from Jaws (another scary movie element) in the back of our heads.
- 3) "Plenty of characters that could disappear at any moment". The surge in stocks from their mid-March lows was led by "stay at home" consumer product companies and large tech issues as we transformed the way we educate, interact, experience entertainment, and work. Speculative issues also enjoyed the ride, think Virgin Galactic, Nikola, Kodak, and even bankrupted Hertz. Some of these names could very well disappear in a blink.
- 4) "The element of surprise" and a "Trademark murder weapon". Between the economic shutdown caused by Covid-19 to the following mammoth stimulus thrown at the markets, there has been no shortage of surprises in 2020. And the stock market? That has been the weapon of choice for a certain politician to gage his success. It is also the choice of the huge influx of new, young investors that were flush with cash and temporarily without sports to bet on.
- 5) "A showdown for the ages". As we go headfirst into the final quarter, a caustic and much hyped election is looming. For investors, the best case may be an easy victory for either one of the candidates but with the opposite party controlling the House. A long, drawn out nail biter, with thousands of mail-in votes, could be very bad for stocks, as uncertainty is like garlic to a vampire. Everyone I believe can agree, a "possibility of a sequel" to 2020 is an element we want to avoid.

The tremendous recovery in stocks and bonds over the past seven months, even while a third of the economy is still shut down, is really a result of the huge influx of money into the system by the Fed. This can continue for some time. As future earnings expectations begin to be flushed out, we will have a better picture for what to expect from our investments. Economic growth is a direct result of savings and innovation, and for the time being there is no shortage of each. We will continue to monitor investments from here and around the world to help you achieve your goals. We thank you for your confidence in our firm and we look forward to helping you manage all the things that go bump in the night.

112 Albany Street  
Cazenovia, New York 13035  
315-655-2964, 315-655-9138 fax  
[leigh@leighbaldwin.com](mailto:leigh@leighbaldwin.com)

Member: SIPC & FINRA