

Blue Skies Now, Clouds on the Horizon

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The pandemic, polls, and press heavily influenced the U.S. elections, resulting in the highest voter participation in history. The contentiousness and tightness of the outcome only reinforced the sharp divisions within the country. Although political uncertainty could have rattled investors, markets have historically thrived under divided government. Despite the challenges of this election, the markets rallied significantly as a split government may make it difficult to pass overly partisan legislation. At the same time, all parties seem to agree that additional stimulus is needed in the short-term, which has continued to encourage investor risk appetite. Post-election, the markets may refocus on the resurgence of the coronavirus, approval of a vaccine, the impact of a weaker economy, and how a divided Washington, will handle these headwinds. Blue skies are now shining over investors, but troublesome clouds could engulf the markets if gridlock prevails in Washington and the economic recovery stalls.

SPECIAL NOTE:
We hope all of our clients and friends of the firm are safe and well during these trying times.

Please Contact Marketing@ShenkmanCapital.com for the full letter.