



THE DANA VIEWPOINT

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The Election is Over!?

We felt that using inclusive punctuation in the title was the best way to give a nod to our readers across the political spectrum. We are glad it is over, if just to end some of the uncertainty. Everyone can now take a deep breath and look past November 3rd. The election found a number of ways to surprise political followers. Trump becomes a one-term president in a closer outcome than many expected. Joe Biden has shorter coattails than expected, as Republicans outperformed in both Senate and House races. Both chambers will be narrowly divided, and Democrats will control the House by as little as three to five seats. One Iowa Congressional District has not yet been called. In that election, the current difference is 47 votes out of almost 400,000 cast. For those who want any new legislation to be a product of compromise, this is a good thing.

As election tension plagued the first week of November, the markets moved higher. In what is now being called “Pfizer Monday,” Pfizer announced positive results from a vaccine test prior to the market open on November 9th, and the stock market jumped 3% on the open. All of this takes place as Covid-19 continues to spread and hospitalizations have increased. We are not out of the woods, but the market is broadening as companies that would benefit from a more open economy and a more mobile populace continue to rebound in the markets. We have been identifying these companies and adding them to our strategies for weeks. Performance may be difficult to interpret as this transition takes place because next year’s leaders may not bear much resemblance to the market leaders of this year. As measured by the Russell indices, value stocks have been outperforming growth stocks since the end of July. In the first seven months of the year, growth outperformed value by over 25%.

Even as confirmed cases of Covid-19 continue to increase, measures of economic activity and demand are increasing as well. We seem to continue to find ways to live with the virus even as we continue to take precautions. Indicators of manufacturing activity are rebounding above pre-virus levels, inventory levels of homes for sale are at multi-year lows, and prices and sales of

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homes are at multi-year highs. Automobile sales have rebounded completely back to their early 2020 levels. Inventories of other goods are also low. It appears the consumer is signaling an end to the crisis before businesses. Many industries have cut back on capital spending due to the virus, and there is room for a rebound as we move into 2021.

Fixed income portfolios have participated in the rebound since March. Total returns in virtually all categories of the markets are positive for the year, and many portfolios have returns in the mid-single digits year to date. A continued reopening of the economy will help support credit and borrowing in the fixed income sector and will also continue to bring demand from investors. Navigating the markets this year has been perilous, but investors are beginning to be rewarded for their patience and persistence.

Happy Thanksgiving to all from Dana Investment Advisors.

Random thought: “Americans have always understood that, truly, one must give in order to receive. This should be a day of giving as well as a day of thanks.” - Ronald Reagan

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