Quant & Partners
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November 2021 Newsletter

NOVEMBER: THE END OF THE YEAR IS APPROACHING

Another year lived in a pandemic scenario. What does the future hold?

The end of 2021 is coming, as is the cold season. It will be time to take stock for this second year characterized mainly by the Covid's trend.

Many workers have returned to an almost pre-pandemic routine. In many Western countries the lessons at school have been entirely re-established in classroom. Companies have slowly begun to have most employees in the office again, or at an alternating pace, but with a dynamism that gradually resumes.

The situation is worse in Eastern Europe and in Russia, where the lockdown is back once again.

Will 2022 really be the year of the turning point? Only then could we finally leave the pandemic behind?

It seems so and the opinion is shared by both the healthcare and the economic worlds.

However, it is necessary to be patient a little longer and push for vaccination, to date, the only real defense (if adopted at a very wide range) against Coronavirus.

After that, what will remain?

We will have to collect the pieces of this epochal and overwhelming experience.
Some define it as a historic key point, during which everyone's values, goals and projects have been strongly revised or even disrupt.

In America, as well as in Europe, there is a trend following the pandemic, called "Great Resignation". It is the willingness of many employees to voluntarily leave their jobs.
In this regard, record figures have been reached in the United States.
According to Microsoft's 2021 Work Trend Index, more than 40% of the global workforce have considered quitting their job in 2021.
PricewaterhouseCoopers conducted a survey in early August in which 65% of employees said they were looking for a new job and 88% of executives said their company was experiencing higher turnover than normal.
These are psychosocial trends to which it is good to pay attention because their consequences will be felt predominantly in the evolution of the economy in the post-pandemic world.

If in the real economy the pandemic has caused "winners" and "losers", while on the financial markets the trend is surprisingly stable and positive.
At present, 2021 for stock exchanges can be considered good or even very good, despite the uncertainties that have accompanied us since the beginning of the pandemic.
In fact, even the predicted market correction esteemed for October did not happen.

The S&P 500 finished the month at an all-time high and surged 6.9%, for its biggest monthly gain of 2021.
This benchmark for the U.S. stock market is up more than 22% for the year while the Dow Jones Industrial Average, Nasdaq Composite and Russell 2000 are all up at least 16%.
The ongoing earning season testifies to very satisfying earnings reports.
More than half of the members of the S&P 500 have reported results, with 82% of them beating analyst estimates.

Some concerns remain, the most important is the rise in inflation.
In this regard, it will be essential to observe the Feds' future decisions and their consequences on volatility.

Historically, the coming months are particularly promising for the markets, and this is also a factor that should be considered.
Moreover, companies and consumers say they are optimistic and look to the definitive end of the pandemic.

How to invest in November

It's better to prefer a selective approach and a diversified portfolio, favoring value-oriented stocks instead of growth stocks and small-caps instead of large-caps.

Commodities and equities continue to be preferred over liquidity and bonds.

It is advisable to focus on companies that report long-term positive trends, such as digitalization.
Furthermore, it is also a good time for industrial and semi-conductor stocks as well, such as Intel (NASDAQ: INTC), Caterpillar (NYSE: CAT) and General Electric (NYSE: GE).

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