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## Yogi Response

Tue Nov 3, 2020

Commentaries regularly create opportunities to broaden the conversation with readers. A number of readers responded to my take on the election, "Yogi: It Aint Over," posted on October 14 (<https://www.cumber.com/yogi-it-aint-over/>).



Some readers questioned the DataTrek outline of stock market results. They speculated that, since a new president takes office four months into a federal budget year, he really doesn't start to put his imprint on the US economy until year two. So we asked Nick Colas, co-founder of DataTrek Research, to look at his data with a drop of year one. Here are his findings.

"David,

"Looking at year 2 (second year, rather than entire Congressional terms), S&P 500 returns for when White House/Congressional control sits with just one party:

Republicans

1954: +52.6

2004: +10.7%

2006: +15.6%

2008: -4.3%

Average: +18.7%, obviously skewed by 1954. +7.3% without

Democrats:

1946: -8.4%

1950: +18.3%

1952: +18.2%

1962: -8.8%

1964: +16.4%

1966: -10.0%

1968: +10.8%

1978: +6.5%

1980: +31.7%

1994: +1.3%  
2010: +14.8%  
Average: +9.0%

“As far as the idea behind looking at just second years, it seems problematic to me. Markets discount future policy, especially when it is well understood by the time election results are known. Looking at the entire period is more accurate.”

Thanks to Nick Colas for this analysis and his conclusions.

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In “Yogi: It Aint Over,” I quoted Sam Fazoli, who said of vaccines, *“Like everyone else on the planet, I want to get back to normal as soon as possible, and a vaccine will help get us there. But I only want a vaccine that has been through all the rigors of a full-sized trial. A little patience would help deliver much more information and give other vaccine hopefuls a chance to prove their worth as well. We would all be better off for it.”*

Jim wrote, taking exception to Fazoli’s position and my “characterizing Mr. Fazoli’s as ‘last, wise words.’”

Jim goes on to say this about Fazoli and vaccines:

“I admit I don’t know him at all but in looking him up via Google, my guess he is salaried and can do his job(s) from a safe, COVID-free space. While he is right in the abstract, about waiting, I’m sure the millions who have to go to work every day in places which are not so COVID safe (because they are not salaried or don’t have the right jobs) would agree so much. Nor would the hundreds / thousands who will die each additional month we wait to be 100% sure about a vaccine.

“It’s a balance, I know. We can’t do the Chinese solution of using ½ the country as the Phase 3 trial. And the gods know I don’t want rush to meet some calendar date because an election is near. But people in his position saying things like this reminds me of Marie Antoinette’s saying ‘Let them eat cake’ – because she didn’t have to.

“I know it is an extreme comparison, but...”

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Tom wrote:

“Indeed. ‘It’s *deja vu* all over again.’

And, ‘He is who we thought he is.’

“Greenspan focused on indicators of ‘inflation expectations.’ Is the Powell Fed focusing on indicators from Behavioral Economics / Finance? One of the 2 Senate races in GA is almost certain to be decided by a 01/05/2021 Runoff — Folks, can you spell R-E-L-A-X after Nov 3rd?”

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Arch-conservative and Trump supporter, Marvin, weighed in with an email and a link to a 17-minute YouTube by the Claremont Institute, a conservative think tank. He wrote:

“David, I read your e-mail referenced to “YOGI, it aint over till its over” and would appreciate your reading what I have sent, although a little LONG!! Your comments would be VERY APPRECIATED!!”

Kotok response: I don’t agree with the argument made in the video, but I do agree with the second item of the three points made by Claremont. Tom Klingenstein acknowledges that the Trump Administration has done a poor job in articulating its policy. Enough said. The YouTube is linked here: [https://youtu.be/g\\_4n\\_MmNdxA](https://youtu.be/g_4n_MmNdxA)

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Michael wrote:

“David,

“I understand you like the data, and respect your point of view, but you won’t find what I am saying in an excel table.

“I live in Lake Mary, Florida, and have three children at three different schools this Fall (elementary, middle and high school). Seminole County schools opened safely in August, and there have been very few cases reported in Seminole County – students and teachers. When cases are reported, contact tracing is used to quarantine children who may have been exposed. We have not had any outbreaks, just a few isolated cases. We were all somewhat anxious to send our kids back, but we did. Many of those who did not go back and instead opted for distance learning in Q1, have returned to the classroom. The mass hysteria of teachers needing ‘free’ wills to go back, as advertised by a ‘helpful’ local law firm, has been proved false.

“You refer to Timber Creek, which is a high school in neighboring Orange County. The Deming’s are in charge there, and rather than contact trace like Seminole they just close the entire school. We are thankful to live in Seminole, which has not had the draconian oversight that Orange has experienced.

“We spent the spring and summer lockdown (so much for flatten the curve for two weeks) keeping our children active in karate, baseball, bicycling and other sports, and kept going into Fall by participating in multiple team sports. My mom watched two baseball games yesterday her grandson played in, along with many other extended families. We follow protocols such as temperature checks and distancing in the stands/dugout, and have had no outbreaks as ‘the data’ would portend.

“Our children here in Seminole County are back to school and learning, as opposed to many parts of the country locked at home inside, where the side effects (nutrition, depression) are clearly on the rise. My interpretation is that the leaders of our country are more concerned with the past/present population than the future leaders of our country. There are parallels here, for example the underfunded pension plans and Social Security rapidly approaching its break point (per John Mauldin), which are costs to be borne by the future generations.

“Fear is contagious and paralyzing, we need to get back to living. I am preparing my children to function in the face of adversity, rather than shelter in their bedrooms on a computer. Seeing as the common cold and COVID are both corona-based, I hope we have better success with finding a vaccine for COVID than we have had for the common cold. It does look like the influenza deaths are down 10-fold so far this year.

“We need to be smart about this virus, and respect it, but shutting down the country was/is not a viable option.”

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Fishing buddy and Leen’s Lodge camper John Mauldin penned a forward-looking piece that articulated his version of “it aint over.” With permission we are able to bring it to you. Thanks, John, and be safe.

<https://www.mauldineconomics.com/frontlinethoughts/timeline-to-the-new-normal>

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And here’s what happens if the presidential election is not over when it’s over but tied in the Electoral College instead:

“What happens if Trump and Biden tie in the Electoral College?”

<https://www.brookings.edu/blog/fixgov/2020/10/21/what-happens-if-trump-and-biden-tie-in-the-electoral-college>

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Turning now from our “Yogi” theme, I’d like to share with readers some additional key reads I found valuable. They are a curated few among the many I review.

1. While the Yogi discussion was underway, there was an entire chat in the GIC family about Ant and China and the role of the US dollar. It began in response to an October 8 article from *The Economist*, titled “Ant Group and fintech come of age.” GIC has posted that chat on its website, and it is available to the public. One of the chat members had to remain anonymous. When it comes to the global picture and the status of the US dollar as the world’s reserve currency, the debate is certainly not over. Here is the link: <https://www.interdependence.org/blog/gic-member-perspectives/>.

2. *Nature Medicine* has published an important study for the months ahead, titled, “Modeling COVID-19 scenarios for the United States,” <https://www.nature.com/articles/s41591-020-1132-9>. Its authors model “possible trajectories of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) infections and the effects of non-pharmaceutical interventions in the United States at the state level from 22 September 2020 through 28 February 2021.”

Election Day is the beginning of the next chapter and the COVID forest fire rages in our nation and world. It certainly ain’t over. We thank all readers for their responses. Please stay safe.

**David R. Kotok**

Chairman of the Board & Chief Investment Officer

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The Coronavirus Pandemic:  
The End of the Beginning or  
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Virtual Event - Thurs, November 5, 2020  
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## The Coronavirus Pandemic: The End of the Beginning or the Beginning of the End?

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This is part of the Global Interdependence Center (GIC) "Analyzing Pandemics" series. The first heat of COVID-19 vaccines is about to cross the finish line. Is that the beginning of the end or the end of the beginning of the coronavirus pandemic and if you build it, will they come?

Dr. Gellin previously served as the Deputy Assistant Secretary for Health and Director of the National Vaccine Program Office at the U.S. Department of Health and Human Service (HHS), where he was the principal advisor to the Assistant Secretary for Health on vaccine and immunization programs and policies.

More details and free registration: <https://www.interdependence.org/events/vaccines/>

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**One Sarasota Tower**  
2 N. Tamiami Tr., Ste. 303  
Sarasota, FL 34236

**800.257.7013**

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