

WAKE

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The Dow Jones hits the magic 30,000, as more stimulus looms and easing continues

Is it any wonder?

It's the stated policy of both parties in the US - a rare area of consensus, indeed - that in the wake of the coronavirus crisis the economy needs to be stimulated, and that one way to do it is to print more US dollars.

That, of course, is a perfect storm for equities.

On the one hand there's the promise of greater economic activity as the stimulus money floods into major sectors like construction. On the other, there's the likelihood that each individual dollar will be less valuable, since there will be so many more of them about.

And if cash isn't going to be worth as much as it was before, switching out into hard assets is the only thing that makes sense.

When the economic outlook remains uncertain, this dynamic tends to involve switching into safer hard assets like gold and property. And there has been much evidence of this in recent months.

But with the US election inching ever closer to a conclusion, and with news about coronavirus vaccines continuing to hit the headlines the mood has grown more bullish.

Safety is no longer the watchword. Anticipating the recovery is. And what everyone anticipates is a recovering global economy in which cash is worth less than it used to be.

It's a short hop from that logical sequence to purchasing stocks and shares, and, since the market has already been enduring or enjoying (depending on your economic persuasion) more than ten years of stop-start easing and stimulus, following the crisis of 2007, it's hardly surprising that it's now reaching record highs.

No surprise either that the Dow Jones record was claimed by each side of the US political divide as vindication. Trump thanked himself and the American people for making it happen, while the Biden side argued that the market was showing support for the prospect of a Democratic Presidency.

The mood of optimism spread across the world. In Japan, the Nikkei rose 1.7% to a new 29-year high.

Investors have also been cheered that Janet Yellen, the former head of the US Federal Reserve, is in line to become the next US Treasury secretary.

Yellen is remembered for the relatively steady hand she kept on the tiller during much of the Obama administration, although some critics argue that her age ought to be a disqualifying factor, and that what's known as the "boomer" generation continue to monopolise high level jobs at the expense of all others.

Share Information

Code: WAKE

Listing: Unlisted (US)

Sector: Pharma & Biotech

Website: wake.net

Company Synopsis:

Wake is furthering the field of fungi and plant-based medicine. We've leveraged the leading edge of clinical research, wellness professionals and technology to assemble a team that will lead the future of mental and holistic health.

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