



Basis Points – October 29, 2020

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Above the Fold

Investors Reduce Bets on Post-Election Currency Volatility

According to The Wall Street Journal, there seems to be a growing sentiment on Wall Street that Biden will win the White House, while Democrats also secure both the House and the Senate. If that were the case, odds of further economic stimulus and increased government spending obviously rise.

Supporting this theory is the fact that option (derivative) trades tied to extreme volatility after the election are being pared. Investors use option strategies on certain currency pairs to potentially profit from erratic, post-election uncertainty. One trade, called a straddle (the purchase of a call

and put option simultaneously), allows the buyer to gain when the underlying asset or currency pair moves dramatically in either direction. The prices of straddles in specific assets, like the Japanese yen, have dropped in value, indicating less anticipated volatility ahead.

But while strategists and investors, like Morgan Stanley and others, may be more confident that the election results will be known sooner than later, the polls could lead followers down a primrose path. It was just four years ago that polls also predicted a Hillary Clinton win, but there certainly are differences in the polling gaps and trends today compared to 2016.

Three Things

1. *Cheese on the Chopping Block?* – Pandemic-driven trends drove the prices of cheeses to record highs in October, but with renewed fears of a second wave and pricey product, commercial buyers are stepping back, throwing cheese manufacturers into chaos. Some experts believe the prices of many varieties are set for a correction.
2. *Apple's Secret iPhone 12 Feature* – Recently released Federal Communications Commission filings show the new phone lineup contains “a built-in inductive charging transmitter and receiver.” In other words, the phone can both charge wirelessly and charge another device, if needed. Experts close to the matter say the secretive hardware could be a precursor for the rumored [Airtags](#) (a possible Tile competitor) or perhaps used to charge a set of AirPods while charging the phone.
3. *Zoom Feeling Teams' Pressure* – In less than six months, Microsoft Teams has experienced a more than 50% increase in daily active users. The platform, popular with larger companies for its security, now has 115 million unique daily “Teamers.” Competitors Zoom and Google most recently reported daily active participants of 300 and 100 million users per day, but unlike Microsoft's daily user count, their counts may include multiple meetings by the same user.

Did You Know?

Halloween Has Some Serious History

What we now call Halloween began more than 2,000 years ago as a pre-Christian festival called Samhain (summer's end). It was celebrated around the first of November as the final harvest day and to see off the spirits of those departed into the next world. In several countries, revelers would ward off evil spirits by lighting bonfires while in costume. Today, Halloween is the second largest commercial holiday next to Christmas. The National Retail Federation [expects](#) 58% of Americans to celebrate the holiday and spend more than \$92 each doing so — mostly on candy.

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