

Finance & economics

Sep 12th 2020 edition >

Tectonic shifts

Beware the power of retail investors

Armed with derivatives, they are raising the volatility of tech stocks

What does this imply about the future performance of tech stocks? Because of the influential role of turbocharged retail investment, prices can be expected to remain choppy. Moreover, the market is entering a period where typical covid-19-related volatility may be exacerbated by the twists and turns of America's presidential election.

That said, much of the tech recovery from the lows in March was rooted in fundamental shifts, like policy interventions, or pandemic-prompted changes to consumer behaviour, such as online shopping, that have helped firms like Amazon. Even if the giddy obsession with tech firms exhibited during the summer fades, there may be little reason for investors to throw in the beach towel yet. ■