



WEEKEND READING

Shedding the light on what's happening - our world - our finances - our times

Feeling the Winter Blues?

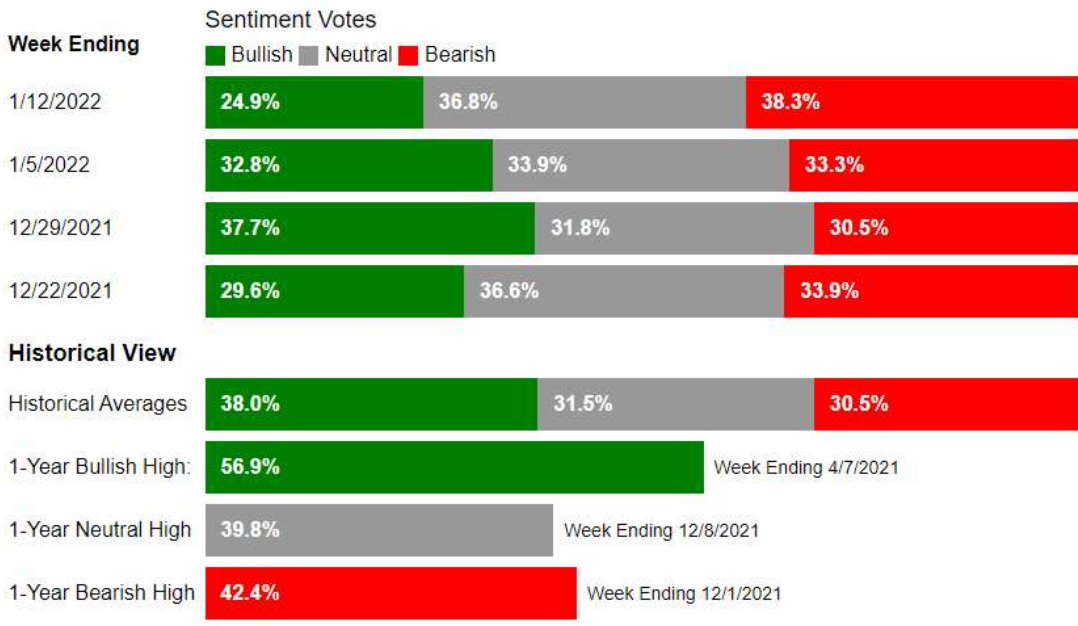
Canadian Garden Party



*Children lounge in the snow in Newmarket, Ont. amid a major winter storm on Monday.
Source CBC*

Winter has us in its grip. The deep winter blues seems to be weighing on investors as well.

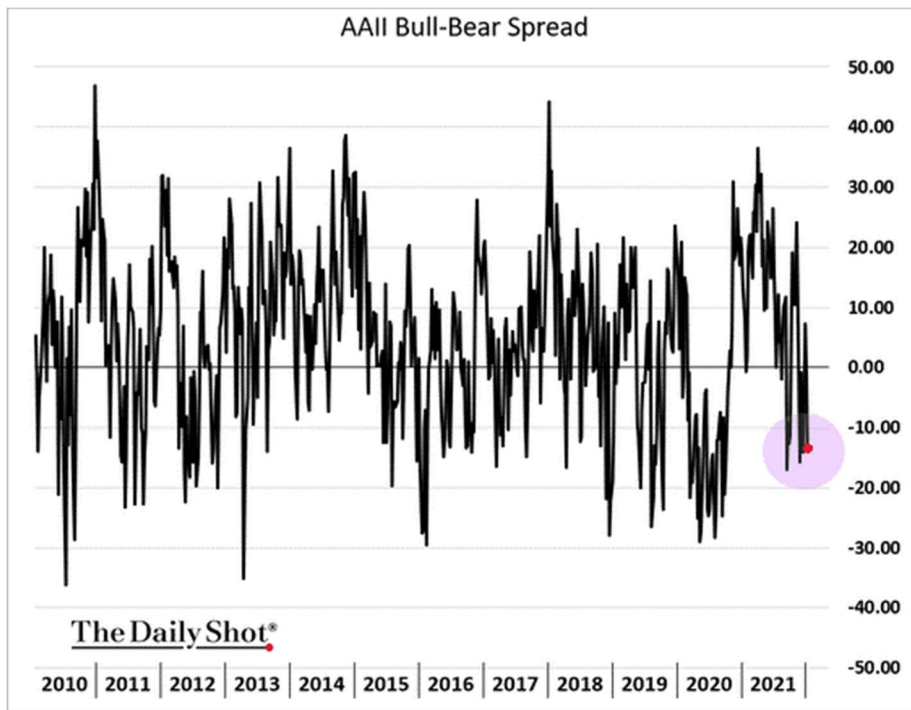
American Association for Individual Investors (AAII) Weekly Sentiment Survey



Source AII Weekly Survey Jan 12, 2022

Here are the AII Bulls vs Bears back to 2010.

AAI Bull vs. Bear Spread

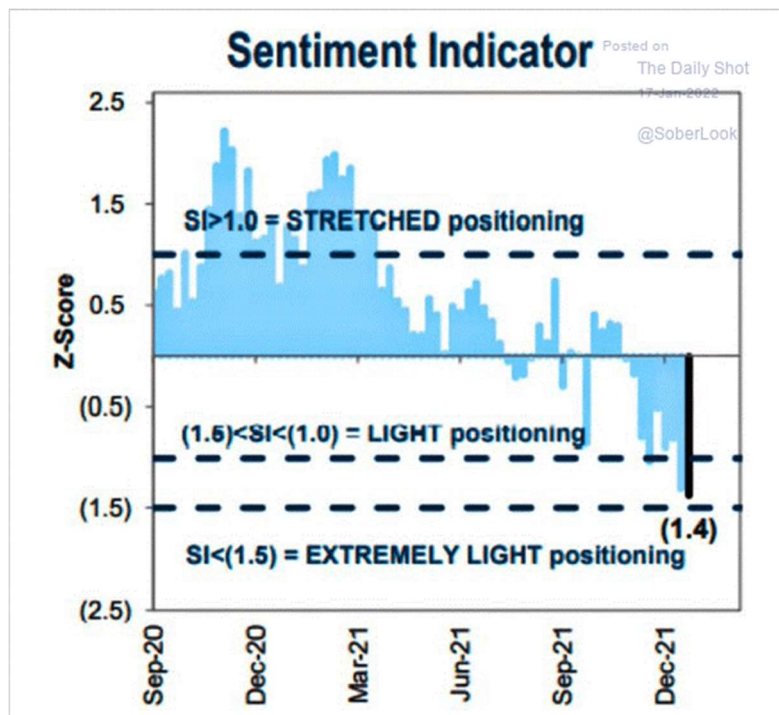


Source: WSJ Daily Shot Jan 17, 2022

Wall Street sees similar pessimism in their clients.



Goldman Sachs Sentiment Indicator Jan 14, 2022



Steve's Take: While not at Bet the Farm extremes, we're seeing lower than average Bullish readings and higher than average Bearish readings.

Forbes Media Chairman Steve Forbes on buying stocks:

"If you feel good about the market don't; if you feel bad, do it. In terms of investing, emotions are your enemy."

I take the above as signs to be, and remain, invested.

Brookfield Renewable Partners (BEP.UN-TSX-\$40.66) update

We featured Brookfield last week, noting the decline from highs in Jan/2021. NBF's Rupert Merer updated his opinion on Brookfield Renewables this week. With the stock price down, Mr. Merer is upgrading the opinion from Sector Perform to Outperform.

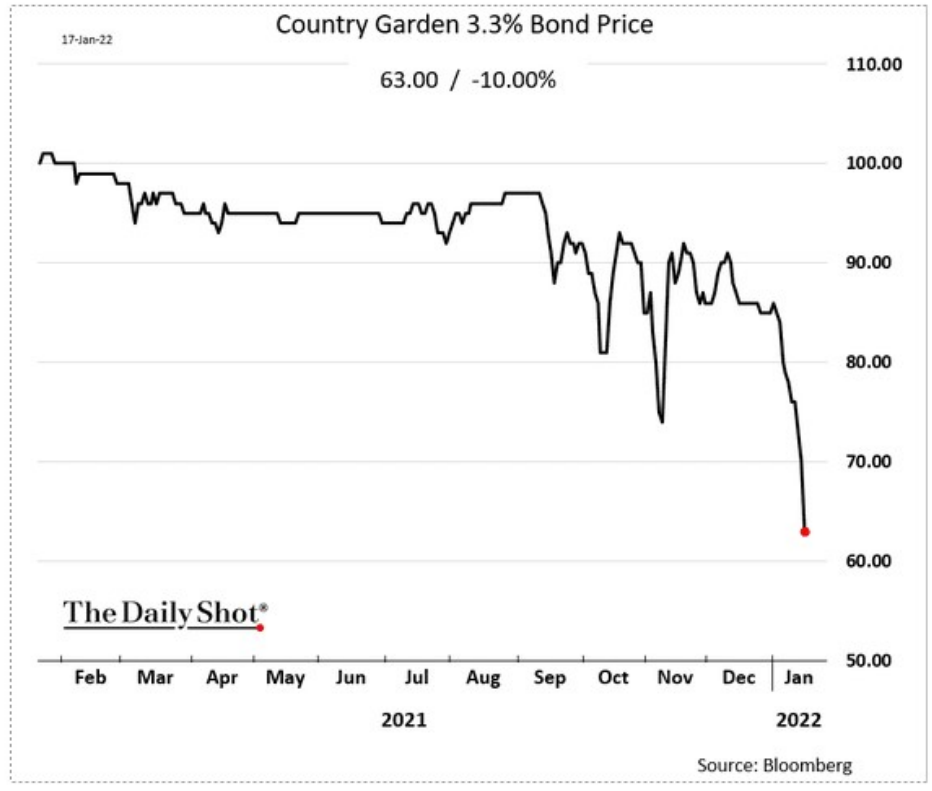
<https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=570047ae-68d8-401a-9013-20e7b2238866&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail>

'What A World' – Morgan Housel Jan 13, 2022

<https://www.collaborativefund.com/blog/what-a-world/>

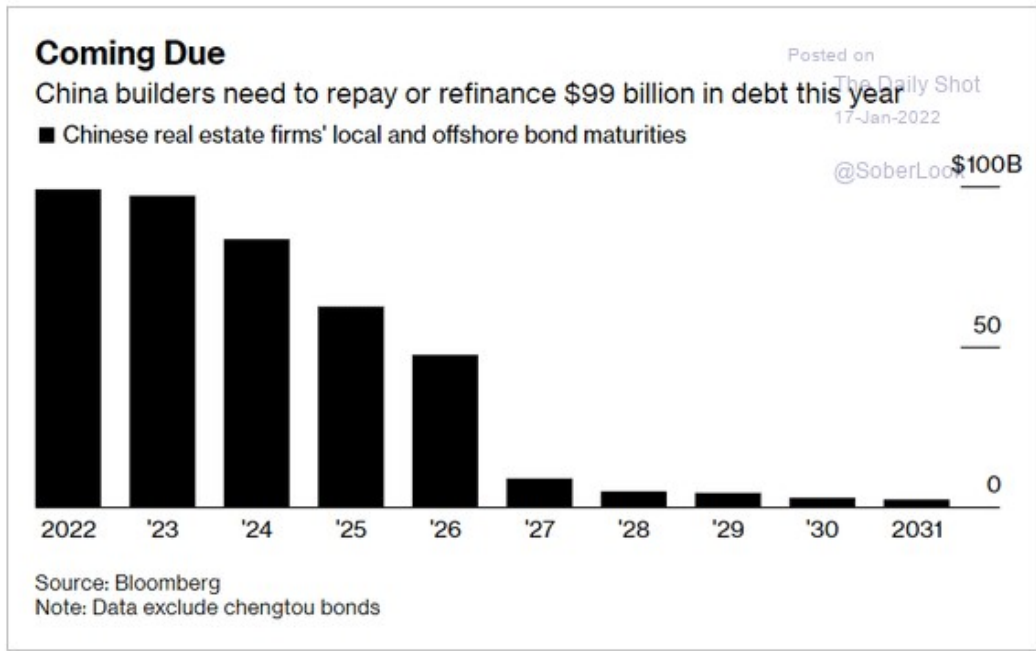
Is China past its property worries? Not yet

China: Developers' debt collapse has accelerated, ...



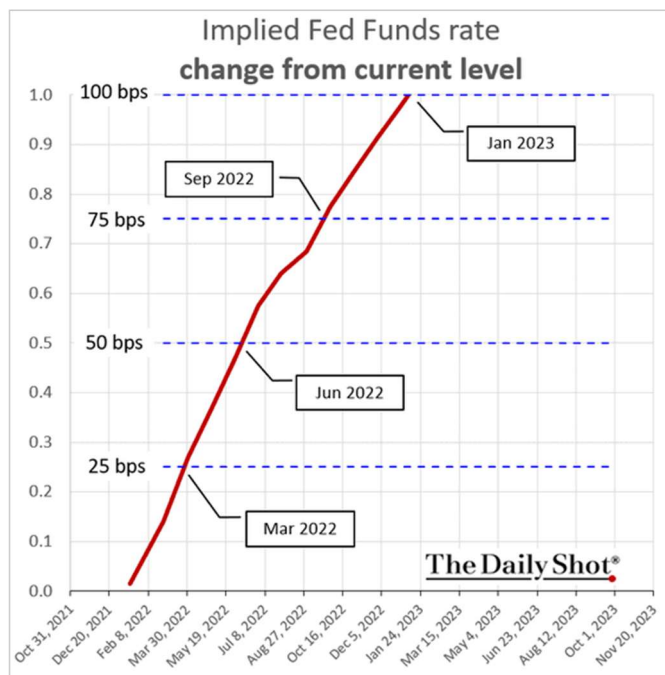
Source: The Daily Shot

... as investors worry about the maturity wall.



Rising lending rates don't help the highly indebted.





‘7 Chart Monday’ – Charlie Bilello Compound Advisors – Jan 17, 2022

The High Growth Boom (2020) & Bust (2021)							
Company	Ticker	2020 Return	2021 Return	Company	Ticker	2020 Return	2021 Return
NIO Inc.	NIO	1112%	-35%	Redfin Corp	RDFN	225%	-44%
QuantumScape	QS	753%	-74%	FuboTV Inc	FUBO	214%	-45%
Workhorse Group Inc	WKHS	551%	-78%	Chewy Inc	CHWH	210%	-34%
Farfetch Ltd.	FTCH	517%	-48%	DocuSign Inc	DOCU	200%	-31%
Peloton Interactive Inc	PTON	434%	-76%	Zillow Group Inc	Z	183%	-51%
Pacific Biosciences Inc	PACB	405%	-21%	Five9 Inc	FIVN	166%	-21%
Sunrun Inc.	RUN	402%	-51%	CRISPR Therapeutics AG	CRSP	151%	-51%
Zoom Video Communications Inc	ZM	396%	-45%	Wayfair Inc	W	150%	-16%
Pinduoduo Inc	PDD	370%	-67%	Roku Inc	ROKU	148%	-31%
Fate Therapeutics	FATE	366%	-36%	Teladoc Health Inc	TDOC	139%	-54%
FuelCell Energy	FCEL	345%	-53%	Chegg Inc	CHGG	138%	-66%
Fastly	FLY	335%	-59%	GSX Techedu Inc.	GOTU	137%	-96%
DraftKings Inc	DKNG	335%	-41%	Palantir Technologies Inc	PLTR	136%	-23%
Appian Corp	APPN	324%	-60%	Coupa Software Inc	COUP	132%	-53%
Lemonade	LMND	322%	-66%	Stitch Fix Inc	SFIX	129%	-68%
ChargePoint Holdings	CHPT	309%	-52%	Elastic NV	ESTC	127%	-16%
Ontrak Inc.	OTRK	279%	-90%	RingCentral	RNG	125%	-51%
Tupperware Brands	TUP	278%	-53%	PayPal Holdings Inc	PYPL	117%	-19%
Pinterest Inc	PINS	254%	-45%	Spotify Technology SA	SPOT	110%	-26%
iRhythm Technologies	IRTC	248%	-50%	StoneCo Ltd	STNE	110%	-80%
Block Inc	SQ	248%	-26%	Opendoor Technologies Inc	OPEN	110%	-36%
Twilio Inc	TWLO	244%	-22%	Virgin Galactic Holdings Inc	SPCE	105%	-44%
Penn National Gaming Inc	PENN	238%	-40%	Wix.com Ltd	WIX	104%	-37%
C3.ai Inc	AI	230%	-77%	Lordstown Motors Corp	RIDE	102%	-83%

COMPOUND Data via YCharts @CharlieBilello

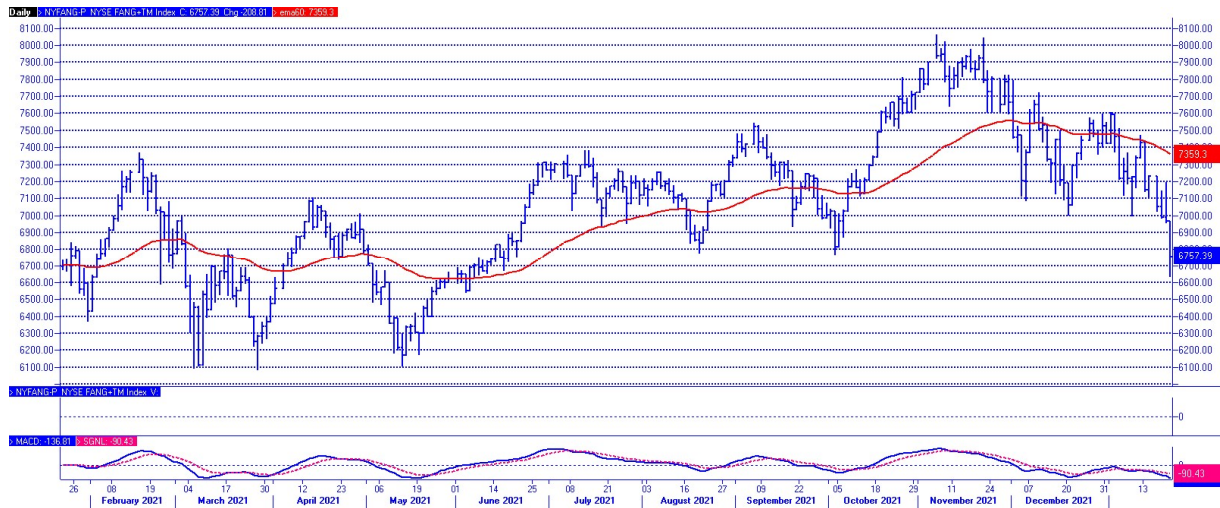
Some great charts courtesy of Mr. Bilello. We featured #3 ‘Workhorse Group’ in last week’s comments. While the above chart is interesting, given our low exposure for clients, it’s just that. Interesting. Much of the rest of Mr. Bilello’s commentary focuses on inflation. This IS a big deal as we’ve warned for some time. He closes with optimism – which we also agree with.

<https://compoundadvisors.com/2022/7-chart-monday-1-17-22>

Staying with the fashionably overbought...

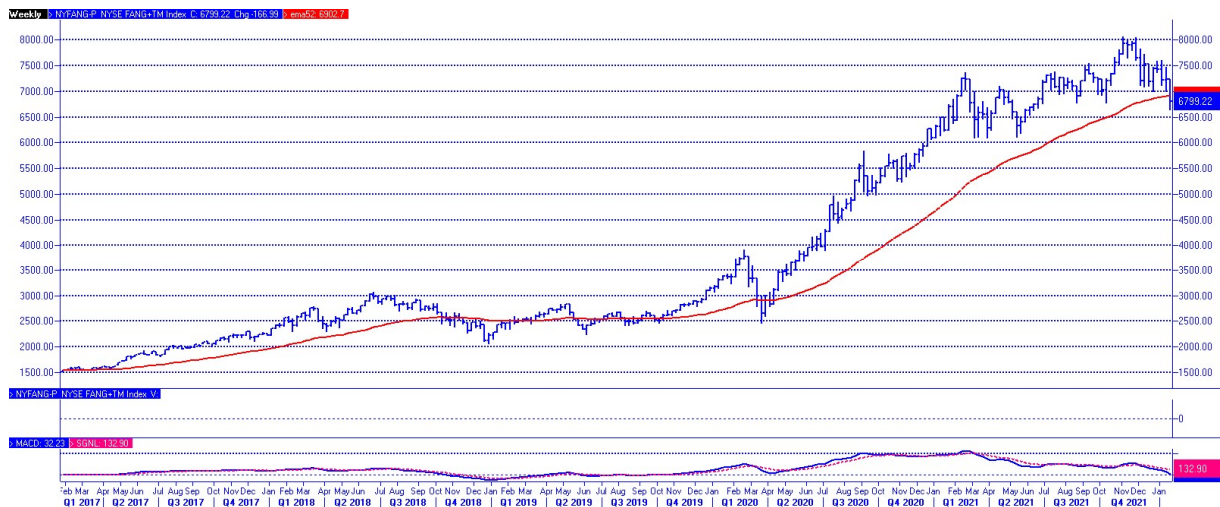


NY FANG +TM Index (FANG - 6,762) daily ranges 12 mos.



The FANG stocks have taken a pounding. <https://www.theice.com/fangplus>. After peaking at all-time highs around 8,044 in November on the COVID lockdown craze, the FANG’s are down 16%. From a longer-term perspective, the recent slide looks like a blip.

NY FANG +TM Index (FANG - 6,762) weekly ranges 5 years.



FANG prices are below the 52-week moving average of 6,903 (red line). On average, over the past 52-weeks, investors are underwater. The thrill is gone. This could mean we’ve seen a healthy pricking of a bubble. Or, as I suspect, there could be a more downside yet to come. We haven’t been there (missed out on the way up) and aren’t there (missed out on the way down). What you don’t do matters.

‘Why Do Investors Keep Buying the Most Expensive Assets?’ Joe Wiggins Jan 18, 2022

<https://behaviouralinvestment.com/2022/01/18/why-do-investors-keep-buying-the-most-expensive-assets/>

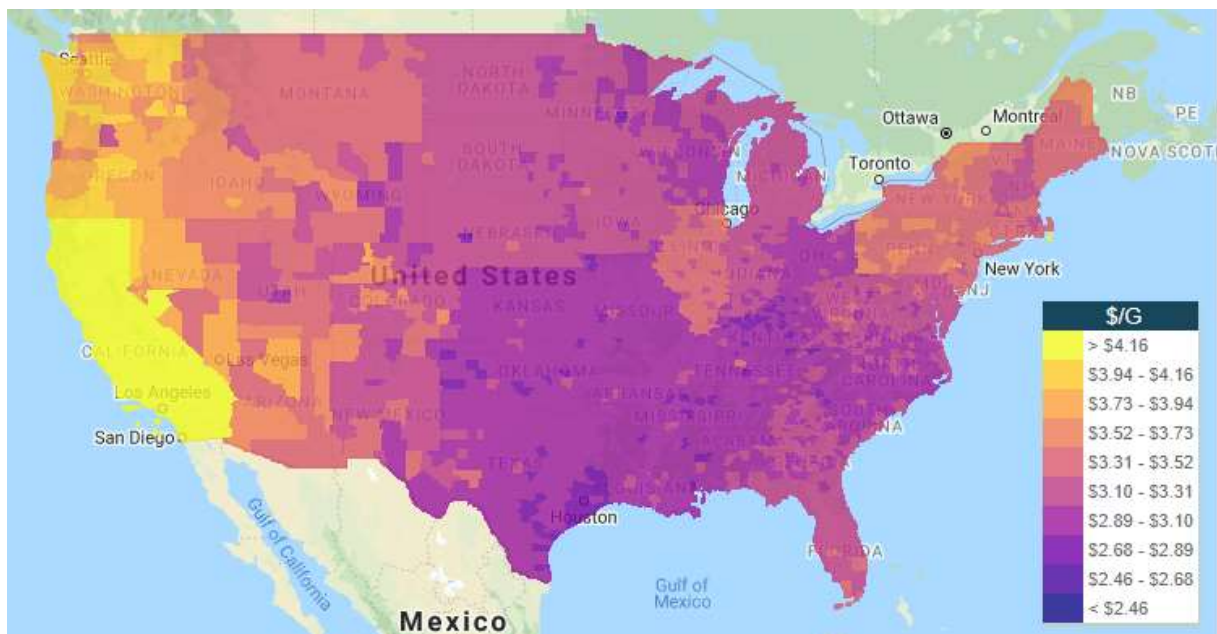


“I’m paying WHAT for gasoline?”

Victoria, BC avg price regular gas \$CDN per litre.



Heat Map: USA avg retail price regular gas per \$US gallon – Jan 19, 2022

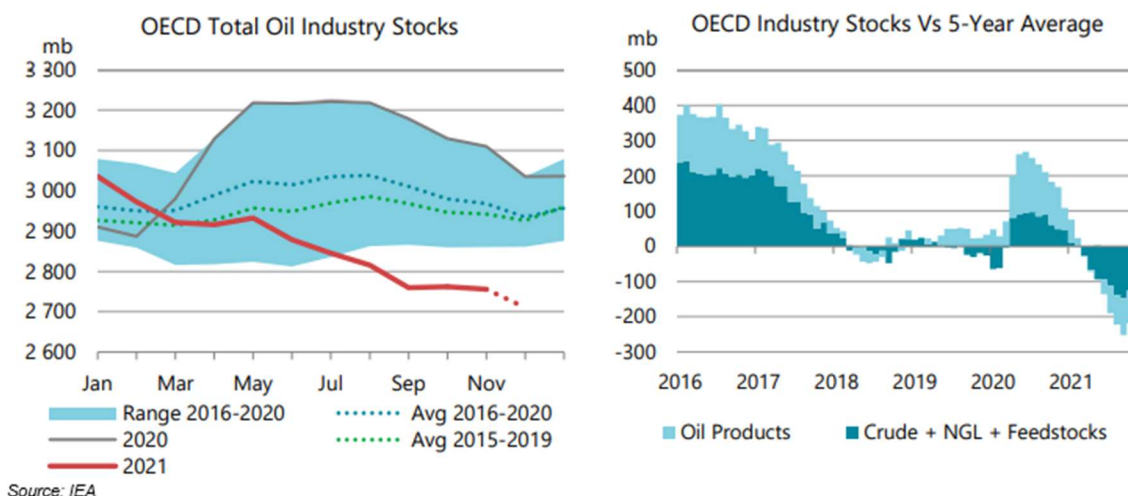


‘High temp’ prices in the USA heat map are in areas that have favored the Democratic party. \$4.16 in California vs. \$2.57 in much of the GOP dominated South. Are Californians happy paying 61% more for fuel than Floridians? US Congressional mid-term elections are in Nov/2022. Watch the fortunes of the Republican party in high heat areas. My guess is Canadian politicians will be paying close attention.

Politicians all over the globe know that rising energy prices (hydrocarbon and otherwise) without matching rising consumer wages is political suicide. Western ones have been desperately blaming OPEC, Russia, Big Oil, the Capitalist Fat Cats, etc. BC's leaders even sicced the BC Utilities Commission on to retail gas station owners to investigate 'gasoline price gouging'. Government policies have a role. Those policies assume A) adding a climate change cost to fuel would increase prices (check) equals B) a change in buying behaviour (not) that would equal (C) falling demand (not). Paired with this strategy has been a tacit support/silence on pressure to 'defund' the hydrocarbon industry and associated transportation infrastructure (anti-pipelines) in Canada. Political parties have run on this platform.

The entanglement of energy infrastructure has been a Canadian sport. This has not proved the case in much of rest of the world. Note the US build out of pipelines and the massive trans-Baltic Nord Stream 2 natural gas pipeline. Nord Stream is owned and operated by Russian state-supported Gazprom, shipping natural gas to Germany, increasing Europe's largest economy's dependence upon Russia. Was this a good idea? Does Mr. Putin care about climate change? https://en.wikipedia.org/wiki/Nord_Stream. Ukraine look out.

There's been a failure to understand the energy industry's sensitivity to lack of investment. No investment = no maintenance of, let alone increase in supply (increase is bad right?). Meanwhile that decreased demand thing hasn't happened. As we've warned regularly, it's a simple equation. Capped/falling production (lower supply) paired with flat/rising demand equals a bidding war for the existing stuff. So...what's been happening with the supply?



Econ 101 in action. Flat production + rising demand = less residual supply = Prices up. This is after all Govt policy intended strategy. Force prices higher to force consumers to change their consumption behaviour. Success! If you are one of the lucky ones that happens to have available supply now, you can demand a higher price now. You'll make gobs money. We've been predicting this for the past three years. We've stuck with the Canadian oil & gas sector. The chickens are coming home to roost. This fall's US mid-term elections will be interesting.

DISCLAIMER: I am not a fan of the Republican party, Donald Trump etc.



Telus Corp. NBF Research update.

NBF updates Western Canada’s largest telco operator. It’s been a good year for investors.

<https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=403d9544-3d09-4851-a420-14162ff582aa&mime=pdf&co=nbf&id=steven.hilberr@nbc.ca&source=mail>

DISCLOSURE: I own Telus Corp shares personally, hold it in family accounts and in client accounts over which I have trading authority. We’ve traded in the security within the past 60-pdays.

‘How to bet on the uranium trade’ – Reuters Jan 18, 2022

We’ve been following developments in nuclear power. We’ve yet to find a pure play suitable for conservative investors. We’re not alone, fielding calls from clients interested in the nuclear industry.

<https://www.reuters.com/markets/asia/live-markets-how-bet-uranium-trade-2022-01-18/>

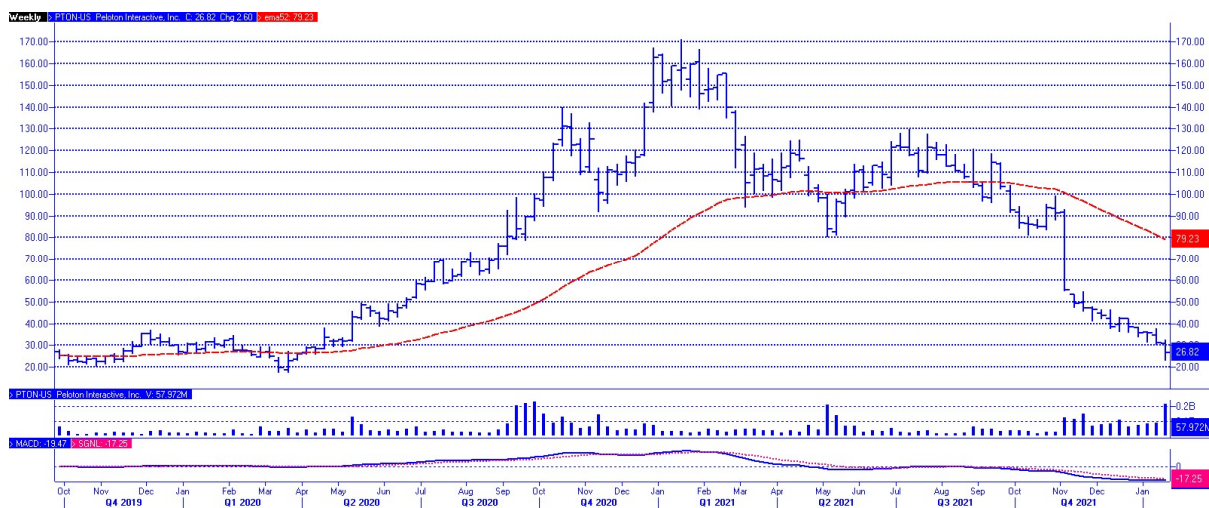
‘The 20 Internet Giants That Rule the Web’ – 1998 vs today

<https://www.visualcapitalist.com/20-internet-giants-rule-web/>

What you don’t do, matters.

Peloton Who?

Peloton Interactive Inc (PTON-\$26.89) weekly ranges from \$29.00 IPO.



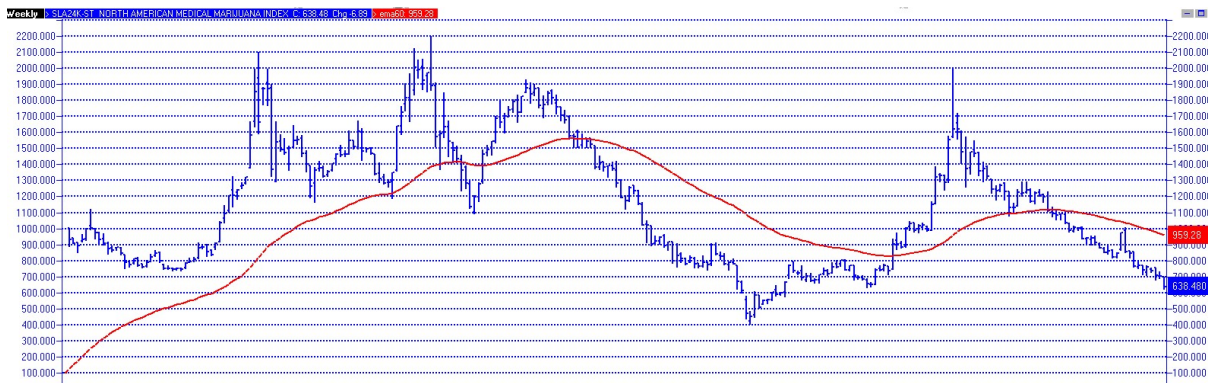
Jan 14, 2021 high \$171.09. Last \$26.89 -84% from the high. The thrill is gone.



Cannabis Who?

SOLACTIVE North American Marijuana Index (\$CAD) Mar 2, 2017 - Jan 20, 2022.

Index base 1,000 March/2017. Highs 2,200 in 2018. Friday's low \$620. -38% from inception.



Indices are synthetic. No real-world costs and trading spreads. One can't match an index.

<https://www.solactive.com/indices/?index=DE000SLA24K3>

A real-world investor paying real-world costs had it much worse.

Horizons Marijuana Life Sciences Index ETF (HMMJ-TSX-\$5.44). \$10,000 invested at the \$12.00 IPO is now worth, \$4,533, \$10,000 invested at the \$26.98 high in Oct/2018 is now worth \$2,016. -80% hurts. As happens so often in this business, my guess is this ETF and its kin will quietly disappear, taking the lessons of history with them. A new flock of investors will learn all over again. It's so easy to make money in stocks. Sure it is.

What are the Risks of a Fixed Income Portfolio Vs. Equities Portfolio? | Assessing Financial Risk



Watch Anna's latest video here

https://www.youtube.com/watch?v=DxI2yW4_au0



Have a Great Weekend

Steve & Anna Hilberry



FOR THE RECORD Jan 21, 2022

DOW INDUSTRIALS:	34,655
S&P 500:	4,462
S&P/TSX COMP:	20769
WTI:	\$84.90
LOONIE IN \$USD:	\$0.7974 \$US

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