



WEEKEND READING

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

If turkeys could fly...

Kicking off the mad rush to Christmas, the USA celebrates American Thanksgiving this weekend. With US markets closed for the holiday, we anticipate listless trading north of the border. We're keeping it short this weekend.

Geopolitical risk has clients expressing confusion and doubts about recent stock price gains. With the narrative of Trump's potential disruption and chaos (we're guilty of contributing) why are stocks rallying and why haven't we dialed back our risk exposure (yet)?

We'll remind readers of the typical post US Presidential Election rally. The 2024 version (of course) labelled the 'Trump Rally', implies a vote of confidence in the President-elect. Pundits say the stock market likes Donald Trump. We think there's nuance to consider.

Other pundits Example Worry: Trump 2.0 will supposedly see "15 million illegals deported" on Day 1. We've seen predictions of teams of black-clad deportation police kicking in the doors of taxpaying families of law-abiding illegal residents, (whose children were born as US citizens) deporting illegals who've been residents of the US for 30-years. What of their adult children? Some in Trump's orbit have floated revoking US citizenship for children born in the US of illegal residents, deporting them too. 'Tear it all down'. How likely is this?

Trump 1 saw Big Talk about deporting illegal immigrants, yet the Democratic-led Obama Administration deported close to triple the number of illegal immigrant's vs Trump. The reality of law-abiding, tax paying, hardworking immigrants, legal and otherwise, as a major factor in US farm labour in areas that voted GOP will not be lost on the Trump administration.

<https://www.independent.co.uk/news/world/americas/us-politics/trump-deportation-numbers-obama-biden-b2649257.html>

Individually, we're all fools. Collectively we're geniuses. US equities and bonds dominate financial assets held globally by a wide margin. Media types have predicted a Trump administration means... the end of Nato, the EU, the rule of law, demagoguery and dictatorship in the US with the jack boots coming for protestors, that a prone GOP-led Congress would show its belly and give Trump whatever he wishes. Mr. Trump's pick for Attorney General, Matt Gaetz with his 'questionable' record summarized these fears. If the aggregate risk assessment of millions of global investors believed these worries are likely, the last thing they'd want is exposure to long-term risk assets like US stocks. It turned out the House and Senate aren't as prone as predicted. Mr. Gaetz withdrew from consideration on Thursday. The Dow rallied over 400 points. Maybe that rally had nothing to do with politics, but we think it's of a piece.

As hard as it is for a center-left leaning Canadians, (like yours truly) to believe, the stock market is telling us *'Watch what Trump does, not what he says'*. The stock market is predicting Trump 2.0 will end up being, like Trump 1.0, a center-right administration.

Experience also tells us, investors often wait for election results, to do what they intended to do anyway. This often translates to a sharp post-election rally. The recent rally fits the pattern. So yes, even turkeys can fly in a strong enough wind. We remind readers "Recognize extremes". To steal a phrase from the recent US election, we're "nauseously optimistic".

Dow Industrials Avg (DJIA 44,219) 10 years



Source: Refinitiv, NBF, Hilberry

We'll assign some easy listening this weekend.

'The Rest is Politics – US' Nov 22, 2024 edition.

"Is There An Earthquake Coming In Trumpworld?" - YouTube



<https://www.youtube.com/watch?v=89pLdl-5XSY>

(also available as a downloadable free podcast on your favorite podcast app).

The rally of US equities hard into the close, prior to the US Thanksgiving Holiday long-weekend points to continued optimism for the US economy. Canada was dragged kicking and screaming higher. We've maintained our exposure to Canadian and US equities. We had wild weather and power outages this week. Like the weather, button up and hold on to your hats!

Have a Great Weekend



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FOR THE RECORD Nov 23, 2024 close

DOW INDUSTRIALS:	43,870
S&P 500:	5,948
S&P/TSX COMP:	25,390
WTI:	\$71.32
LOONIE IN \$USD:	\$0.7153 \$US

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