

WIMAN & WONG

Wealth Management Group

Monthly Newsletter



July 2023 Comment

Summer Buying Season is Here!

Yes, it's true! Many stocks have come off aggressively in price and many we hold dear. We don't often get these types of opportunities, but it appears to be upon us (recession pending?). We have used the example of Enbridge at various points along the time continuum in the past 60 days as an example. Consider the chart as a starting point. The stock is down 11% in the short term in the last 34 days and longer term in the last 264 days it is down 20%.



Source Eikon, Wiman Wong Wealth

Now this is not a recommendation per se but it provides some context on price dislocations. Did we mention Enbridge has a price of \$48.30 today (July, 17 2023) and yields 7.30%? The space has been somewhat unloved.

Anyways this is not a specific recommendation but an example of some of the more negative stock reactions that are happening today. OR just recently happened. If this was Kmart it would be a flashing blue light special in aisle 3 😊! How's that for dating myself as any reader under 40 has likely no idea what Kmart is 😊. Sorry digressions.

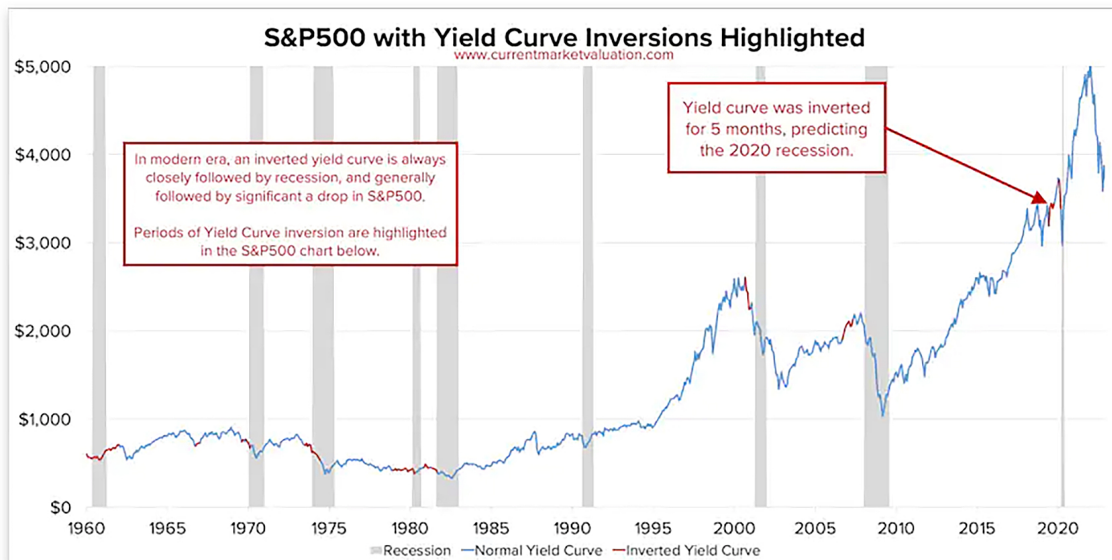
Do Markets go Down in a Recession?

This is the question we have been pondering for the better part of this year as several factors have triggered recession indicators. Germany is an interesting example of a recent technical recession where the market actually is at a near term high? BUT um we're not invested in the DAX (German Market 😊). What about the markets here at home? German Stock Market chart posted next:



Source Eikon, Wiman Wong Wealth

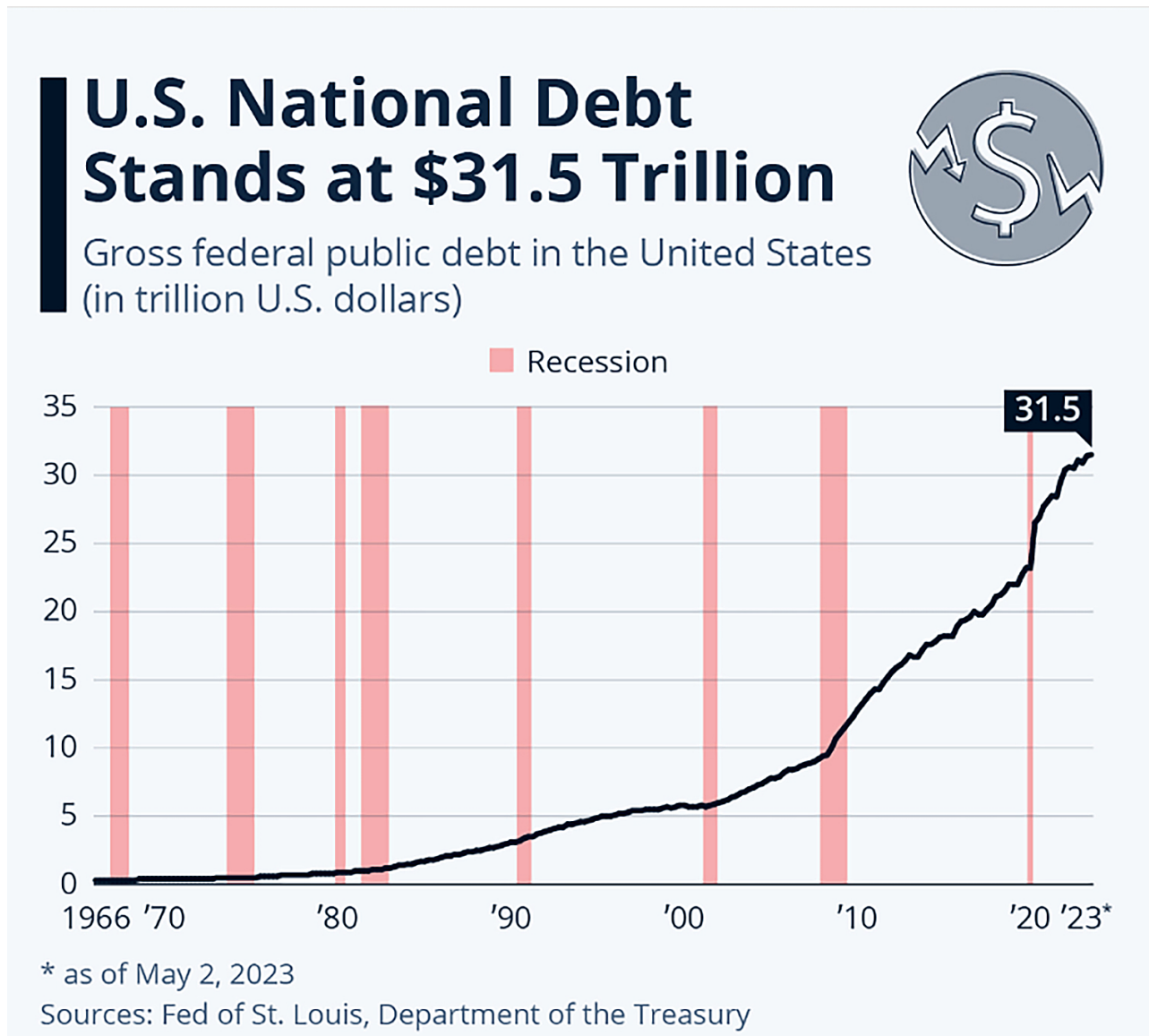
What can we expect if we do have a recession? Well, the markets likely soften into it. We have a yield curve inversion today and if history holds, we likely have a recession in the coming quarters. The chart below plots that historical market reactions to inverted yield curves and corresponding changes in the S&P 500.



Source currentmarketvaluation.com

One major takeaway from the chart above and data will confirm this, is that in every year following a recession the market is positive except for 2001. In 2001 it was a DOT.com overvaluation that needed a bit more time to wash out. Does AI (Artificial Intelligence) play out the same way?

Ultimately it is different this time, we have many more factors to consider and moving parts many which have been well articulated in other prose, wars, inflation, AI, etc. et al. Did we mention a \$31.5 trillion debt level? Will this ever go down? Just to digress a smidgen can I sign up for the US Government Black Visa card (sorry Visa)? Imagine a card that allows you to extend the debt level when every you need the money? Better yet, to pay interest on the card you have a money printing machine in your garage or just issue more debt? Sorry digression... chart below:



Source statista

Give Me Some Good News!

The inflation number out of Canada in June posted a level of 3.4%! Almost at 2%! You can almost hear the cheer of variable rate mortgage holders! What does this mean? Well, it may give the Bank of Canada the data it may be looking for to adjust its rate posture. This is good news ultimately. It may also give or provide a floor on dividend growth names that have recently been under pressure. Flashing blue light special again, this time in isle 8 😊! Now the grain of salt is the recession impact but, in some sectors, we are or have already seen 20% declines. Buy them ugly they say....

Enjoy the Summer! We will keep you posted as we move forward.



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