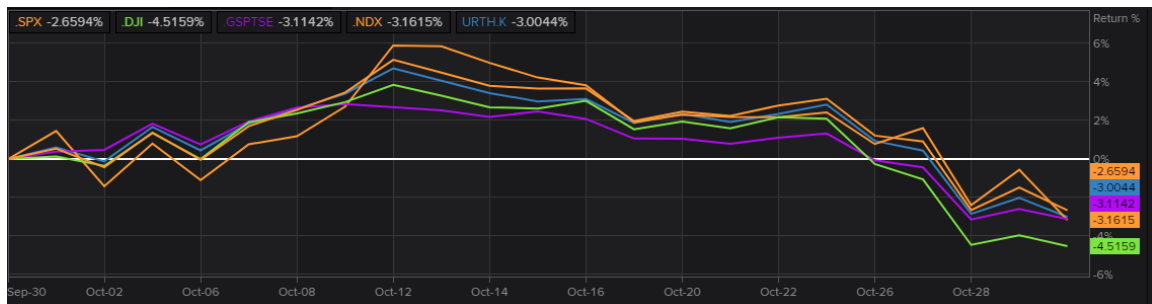




Not Quite as Surprising as was Expected! WAIT, Second Edition Biden WINS!

Looking back, it seems logical that no newsletter should have been written post-election until the associated press declared a winner (for the record this is our second writing of this month's newsletter). Over the weekend such came to be, and Biden was announced as the new president of the USA. This should be news to no one as it has been one of the better reality unreality shows on TV for the past couple of weeks.

The market in October was clearly not comfortable with the state of affairs going into the election. The major indexes were all down with the DOW showing the biggest decline (-4.5%). The illustration below tells the tale of the month, what started out ok finished with a thud:



Source: Thomson Reuters

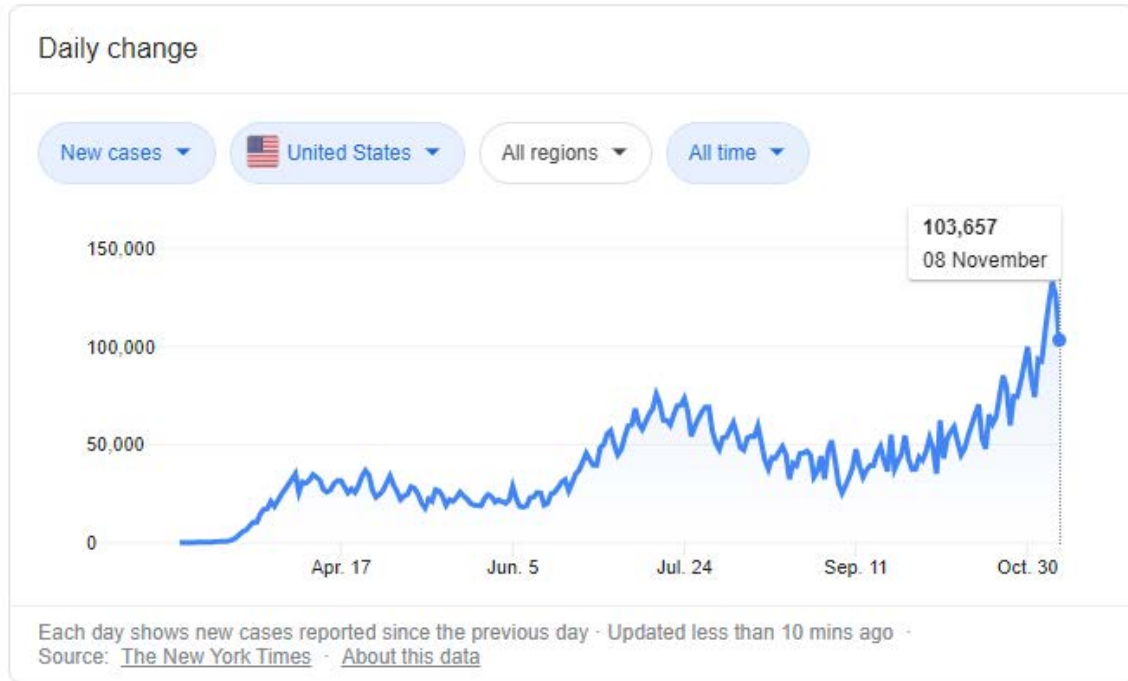
The World is Never That Easy!

Now, that for the most part, the major components of the election are behind us. The market appears to have changed footing and likes or appears to like what they see. The US Senate will likely be controlled by the RED Republicans. If this holds, this means that Blue Democrats and Biden will have to negotiate to get things done from the White House. COVID and stimulus are likely first and second on the agenda and raising taxes are likely the last (insert - hear the crowd cheer – or roar). For now, the markets seem excited about these prospects. From the outside looking in it appears it was a vote for change. But a pretty close one!

What's Next?

Well this morning Pfizer came out and said they have a vaccine that is 90% effective on a small sample population. The conspiracy theorist in us wonders about the timing of this release. Anyways, it has created a bit of a perfect storm for all that was not in the economy or at a minimum in the markets this day of November 9th 2020. The DOW opened this morning up 1500 points to start the day. As we scratch our heads in wonder there is still this COVID thing that was

on the back burner for the better part of the last month. As revelers were out at trick or treat parties the world was adding more numbers to the COVID stats. The numbers out of the US over the weekend showed cases topping 100,000 for the 4th day in a row with average daily deaths reaching 869. The chart on below shows that the number today are far worse than there were previously.



Source: New York Times

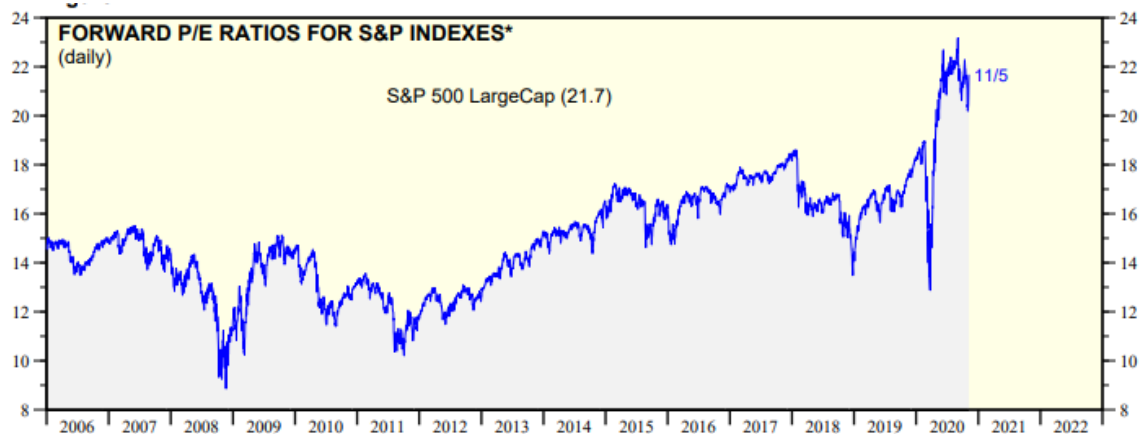
Very early predictions from doctors far more attuned to the pandemic than us suggested that a cure or vaccine would be available in mid-2021. With the news today perhaps, this expectation will be move forward or slightly faster. From a very positive perspective it appears the world is learning to cope with this change. As an example, traffic in Canadian suburban malls owned by Cadillac Fairview, the property unit of Ontario Teachers' Pension Plan, is now at more than 70% of pre-pandemic levels, while less than half of shoppers have returned to its downtown malls. The same story reverberates around the globe while mall owners with both urban and suburban locations are expected to weather the hit from the pandemic, already-beleaguered retailers in downtown shopping centres face much bleaker prospects. The social and indirect impacts are still yet to come and are building part of the societal fabric that is yet to be clearly defined. In conversations with parents with young children the socialization of those kids that have been in some form of isolation through this period is going to be different than the experience of the kids that came before them. One teacher suggested that kids have been and are being taught not to share things during this pandemic. Why because you can spread the virus. What that means is anyone guess at this point, but someone will put a label on it in the future or is already doing so?

Vegas is open and the party starts – when?

One of the questions we have been asking ourselves is “are we there yet”? Is all the bad news baked into the system? Are investors looking beyond the near-term issues and can they see across the valley? It is a challenging question with lots of data points and factors to consider. The clearest answer we have come up with at this point is a soft yes. Earning season has for the most part come in and generally the numbers have been good with the obvious exceptions energy and some of the industries under duress as noted. However, parts of the world remain in lockdown and escalating numbers have some areas putting in further social policy restrictions. There is a growing chatter that the party will start in the second quarter of 2021 and many of the effected industries just need to survive until that time. News flash Singapore launches its first “cruise to nowhere”. Hit by cabin fever, hundreds of Singapore residents itching to get out of the tiny country boarded a “cruise to nowhere” on Friday (Nov 6th 2020), a rare chance to sail the seas after the coronavirus pandemic shut down much of the cruise industry.

Is the Kool Aid spiked!?

This is the tough one! We think the Kool Aid has been spiked for some time. Some would look at the next chart and fundamentally suggest the market is expensive and historically they would be right. If we accept that the world is different today with excessive (maybe perpetual) stimulus, Modern Monetary Theorists, TINA (There Is No Alternative), low interest rates and a few more head scratchers one could justify higher multiples? Maybe! Or not? This is the big challenge today.



Source: Yardeni.com

If the market was trading at 18 times earnings maybe this would be easier to get excited about at 21.7, we need to believe that earnings are going to be a lot higher in the future or multiple expansion is the new normal. Maybe they will be once the party in Vegas starts 😊!

The GIFT of Time

One thing this pandemic has provided in some cases is the gift of time. Time is one of the rarest commodities for all of us, it is fleeting and has a shelf life that none of us are privileged to know.

In trying to look at the pandemic with a cup half full approach it occurred to us that one of the greatest gifts of this pandemic has been time in our bubble. This has put us very close to our immediate families. Would this ever have been possible in any other type of environment? Likely not. With numbers escalating it is likely that this time equation is going to get a bit dearer in the short term. With more isolation being announced we are gaining some more time. Find the best in this and enjoy it because it will not last forever.

Final Thought

The world in which we live in today is real and COVID is a serious issue for us. We don't take any of this lightly and are looking for ways to keep a positive happier disposition through this. There are days that we find it completely frictional and suspect our friends are feeling the same way on any given day. We know that the human spirit is alive and well and society will prevail.

Thanks for reading if you made it this far. Keep yourselves and your family safe during this period and we will keep you posted going forward.



Market Summary

For a summary of key market performances, currencies and interest rates, we invite you to read our daily commentaries. Clear and concise, they will keep you informed of the latest economic and financial news that can influence the value of your investments, and serve as a guide for your discussions with your advisor.

Click here to consult the [Daily Market Review](#).

WEEKLY ECONOMIC WATCH

The Economic Weekly is an excellent and simple way to stay abreast of a series of important economic and financial indicators affecting the North American, provincial and global backdrops. It offers an analysis on a current economic or financial topic, together with a brief commentary on developments in the economic environment as depicted by economic indicators released during the week.

Click here to consult the [Weekly Economic Watch](#).





[Click here to access your online account and tax statements.](#)



[Click here to learn more about the team.](#)



[Click here to contact us.](#)

John Wiman

Portfolio Manager

Investment Advisor

T: 418-869-7125

John.wiman@nbc.ca

Jason Wong, CIM

Portfolio Manager

Investment Advisor

T : 416-869-7142

Jason.wong@nbc.ca



© NATIONAL BANK FINANCIAL. All rights reserved 2019. [Terms of use](#) [Confidentiality](#) [ABC's of security](#)

The information contained herein was obtained from sources we believe to be reliable, but is not guaranteed by us and may be incomplete. The opinions expressed are based on our analysis and interpretation of this information and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed herein are those of the author and do not necessarily reflect those of National Bank Financial.

The securities or investment sectors mentioned herein are not suitable for all types of investors. Please consult your investment advisor to verify whether the securities or sectors suit your investor's profile as well as to obtain complete information, including the main risk factors, regarding those securities or sectors. This document is not a research analysis produced by the Research Department of National Bank Financial.

National Bank Financial is a subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX).

For unsubscribe options, [click here](#).