

Building your financial future

WIMAN & WONG

Wealth Management Group

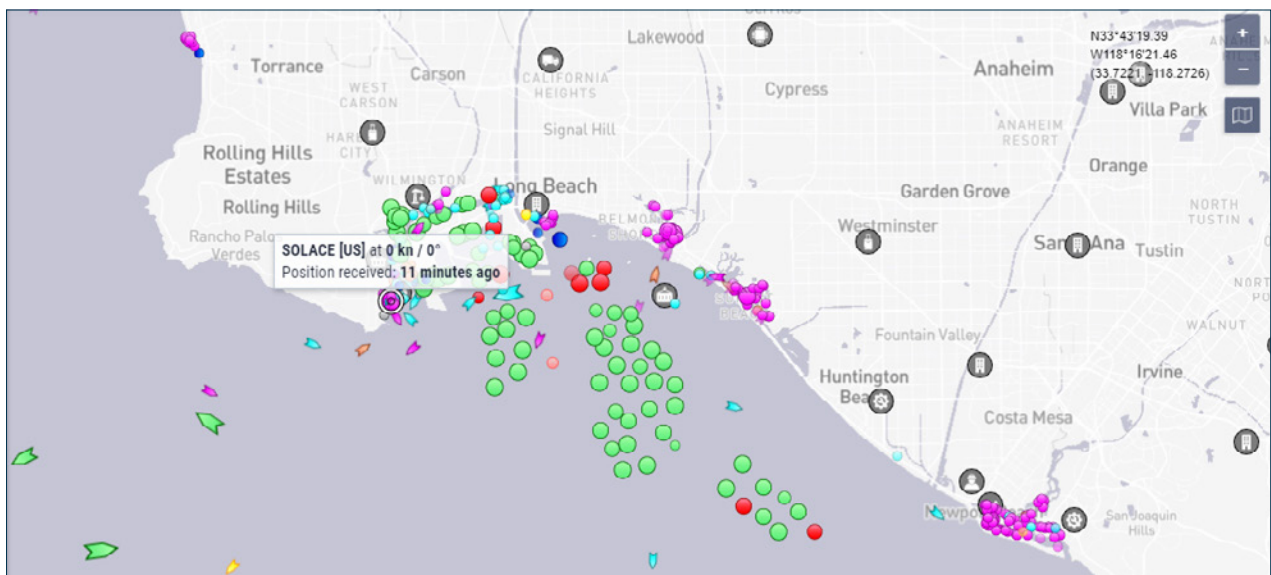


Monthly Newsletter

Show Us The Money

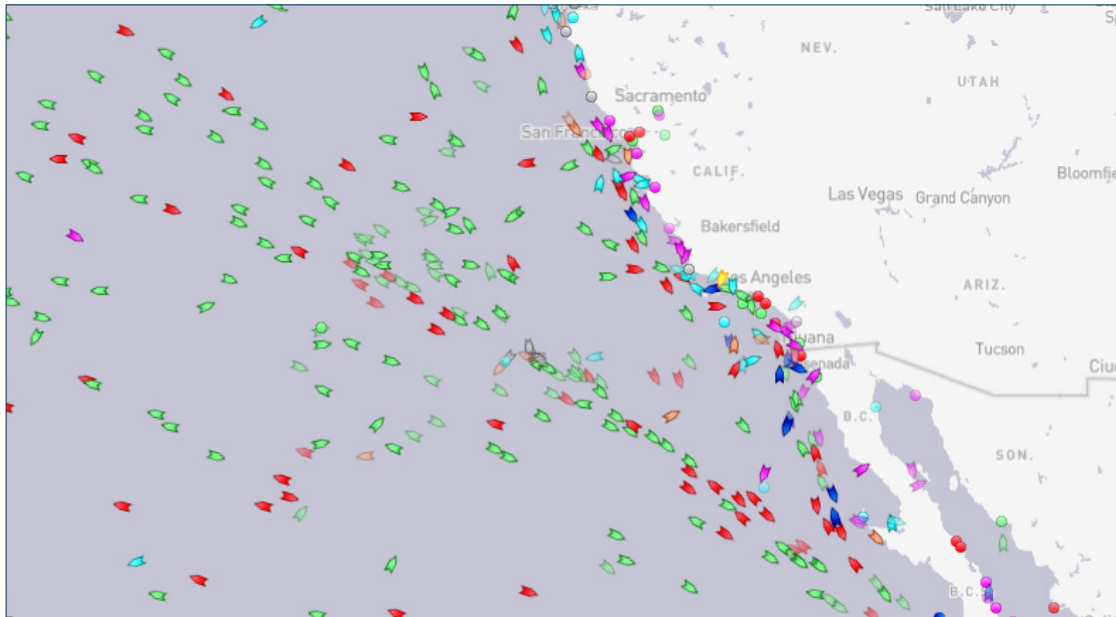
Well, the historians got September right and the markets took a breather and have provided the framework with a bit of a reset to start October. While it would be easy to just say that we are now in a seasonal bullish position it would be mindful to realize that we are still fighting all kinds of different headwinds.

One of the headwinds that has become front page news in all sorts of different categories in supply chain. It really does not matter who you talk with, if it is a product traveling across water, it is likely constrained (think clean up timeline into 2022). We have seen lots of headline news about ships anchored at the port of Los Angeles waiting either to get a berth and unloaded or waiting for more workers to show up. The recent map from marine [traffic.com](https://www.marinetraffic.com) paints a picture.



Source: marinetraffic.com

It would be easy to say that ships will be unloaded soon but every day more and more ships show up. If we look a little deeper, you can see the Mid Pacific superhighway in action. What this tells us is that this is going to take some time:



Boiling it down even further to something investible in the same theme we saw a comment out of Credit Suisse on Carnival Corporation (October 5th 2021) with some detail around current ship demand and further ship demand. The company suggested that they would have 65% of ships in service by January 2022 and would be back to 100% by the midpoint of 2022 (our guess is July August?). Getting back to a full run rate is still fraught with COVID headwinds but suffice it to say we think the world is learning to live in a pandemic and this time failure (closure) is not an option. The world is clearly evolving. Maybe it just takes longer to get back to flat water.

We digressed a bit there from the Show Me The Money title but our thought was to suggest that those in the shipping industry are price makers at this point. The Baltic Dry Index supports this claim as the chart is through the roof.



Source: Eikon

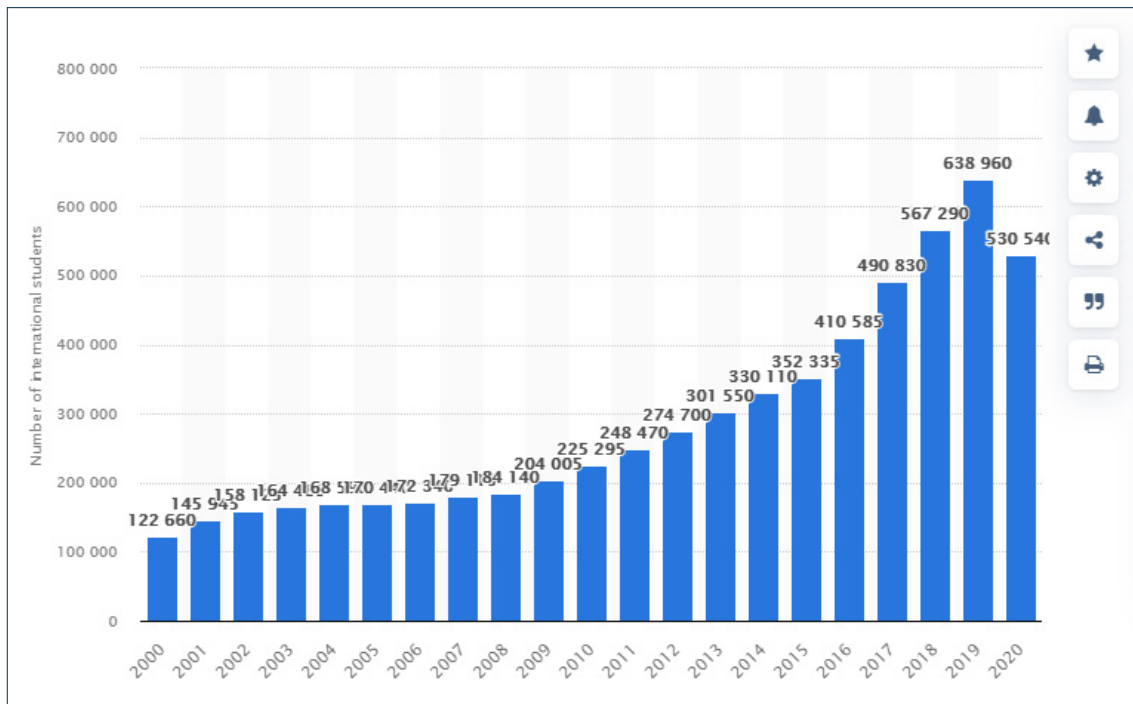
Is this price sustainable – Simple answer is no. If it is, inflation is for sure and for certain – NOT Transitory. Why? Simply put, shipping cost will get passed along to the consumer. Show someone the money if you want your stuff.

Clearly there are beneficiaries in this space that are benefiting or price and demand increases.

Housing (construction – infrastructure) Makes the World Go Round

You don't need to look far to see a crane or another new housing development happening. Statistically we know the demand for housing is and remains high. The right product at the right price keeps communities growing and money is the system. It is estimated that annually about 300,000 new immigrants arrive in Canada. This number is one of the highest in the world. We know why. Maple syrup! Clearly among many other positive reasons. Where do these people go? Everywhere. We also see a large influx of international students annually.

The chart below shows graphically how this trend has been growing for the past couple of decades with a recent sprinkling of COVID impact:



Source: Statista

These people must live somewhere. So, the builders build, and developers develop. In a low interest rate environment this creates a healthy cocktail for positive economic activity. If you walk around today there appears to be no end in sight. New developments are being sold out in a matter of days and the wheels keep on turning.

Last Quarter of the Year

As we move forward, we still understand we have a lot of friction still in our lives from COVID and wearing masks most places. It likely gets better but the road remains bumpy. We continue to view the world through hazel-colored glasses and see challenges ahead. We also see good things happening. Sports arenas and stadiums are starting to accept more people. Concerts are on the schedule and travel is starting to return. Some people are even going back to office work.

We hope everyone remains healthy through this transition back to normal and we will keep you posted going forward. Thanks for reading.



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](#).



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