



Last Week in the Markets: October 5th – 9th, 2020

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Friday Close	16,562.81	3,477.13	28,586.90	11,579.94	584.604	76.21 ¢	\$1,926.20	\$ 40.60
week +/-	+ 363.56	+ 128.69	+ 904.09	+ 504.92	+ 20.492	+ 1.07¢	+ \$ 18.60	+ \$ 3.55
week +/- %	+ 2.24%	+ 3.84%	+ 3.27%	+ 4.56%	+ 3.63%	+ 1.43%	+ 0.98%	+ 9.58%
52 wk HIGH	17,971	3,588	29,569	12,074	588	77.21 ¢	\$2,089	\$ 60.02
52 wk LOW	11,173	2,192	18,214	6,631	427	68.18 ¢	\$1,459	\$ 24.43
YTD +/- %	- 2.93%	+ 7.63%	+ 0.17%	+ 29.06%	+ 3.43%	- 1.00%	+ 26.47%	- 33.51%
1Yr +/- %	+ 1.12%	+ 19.10%	+ 8.51%	+ 14.36%	+ 14.36%	+ 1.52%	+ 27.89%	- 22.80%

(source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

What happened last week?

In a speech to the Global Risk Institute, Bank of Canada Chair, Tiff Macklem, said, “A full recovery from the pandemic will take a long time, and many risks remain.” The rate of recovery in Canada and globally is slowing, and levels of infection are rising, which will slow recovery further. The Bank of Canada and all central banks have little room to manoeuvre with interest rates without going into negative territory. His expectation is that interest rates will remain low for several years to contribute to economic recovery.

<https://www.bankofcanada.ca/2020/10/covid-19-and-the-financial-system/>

<https://www.theglobeandmail.com/business/economy/article-bocs-macklem-warns-coming-months-crucial-in-gauging-how-canadian/>

Covid-19 case counts are rising again across Canada. With more than 70% of Canadians living in major metropolitan areas, and less than 2% of residents of the five largest cities living in low-risk neighbourhoods, Canada is not escaping the second wave of the pandemic. School boards are contemplating closures, again, to protect students, staff and vulnerable family members. Expect closures to negatively affect our economic recovery in the short term, but with a shortening and flattening of the curve and effects in the longer term.

<https://www.theglobeandmail.com/canada/article-surge-of-cases-in-coronavirus-hot-spots-threatens-closure-of-major/>

<https://www150.statcan.gc.ca/n1/daily-quotidien/190328/dq190328b-eng.htm>

With some surprising results, new research suggests that home ownership is not necessarily the best way to increase your net worth based on long term returns. The analysis measured buying and holding a home for 30 years against investing the original down payment and surplus between renting and owning. Since 2003, it has been more financially advantageous to rent than own your home. Many assumptions were needed to reach this conclusion, but it should be noted that deep financial analysis should underly important financial decisions.

<https://www.theglobeandmail.com/investing/personal-finance/retirement/article-since-2003-canadians-would-have-been-better-off-renting-than-buying/>

What’s ahead for this week?

In Canada, existing home sale data for September is scheduled for release, which will likely show that Canadians were continuing to bid up the price of homes during the pandemic.

In the U.S., inflation numbers for September will be released with the Consumer Price and Producer Price indices. Industrial production and capacity utilization, which show “made-in-America” output and whether businesses are running close to their maximum levels, will show how U.S. enterprises have been affected and how they are recovering from the pandemic.

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