



Last Week in the Markets: October 12th – 16th, 2020

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Friday Close	16,438.75	3,483.81	28,606.31	11,671.56	583.113	75.82 ¢	\$1,906.40	\$ 40.88
week +/-	- 124.06	+ 6.68	+ 19.41	+ 91.62	- 1.491	- 0.39¢	- \$ 19.80	+ \$ 0.28
week +/- %	- 0.75%	+ 0.19%	+ 0.07%	+ 0.79%	- 0.26%	- 0.52%	- 1.03%	+ 0.69%
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 +/- %	- 3.66%	+ 7.83%	+ 0.24%	+ 30.08%	+ 3.16%	- 1.51%	+ 25.17%	- 33.05%
1Yr +/- %	+ 0.07%	+ 16.53%	+ 5.94%	+ 43.66%	+ 11.01%	+ 0.10%	+ 28.12%	- 23.39%

(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?

On Tuesday the International Monetary Fund (IMF) revised its prediction for global economic recovery, predicting 2020 economic activity as a 4.4% contraction compared with 2019. This is a less pessimistic stance than June when the loss in economic output was pegged at a 5.2% reduction. The IMF predicts that the Canadian economy will shrink 7.1% in 2020 and then grow 5.2% in 2021. Like the global numbers, the predictions for Canada have been upgraded since June, but our outlook is well below the global numbers and for developed economies.

<https://www.theglobeandmail.com/business/economy/article-imf-sees-global-economy-contracting-44-in-2020-the-worst-plunge/>

The coronavirus continues to wreak havoc on the U.S. economy, directly and indirectly:

- On Friday, the U.S. Commerce Department announced that retail sales in September rose by 1.9% compared with August. This was the fifth consecutive month of increases and this has occurred after retail sales fell by 8.3% in March and 16.4% in April. Sales rose strongly in May and June, then gained only 0.9% in July and 0.6% in August. The gain in September provided Wall Street with short-lived boost on Friday morning immediately after the release. <https://www.commerce.gov/> <https://www.nytimes.com/live/2020/10/16/business/us-economy-coronavirus/retail-sales-increase-for-fifth-straight-month>
- U.S. Treasury Secretary, Steve Mnuchin, expressed doubt that a stimulus deal could be reached and enacted before election day. Negotiations between the White House and Congress have been revived more than once over the past week, but little progress had been made by the end of the week. <https://www.nytimes.com/live/2020/10/14/business/us-economy-coronavirus> <https://www.nytimes.com/2020/10/15/us/politics/stimulus-talks-republicans.html>

New, highly punitive taxes on the Canada Recovery Benefit for the self-employed have been enacted. It could provide a disincentive to taking on additional work according to economists. A short conversation with your licensed tax practitioner is recommended to better understand this development.

<https://www.theglobeandmail.com/business/article-the-hidden-cost-of-ottawas-new-benefit-for-the-self-employed/>

What's ahead for this week?

In Canada, we will get a better understanding of our rebound this summer with the release of Canadian retail sales figures for August. Inflation for September through the Consumer Price Index will also be announced.

In the U.S., housing data will dominate the upcoming releases with housing starts, building permits and existing home sales for September scheduled.

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