

## A WEEK OF HIGHS & LOWS

I am sure it was another head scratching week for many:

A number of market indices and "Covid-beneficiary" companies **hit all-time highs** whilst, simultaneously, so did the US Coronavirus infections, and Florida broke US state records for the highest number of daily cases. On the low side were interest rates, not only in North America, but also new more negative rates in many overseas countries. Just to illustrate this, the US 10-year bond is 0.632% versus a year ago 2.06% and in Germany, France, UK and Japan 10-year rates are all negative or within a fraction of a percent of being so. Also, on the low side were comments from a number of medical experts on their low expectations of controlling this pandemic any time soon and a number of industry experts discoursed how many sectors of the economy would take years, if ever, to recover.

One could really get depressed watching the news or reading popular print. Luckily, financial markets can't do either, and so for the week a few select indices:

- Shanghai composite +7.31%
- Nasdaq +4.01%%
- Emerging Markets +3.9%
- S&P500 +1.8%
- TSX +0.8%

All in all, there were good gains in most sectors except for the beleaguered energy industry. The weekend Wall Street Journal highlighted one Texas town which has gone from boom to bust in just a few weeks. This story, I am sure, may well be repeated in parts of Canada dependent on the oil industry.

### **I have said this before, and I have no hesitation repeating it again:**

One must listen to what the stock market is telling us NOT, as many want to do, *telling the market what they think it should be doing*. Right now, I believe markets, as they have since late March, are signalling higher and any down moves should be limited in scope.

**Hold the presses. As I write, another new high:** US new home sales in June hit percentage increases not seen since the financial crisis. Builders report demand exceeding supply as buyers want new with all the latest technology related fixtures AND, no surprise, they have had to put their prices up!!

