

AAS COMING TO THE FORE

AAS – Analyst Amnesia Syndrome – the ability of financial analysts to *quickly* forget profound forecasts when reality proves them wrong. Ok, I made this up, but it's a "malady" I have observed numerous times over my years in this industry. However, I shall refrain from mentioning some notable "experts", often quoted or interviewed, who are particularly bad sufferers.

If we think back a mere five months, the economic world was in the throes of a full shutdown, financial markets were in a freefall collapse and with a few, a very few exceptions, economists, strategists and CNBC anchors were all falling all over themselves to outdo dire doom and gloom forecasts. And yet, today North American financial markets have recovered or exceeded all the losses – who would have thought that? And while I do compliment myself for writing in my late March letter that I did believe the market lows had been made, I certainly did not anticipate such a quick and dramatic up move.

This past week saw more recovery highs, as more sectors joined with significant weekly gains, and the lagging Canadian and US financial sectors being notable winners as both rose in the 4% range. **All in all, it was a strong week for financial instruments and the best August for US shares in 34 years!!** Thus, I predict you will observe more and more evidence of **AAS** as the above mentioned market commentators start forgetting how bearish they were a few months back and start getting on the "I knew it all along" band wagon.

Nevertheless, the real world is still facing considerable obstacles. New rounds of layoffs loom in industries as diverse as the airlines, entertainment (MGM) and manufacturing (Black & Decker). Covid cases are up all over Europe and South Korea and while there has been some reclosing of public spaces (mainly discos and bars), public authorities stay determined to reopen schools. In the USA, university re-openings has been less than stellar and Canada still debates on how the "new normal" will look for our educational system - so the jury is still out on this one. Good news is that so far the fatality rate of these new outbreaks remains low.

For me, the big news of the week was **Abbott Labs' approval** for its rapid antigen test, which can detect a Covid-19 infection in 15 minutes. This could be a huge game changer for multiple reasons, but a big one could be that it will allow the sensitivity of Covid tests to be ramped lower. The **Weekend New York Times** has an excellent article on this, but, in a nutshell, current tests just show positive or negative, NOT the amount of virus in the body and obviously the amount of virus determines the level of potential contagion. A recent study in three American states showed up to 90% of positive tests were in individuals who carried minimal amounts of the virus. **This, in turn, means very few of these infected people need to be actually isolated.** The article goes into the technicalities of how testing "cycles" determines the results **and if the cycles were lower, many more people would test negative as the virus load was so low that they are not a spreading danger.**

However, if this change was to be made, we need a system to detect early AND often AND with rapid results, so we don't miss the newly infected where naturally the versus load is still low. Hence, the Abbot news could be a major breakthrough.