AAS REVISTED

My August 31st letter discussed ***AAS – Analyst Amnesia Syndrome*** – the ability of financial analysts to _quickly_ forget profound forecasts when reality proves them wrong. I made this "disease" up, but it is one I have observed numerous times over my years in this industry. It was relevant in August, as a mere five months previously the economic world was in the throes of a full shutdown, financial markets were in a freefall collapse and **the majority of economists, strategists and CNBC anchors were all falling over themselves to outdo dire doom and gloom forecasts.**

By the time of my August 31st email, North American financial markets had recovered or exceeded all the losses. I went on to write, ***"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."*

Side bar - I also wrote in that email, "<u>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.</u>"

Well, fast forward to the end of November and all major global markets and major indices are ending the month notably higher, and many are notching up impressive gains for the year. What say you now all you bearish economists and strategists?

Last week, the Dow closed above 30,000 for the first time, rising 2.2% overall, with Boeing and Goldman Sachs at the forefront, while the S&P 500 and Nasdaq both finished the week at record levels. Also making all-time highs were the two global indices for Developed and Emerging Markets. The S&P added 2.3% as the technology shares joined energy and financials as pockets of strength, and the Nasdaq led the week with a 3% up-move. Our TSX managed a 2.2% gain, not bad, but only half of the week's big winner, Japan's Nikkei, up 4.38%.

Investors ignored the negatives that were supposed to put a halt to recent gains, those being the end of enhanced federal jobless benefits, the absence of another stimulus bill and the US FED Treasury ending their special pandemic facilities. Instead, investors worldwide were encouraged by the good vaccine news and improving economic data. In America, a booming housing market and auto sales plus the unemployment rate down to 6.9% promised better times ahead.

Overseas, in another example of how much the financial world has changed since the crisis some ten years ago, Portugal joined the negative yielding bond club. In the Eurozone currency bloc, only Spain, Italy and Greece now offer a positive yield in bonds with maturities over 10 years. For Portugal, one of Europe's most indebted counties, this is a striking turnaround since its international bailout in 2011. For reference, a Canada 12-year government bond yields 0.68%.