

## COUNTING

Reflecting on the last week, I realized that one of things I do a lot of these days is count:

- Counting the escalating Covid cases and hospitalizations in North America and in Europe.
- Counting the number of countries and states that have re-instituted severe lockdown measures.
- Counting the days until Ontario, hopefully, goes back to Stage 3.
- Counting the days until a viable vaccine is announced – Pfizer says November!
- Counting the hours until I can have a Martini and escape briefly from the vitriolic reporting from every news media.

**As for the financial markets last week – a mixed bag**, which is perhaps appropriate as we weigh the “second wave” of the epidemic, the never ending economic and social cost, the impact of the next American President against some unexpected good financial and corporate earnings. For the major global indices, gains were generally 2% or less and the same for losses. Shanghai was the weekly winner, and our TSX fell 0.7%, dragged down by weakness in Financials, Real Estate and Energy.

As part of the “job”, I endeavor to read a wide and varied number of financial news each day and here is a sample that made me think: hmmm, things are sure “a changing”.

China sold dollar debt directly to US buyers for the first time, reinforcing its growing role as a major and accepted world player. The \$6bn offering drew record demand on the back of China’s economic recovery from coronavirus. Total orders were worth more than \$27bn, or roughly \$10bn more than an offering of the same size last year. The maturities were for three, five, ten and thirty years, with coupons offering rates of 0.40%, 0.55%, 1.20% and 2.25%, respectively.

Talking of China. It is likely to be the sole major world country to show positive growth in 2020, as it’s economy expanded 4.9% year-on-year in the third quarter. Industrial growth stood out, rising 6.9% in September, as it powered the country’s recovery from the pandemic.

There was huge demand for Italy’s new three-year bond on Tuesday, even though they will get nothing back until early 2024. **YES, that’s right, a government bond with a zero coupon, meaning it offers no interest payments.** The sale is the first mainstream government bond offering investors no income. The €3.75bn bond priced at a slight premium to its face value, gives it a yield of minus 0.14%.

Russian Central Bank holdings of US Treasury bonds over the last ten years has dropped from around \$170 billion to under \$30 billion, while during the same period **its gold reserves have risen from some 20 million oz. to over 70 million oz.**

