

## ***Hedgehoppers Anonymous***

***It's good news week"***. For those of a certain age, this was the title of pop group Hedgehoppers Anonymous' big (and only) hit back in the 60's, a protest song that comments on the media's obsession with bad news.

They would have certainly approved of last week's media performance as there was so much to be negative about. From US jobless claims being hundreds of thousands more than expected to April's retail sales declining 17% from the month before – a much larger drop than predicted by all those wise economists' expectation of 11.7% drop - oops). It didn't end there: US FED chairman Powell commented on the long timeline for an economic recovery, which reignited fears of NEGATIVE US interest rates. This is very bad for US banks for a variety of reasons, which are already battling to evaluate the ultimate effect of loan losses, bankruptcies etc. etc.

Germany officially descended into a recession, President Trump threatened export restrictions on telecom giant Huawei and Canadian media, not wanting to be left out, had Air Canada's 50% plus layoff announcement to anguish over. I could go on but will refrain. Not surprising, equities world-wide were lower, the Dow Jones, the S&P 500 and our TSX all fell over 2% for the week. Despite crude oil gaining over 18%, American energy companies were amongst the biggest losers declining over 7% over concerns on the economy and long-term demand for oil.

**There was good news:** In Europe more countries relaxed their social distance rules as did many American states. Ontario also got into the act by opening up a number of retail enterprises, and most importantly – golf courses!! Markets did rally late Friday after President Trump unveiled an effort aimed at accelerating the discovery of a COVID-19 vaccine and ***most important to me the major indices did hold above key price support levels.***

And while I understand the role of media, economists, financial pundits, etc, all the focus continues to be very negatively focused; no one ever debates how wonderful things might be if a vaccine is perfected and way sooner than expected. Yet as I write (Monday 9 am), US stock market futures are very sharply higher as encouraging vaccine news emerges – hmmm.

***Dennis***

