

LUCKY IT WASN'T SUPERBOWL WEEK!!

Some 1.25 billion chicken wings are consumed during Super Bowl Sunday. For a decade, the average price of chicken breasts averaged \$1.32 a pound. Last week it was \$2.04 and wings saw a commensurate price increase, reaching a record \$2.92 a pound. Warren Buffet commented last week, "We are seeing substantial inflation, we are raising prices, people are raising prices to us and it's being accepted".

Regular readers know I have been warning of higher inflation since late last year – so no one should be surprised or confused. However, what is concerning is that Treasury Secretary (and renowned economist) Janet Yellen seems to be.

- **2nd May 2021:** "Yellen doesn't see Biden plan stoking US inflation." (Bloomberg news)
- **4th May** "Yellen says rates may have to rise to stop economy overheating." (Bloomberg news)
- **6 hours later:** "Yellen says she is not predicting or recommending a rates increase." (Bloomberg news)

Actually, I don't think she is confused at all - that was pure political backtracking!!

Closer to home: A motion passed calling for Toronto's city manager to ask the Provincial and Federal governments "to address the increasing costs of building materials, particularly lumber, to determine if action is required to ease the costs locally." This is not surprising, as the price for 2x4 lumber increased over 380% in a year. We already have the precedent of governments giving direct funding to individuals and businesses, so is the next step depositing dollars in your bank account when your renovation or new home price escalates? Fascinating times!!!

It was also another week when yet again Economists were surprised as the US April employment numbers were only 266,000 versus the expected one million. Why would one seek work when you can make more staying at home? South of us, restaurants and others needing service workers are desperate – the only way to induce new hires, of course, is higher wages. In my opinion, it's not the job market that's weak -it just a wide bid-ask spread between labor and employers!!

How did equity markets react to the big hiring disappointment – higher, of course:

- S&P500 up 1.2%
- Dow Jones +2.7%
- TSX +1.9%
- STOXX Europe 600 higher by 1.7%

The only notable downer – the Nasdaq falling 1.5%, which is not surprising as it is home to many of last year's over-loved (and thus over-owned) "work from home" and green energy shares.

There were big jumps also in copper, oil and gold. If inflation is going up you may want to own equities with pricing power, commodities, hard assets, gold and maybe even, dare I say it, Bitcoin?