

POSITIVE END TO A VOLATILE MONTH

With very few exceptions, every notable equity market, commodity and currency were positive last week and thus helped May become another month of overall gains for stocks. However, it was a very volatile month affecting everything from stocks to bitcoin, as investors pondered the effects of rising inflation, how soon before the US Federal Reserve Board will raise rates and how strong and how long would the consumer-sending recovery continue.

Last week's gains were helped by optimism over the post-pandemic U.S. economic recovery heading into the Memorial Day weekend, as US consumer purchases of goods and services rose 0.5% in April after an upwardly revised 4.7% jump in March, the biggest since last June.

The standouts for the week were:

- NASDAQ – up 2.1% led by a much needed rally in the “Work From Home” favorites, which have been the focus of major selling so far this year.
- Russell 1000 and S&P500 Growth sectors both gained 1.5%. President Biden's stimulus plan much favors these long ignored sectors – manufacturing, banking and infrastructure.
- Asian markets all gained north of 2% and the broad European indices rose 1%.
- TSX 1.7% - new highs overall, led by health care (read cannabis shares). Financial shares, supported by robust earnings, rose 1.5% as did energy shares, as oil jumped 4%.

Noteworthy for the week :

1. Amazon reached a deal to acquire MGM for \$8.45B. The purchase was the second largest in the tech giant's history, behind its \$13.7B transaction for Whole Foods in 2017.
2. President Biden released his fiscal year 2022 budget. The \$6T budget plan with its focus on infrastructure improvement and fighting climate change would take the U.S. to its highest sustained levels of federal spending since World War II. Funding for the agenda would be obtained by raising taxes on corporations and the ultra-wealthy.
3. Iron ore – a must have, of course, for many infrastructure projects, reached all-time highs as prices touched \$233 a ton. It was under \$100 a year ago. Many mining companies are scrambling to open mothballed mines or develop new ones. Sadly, history shows the mining sector has a terrible record of anticipating future demand (mines take a while to get on-stream). In 2011, during the last boom, **Cleveland Cliffs paid C\$4.9 Billion** for a mine in northern Canada . **Five years later**, as ore

prices collapsed, **it was sold for \$10.5 million**. Maybe some comfort the next time you regret a bad (in hindsight) investment.

Last but not least, **New Words**: The pandemic brought us a number of new words and phrases: Zooming, An Overabundance of Caution, Revenge Spending and many more.

I added two more to my lexicon last week: **Distributed Workforce** - a combination of employees, some at the office, some at home (thanks Judy A for this one).

Collaboration Equity – making sure that remote participants on a **Zoom** call get equal time vs. those on the call, but actually sitting together in the office.