SHAKE IF OFF!!!

With apologies to Taylor Swift, but that phrase seems to perfectly encapsulate the week past:

The renewed surge of Coronavirus cases worldwide continues unabated. Many countries report all-time highs in daily infections; hospital admissions are rising sharply; lockdowns and previously lifted restrictions are being re-imposed all over the world. Strategists pontificate on the potential severe, long-term economic effects of all this and economists add up the ever increasing financial burden on countries' debt loads.

And as for financial markets – **SHAKE IT OFF!!** Perhaps encouraged by President Trump's quick turn about on now approving new stimulus measures and perhaps also his ability –dare I say it – to ***shake it off*** the Coronavirus infection in just a few days, it was one of the strongest **UP** weeks in months:

For the second week in a row, the indices representing smaller American companies led the way with the Russell2000 gaining 6.38%, closely followed by the S&P SmallCap 600, up 5.6%. I did comment last week, *"Smaller companies are generally more country, rather than export, centric, so perhaps this is a sign that the US economy is doing better?"*

Not one major global index or sector was lower last week. Thus, the many bearish market strategists must have had a head scratching weekend!! A few more weekly standouts:

- Australia +5.36%
- Dow Jones Transportation index +5%
- Mexico +5.01%
- India's Sensex +4.68%
- Nasdaq +4.56%
- S&P Healthcare + 4%
- Our TSX 2.24% gain was well down the list

Other ***"shake it off"*** participants that came to my attention:

- A booming housing, rental, renovation and associate supplier market south of the border, and most likely in parts of Canada.
- One of Britain's largest commercial property companies (British Land) reinstating its dividend as London's commercial market shows strong signs of renewed life.
- China's local economy rising back to, and in some cases, exceeding pre-epidemic levels. In Wuhan, hotel room prices are 20% higher than a year ago and occupancy is running at 80%.
- China's currency, the Renminbi, had its biggest jump in 15 years, as foreign expectations rise that a Biden win will be good for US-China relations.

- Talking of the fast approaching US election, new surveys seem to indicate a notable change amongst many money managers in that a Biden win is now being viewed as a positive for equities.

Last but perhaps another key component of the markets strength: In a recent speech, FED Chairman Powell said, "The recovery will be stronger if monetary policy and fiscal policy work side by side to support the economy until it is out of the woods." Many interpret this as, instead of being an apolitical governor of monetary policy and regulations, the FED was in effect lobbying congress to move ahead on stimulus measures, in other words a willing partner to do whatever is necessary. It's no surprise that very shortly after he spoke, Speaker Pelosi applauded it and reinforced how "robust action is immediately needed to avoid economic catastrophe".

A long running investment axiom is "don't fight the FED". Perhaps we should amend that to "Don't fight the FED and Congress".