

THE STOCK MARKET: JUST LIKE THE DUCK IN THE POND

We all know the saying about the duck: **Calm** on the surface, but paddling like the dickens underneath. That seemed to be equity markets last week as the three major US indices along with our TSX, with *nary a hiccup*, reached all-time highs. Also higher were broad-based European indices and Australia's ASX200. Weakness in Chinese and Hong Kong markets stopped the emerging markets index (heavily Asian weighted) from joining in the fun.

Investors decided to happily ignore the fact that out in the real world there is much for potential concern, to wit:

- Ongoing Public and Private Impeachment hearings in Washington with some potential damning testimony ahead.
- Europe : Separatist threats in Spain, more political polarization in Germany, the return of the *gilets jaunes* in Paris, Italy's government in a stalemate over populists.
- Brexit – an election looms and then what ?
- A very violent week in Hong Kong, spilling into the business district and virtually halting the economy.
- Middle East : riots and growing discontent in Iran as US sanctions force higher gas prices and a 40%+ inflation rate. Saudi Arabia faces weak demand for its much-vaunted public offering of Aramco oil company shares.
- America: Elizabeth Warren's popularity continues to grow while analyses of her tax plan indicates could put taxes at well over 100% for the wealthy in some circumstances.

I could go on, but it seems the current investment "**belief**" is all on improving chances of a "**soon**" **US-China trade deal** and any worries about a recession are fading away – well that was last week!

Next week it may be all reversed – it's been that sort of year!!