

VACCINE POP!

Early last Monday, drug company Pfizer announced very encouraging results of their Covid vaccine. The glimmer of a potential end to a world devastating pandemic was, of course, received enthusiastically by financial markets, and, at one point, the **Dow Jones Average was some 1600 points (5.6%) higher than Friday's close**. As the week wore on a *dose of reality (clever pun)* returned. The number of Covid-19 cases is still exploding globally, economy destroying shutdowns are being re-imposed and we are still months away from a widespread distribution and consequently an acceptable level of immunity. The fact that Pfizer's vaccine must be stored at -70C is a distribution challenge to be met. Fortunately, other vaccines promise much more compatible storage regimes. ***Hold the presses: early today Moderna announced their vaccine test has a 94% efficacy and a normal storage regimen.***

Nevertheless investors looked ahead and consequently the big winners for the week were companies and, by default, economies that would benefit most from a return to normality. So, no surprise many "stay at home" companies saw profit taking and cyclical, financials and consumer discretionary shares led the way up. The big winners were the global markets as their indices have a proportionately larger exposure to these sectors over technology.

A few stand outs: Spain's IBEX 35 up 13%, France's CAC40 +8.45%, U.K.'s FTSE +6.88% and Italy's MIB gained 6.21%. American indices, those not over weighted in technology, also did well. **The S&P500 made an all-time high – who would have predicted that back in the dark days of March?** Overall, another positive week and the relatively short "loser list" was mainly bonds (stronger economies = higher interest rates = bad for bond holders) and selected currencies including the Canadian dollar dropping over ½ percent. Also on the losing side was the technology heavy NASDAQ, home of many work-from-home companies that had attracted a lot of investors' money. One of the most notable of these recent big winners was ZOOM, which lost almost 20% last week. As an aside, I think much like "Google" has become a permanent verb, I am sure "zoomed" may well become the de-facto verb for a video conference.

Our TSX gained 2.4% and, as oil was up 10% for the week, our beaten up Energy sector jumped the same percentage. However, \$40 a barrel oil is not really profitable for exploration and refining companies and, despite the gain, the sector is still in the red 45% for the year, not good for our oil dependent provinces. Other notable winners were Financial and Real Estate companies. **Both of these sectors gained in excess of 10% for the week as they will be huge beneficiaries of back to some semblance of normal life.**

This week should be no less exciting, as earning announcements from some biggies, including Walmart and Home Depot, hopefully closure on the US Presidential election and, if we are really lucky, signs that the current Covid wave is peaking.

