

WAS MONTY PYTHON RIGHT?

I am just finishing Eric Idle's, of Monty Python fame, autobiography which is a truly wonderful, light hearted and fascinating read, a can't miss for true Python devotees. Eric is famous for penning the now famous cult song, "***Always Look on the Bright Side of Life***". This refrain perhaps exemplified the impressive gains of equity and commodity markets last week.

Led by rallies in oil and the beaten up energy shares, virtually every major world index and sector had impressive weekly gains: The NASDAQ +6%, Russell 2000 +5.49%, Copper +3.88%, S&P500 +3.5%, Japan's Nikkei +2.85%, our TSX +2.37%, well you get the picture.

However, for pessimists there was no shortage of bad news, starting with a decade of US job gains erased in April with some 20 million plus out of work. Canada's unemployment rate jumped to 13% and TD Bank announced a \$1.1 billion provision for loan losses in its US sector alone. Meanwhile, government deficits continue to spiral higher, with the USA recording \$737 billion to date, while Canada's is expected to be north of \$220 billion for 2020. The Eurozone is headed for its deepest recession in history with the economy expected to record an overall decline of 7.7% in 2020 and any recovery is expected to be uneven and prolonged. The airline industry warned of massive layoffs ahead, as any vision of future global travel seems clouded at best. Famed retailer Neiman Marcus (our Canada Pension Plan being a major shareholder) declared bankruptcy, as did J.Crew, and Norwegian Cruise lines is but a hairs-breadth away.

On the bright side, by week's end, almost all US states had relaxed their pandemic shutdowns to some extent, and Canada was also going slowly in the same direction. Negotiators for the US and China talked on the phone Friday and reported good progress in both sides fulfilling their side of the deal-alleviating tensions earlier when President Trump threatened to "terminate" the pact. Also, on the good news side was Michigan's automobile manufacturers being allowed to resume production on Monday. While in China, on its first day of re-opening, Hermès' Guangzhou store raked in \$2.7million, believed to be the highest-ever one day tally for a single boutique.

So, perhaps the stock markets are saying better times are ahead, and as spring and warm weather fast approaches let us all look on the bright side.

