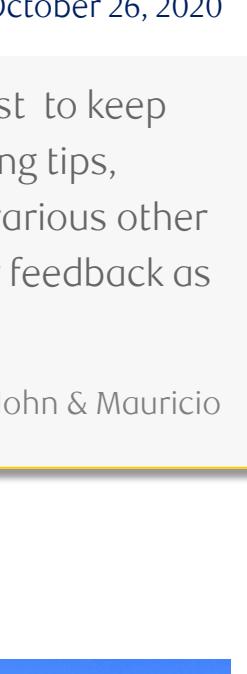




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Newsletter

October 26, 2020

Welcome to our regular newsletter, where we will do our best to keep you informed with Financial Planning articles, Estate Planning tips, Investment Management News, Tax Saving Strategies and various other ideas or photographs that you might like. We welcome your feedback as well as your referrals!

John & Mauricio

A Fall walk on Parc de Île-Charron

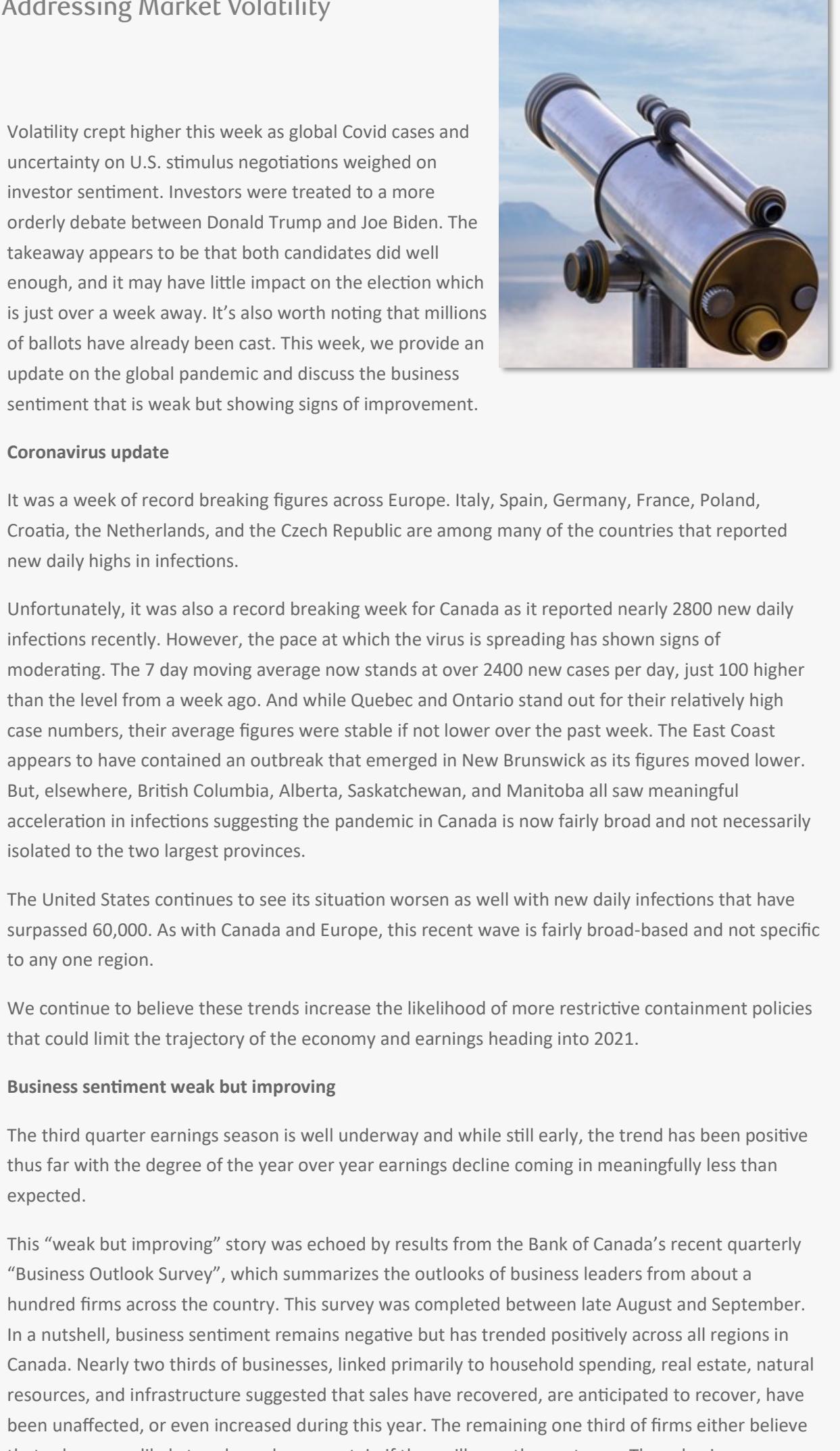


Photo by John Archer

Yesterday I had the chance to go for a lovely walk with my daughter on Île-Charron located in the middle of the Saint Lawrence river between the shores of the eastern sector of Montreal and Boucherville.

Run by SEPAQ and also known as Parc national des îles-de-Boucherville, this park offers easy walking trails along the waterfronts with the occasional wildlife sighting and ample bird watching. We came across many photographers with powerful lenses on the hunt for a rare bird or two.

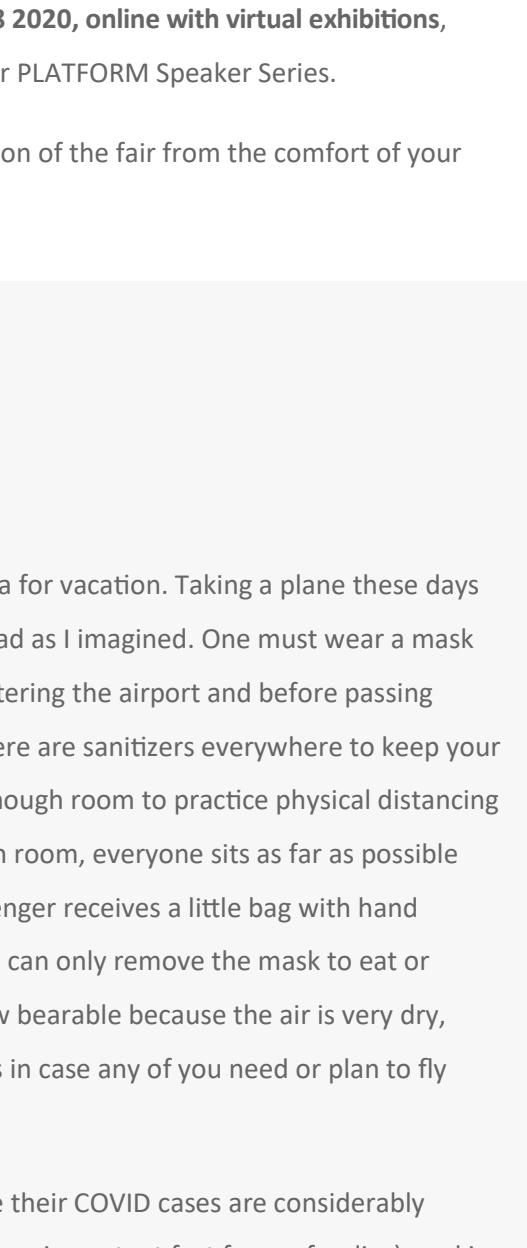
Île-Charron is an easy drive from Montreal with the best access via the Louis-Hippolyte Lafontaine Tunnel. A perfect spot to enjoy the outdoors before the snow flies.

Online ticket purchase required on the SEPAQ website before entrance. [Click here](#) to access the website.

John Archer

Market News:

Addressing Market Volatility



Volatility crept higher this week as global Covid cases and uncertainty on U.S. stimulus negotiations weighed on investor sentiment. Investors were treated to a more orderly debate between Donald Trump and Joe Biden. The takeaway appears to be that both candidates did well enough, and it may have little impact on the election which is just over a week away. It's also worth noting that millions of ballots have already been cast. This week, we provide an update on the global pandemic and discuss the business sentiment that is weak but showing signs of improvement.

Coronavirus update

It was a week of record breaking figures across Europe. Italy, Spain, Germany, France, Poland, Croatia, the Netherlands, and the Czech Republic are among many of the countries that reported new daily highs in infections.

Unfortunately, it was also a record breaking week for Canada as it reported nearly 2800 new daily infections recently. However, the pace at which the virus is spreading has shown signs of moderating. The 7 day moving average now stands at over 2400 new cases per day, just 100 higher than the level from a week ago. And while Quebec and Ontario stand out for their relatively high case numbers, their average figures were stable if not lower over the past week. The East Coast appears to have contained an outbreak that emerged in New Brunswick as its figures moved lower. But, elsewhere, British Columbia, Alberta, Saskatchewan, and Manitoba all saw meaningful acceleration in infections suggesting the pandemic in Canada is now fairly broad and not necessarily isolated to the two largest provinces.

The United States continues to see its situation worsen as well with new daily infections that have surpassed 60,000. As with Canada and Europe, this recent wave is fairly broad-based and not specific to any one region.

We continue to believe these trends increase the likelihood of more restrictive containment policies that could limit the trajectory of the economy and earnings heading into 2021.

Business sentiment weak but improving

The third quarter earnings season is well underway and while still early, the trend has been positive thus far with the degree of the year over year earnings decline coming in meaningfully less than expected.

This "weak but improving" story was echoed by results from the Bank of Canada's recent quarterly "Business Outlook Survey", which summarizes the outlooks of business leaders from about a hundred firms across the country. This survey was completed between late August and September. In a nutshell, business sentiment remains negative but has trended positively across all regions in Canada. Nearly two thirds of businesses, linked primarily to household spending, real estate, natural resources, and infrastructure suggested that sales have recovered, are anticipated to recover, have been unaffected, or even increased during this year. The remaining one third of firms either believe that sales are unlikely to rebound or uncertain if they will over the next year. These businesses are generally tied to areas like tourism, leisure, travel, and hospitality. Some other key takeaways included an improvement in credit conditions, modest hiring plans, meaningful supply constraints that may be transitory in nature, and investment plans that are unsurprisingly mixed.

Meanwhile, in the U.S., cautious optimism seemed to be a key theme we gleaned from the Federal Reserve's Beige Book. The U.S. central bank publishes this document eight times a year and it tracks activity and commentary from a variety of business leaders and professionals over the period of late August through the beginning of October. Similar to Canada, the U.S. economic recovery appears to be advancing on a few separate tracks, with some industries seeing a rebound in growth (manufacturing and banking for example), others dealing with supply issues (auto and housing), and a few that remain under stress (travel and entertainment).

Interestingly, management teams from a number of U.S. banks indicated that the period of building loan loss reserves in anticipation of future credit losses may now be behind them. That's not to say the challenges facing businesses and households have diminished. Rather, it suggests that banks feel they have adequately prepared for future losses given the billions of dollars they have set aside on their balance sheets. Nevertheless, some of the commentary from U.S. banks does illustrate that the outlook is improving. For example, several management teams implied that the debt deferral story may now be behind us as most customers have exited emergency loan relief programs and are maintaining current payments on their debt. Overall, they felt households were in better shape today than earlier this year, with higher savings and lower debt.

We are encouraged by some of the anecdotal evidence and commentary from businesses across North America that suggest a weak but improving business climate. Our hope is that the combination of time, government aid, and innovation on the health care front can continue to nurture a backdrop that eventually helps lead to a broader and more sustainable recovery for businesses and households in the year ahead.

Should you have any questions or concerns, please feel free to reach out.

Art Toronto + Montréal + Calgary + Vancouver Oct 28 - Nov 8 This is Canada's art fair

Art TO Principal Sponsor RBC

Virtual Event Reminder: Art Toronto for art loving clients

RBC has been the presenting sponsor of Art Toronto, Canada's largest indoor contemporary art fair since 2005. This year's event will [virtually](#) bring together clients, advisors and art aficionados from across the country to learn, discuss and experience the best of the world's artists community. We were given 6 [Virtual RBC VIP online tickets](#) to share with our clients on a first come, first serve basis. If you are interested, please email Mauricio at mauricio.bonaguro@rbc.com to reserve your online access and receive the invitation via email.

Art Toronto will take place **October 29 through November 8 2020**, online with virtual exhibitions, curated collections, VIP programming, and the fair's popular PLATFORM Speaker Series.

Virtual admission for your household throughout the duration of the fair from the comfort of your home.

Beautiful British Columbia (but beware of the bears!)

Last week I had the opportunity to travel to British Columbia for vacation. Taking a plane these days was quite an experience, and to my surprise it was not as bad as I imagined. One must wear a mask at all times in the airport and inside the airplane. Before entering the airport and before passing through security you get your temperature checked and there are sanitizers everywhere to keep your hands clean. Since the airports are pretty empty, there is enough room to practice physical distancing during boarding. Once inside the airplane, if there is enough room, everyone sits as far as possible from each other. Only beverages are served and each passenger receives a little bag with hand sanitizer, a spare mask, some pretzels and extra water. One can only remove the mask to eat or drink. Wearing masks during the 5-hour flight was somehow bearable because the air is very dry, which reduces the discomfort. I hope this information helps in case any of you need or plan to fly soon.

Vancouver is less restricted than Montreal these days, since their COVID cases are considerably lower. All restaurants are open (you can imagine that this is an important fact for foodies), and in fact, I got very ecstatic with the huge diversity of offerings, especially vegan. Part of the trip involved visiting Whistler for a few days and going for a hike to Semaphore Lake, an off road lake under beautiful snowy mountains. The elevation gain is 350m in 2.5 km, very steep! After climbing rocks, roots and mud, making noises to repel the bears, we reached the beautiful lake. Being in direct contact with the wild, enjoying the water falling on the creeks waterfalls and listening to the silence of the snowy pines was definitely worth the effort. Here I share two pictures of the lake (the first one was John's favorite):

Referrals Corner

Do you have a friend, family member, colleague or client that could benefit from our wealth management services?

Perhaps start by forwarding to them this newsletter?

The link to our website is: johnarcher.ca

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