

WOOD GUNDY

October 2021 Market Update

Autumn has arrived. The colours are changing (except in federal politics). We can hope that spring will arrive just as quickly. In the Canadian political landscape, what is old is new again. We just finished an unforced election that spent over \$600 million. I think we all can come up with wiser spending of this tax-payer money. There is a good chance we will be returning to the polls in a couple of years – which is roughly when the originally scheduled election was to be held.

In the investment markets, September played out much as its historic reputation (i.e., a weak month). The TSX300 Index was down 2.5% for September, while the U.S. S&P500 was down 4.8% and Nasdaq down 5.3%. As written about previously, volatility has certainly increased. Despite this, the summer ended up almost unchanged for the major indices as the markets are basically flat from the end of June. While the Index would reflect a sideways moving market, individual companies have seen more weakness. Over 50% of the TSX and U.S. S&P companies have already corrected more than 10% from their recent highs. Still, 2021 has, so far, shown to be a positive year for investors.

Within the different sectors of the equity markets, those that performed best coming out of the pandemic collapse in the spring of 2020, have been the laggards so far in 2021 and those that lagged in 2020 have been the leaders in 2021. Renewable energy and technology were strong coming out of 2020 but are weaker at this point of 2021. Canadian energy, energy infrastructure, and banks were soft in 2020 but have been the leaders in 2021. This kind of rotation is healthy for the markets. At some point, investment dollars will return to the good quality green energy and renewables companies.

The markets always have to climb a wall of worry. Some of the worries that the markets concern themselves with, include rising inflation, questions over interest rates, supply chain problems, covid variances, and China. Many of these issues have been with us for a number of months, and some for years. One of the September concerns that brought about some of the market pullback is around a U.S. infrastructure spending package. Speaking about dysfunctional politics, the delay in this U.S. infrastructure spending deal is not Democrat vs Republican, it is Democrat vs Democrat. Bizarre. Both Canada and the U.S. need to focus investing in real infrastructures such as roads, bridges, energy infrastructure, renewable energy projects rather than giving cash away to special interest groups. Infrastructure projects provide jobs, and require commodities, cement, steel, etc. These are positive contributors to improving our productivity and growing our economy. Did we hear many political candidates discuss this in our recent \$600 million TV ad?

Heading into the 4th quarter of the year, there are many positive signs for our investment markets. We will continue to see more volatility and swings in market prices.

Conversations we will be having with you in the coming weeks, and months, include any realized capital gains/ losses that may need to be looked at prior to the end of the year. Uncertainties around future tax policies from our new/ old federal government will also be discussed.

On other administrative points of view, a good practice to take is to ensure your beneficiary information on your registered accounts is reflecting the proper information especially after life event is triggered.

Lastly, we are pleased to bring you our first webinar presentation.

Fraud – How to Protect Yourself

October 13, 2021 at 11 am.

If you would like to attend, please call Valerie at 250-361-2266.

Please reach out to us with any questions, comments or concerns that you may have.

As always, remain Optimistic yet Cautious.

Best regards,
CIBC Wood Gundy



Ron A. McQuarrie

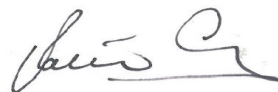
Investment Advisor

250 361-2267

ron.mcquarrie@cibc.ca

<http://linkedin.com/in/ron-mcquarrie>

<https://woodgundyadvisors.cibc.com/ron-mcquarrie/>



Valerie Charron, FMA

Financial Associate

250 361-2266

valerie.charron@cibc.ca

<http://linkedin.com/in/valeriecharron>

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