



OCTOBER 2020 MARKET UPDATE

We will all be grateful when 2020 turns into 2021. The bizarre year continues to get stranger and at times more frustrating.

Virus updates, vaccine updates and political updates. The media, both traditional and social, have plenty of ammunition to write and speak about - both fact and fiction. Several provincial elections in Canada as Premiers look to capitalize on positive approval ratings, while the U.S. pushes forward with its surreal societal experiment called an election campaign. Like watching the scene of a horror movie, it may be difficult to turn away, but we will all feel less tense if we can stop watching.

In the markets, September lived up to its reputation as a difficult month for stocks. Up to the writing of this memo, October has shown a bit of strength. For year-to-date performance numbers, the TSX Composite was down 5.2% (September 30) and the S&P500 was up 2.4%. Not all sectors or companies are equal. So far in 2020 we have seen a wide performance difference between those that have done well and those that have struggled. Much of this difference comes from the impact COVID-19 has had on the different parts of our economy.

The economy, just like the stock market, is continuing to recover, but this comeback is very uneven. Many sectors of our economy are still struggling. Job creation is starting to slow. The re-opening and re-closing of many businesses weighs on the near-term consumer confidence.

Governments are spending a lot of money trying to see our way through this pandemic. Though debt is not always a good thing to accommodate, it is also very necessary in these difficult times. This is not the first time that governments around the world accumulated massive amounts of debt. This occurred in the 1940s as the war began and occurred, followed by much infrastructure spending to re-build countries and economies. We do need to give thought on how we, the taxpayer, will be expected to re-pay the debts currently being accumulated. At some point, through some form of taxation(s) state revenues will need to be increased.

Still, optimism is warranted as progress towards successful development of a vaccine(s) is also continuing at a rapid pace. While there is no guarantee nor timeline for when we will all be able to get that shot in the arm, there is confidence that the next development stage is around the logistics for delivering the vaccine to the general public. 2021 should be a better year than 2020.

While “Hope” is not an investment strategy, “hope” is an important, necessary part of living and moving forward. Hope, together with a vaccine, will result in confidence. Confidence will provide us the opportunity to pursue lifestyle goals and objectives that have been interrupted or stopped over the past several months. With that confidence, we can look forward to those aspects of our lives that give us pleasure. Once we have all had the ability to get that shot in the arm, what do we plan on doing and when will we do it. Anything from going to a movie, or restaurant, to travel. If travel is the plan, where will you want to go? Though this is still some time in the future, it is time to start thinking about the positive activities and adventures in our lives. Hope is a positive part of life.

As we head towards the final stretch of 2020 (yeah!), we will be reviewing and discussing investment portfolios to ensure you are well positioned for 2021. We will also be discussing any possible year-end tax planning requirements.

With the reality TV show scheduled for November 3 in the U.S., like November 2016, we will send out an update (hopefully one of calm) at that time.

We take a moment to remind everyone to take proper caution to protect yourself from fraud.

A few tips:

- * Check your banking, credit card transactions regularly;
- * Sign up for fraud alerts for free on CIBC Banking;
- * Consider reducing your credit card limits, especially for the ones used the least or for purchases online. Close the unnecessary one;
- * Have a separate credit card for online purchases;
- * Request or check on your credit score from time-to-time to ensure all is in good order;
- * Not sure, ask questions!

We welcome you to reach out, we are here to assist you.

Stay safe, stay healthy and always remain optimistic yet cautious.

Best regards,
CIBC Wood Gundy



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