

“BRIDGE OVER TROUBLED WATER”

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By Brahm Satov

It has been 25 years since the passing of my dad, August 1999. I still drive by the house we used to live in from time to time, and I am thankful for the happy memories, although, sometimes these memories can bring me to tears. The year my dad passed was probably the most difficult of my life. If he was here, he would likely say that this difficulty likely helped build character, and if I could, I would likely retort that I did not think, I needed more character. Hopefully, you do not know the feeling of a parent who passes, but if you do, it could be like it was for me, life changing. My dad was my pal, and he likely is the reason I came to this profession that I get to enjoy every day. We know that markets do go through trouble and serious corrections from time to time, most investors just stay invested, but some corrections can be both very painful and long and it is my belief that if possible we should adjust the portfolios as the probability of these types of corrections arise. Thank you to Simon & Garfunkle|for the title, “Bridge over Troubled Water”.

In terms of our positioning, for that of our clients, I am proud to say that we did adjust the portfolios to take advantage of lower rates as well as to become more defensive, more cautious. It is my opinion, that most investors do not do this, for many reasons, one of which is that it can be an arduous task. However, sometimes, when the probability of a correction is heightened and valuations stretched, we get an opportunity to make our investments safer. I believe it is in these times, that good advisors prove their salt.

Like many, on Sept. 18th, I expect the Fed to start cutting interest rates, and most believe this will fuel stock markets higher, I am not so certain. Although we may get a short term bump, I believe the last three times the Fed pivoted (started to lower rates), the markets had significant corrections. The Bank of Canada has already started to lower interest rates and albeit, I expected the Fed to decrease interest rates sooner, but given the softer inflation and weaker economic data in the U.S., I believe a rate cut this month by the Fed is very likely.

As we know, lower rates pushes bond prices higher and usually propels precious metals (gold and silver) prices higher. We have already seen this start to take hold as gold has recently made new all-time highs and I would not be surprised if silver prices followed suit. So if you are currently concerned about a serious correction, "Like a Bridge Over Troubled Water, I will ease your mind" (Simon and Garfunkle).



Source: Trading Economics

Thank you for taking the time to read this, please feel free to e-mail me any feedback or comments.

Sincerely,
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