



The Hilberry Weekend Reading for Friday, January 8th, 2021



Welcome Back to the madhouse!

If we thought the passing of 2020 would usher in a calmer 2021...

Pro-Trump mob attacks US House of Congress Jan 6, 2021.



Trump supporters break into the 'Halls of Democracy'.



US Senators get a dose of reality. This is what risk actually feels like.



The Guardian provides a timeline leading up to and during the mob attack.

'Incitement: a timeline of Trump's inflammatory rhetoric before the Capitol riot' –
<https://www.theguardian.com/us-news/2021/jan/07/trump-incitement-inflammatory-rhetoric-capitol-riot>

This has been a long week

As we predicted before Christmas, unusual attention was focused on the 2 seat US Senate race in Georgia on Tuesday. Georgia voters, clearly tired of Trump, narrowly elected 2 Democratic Senators, making the first senator of color and the first senator of the Jewish faith in Georgia. All three elected branches of US Federal Government are under the Democrats by the thinnest of margins. Voters clearly are tired of Trumpism. Not all of them though.

Wednesday, a (mostly) chastened GOP, agreed to recognize President Elect Joe Biden in what is normally a boring formality of ratifying the 50-state electoral college vote outcome. At the above noted Washington rally, Mr. Trump got his base fired up telling them to head to Congress. In the resulting melee, a woman protester was killed by security guards while attempting to break into the Congressional chambers. I note Trump's assertion "*I'll be there with you*", and Rudy Giuliani's call for "*Trial by Combat*" no one on the podium stepped forward in the mob action.

With the Democrats new-found power, are tax hikes coming? I've speculated Canadian tax-policy might follow. I've also speculated the Federal Liberal party might take a page from the BC NDP's playbook and call a snap election, hoping to ride on 'no change in a COVID pandemic' emotion, enabling them to 'take credit' for tax hikes in Canada. Now I'm not so sure. The clunky COVID vaccine rollouts aren't playing well with voters. That window may be closing.

As an aside, given the size of the US deficit, tax hikes were likely inevitable, regardless of the party in power. On the plus side, economic growth is coming, doing wonders for government tax revenues and deficits. This may explain why bond yields remain low. Yields aren't reflecting investor panic over either the US or Canadian governments' ability to pay their debts. Don't lose too much sleep. Let me do that for you.

'How Every Asset Class, Currency, and S&P 500 Sector Performed in 2020' – Jan 4, 2021

Wow it's been a wild year. There were many ways to lose a lot of money, and equally many ways to make it back and then some.

<https://www.visualcapitalist.com/how-every-asset-class-currency-and-sp-500-sector-performed-in-2020/>

As an example, this week Elon Musk, became the richest man on earth, his wealth climbing from 'only' \$20 billion to over \$188 billion this year.



ANNA HILBERRY

INVESTED. INSPIRED.



Are Tesla Stocks Unstable? Cybertruck Glass Disaster & Tesla Stock Exchange Impacts, TSLA Prediction – Anna Hilberry – Jan 31, 2020

Speaking of Elon Musk, Anna posted this video about a year ago and it is even more relevant today:



<https://youtu.be/3ZZ4FYqHJcc>

‘Byron Wien and Joe Zidle Announce the Ten Surprises of 2021’ – Jan 5, 2021

I particularly enjoyed the projected interview between Donald Trump and Kim Jong-Un.

<https://www.blackstone.com/press-releases/article/byron-wien-and-joe-zidle-announce-the-ten-surprises-of-2021/>

Ben Carlson and Michael Batnick put out two useful notes over the holidays.

‘Type I and Type II Charlatans’ – Ben Carlson – Dec 27, 2020

<https://awealthofcommonsense.com/2020/12/type-i-and-type-ii-charlatans/>

‘The Year of Stimulus, and Other Great Charts’ – Michael Batnick – Jan 2, 2021

<https://theirrelevantinvestor.com/2021/01/02/the-year-of-stimulus-and-other-great-charts/>

Mr. Batnick refers to the JP Morgan 2021 Outlook. The link is here:

<https://am.jpmorgan.com/us/en/asset-management/institutional/insights/market-insights/eye-on-the-market/annual-outlook/>

'10 Things I'll be Watching Closely in 2021' – Michael Batnick – Jan 7, 2021

<https://theirrelevantinvestor.com/2021/01/07/10-things-ill-be-watching-closely-in-2021/>

“Nothing is as good as it used to be, and it never was. The 'golden age of sports,' the golden age of anything, is the age of everyone's childhood.”

– Ken Dreyden

'Golden Age Thinking' – Ben Carlson – Dec 31, 2020

<https://awealthofcommonsense.com/2020/12/golden-age-thinking/>

'Weekly Economic Watch' – NBF Jan 8, 2020

See, PDF Attachment: **Weekly Economic Watch – January 8, 2021 – NBF Economics and Strategy**

**Find this pdf 'attached' in this week's newsletter email or with the 'attachments' at the end of this newsletter.*

This week's summary points to still deep declines in economic activity from the 2019 cycle high. Pessimists say “See – See! That's why markets must crash!”. While prices may be a bit ahead of themselves (see JP Morgan's notes) and we have corners of excess (Elon Musk, etc.) broadly we are exiting a recession. History says stocks are the place to be over the next business cycle. This is not the time to reduce equities. That time is after an economic expansion, as we advised and did in early to mid/2019. Having made it through this cycle low, the expansion is well worth waiting for.

Canadian Tire (CTC.A-TSX), Caterpillar Inc (CAT-NYSE), and Magna (MG-TSX) all hit new highs this week. Magna is up over enthusiasm that Apple might ask them to build an Apple car to compete with Tesla. The ESG stocks all got a lift on Wednesday after the Georgia elections as US investors now assume the US Feds will spend, spend, spend on green tech. CAT is probably up on expectations of spend, spend, spend on infrastructure. Canadian Tire is probably up by being one of the few stores open in locked down Ontario and Quebec.

We own all three at much lower prices. I'll take it

DISCLOSURE: I personally own all three of these names, hold them in family accounts and in accounts over which I have trading authority. We have traded in them in the past 60 days.

Our dividend focus tends to keep us away from the 'incredible' returns, in both directions, plodding along in the high single, low double digits over time. As Mr. Batnick noted a Value approach, did fine at around 9% average but pales against the 21% for growth. I suspect we'll be glad we made it to 2021. Never a smooth ride, but always interesting.

A grizzled veteran advised in my early years “Investors can make easy money in the stock market. They’ll earn it later”. We all earned it in 2020.



Have a Great Weekend!

Steve & Anna Hilberry

FOR THE RECORD JAN 8, 2021

DOW INDUSTRIALS: 31,045 (29,000 IS SO YESTERDAY)

S&P 500: 3815

S&P/TSX COMP: 18,015 (TSX BREAKS 18K- RECORD HIGH)

WTI: \$52.20 (2 YEAR HIGH)

LOONIE IN \$USD: \$0.7869 \$US (REMEMBER THE 62 CENT CALLS?)

ATTACHMENTS – See the following pages for:

➤ **Weekly Economic Watch – January 8, 2021 – NBF Economics and Strategy** *(10 pages)*

**For better copies of the attachments, please refer to the PDFs attached in this week’s newsletter email or contact our office.*



© NATIONAL BANK FINANCIAL. All rights reserved 2019.

[Terms of use](#) [Confidentiality](#) [ABC's of security](#)

The information contained herein was obtained from sources we believe to be reliable, but is not guaranteed by us and may be incomplete. The opinions expressed are based on our analysis and interpretation of this information and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed herein are those of the author and do not necessarily reflect those of National Bank Financial.

The securities or investment sectors mentioned herein are not suitable for all types of investors. Please consult your investment advisor to verify whether the securities or sectors suit your investor's profile as well as to obtain complete information, including the main risk factors, regarding those securities or sectors. This document is not a research analysis produced by the Research Department of National Bank Financial.

National Bank Financial is a subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX).

Sent by

Montreal office
National Bank Financial
Wealth Management
1155 Metcalfe 5th Floor
Montreal, Quebec H3B 4S9
Phone: 514 879-2222

Toronto office
National Bank Financial
Wealth Management
130 King Street West Suite 3200
Toronto, Ontario M5X 1J9
Phone: 416 889-3707