



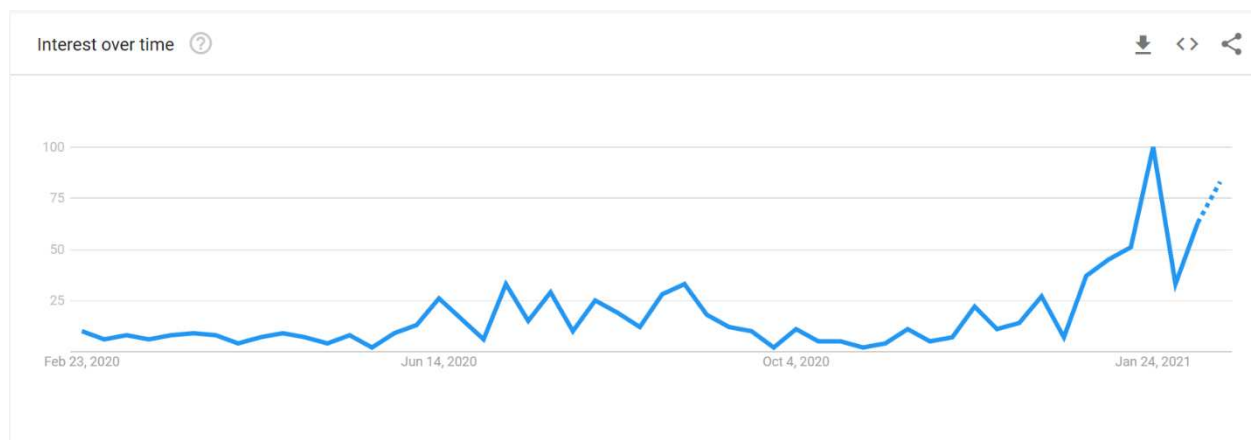
WEEKEND READING

Shedding the light on what's happening - our world - our finances - our times

The Bubble-icious (?) Edition



We've been fielding calls from clients on stock market bubbles. They have company. Google Trends 'stock market bubble' 12-month search history.



While anything can and will happen in this business, experience tells me what the crowd is worried about today is already priced into stocks. It's what the crowd is not worried about that should be my concern.

There certainly are corners of the market where investors have thrown caution to the wind. We've featured many recently: Gamestop/Bitcoin, etc. Perhaps the recent broad stock market price gains, on top of COVID stay-at-home/work-from-home enforced savings (for those who kept their jobs) combined with boredom has investors willing to take risks they wouldn't have dreamed of a year ago.

Like any Vegas casino, the market makes it seem all so glamorous and exciting. And like Vegas, the majority of the players will lose to the house more than they win. Again, like a trip to Vegas, the conversations on the return flight home will rarely include how much everyone won at the tables. Losses are not talked about.

Through the 1990's when Govt bonds paid 7%+, buying shares of a publicly traded company was deemed 'aggressive' investing. The Bank of Montreal has been a bank longer than Canada has been a country and paid a continuous dividend through both World Wars and the Great Depression. Their common shares were seen as risky. We owned BMO then. As interest rates on guaranteed investments crashed to negative real returns, suddenly our approach to investing in common stocks with an emphasis on growing dividends, meaning we often avoid non-dividend payers, is now seen as ultra-conservative and far to boring. We 'just don't get it'. 10% return? 900% higher than a 1-year GIC? Yawn.

Big Picture: We are in the early stages of a new business cycle with a (typically late) Tsunami of Govt cash about to hit the North American economy. I believe we should remain invested to take advantage of or be sheltered from rising inflation (high quality stocks, short-term maturity bonds, floating rate instruments, commodities) and should avoid investments that would suffer under rising inflation/rates (long-term bonds, highly leveraged investments).

As I warned last week, pointing to Gamestop shares as an example, beware parabolic price curves. Here is what Gamestop looked like on Jan 28 /21.

Gamestop: 15 min intervals – 2 weeks Jan 28, 2021



The left-hand beginning price was \$20. The spike high was \$483 Jan 28.

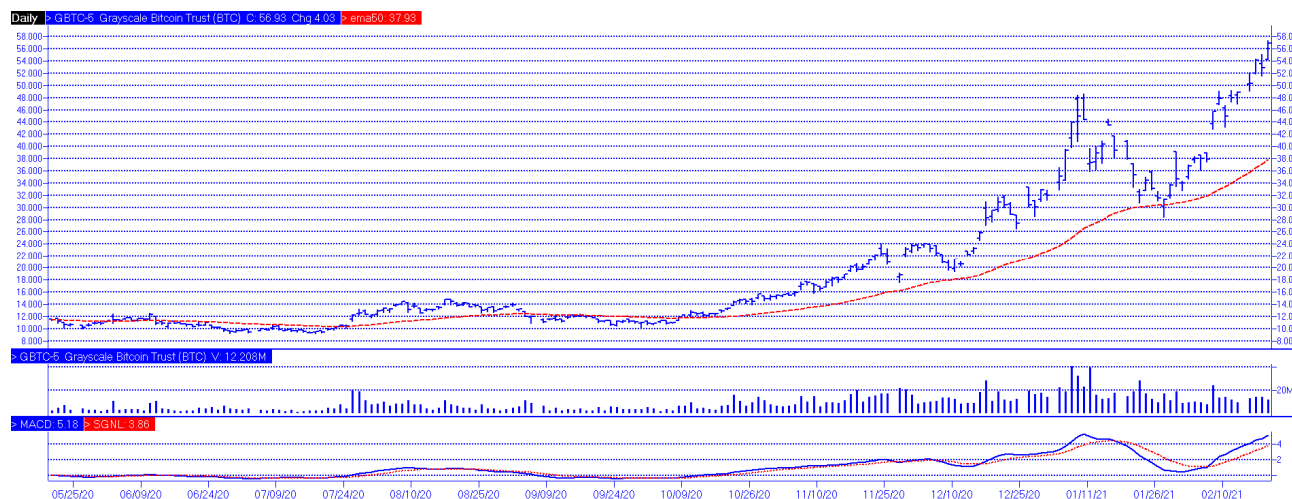


Here is the Gamestop Chart today. Last trade mid-session Friday \$39.3. Ouch. Bubble-icious indeed. Somebody has to lose money now and then to keep the herd awake.



On Bitcoin...

GreyScale Bitcoin Trust (exchange traded NYSE) – daily 9 months



May/2020 \$10. Feb/2021 highs (today) of \$58.20. Okay then.

With much ballyhoo, Purpose Investments launched Canada's first Bitcoin ETF on Thursday (BTCC.B-TSX).



'Physically backed by Real Bitcoin' (?).



The issue price was \$10.00. At this writing, mid-session on Friday the ETF is up 30 cents. The company's website for this ETF is here.

<https://www.purposeinvest.com/funds/purpose-bitcoin-etf>

Purpose Investment CEO Som Sief marketed the deal on the Financial Post.

<https://www.youtube.com/watch?v=z3vsQr9qm4M>

Mr. Sief's response to the question on Central Bank skepticism says much about the beliefs around cryptocurrencies. Yes beliefs.

Toronto's NinePoint Partners issued their Bitcoin 'Fund' In Jan/2021.

<https://www.ninepoint.com/funds/bitcoin-trust/>

And of course, there's the Old Man of the Bitcoin exchange listing, first chart in this series, **Greyscale Bitcoin Trust (GBTC-US)**. The financial industry is here to satiate investor appetite. What the market wants, the industry creates. In this case literally. Is this all a sign of a huge stock market-wide bubble? Some comments from the blogosphere.

'It's Not a Bubble' – Brian Wesbury First Trust Portfolios – Feb 15, 2021

<https://www.ftportfolios.com/Commentary/EconomicResearch/2021/2/16/its-not-a-bubble>

'The Best Story Wins' – Morgan Housel – Feb 11, 2021

<https://www.collaborativefund.com/blog/story/>

'How to Square this Circle' – Michael Batnick – Feb 12, 2021

<https://theirrelevantinvestor.com/2021/02/12/how-to-square-a-circle/>

'The Big Long' – Joshua Brown – Feb 17, 2021

<https://thereformedbroker.com/2021/02/17/the-big-long/>

And finally a bit of longer term perspective,

'The Algebra of Wealth' – Scott Galloway – Feb 12, 2021

<https://www.profgalloway.com/the-algebra-of-wealth>



LATEST VIDEO FROM ANNA HILBERRY



**How to Become
an Investment
Advisor +
Financial
Literacy for
Youth |
Interview w/ My
Fintelligence**

February 16, 2021

<https://youtu.be/E8dxe0C8PVM>

Recently Anna collaborated with some young ladies at the university of Toronto. They've cofounded "My Fintelligence", a website hoping to provide clarity for students thinking about a career in finance.

The Weather in Texas was news for once. Tues Feb 16, 2021

Anas Alhajji @anasalhajji · 23h
 "Nearly half of Texas' installed wind power generation capacity has been offline because of frozen wind turbines in West Texas, according to Texas grid operators."
 #Wind #Texas #OOT

Austin American-Statesman



Southwest Power Pool @SPPorg
 After declaring an Energy Emergency Alert Level 3 at 10:08 a.m. this morning, and after exhausting all other options to ensure the continued reliability of the regional grid, SPP is directing member utilities to implement controlled interruptions of service effective immediately.



Energy: US oil output tumbled as a result of the frigid weather.

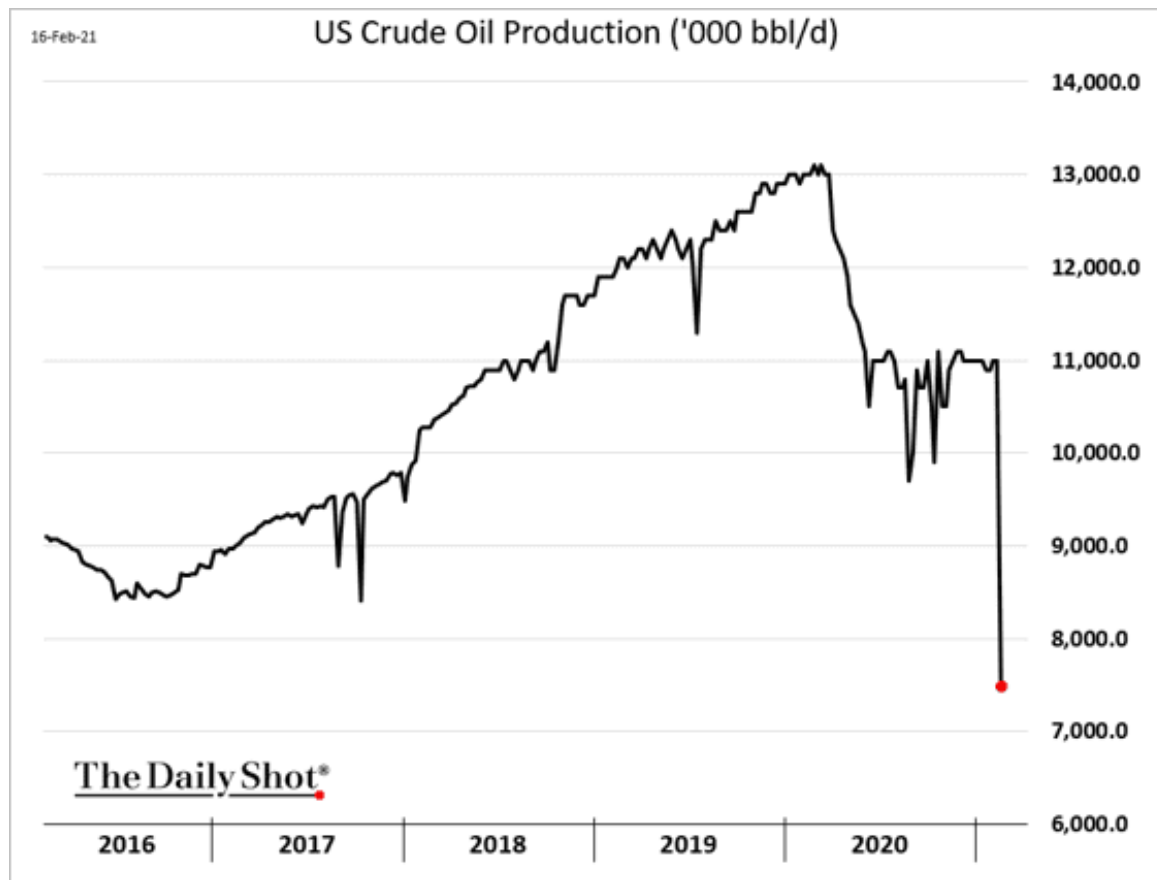
U.S. Oil Output Slumps by Record One-Third as Permian Freezes

By [Javier Blas](#) and [Sheela Tobben](#)

- ▶ Permian Basin production said to have dropped as much as 65%
- ▶ U.S. output is down by about 3.5 million barrels a day or more

Source: @markets

[Read full article](#)



Source: Daily Shot

The production chart clarifies US declines pre-Polar Vortex in Texas. While the weather is a short-term and Texas production will recover, having millions of Americans freezing their tails off is not good politics. Added to the 2020 COVID supply-chain interruption challenges, I wouldn't be surprised to see economic headwinds. Canada not being able to secure surgical masks (from China), let alone vaccine supplies (from United States and Europe) are likely to cast doubt on the ability or willingness of global supply chains to 'just-in-time inventory'. Some say the past 25-years of globalization has been a gamble on the kindness of strangers. Nationalists have grumbled and now appear happier. They should be careful what they wish for.



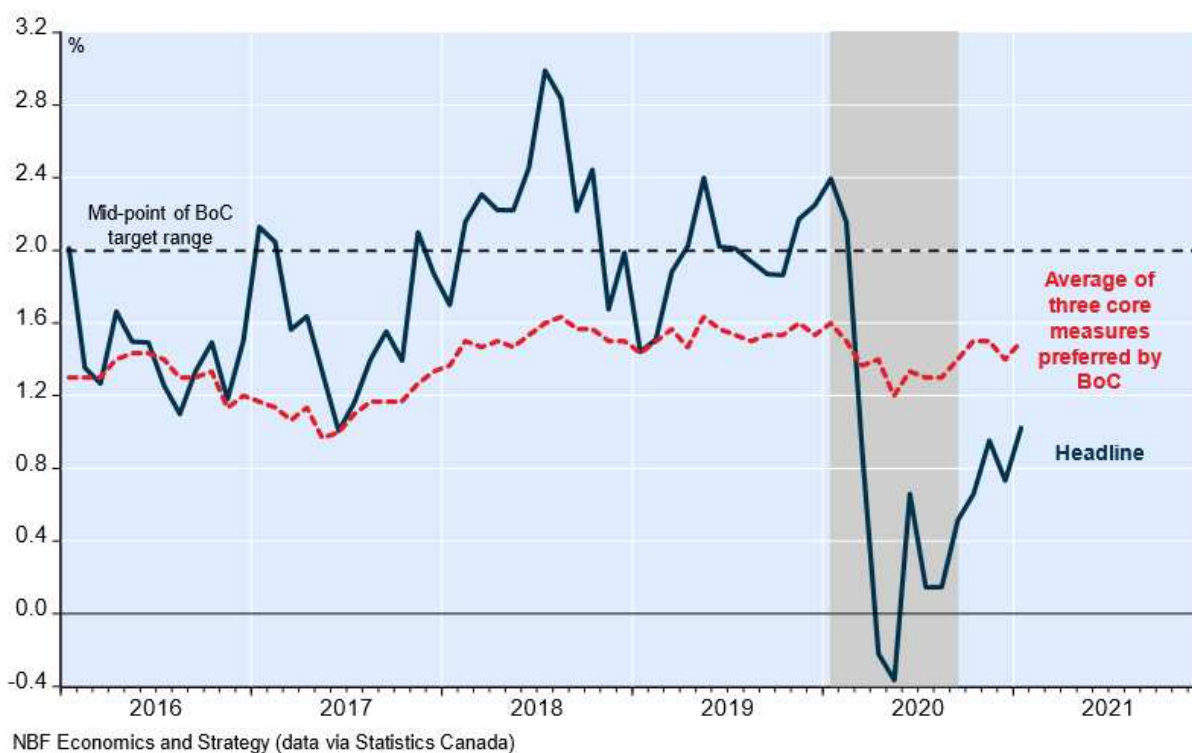
Men's shirts and sweaters priced at \$20 in 1997 → \$14.03 in 2021

<https://www.in2013dollars.com/Men%27s-shirts-and-sweaters/price-inflation>

Walmart sells T-shirts today for 30% less than they cost 25 years ago. They do so by sourcing cheap labor elsewhere (which improves lives in those countries) and by maintaining razor-thin inventories backed by rapid delivery/declining cost global supply chain/transportation systems, directed by automated inventory tracking, all financed by cheap debt. Amazon exists because of this. Changes in any one of these inputs could cause prices to rise. There is much to lose by squabbling with international trading partners and by hometown puffery. Canada has it's share of both. That's what I worry about.

Canada: Headline inflation at its highest in 11 months

Consumer Price Index



So far inflation is still not a big deal. Yet. Keeping eyes on copper.

See, *Weekly Economic Watch – February 19, 2021 – NBF Economics and Strategy*

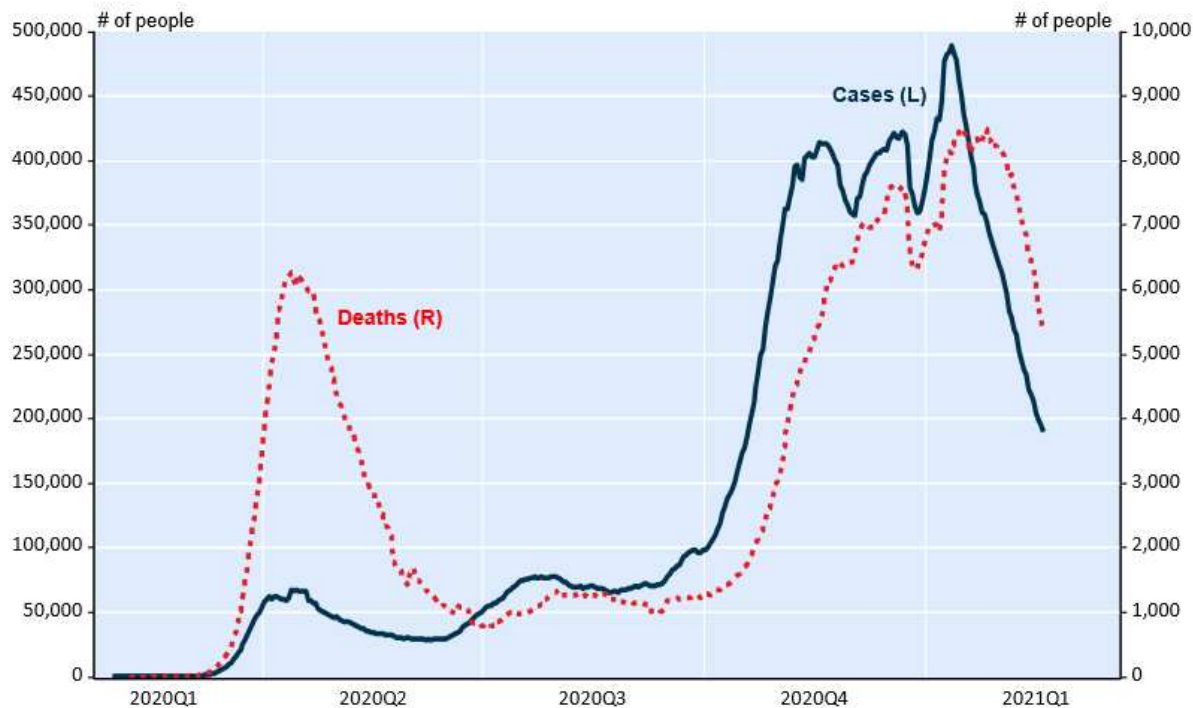
**Find this PDF in the attachments*

The Good News is COVID-19 infection rates and deaths continue to fall.



2. Developed countries: Perspective on COVID-19 cases and deaths

New cases and new deaths in Europe and North America, 7-day moving average



NBF Economics and Strategy (data via Johns Hopkins CSSE)

See, [COVID-19 Daily Monitor – February 19, 2021 – NBF Economics and Strategy](#)

**Find this PDF in the attachments*

As I've never met a rich pessimist, I remain optimistic...and invested.



Have a Great Weekend!

Steve & Anna Hilberry



Have a Great Weekend! THE HILBERRY TEAM

[Anna Hilberry's YouTube Page](#)

[NBF – Hilberry Group website](#)



FOR THE RECORD JAN 22, 2021

DOW INDUSTRIALS: 31,521

(another high this week)

S&P 500: 3906

(52-wk high again. Down from last week.)

S&P/TSX COMP: 18,378

WTI: \$59.24

(\$30 in April/2020 - \$62 on Thursday)

LOONIE IN \$USD: \$0.7923 \$US

(nearing the 5-year resistance point)

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