



## WEEKEND READING

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

### Happy Anniversary! The Welcome Back to Normal Edition

#### *'Prince Harry and Meghan Markle's Bombshell Oprah Interview'*



#### **The media finds a new drama to obsess over.**

Ah (long exhale) that's better now. Life is as it should be. The news cycle focuses on a spat between Royal's. Oprah makes yet another mint having an exclusive interview with the spare heir (they are neighbors) and his beautiful wife. Pearce Morgan had a tantrum, said some dumb things, stomped off stage and lost his position. It appears Mr. Morgan wanted to date Ms. Markle who found a better partner for which he felt aggrieved. The chattering classes have been agog. Thank heavens.

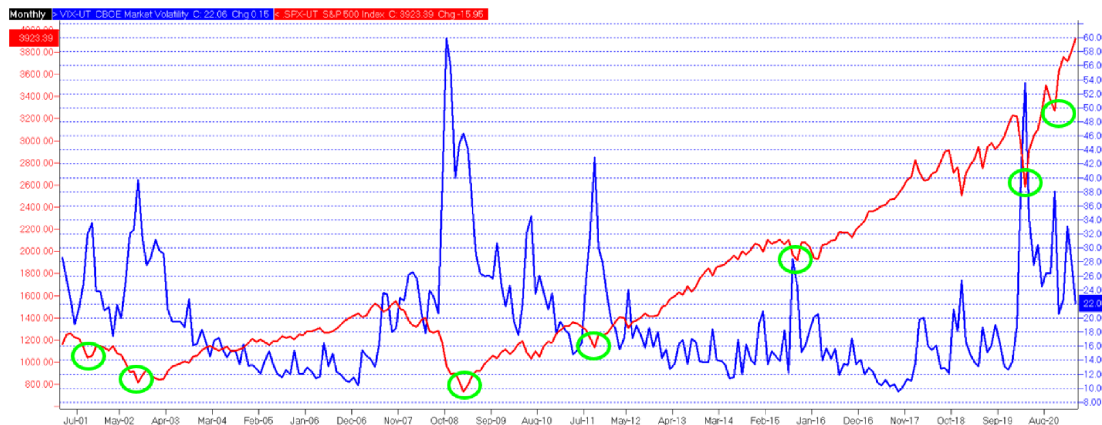
While racial inequality and tensions are a major problem that I don't wish to trivialize, this celebrity version is suspicious in its timing. The drama cycle moves on.

March 23, 2021 will mark 1 year from the bottom COVID-19 panic of 2020. As a reminder of the past 15 months here is the price action from Dec/2019 the subsequent highs, lows and rebounds peak for the S&P 500 in\$ USD and Canada's TSX in \$CDN

	<b>S&amp;P500</b>	<b>TSX Comp</b>
31-Dec-19	3,230.78	17,063.43
2020-02-19 High	3,393.12	17,925.36
2020-03-23 Low	2,237.40	11,228.00
Hi-Low Index chg	<b>-1,155.72</b>	<b>-6,697.36</b>
Feb 19-Mar 23 Hi-Low %'g Change	<b>-34.06%</b>	<b>-37.36%</b>
<b>2020-03-31 - Close</b>	2584.59	12687.74
Hi - Low % chg	<b>-23.83%</b>	<b>-29.22%</b>
<b>Mar 12, 2021 mid-session last</b>	3,920.51	18,738.63
<b>Dec/2019 to Last</b>	21.35%	9.82%
<b>Feb 19, 2020 to Last</b>	15.54%	4.54%
<b>Mar 23, 2020 to Last</b>	75.23%	66.89%

## Homework for March 12. Lessons from 2020.

S&P 500 (SPX-red - left) vs CBOE Volatility Index (VIX-blue right) monthly ranges – 20 yrs Mar/2001-2021.



A common measure of investor risk is 'volatility'. Much treasure is spilt claiming high returns with reduced volatility (think hedge funds). When broad indices become volatile, the media warns the world is riskier. It is often a feed-back loop. The desire to sell is high. While the world may be risky (it always is) volatility has not proved so, for investors. The green circles mark short-term S&P500 price bottoms, matching volatility spikes at or above 30. In each case there was a better price to be had by waiting. For sellers, the worst-price exit point is during periods of high volatility. For sellers, waiting at least a month or two has helped. Waiting a year REALLY helped. For buyers, periods of volatility proved the best-price (lowest risk) entry points. Seems so obvious. At the risk of trying to be too precise, anything over VIX 35 is a really bad time to sell and is a great time to buy. Are headlines

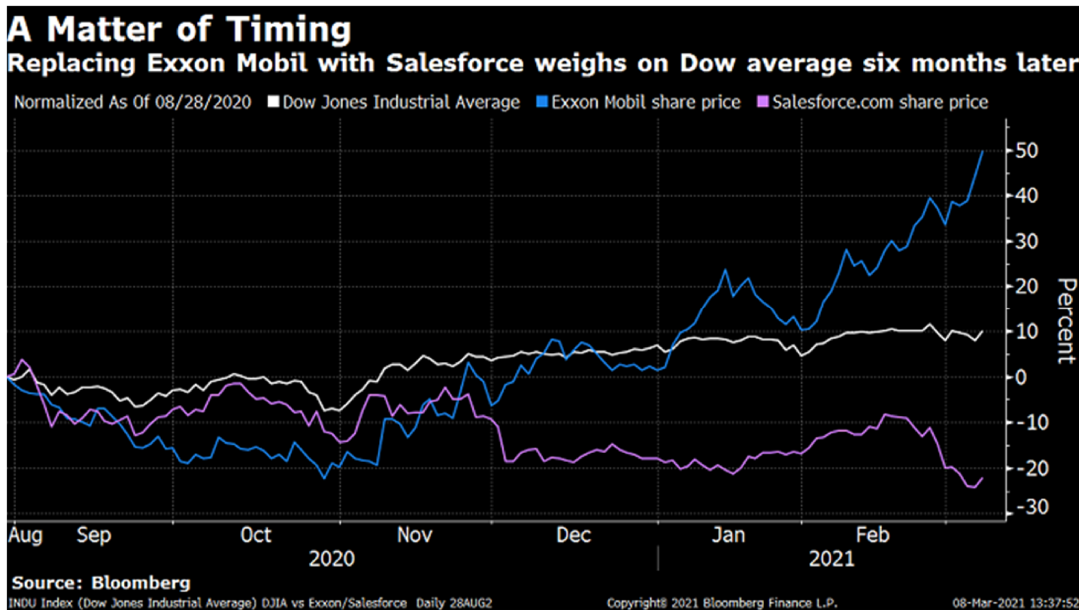


screaming **‘Market Crash!’**? Is a go-to media darling perennial perma-bear getting 6 o’clock news hour attention? Has CBC and CNN run TV interviews worried Wall Street types? The BUY bell is ringing.

Note that periods of low volatility do not indicate poor subsequent returns. ‘Complacency’ doesn’t mean much. One must look elsewhere for SELL signals. See my previous comments on parabolic price curves. If you need a reminder contact us. We’ll send you the work.

**‘Lessons from Charlie Munger at the Daily Journal Meeting’ –  
Novel Investor Mar 8, 2021**

<https://novelinvestor.com/lessons-from-charlie-munger-at-the-daily-journal-meeting/>



*“The Dow Jones Industrial Average would have been decidedly better off without a change made more than six months ago. Exxon Mobil Corp., which had been in the Dow since 1928, was removed and Salesforce.com Inc. took its place. Exxon climbed 53% from Aug. 31, the date of its ouster, through Friday. Only Goldman Sachs Group Inc. and Caterpillar Inc. posted bigger gains in the period among the average’s 30 stocks, according to data compiled by Bloomberg. Salesforce, on the other hand, was the Dow industrials’ worst performer. The business-software maker fell 23% and cost the average about 400 points, or 1.3%..*

*Sincerely, David Wilson”*



## ***'The Fed Isn't Printing As Much Money As You Think'*** – Morgan Housel Tues Mar 9, 2021

<https://www.collaborativefund.com/blog/the-fed-isnt-printing-as-much-money-as-you-think/>

## ***'The Most Important Chart of the Decade'*** – Michael Batnick – Tues Mar 9, 2021

'Most Important', 'Bomb Shell', 'Devastating' and 'Panic' are favorite media eye-ball click-bate' catchers. Occasionally there are indeed important trends to pay attention to. I believe Mr. Batnick is correct on this one.

<https://theirrelevantinvestor.com/2021/03/07/the-most-important-chart-of-the-decade/>

## ***'Curious Speculations: Collectibles & NFTs'*** – Jamie Catherwood Mar 7, 2021

<https://investoramnesia.com/2021/03/07/curious-speculations-collectibles-nfts>

## ***'The Battle for Irrelevant Statistics Reporting'*** – Michael Harris Mar 2, 2021

<https://www.priceactionlab.com/Blog/2021/03/irrelevant-statistics/>

## ***'Investing: The Greatest Show On Earth'*** – Morgan Housel Mar 9, 2021

This entry from Morgan Housel is one of those gems you should bookmark to be read more than once. I've printed a PDF copy for my file.

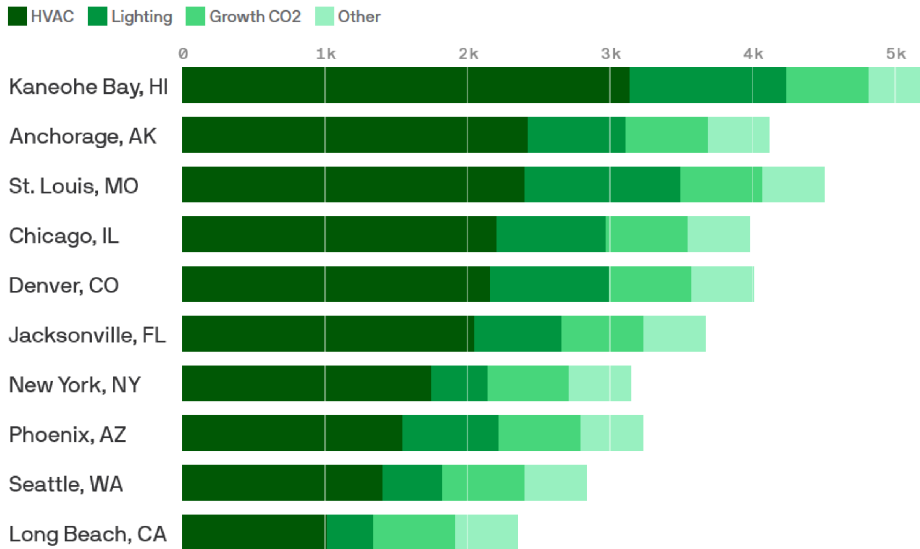
<https://www.collaborativefund.com/blog/investing-the-greatest-show-on-earth/>



**‘Breaking down the climate toll of growing weed indoors’ - Axios**

**Emissions from indoor cannabis cultivation**

Lifecycle emissions in kilograms of CO2-equivalent per kilogram of dried cannabis flower, select locations



Data: Summers, et al., 2021, "Greenhouse gas emissions of indoor cannabis production in the U.S."; Chart: Sara Wise/Axios

Greenhouse pot in Hawaii generates 5 kilos CO2 for each 1 kilo of product. Most of Hawaii’s electrical generation is from oil fired. Long Beach is lower but still 2.5 to one. Climate Action and Legalize Pot share political space. Should be interesting to watch.

<https://www.axios.com/carbon-emissions-marijuana-indoor-growing-558775b0-a830-443e-809a-a60e196cd483.html>

Meanwhile...

**‘Mexico Set to Legalize Marijuana, Becoming World’s Largest Market’ – New York Times. March 10, 2021**

I have warned clients excited by the prospects for Canadian companies hoping to reap profits from the legalization of marijuana that the business case never made much sense in Canada. My view remains that Canada has no labor skill advantage (we import Mexican agriculture workers), no operating cost advantages, no weather/climate advantage. The only advantage Canada had over warmer countries was a legalization difference. If the market for legalized weed is as large as projected (there are questions) Mexico, Central America, South East Asia and Africa should trounce Canada? How many watermelons do Canadian growers export to California again?

<https://www.nytimes.com/2021/03/10/world/americas/mexico-cannabis-bill.html>



## ***‘The Most Powerful Catalyst’ – Michael Batnick***

<https://theirrelevantinvestor.com/2021/03/09/the-most-powerful-catalyst/>

## **‘The Tactics People Are Using to Get Their Money Out of China’ – Bloomberg Mar 11, 2021**

Responding to client queries, Anna and I have been commenting on cryptocurrencies lately. I’ve speculated the surge in Bitcoin, Ethereum, etc. could reflect mainland Chinese Communist Party pressure on Hong Kong causing a flight of capital out of that country. Bloomberg confirms it. The idea Bitcoin solves a flawed US dollar/international currency system seems bunk at this point.

While on the Bitcoin Topic, How risky is bitcoin? Is it strategy or is it speculation

<https://www.bloomberg.com/news/articles/2021-03-11/from-crypto-to-offshore-accounts-tactics-used-to-get-cash-out-of-china>

## **Latest Video From Anna Hilberry**

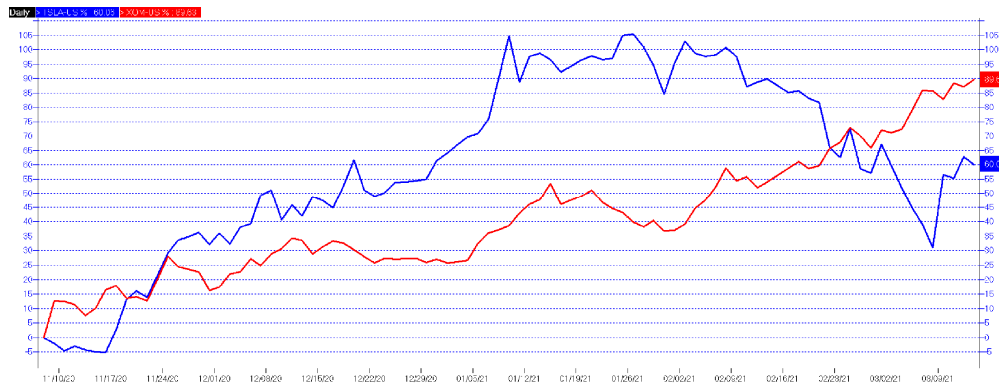


Watch Anna’s Video Here:

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



## US Pres. election Nov 6, 2020 onwards - Tesla (blue 59% vs. Exxon (red 89%) % change

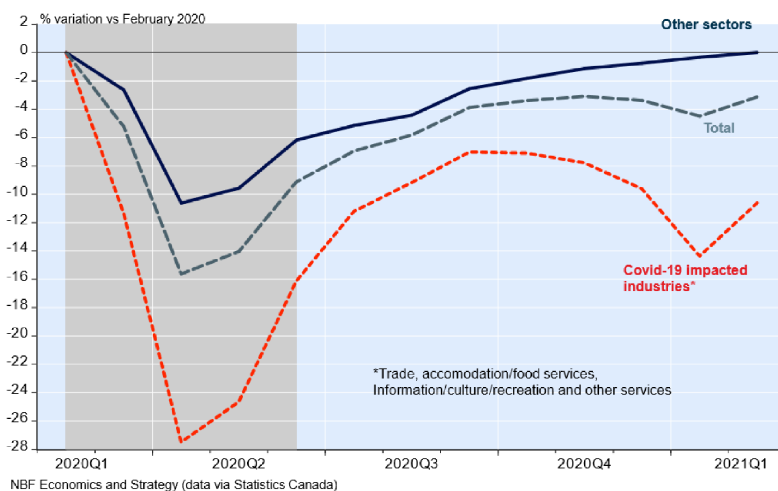


Friday last week Tesla hit a low of \$539 -40% from \$900 Jan 25 and +25% from the election of Joe Biden. Mid-session on Friday, Tesla trades around \$680, a still-robust +58% from the election. Today Exxon trades at \$62 ,+90% from the election! Co-incidence or has the election of Mr. Biden removed 'The Resistance' factor for Tesla investors making a political statement against Donald Trump? Is Mr. Biden, an old-school Democratic machine politician REALLY going to quash all US-based oil production anytime soon? Or are recent US Fed Govt pipeline/tax policies being floated (that suspiciously target Canadian crude oil production) a way of earning votes in Republican strong hold oil regions North Dakota and Texas? NOTE: In 2019 Canada provided 48% crude imported to the US and 22% of all US refinery intake. We'll see.

<https://www.nrcan.gc.ca/science-data/data-analysis/energy-data-analysis/energy-facts/crude-oil-facts/20064>

## 'Canada: Sharp rebound in employment' NBF Economics March 12, 2021

**Canada: Losses remain limited to sectors affected by sanitary measures**  
Employment



NBF Economics and Strategy (data via Statistics Canada)

\*Trade, accommodation/food services, Information/culture/recreation and other services

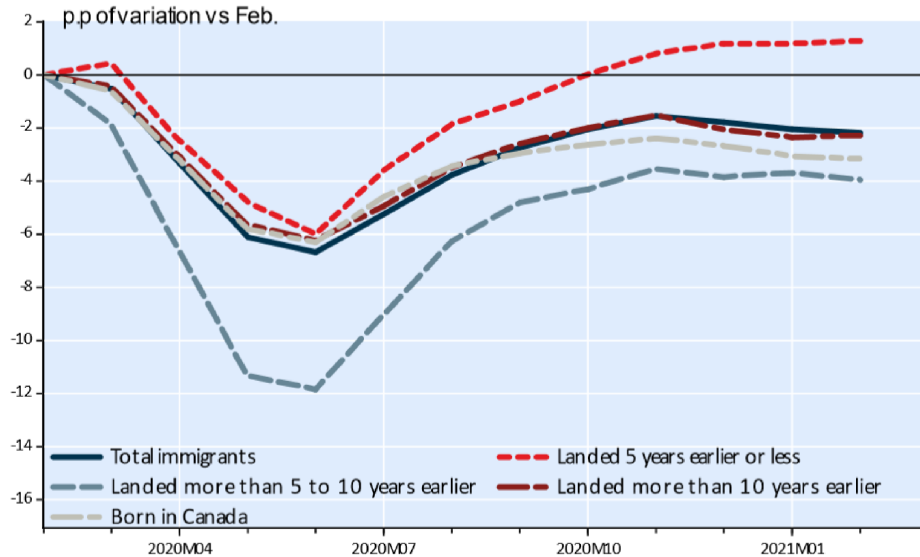


With racism in mind, anti-immigration types claim *'immigrants sponge off the tax-payer'*. The next chart says False! As a group, immigrants showed less unemployment than Canadian workers borne in Canada by a statistically wide margin. Factoring the higher chance of recent immigrants working in positions at greater risk of COVID-19 shut downs, their outperformance tells who wants to work.

**Conclusion: If you want tax-payers, encourage immigration.**

**Employment rate by immigration category**

*Employment rate, seasonally adjusted by NBF, 3 month mov. av.*

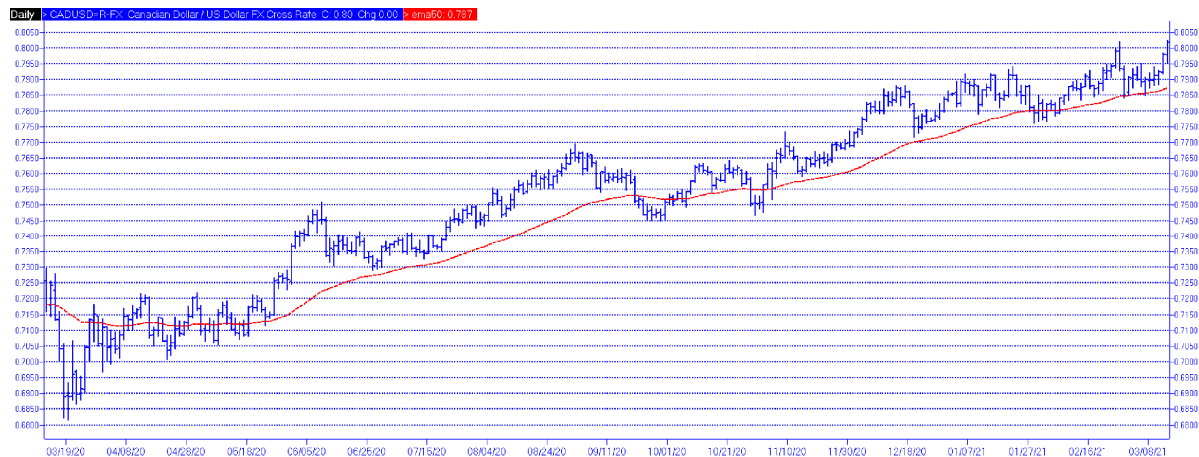


Data via Statistics Canada

See the full report in the PDF links.

**The Loonie has been on fire.**

**1 CDN dollar cost in US (\$0.80 USD) daily ranges – 12 months**





From lows under 70 cents in March/2020 (remember the sub-60 cent calls?) the Loonie broke 80 cents on Friday. The Loonie gain of +11% reduced non-CDN US & Intl returns by the same. National Bank maintains an \$83 USD FOREX rate by the end of 2021. We zigged (sold) equity holdings US to Canadian in 2019 in the low 70' Loonie range. We may have a chance to zag (buy) back to US dollars again in 2021.

See the National Bank NBC FOREX report in the PDF link's

With all the above where are we?

**BOTTOM LINE: While prices have certainly rebounded, I believe it's too early to significantly reduce stocks in favor of bonds.**

## Have a Great Weekend!

[Anna Hilberry's YouTube Page](#)

[NBF – Hilberry Group website](#)



### FOR THE RECORD JAN 22, 2021

DOW INDUSTRIALS:	32,705
S&P 500:	3931
S&P/TSX COMP:	18,792
WTI:	\$52.23
LOONIE IN \$USD:	\$0.80195 \$US

© 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



Regulated by  
Investment Industry Regulatory  
Organization of Canada

