



WEEKEND READING

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

In Good Health

The Availability **Bias**: How to Overcome a Common Cognitive Distortion

<https://fs.blog/2021/06/availability-bias-cognitive-distortion/>

Simple Wealth Advice, Determining Your Rate of Return

Watch Anna's latest video here

<https://www.youtube.com/watch?v=R1-czahPnU0>

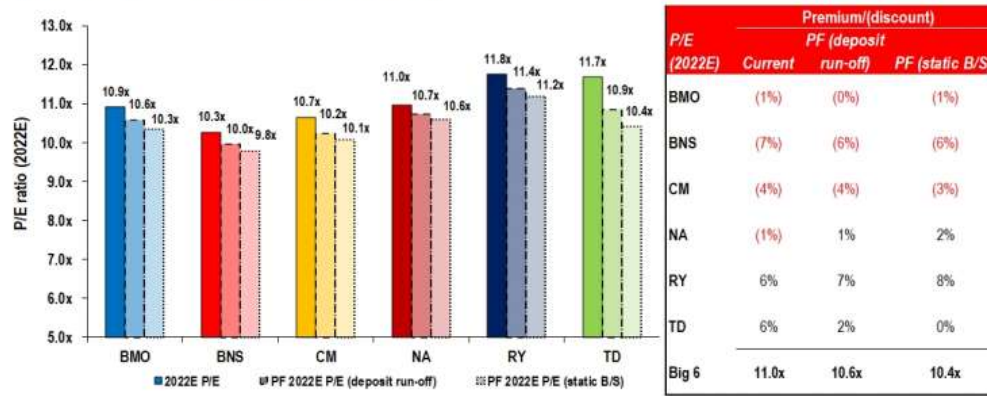


'Bank rate sensitivity shows the sector still has room for multiple expansion' – NBF June 8, 2021

"With bank stocks up 26% YTD, outperforming the S&P/TSX by ~1,100 bps, we often get asked if all the upside has been "priced in" the stocks. If we consider the multitude of earnings catalysts on the horizon, including credit provision reversals, accelerating loan growth, capital management and rising rates... it's hard to say that "everything" has been reflected in sector valuation. If we look specifically at potential earnings upside tied to rising rates, using bank sensitivity disclosures as a guide, we see

that sector valuation still has room for expansion.”

Figure 2: Assuming a higher rate scenario, pro-forma Big-6 valuation looks pretty attractive, especially considering other catalysts the sector could enjoy in the coming months



Source: Company disclosures; NBF analysis

Notes: 1) ~20% tax rate and no NIX offset is assumed for each bank; 2) the deposit run-off scenario assumes that BMO's rate sensitivity is ~43% lower than it would be with a static balance sheet; 3) the deposit run-off scenario assumes that CM's rate exposure is ~32% lower than it would be with a static balance sheet; 4) the deposit run-off scenario for BNS, NA, RY and TD assumes rate exposure that is ~38% lower than it would be with a static balance sheet

For the full report see the following link.

<https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=ae0ab4d9-5e62-4bee-b5d7-ae7accad3a1&mime=pdf&co=nbf&id=steven.hilberr@nbc.ca&source=mail>

‘Nutrien Paves the Way as the First Fertilizer Company to Implement Caterpillar’s Remote-Control Bulldozer Technology’

<https://www.nutrien.com/investors/news-releases/2021-nutrien-paves-way-first-fertilizer-company-implement-caterpillars>

Energy Musings - June 7, 2021

G Allen Brooks writes a deeply insightful and well researched regular blog on the energy industry. In addition to the Oil & Gas industry, he also regularly comments on electrical power generation from various sources. His recent posting should be required reading for those interested in energy use, climate change mitigation policies, and the impacts on the economy. Given Canada’s continued reliance on the energy sector, both as an exporter of hydrocarbon fuels and hydro-electrical derived power to US consumers, I have found his comments useful in making investment decisions. His blog notes are one reason we’ve maintained a holding in energy, conventional and alternative. That worked out well for our clients.

<https://energy-musings.com/energy-musings-june-8-2021/#post-8290-One>

Staying with energy

Energy security. A heatwave is hitting parts of the US and testing power grids. The heat wave has also put a bid in US natural gas prices as well.





Javier Blas @JavierBlas · 14h

The two richest states in America (CA and TX) can not keep a reliable power grid, with both urging citizens to cut electricity demand to avoid rolling blackouts. On its own, California would be the 5th richest "country" in the world. Texas would be 10th. Amazing policy failure

44

277

774



Javier Blas @JavierBlas · 13h

Lots of replies blaming renewables, but that misses the roots of the crisis. California, for example, has been a basket case for electricity policy since its 2000-01 crisis (when renewables played no role) and the 1996 de-regulation. Both with Republican and Democratic governors

If global temperatures are set to rise what does that say about electrical power consumption for air conditioning (see the Carrier comments below)? Has that increased demand been factored in the push for conversion from hydro-carbon fueled energy to renewable electrical power?

With Summer's heat around the corner we'll have a look at Carrier Global Corp.

Carrier Global Corp (CARR-\$46.25) – daily ranges – 12 months



BUSINESS DESCRIPTION

Carrier Global Corp is a provider of heating, ventilation, and air conditioning (HVAC), refrigeration, fire and security solutions. The Company operates through three segments: HVAC; Refrigeration; and Fire & Security. The HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers. The Refrigeration segment is comprised of transport refrigeration and commercial refrigeration products and solutions. Its transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, intermodal and rail. Its commercial refrigeration equipment solutions preserve freshness of retail food and beverage. Its fire and security products include a range of residential and building systems, including fire, flame, gas, smoke and carbon monoxide detection; fire suppression systems, intruder alarms; access control systems and video management systems; and electronic controls.



We were introduced to Carrier during the United Technologies/Raytheon Merger completed in early 2020. As part of the complex deal, United Tech spun off Otis Elevator and Carrier. We sold the distributions, using the proceeds to buy additional shares of Raytheon (RTX) at around \$68. With RTX trading at \$88 we're up roughly 30%. Not bad for a year's work. While buying additional RTX worked well for us, we should've kept Carrier. It more than doubled.

'Jeff Bezos-Backed Company To Build Fusion Plant In UK' - OilPrice.Com

<https://oilprice.com/Latest-Energy-News/World-News/Jeff-Bezos-Backed-Company-To-Build-Fusion-Plant-In-UK.html>

Canadian General Fusion is a privately owned (no publicly shares trading) corporation. Their corporate website is here: <https://generalfusion.com/> Their board of directors makes for an interesting read for the Canadian Green Tech space.

This is the kind of story we've been waiting for. As the plant is not even running yet, it's early days to get overheated on the idea. We will be following this one closely.

The Battle over ownership of Inter-Provincial Pipeline continues

Brookfield Infrastructure and Pembina Pipeline in a game of one-upmanship for control of Inter-Provincial Pipeline. Brookfield has upped their bid this week. NBF explains.

<https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=fba8f822-23ca-4ab0-8cb6-9b8c2daeae34&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail>

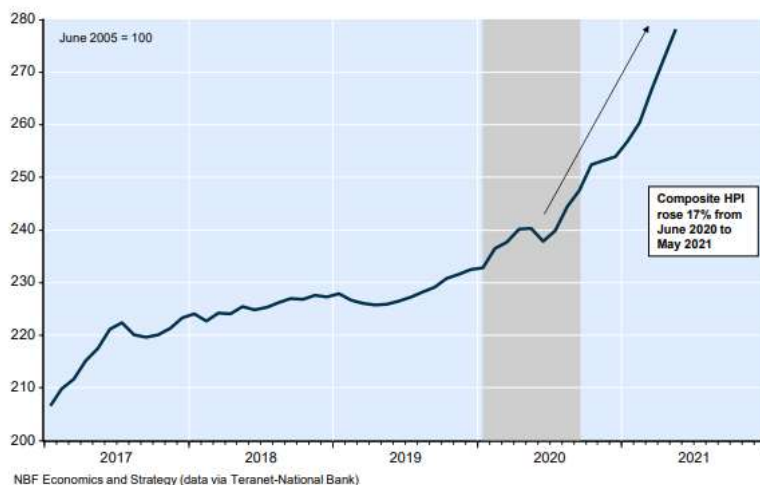
<https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=cfc2703b-55af-4096-abc5-85e4e52ffb6a&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail>

DISCLOSURE: I own Pembina, and Inter-Provincial Pipeline personally, hold it for family members and for client accounts, over which I have trading authority. We have traded in both securities within the past 60 days. We do not hold and have not held, Brookfield Infrastructure.

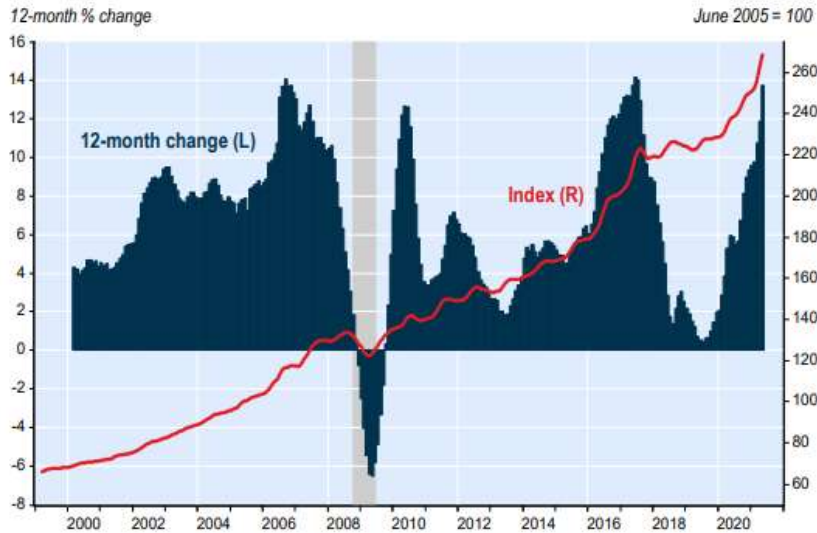
**National Bank
Teranet House Price
Index for May/2021**

To The Moon! Record rise of home prices in May.

Teranet-National Bank Composite HPI up strongly since June
Seasonally adjusted Teranet-National Bank unsmoothed HPI



Teranet-National Bank National Composite House Price Index™



<https://housepriceindex.ca/2021/06/may2021/>

What of the American Consumer? In Rude Health.

‘The Economic Recovery Is Here. It’s Unlike Anything You’ve Seen.’ - Wall Street Journal - June 16, 2021

Free and Clear

American households face the lowest debt-service burden in nearly four decades.

Household interest payments on debt as a share of after-tax income



Source: Board of Governors of the Federal Reserve System

<https://www.wsj.com/articles/the-economic-recovery-is-here-rebound-jobs-stock-market-unemployment-biden-aid-package-11622642152>



As evidence of Rude Health... some people have waaaaay too much money. **Artist sells invisible sculpture for over \$21,000 \$CDN.**

‘Artist sells an invisible sculpture for £13,000 and gives buyer a certificate of authenticity to prove it’s real’ – UK Daily Mail June 3, 2021

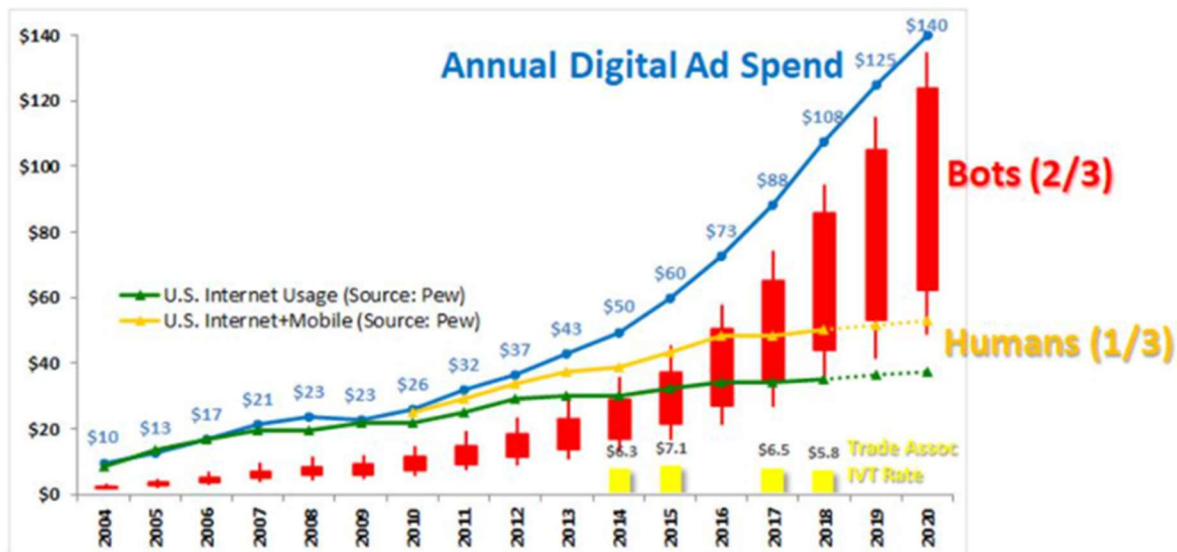


<https://www.dailymail.co.uk/news/article-9647693/Artist-sells-invisible-sculpture-13-000-gives-buyer-certificate-authenticity.html>

We checked. It’s true.

Dr Augustine Fou writing for Forbes pointed out this idea isn’t new. Marketers purchasing digital advertising have been sold the same for years, noting 2/3rds of ‘views’ of digital adds are bots, confirmed by the ratio of US internet usage (green) to US Internet+mobile (IE all human eyeballs) (gold) vs. ‘clicks’ (red) implying the excess ‘clicks’ are bots.

‘Artist Sells Invisible Sculpture—Adtech Sells The Same Thing’ June 4, 2021



most ads are shown to bots, not humans AUGUSTINE FOU

<https://www.forbes.com/sites/augustinefou/2021/06/04/artist-sells-invisible-sculpture-adtech-sells-the-same-thing/>



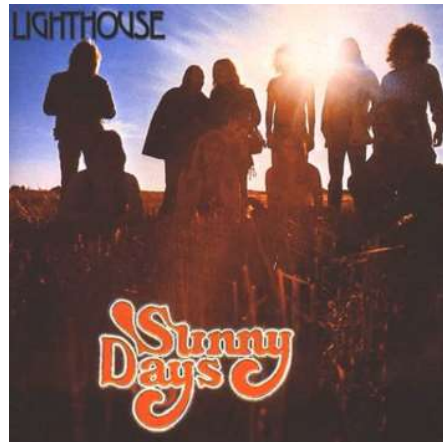
This leads me to ponder the rise of Fintech. Are bot 'clients' buying from other bot 'client' sellers?

COVID-19 Daily Monitor – NBC June 18, 2021

<https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=73ee182e-796e-4ce8-a540-1a46c5694275&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail>

It's been cold, rainy, and wet. The weekend is supposed to bring sunny days. We'll let *Lighthouse* take us out.

<https://www.youtube.com/watch?v=O7rm7uBcyNg>



Steve & Anna Hilberry

Have a Great Weekend!



FOR THE RECORD June 18, 2021

DOW INDUSTRIALS:	33,380
S&P 500:	4,177
S&P/TSX COMP:	20,074
WTI:	\$71.56
LOONIE IN \$USD:	\$0.8040 \$US

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