



WEEKEND READING

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

Welcome back to the madhouse

Happy New Year to our clients, readers, and friends.

Annnnnnnnd they're off!

Investors had the bit in their teeth this week, willing to pay up for risk assets.

2021 was kind to most investors with share prices rising 20-30%. Investors digested the economic impact of the COVID-19 Omicron Variant and decided 'Not-So-Much' and bought shares. It was a wild year. Investors rocked around the Christmas tree.

Total Returns adjusted to \$CDN Dec 31, 2020 to Dec 31, 2021 closes:

- SP500 Total Return (TR): +27.92%
- Dow Industrials TR: +20.16%
- FANG Index TR: +13.93%
- Ethereum CRYPTO Index: +469%*
- SP/TSX Comp TR: +25.02%
- TSX 60 Large Cap TR: +28.04%
- DJ Cda Select CDN Div Index: +32.4%

Canada's big caps outperformed the US market both in local dollar terms and FOREX adjusted. The Canadian Dividend Index had a banner year. We're happy.

*Ethereum Index update:

- Dec 31, 2020: \$57.80
- Dec 1/2021: \$423.99 = +632% from the Dec/2020 close, record high.
- Dec 31, 2021: \$329.60 to 'only' +469% by year end. **-22%** from high.
- Jan 7, 2022: \$274.90 = **-35%** from Dec/2021 high / **-16%** year-to-date.

Stock Market History, Illuminated

2021 was a banner year for our clients. *Albert Bridge Capital* breaks down recent global stock market performance including unusually large outperformance of Growth to Value stocks. It's a long, graph-heavy article that is worth wading through. The article is available as a PDF (I've stored it for posterity).

<https://www.albertbridgecapital.com/post/stock-market-history-illuminated>

On inflation (again)

'The Fed is ignoring the demand for money' - Scott Grannis - Jan2022

A cautionary bugbear might be inflation. We've featured inflation articles over the past year quarters. Scott Grannis' 'Califia Beach Pundit' blog walks through – yup - another lengthy, detailed, data-heavy discussion of inflation drivers. I agree with most of his points.

NOTE: While I agree with Mr. Grannis economic commentary and his views on taxation and government spending, I part company with his political views.

<http://scottgrannis.blogspot.com/2022/01/the-fed-is-ignoring-demand-for-money.htm>

Taxes up in 2022? Will it even matter?

We're likely to see eye-watering budgets brought out in Canada this spring. There has been much 'progressive' push to tax 'Big Business' and 'The Rich' (IE someone else). A recent budget update applied a 'luxury tax' on private jets, boats, and expensive cars. As the tax revenue streams on such are negligible here in Canada it was all about optics. IE What the Government wants us to focus on. It seems we are to focus on wealth in a bad way. Tobacco taxes proved if you want less of something, tax it. Am I just another panic-mongering, budget-hawk? Do tax-payers and business actually respond to these kinds of things?

'Top 10 inbound vs. top 10 outbound US states in 2021' - Mark J Perry

In the US (where we have data) tax payers do in fact vote with their feet.

<https://www.aei.org/carpe-diem/top-10-inbound-vs-top-10-outbound-us-states-in-2021-how-do-they-compare-on-a-variety-of-economic-tax-business-climate-and-political-measures/>

Some good news on the Canadian budget front

Change in energy royalty fortunes for western provinces.

Government oil & gas royalty revenue		
	2021/2022 fiscal year forecast	2020/2021 fiscal year actual
Alberta (oilsands, oil, natural gas royalties)	\$10,643	\$2,937
Saskatchewan (oil, natural gas royalties)	\$746.00	\$378.00
British Columbia (natural gas royalties)	\$667	\$196
Total	\$12,056	\$3,511

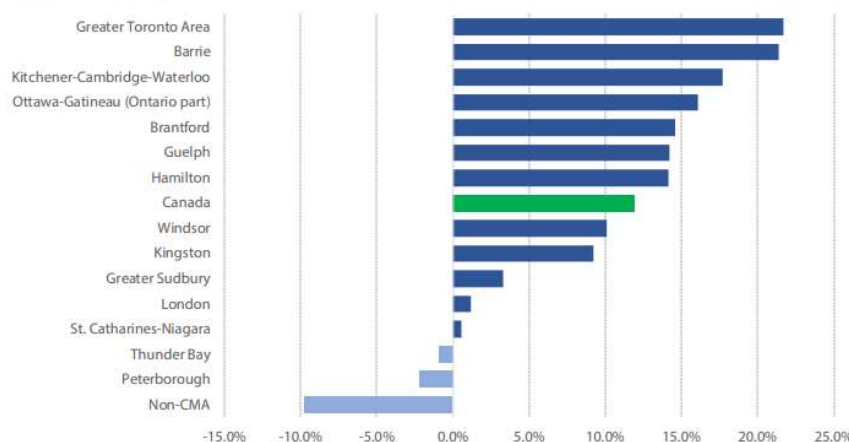
Figures expressed in the millions of dollars.

\$12 billion isn't chump change. This could help deficits...if Governments would slow the spending (not?).

'Uneven Job Creation in Ontario's Urban Centres from 2008 to 2019' - Fraser Institute - Jan 2022

Uneven Job Creation in Ontario's Urban Centres from 2008 to 2019

Figure 1: Employment Growth (%), 2008 to 2019



Sources: Statistics Canada (2021a and 2021b); calculations by authors.

<https://www.fraserinstitute.org/sites/default/files/uneven-job-creation-in-ontarios-urban-centres-from-2008-2019.pdf>



'The relentless 2021 news cycle in one chart' - Axios Dec 30, 2021

Anna's YouTube December article on Thankfulness is a good reminder to temper the news flow. It's easy to get depressed watching the 24-hour media cycle. We should remind ourselves that 'news' means extreme events. And if there isn't an extreme event make one up! Headlines shouting ***'Unemployment soars 20% to 6% this month'*** means 94% of the population have jobs this month vs. 95% last month. The number of people with jobs declined by 1.05%. That is the effect on the economy. Not good but a lot less stress inducing.

Relying on Google Trends is an easy and quick opinion poll. This has its flaws. Doing so will overemphasize the opinions of those glued to their smart phones and high volume 'influencers'. These types have even more impact these days. Take a grain of salt.

<https://www.axios.com/2021-relentless-news-cycles-chart-google-data-e68e749b-0421-4dda-bb4d-f71e117f5586.html>

Staying with social media and the effect on public opinion, many of our clients send us articles, links, questions and ideas they've come across while web-surfing (I'm dating myself with that term). There is a feed-back loop between what one looks for and what one finds. If you're worried, you'll be fed worrying stories. It can be helpful to understand the stats behind social media use.

367 Social Media Statistics You Must Know in 2022

DISCLAIMER: This site from a service that hopes to generate revenue by billing social media users, small businesses, etc. for their services. As such the focus is on the positive aspects of social media use and tilts you toward using their service.

<https://www.socialpilot.co/blog/social-media-statistics#fb-demographic-stats>

For a more nuanced view of how information is generated on these platforms....

'Social Media Bots: How They Work and How to Use Them' - Meltwater

Meltwater provides stats

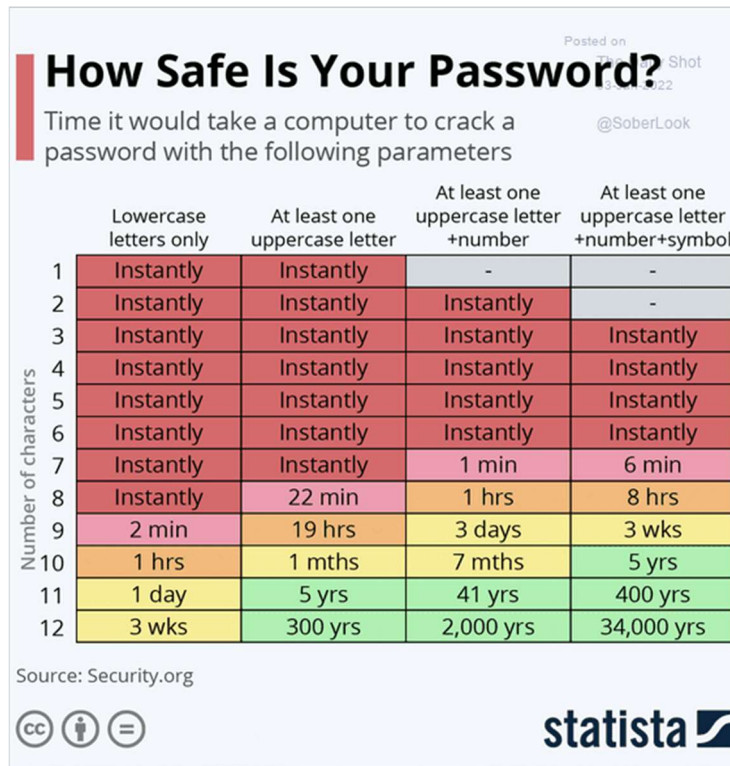
DISCLAIMER: As with the previous, this article is posted by a commercial group hoping to earn business. Nothing is for free on the internet. If you're not paying, you are for sale.

<https://www.meltwater.com/en/blog/social-media-bots>

Living in the country we rarely used to lock our doors. With the rise of our online universe, identity theft, 'password protection' and data encryption are now things we must worry about. Our Public Service Announcement on passwords.



‘How Secure is your password?’ via WSJ Daily Shot Jan 4, 2022



Conclusion: Use 12 letters, upper & lower Case, a number and a special character. 34,000 years from now your descendants will thank you

We're still optimistic for 2022 but would be surprised if we see a repeat of last year's gains. High single digits on top of a solid dividend base is still worth waiting for

Making Smart Financial New Years Goals for 2022 | Save More Money by Forming Good Habits



Watch Anna's latest video here

<https://www.youtube.com/watch?v=RxB3osWyy4>



Have a Great Weekend

Steve & Anna Hilberry

[Anna Hilberry's YouTube Page](#)

[NBF – Hilberry Group website](#)

January 7, 2022



FOR THE RECORD Jan 7, 2022

DOW INDUSTRIALS:	36,231
S&P 500:	4,677
S&P/TSX COMP:	21,084
WTI:	\$78.93
LOONIE IN \$USD:	\$0.7906 \$US

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