HILBERRY GROUP
WEALTH MANAGEMENT

October 6, 2023

Yard Sale - Fall lands with a vengeance

Our previous Weekend Reading was posted Friday Sept 22, For our data-starved readers, we're providing a bonus edition (maybe we all need better hobbies). Our last edition was posted in the last week of Summer. That week saw clear skies, light breezes, sunny and warm. Great days for a horse ride. This September was one of the warmest, driest in memory. We'd been hoping for rain. Be careful what you wish for.

We were away from our posting the first weekend of October. It's been cold, blustery and raining since. Investors have been in an equally cloudy mood, unwilling to buy. In our last edition we noted the media, reflecting the mood, trotted out the usual dancing bears for breathless predictions of perdition. Being sellers of advertising , not advice, media, social and mainstream must match consumer interest. Social media viewer eyeball algorithms particularly skew the narrative. You see more of what you fear or makes you angry. These sources do us a favor, confirming the human tendency to flail from rampant exuberance to abject despair. Recent headlines and blogs confirm the glum mood. They also confirm our favorite note-to-self: *'Recognize extremes. Do the opposite'*.

While September has the record for the worst average monthly performance, October has seen the biggest crashes, being why we look forward to October for the chance to buy great companies at or below fair value. It's also why we hold our semi-annual reviews in October, giving clients a perspective beyond the news cycle.

This year's dates are…

Duncan: Arbutus Ridge Golf Club October 24th

Comox: Crown Isle Resort October 26

Invites are going out in the mail. Please bring a friend and RSVP .

Additionally we're inviting clients to see Chief economist Stefane Marion on Oct 30th In Victoria. Please RSVP of you'd like to attend this event.

"Be greedy when others are nervous and nervous when others are greedy" – Warren Buffet

Why so glum?

Low sentiment means low greed/high nervousness. Media pundits blame the war in Ukraine, Chinese sabre rattling, oil price volatility, inflation, weird US politics, taxes and inflation. Politicians have been blaming everyone else. An example is the mid-September Canadian Federal Govt's political theater of 'demanding' major Canadian grocery chains 'fix inflation by Thanksgiving'.

https://financialpost.com/news/retail-marketing/trudeau-major-grocers-plan-stabilize-food-prices

The evil empire of Big Food dutifully responded by committing to 'freeze' prices on certain items. Industry Minister Francois-Philippe Champagne was quick to make a pronouncement of success. We get to why the grocers agreed to this posturing below.

'Price freezes, discounts on pantry items among grocery stabilization efforts coming 'soon': minister' – CTV Oct 6, 2023

https://www.ctvnews.ca/politics/grocery-price-freezes-discounts-on-key-pantry-items-among-food-inflation-stabilization-efforts-coming-soon-industry-minister-says-1.6590004

To ensure the Big Five are 'held to account' Minister Champagne will also create yet more bureaucracy. From the article…

"…Champagne said the federal government is establishing a "grocery task force" within the Office of Consumer Affairs that will be focused on monthly monitoring of grocers' commitments and actions taken by others in the food industry

This task force will be empowered to "investigate and uncover practices that hurt consumers, such as 'shrinkflation' and 'dequaliflation'."

"Prime Minister Justin Trudeau had given an ultimatum to grocers (opens in a new tab), saying if they didn't come to the table, they would face consequences such as tax measures for "making record profits" on the backs of Canadians struggling to feed their families.

Asked whether steps like price freezing—a measure certain grocers had already pursued—are really enough to satisfy the government's demands, Champagne said the Liberals will take additional action if these measures don't result in adequate food price stabilization.

"Everything is still on the table," the minister said."

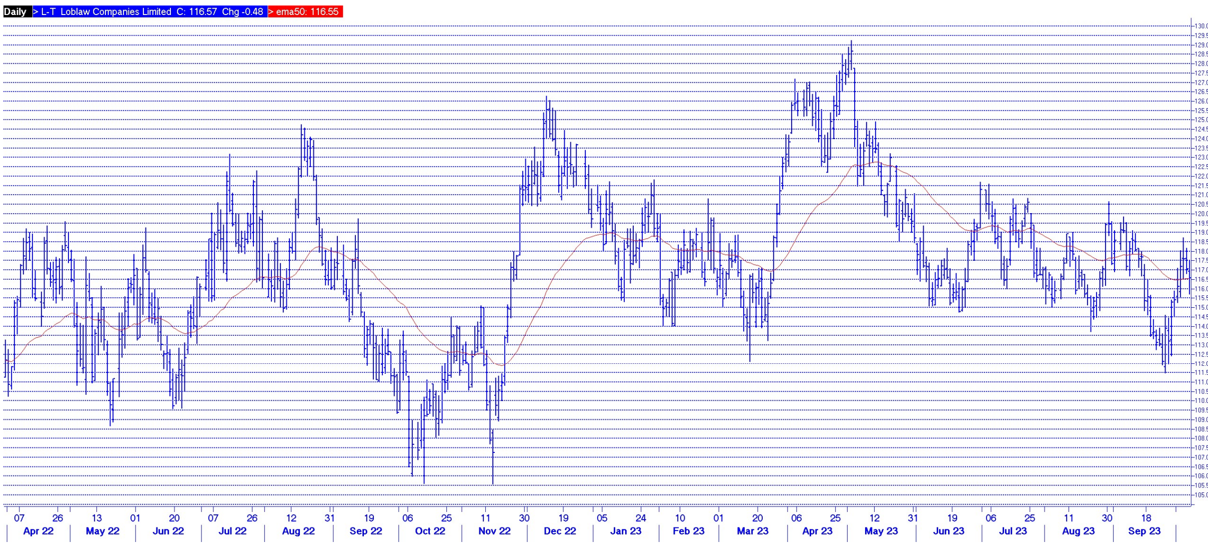
To sum up, this narrative claims food inflation is the Big Five Canadian grocery chains' fault. These businesses, who import most of their products, aren't simply passing along costs to consumers, they're just plain greedy. Oranges from California don't simply cost more to grow, ship. Politically convenient but is it true?

Canadian inflation (CPI) broke above 3% in late summer 2021.

https://www.bankofcanada.ca/rates/price-indexes/cpi/

CPI and corporate earnings trail the fact. The inflation trend wasn't obvious until March/2022. If the Canadian Big Food was so successfully greedy, surely investors would have gorged on the stocks of these companies since.

Loblaw Companies Ltd (L-TSX-$116.35) Mar/2022 to Oct/2023 daily ranges



Source: Refinitiv, Steve Hilberry, NBF

Loblaw's has gone nowhere. Investors don't see huge profits accumulating to the grocers. Blaming the grocers for inflation speaks of desperation, not solutions. As the Bare Naked Ladies advised, "It's all Been Done Before".

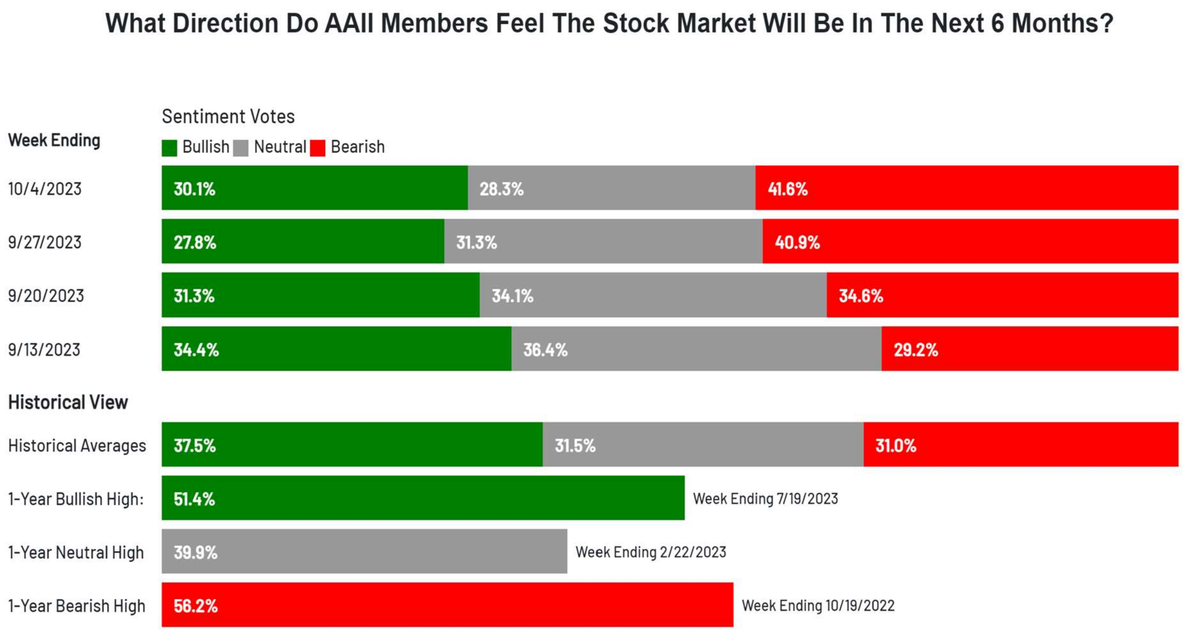
Nixon shock – Wikipedia

https://en.wikipedia.org/wiki/Nixon_shock#

'Nixon Taught Us How Not to Fight Inflation' Wall Street Journal Aug 13, 2021

https://www.wsj.com/articles/nixon-fight-inflation-price-controls-stagflation-gas-shortages-biden-democrats-reconciliation-bill-federal-reserve-11628885071

It all has retail investors in a funk (but not as bad as October 2022).



https://www.aaii.com/sentimentsurvey

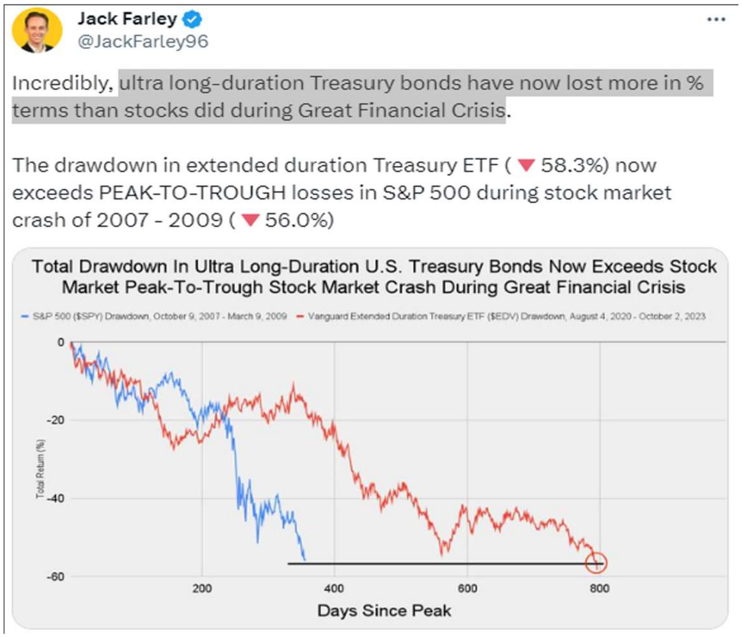
Institutional money managers are bummed too.

Over the summer global institutional investor sentiment readings have been the lowest (most bearish on stocks) in 30 years.

https://www.institutionalinvestor.com/article/2bstnzuzcpd77whs0s3cw/portfolio/investor-sentiment-drops-to-lowest-point-in-30-years

Other than the above media narratives, are there other reasons for money manager blues?

Gravity sucks. So do falling bond prices.



Source: X (formally known as Twitter)

The majority of institutional investment fund managers (money managers) operate under ‘investment mandates’. Their investment mandate reflects the risk appetite of the investor. The various asset types are allocated under the mandate. To track and incentivize performance, the manager’s compensation is often tied to their performance relative to a benchmark. Institutional managers live in a world of relative, vs absolute, performance.

Holding funds on behalf of life insurance beneficiaries, annuity income recipients, pensioners and governments a typical mandate allocates at least 35% of the total assets to fixed income investments (bonds). Some hold much higher fixed income allocations. The fund managers are further guided by their mandates to distribute selections within their bond allocation between Government-backed and corporate bonds, with parameters around maturities. Some managers may be limited to government-backed bonds. Government bonds, presumably having the lowest risk of default, carry the lowest yields. Normally reflecting inflation risk, the longer the term to maturity, the higher the interest rate paid on the bond’s maturing amount. The perceived lowest risk issuer with the greatest liquidity is currently the US Federal Government.

Institutional fund money mandates often force the investment manager to match annual payment liabilities to bond maturities, ensuring funds are guaranteed to be available each year to pay the fund’s liabilities to pensioners. Those liabilities can reach out past 30 years. An implied assumption in the ‘match maturities to liabilities’ approach is changes in inflation will be gradual. The result is many institutional managers are forced by their mandates to hold government bonds with average maturities into the 20-year+ ranges. ‘Best Practices’ frown on deviating from this allocation. If the manager decides to dramatically alter their maturity array, even if they were correct, they face career risk. Longer-term maturities show increased price sensitivity to changes in interest rates. Interest rates down, price up. Rates up, price down. This can be a problem for the fund manager’s compensation. It’s been tough to own bonds.

iShares 20+ Year US Treasury Bond ETF (TLT-US-$85.96) weekly - 2 years

Source: Refinitiv, Steve Hilberry, NBF

The spike high on the left-hand side of the chart is Nov/2021 at $155. At the time the average yield to maturity was roughly 1.7%. 30 yr yields now stand at 4.9%. Last trade around $85. 20-yr+ US Bond yields have soared and declined in price by 45%. In passing, proving Tech's sensitivity to interest rates, Tesla's share prices peaked Nov/2021 at $410. Tesla now trades at $240 down 41%.

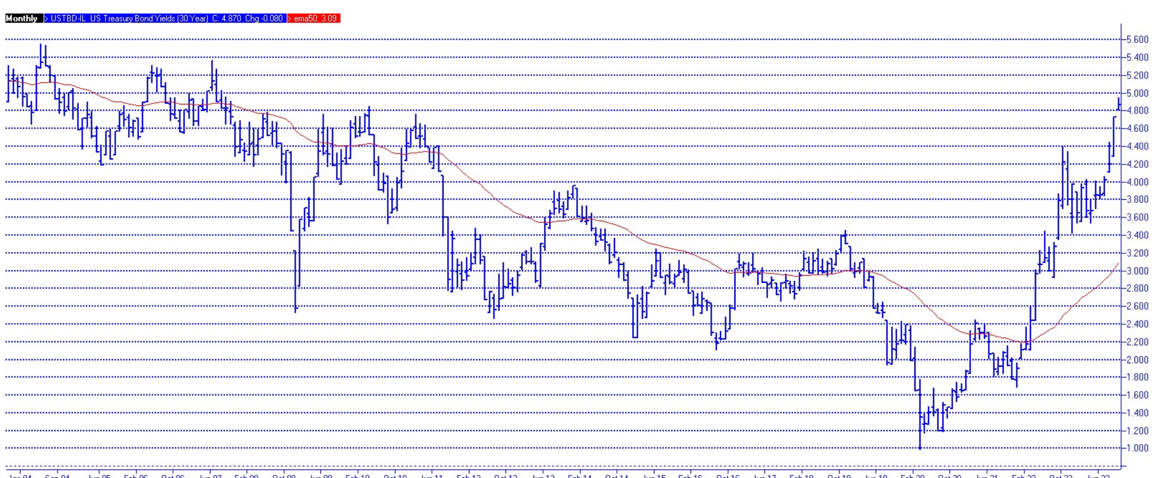
The Nov/2021 20-yr+ bond investor will continue receive their 1.7% interest payments. They must wait 20 years+ to get their money back! Is this a new thing? The next chart is the same ETF over the past 20 years.

iShares 20+ Year US Treasury Bond ETF (TLT-US-$85.96) monthly - 10 years

Source: Refinitiv, Steve Hilberry, NBF

Recall prices move inversely to yields.

US Treasury Bond Yields 30-year (USTBD-IL - 4.87%) monthly 20 years



Source: Refinitiv, Steve Hilberry, NBF

Rather than being 'new' bond yields are simply back to their longer-term averages. This chart confirms what we've been advising since late 2018. We believed the negative yields on offer in much of Europe and sub-inflation yields in North America would prove short-term and be a recipe for significant losses. We had many a heated disagreement with our own mandate overseers. We advised extremely low interest rates were providing fodder for all kinds of foolish political notions such as 'Universal Basic Income' (UBI) https://www.investopedia.com/terms/b/basic-income.asp .

Written from a US perspective, the following is excerpted from Investopedia article summary of UBI criticisms.

Criticism of UBI

Despite its promise to curtail poverty and cut red tape, universal basic income still faces an uphill battle. Perhaps the most glaring downside is cost. According to the nonprofit Tax Foundation, Andrew Yang's $1,000-a-month Freedom Dividend for every adult would cost $2.8 trillion each year (minus any offsets from the consolidation of other programs).

Yang proposed covering that substantial expense, in part, by shrinking the size of other social programs and imposing a 10% value-added tax (VAT) on businesses. He also proposes ending the cap on Social Security payroll taxes and putting in place a tax on carbon emissions that would contribute to his guaranteed income plan.

Whether that set of proposals is enough to fully offset the cost of the Freedom Dividend remains a contentious issue, however. An analysis by the Tax Foundation concluded that Yang's revenue-generating ideas would only cover about half its total impact on the Treasury.

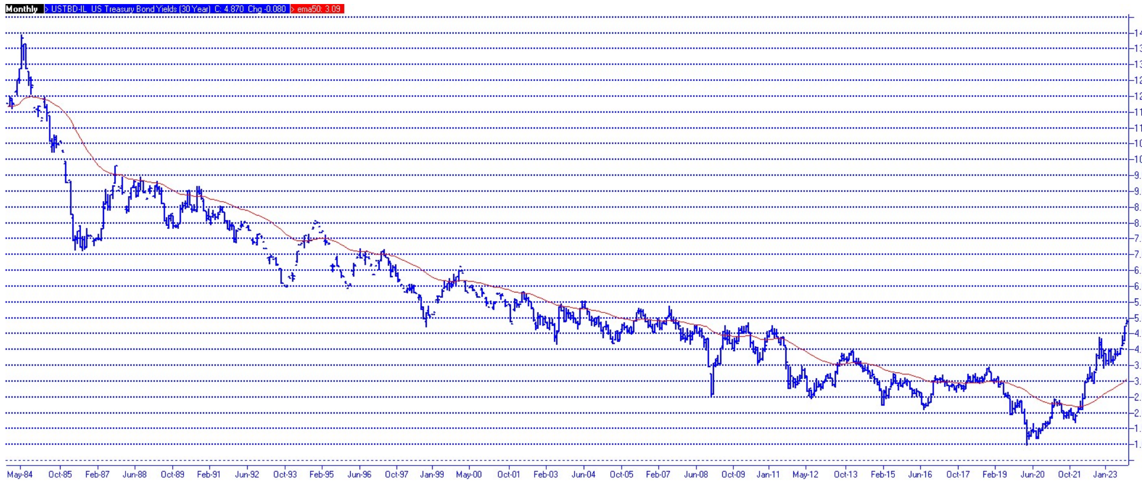
Among the other criticisms of UBI is the argument that an income stream that's not reliant on employment would create a disincentive to work."

The 2020 generous COVID relief payments were a test-tube experiment of UBI. Experience in G7 nations confirmed that if you pay humans an income, with no corresponding return of effort, productivity plunges and inflation results. Inflation erodes the lender's capital yet increases government tax revenues (higher prices = higher sales taxes, higher prices = higher wages = higher income taxes). When government's borrowing cost is below inflation, they are encouraged to do so endlessly as they will make repayment in debased currency. Sound familiar?

Eventually the lenders wise up and demand a repayment that protects their purchasing power after inflation. Interest rates soar. Deficits balloon. Panic sets in. The chickens have come home to roost.

Where are we on the longer-term trend of government borrowing costs (yields)? Are we in uncharted territory? The next chart plots the US Treasury yield since 1983. Recall this was close to the post-1970's inflation/interest peak. The US 30-yr T-bond yield approached 14% in 1984, proving to be the gift of the century for investors.

US Treasury Bond Yields 30-year (USTBD-IL - 4.87%) monthly 30 years



Source: Refinitiv, Steve Hilberry, NBF

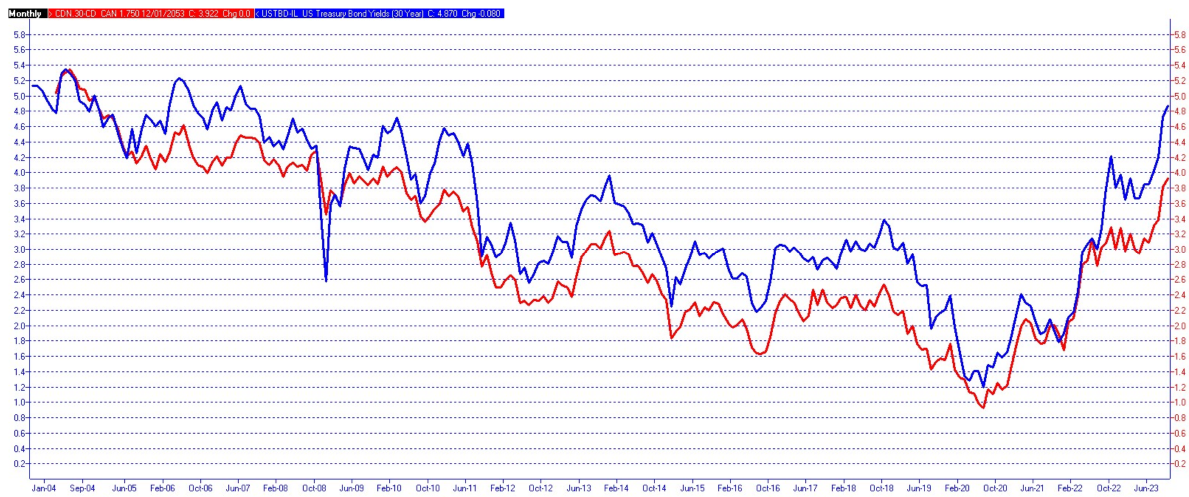
Pundits and headlines scream '*Yields Soar*'. Well….yes, if one assumes that the 1% bottom in 2020 was the norm. We think we're just getting back to normal.

The saying goes '*a rising tide lifts all boats*'. Warren Buffet replied, *"When the tide goes out we find who's been swimming naked".* Getting from 1% to 5% borrowing cost will be painful for some. Business models highly leveraged to finance rates (looking at you, real-estate), or with very long-dated earnings appreciation assumptions (hello Technology) must adjust.

Canada vs US yields?

We have regularly complained of Canadian Federal and Provincial politicians frivolous spending habits, tax rates, and deficit financing. What does the bond market think?

Federal Govt 30-yr bond yield: Canada (red) vs US (blue) monthly – 10 years

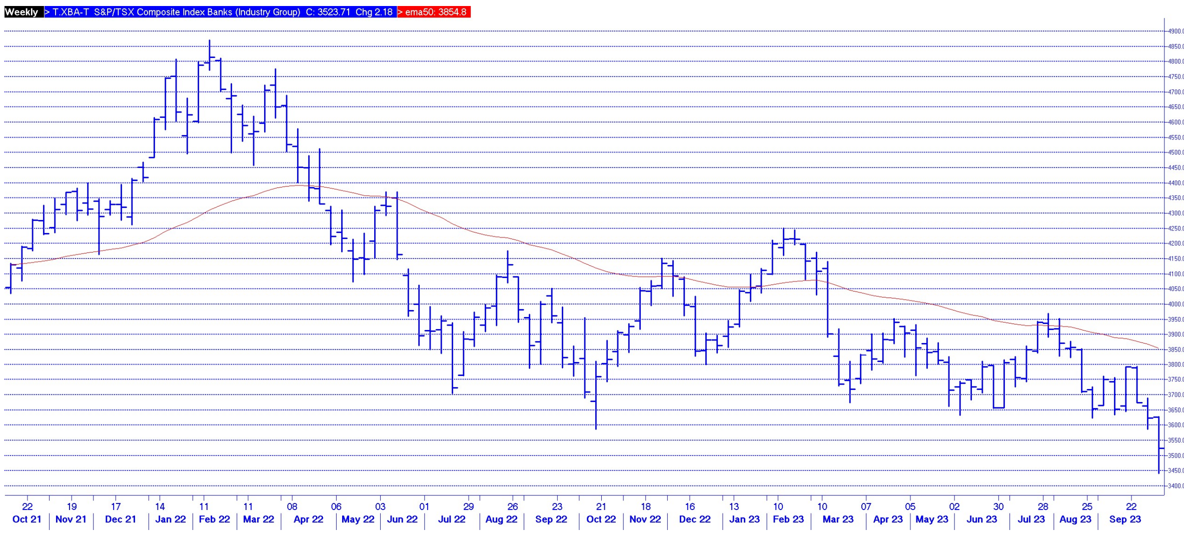


Source: Refinitiv, Steve Hilberry, NBF

For the past 20 years, the international money has priced Canada's borrowing cost <u>below</u> that of the US. International bond investors are not worried about Canada's ability to pay. Under 5%, both sets of yields are historically low. We will continue to grumble about Canadian government fiscal and tax policies.

CDN Banks get hammered…again.

TSX Banks Industry Group (3521.56) weekly ranges – 2 years



Source: Refinitiv, Steve Hilberry, NBF

The S&P500 peaked in Jan/2022. The Canadian banks peaked in Feb/2022 at 4,871. It's been downhill ever since. At today's print the bank sector is down 27.8% from the peak.

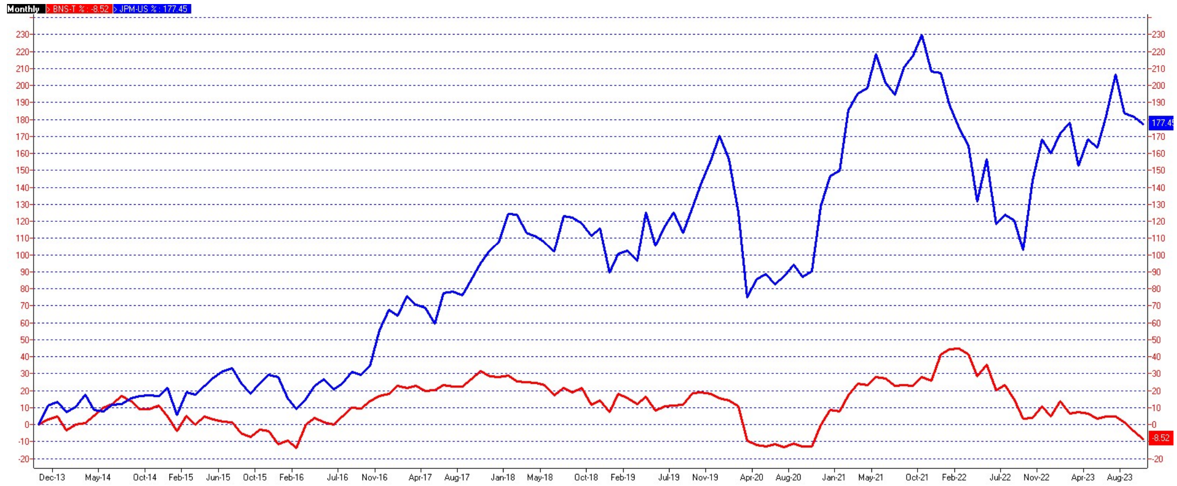
What's going on? Are the banks….

- Pricing in Canadian property troubles? Maybe.
- Pricing in another rolling recession/slow-down, deeper than late 2022-23? Maybe.
- Reflecting International money manager disappointment? Definitely.

Example: Scotia bank from a US investor's perspective.

Along with the bank sector, Scotia Bank peaked at $95 CDN in Feb/2022. The price hit an annual low of $57.57 this week for a peak-to-trough decline of -39.4%. Ouch! It gets worse. Over the same period the Loonie has declined roughly 8.7%. The falling Loonie plus BNS declining $CDN price has hurt US investors badly vs US bank alternatives. The next chart compares local currency investments into Scotia Bank vs JP Morgan, price-only over the past 10 years.

Base 0: JPM (blue) vs BNS (red) price only %-change 10 years.



Source: Refinitiv, Steve Hilberry, NBF

The ending value for JP Morgan is **+181.9%** in US dollars. The end value for Scotia bank is **-6.36%** in Canadian dollars. These results are price-only in local currencies. Here are the total returns (all dividends reinvested) in CDN and US dollars. End date is Sept 30, 2023.

BNS vs JPM 10-year total returns in CDN & USD equivalent:

Sept 30, 2013

- FOREX: 0.9698 US per $1 CDN $10,000 CDN = $9,698 US
- BNS $59.00 = 169 shares - $10,000 CDN
- JPM $51.69 = 187 Shares = $10,000 CDN equivalent

Sept 30 2023

- FOREX: 0.7365 US per $1 CDN
- BNS = $60.88 $CDN
- JPM = $145.02 $USD

BNS Total Return end value $CDN = $16,636 CDN = 6.5% annualized – OK but not great. Equivalent end value $USD = $12,252 = 2.6% annualized in USD. Yuck

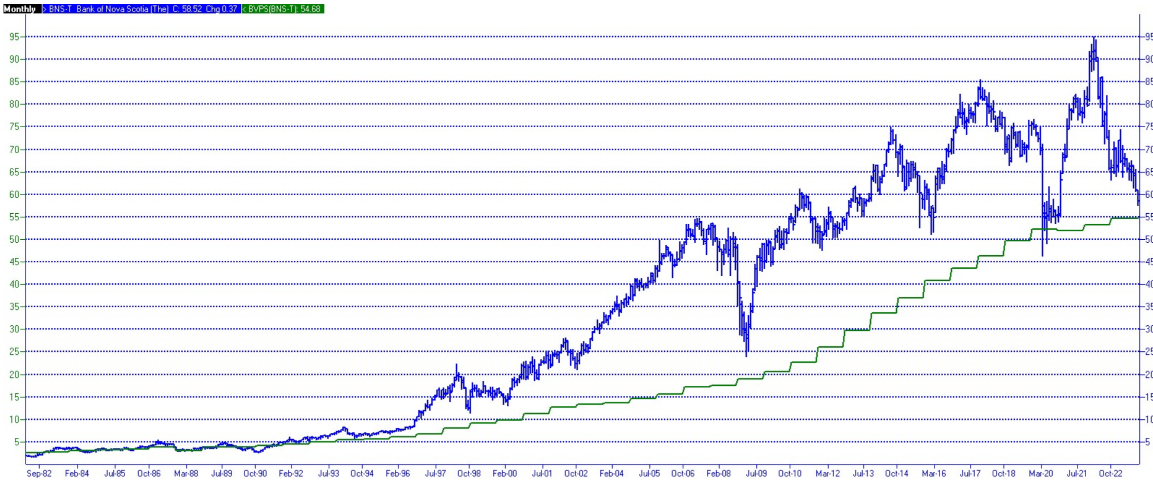
JPM Total Return end value $CDN = $49,984 $CDN equivalent = 49.8% annualized in CDN!! Equivalent end value $USD = $36,8123 = 37.9% annual annualized return in USD.

Taxable US investors receive a favorable tax treatment on US dividends, while experiencing a withholding tax on Canadian ones. Clearly US investors have been far better off holding JP Morgan vs. Scotia Bank.

That was then. This is now.

Is Scotia Bank expensive or cheap TODAY? History says buying a Canadian bank common stock trading close to it's posted Book Value Per Share was a good entry point. History says the shares rarely trade at those ratios for long. The future may not be the past but….Scotia's current book value is $57.37. The stock bottomed at $57.37 this week. So far, it's looking like history will repeat.

Bank of Nova Scotia (BNS-TSX-$58.53) Price (blue) vs. Book Value per share (green) monthly ranges 1982-2023.

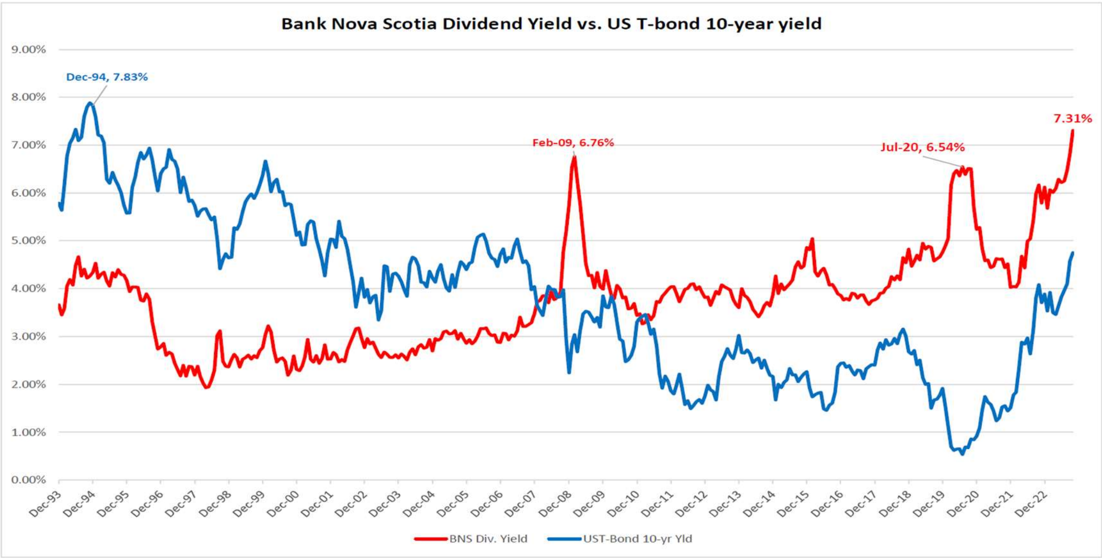


Source: Refinitiv, Steve Hilberry, NBF

What about value in the 'not-so-new'' higher interest rate environment?

Bank Bears say *"Sure the banks are lower than in 2021. Little wonder. Bond Yields have skyrocketed. The banks are not yet fully reflecting this new reality. Sell!"* The next chart compares Scotia Bank's dividend yield vs the US Federal Treasury 10-year bond yield over the past 30 years

Scotia Bank dividend yield (red) vs. US T-bond 10-yr yield (blue) 1993-2023



Source: Refinitiv, Steve Hilberry, NBF

The sharp inverse spike/retracements in 2008-09 and 2020 are the last two recessions. While steadily rising from lows around 2% in 1997, 1993 to the 2007 Credit Crunch and Great Recession, Scotia Bank was priced by investors to bear a yield BELOW 10-year yields. Broadly, investors have been demanding an increasing dividend payment to show up. The current 7.3% yield is well above the historical norm. Investors are pricing in a lot of bank pain.

Q: Why would a US investor hold Scotia Bank vs JP Morgan? A: Using history, they wouldn't.

What about now?

- Scotia Bank 7.3% div yield / 7.7X 2025 consensus EPS (13% earnings yld)
- JP Morgan 4.20% div yield / 9.2 X 2025 consensus EPS (10.9% earnings yld)

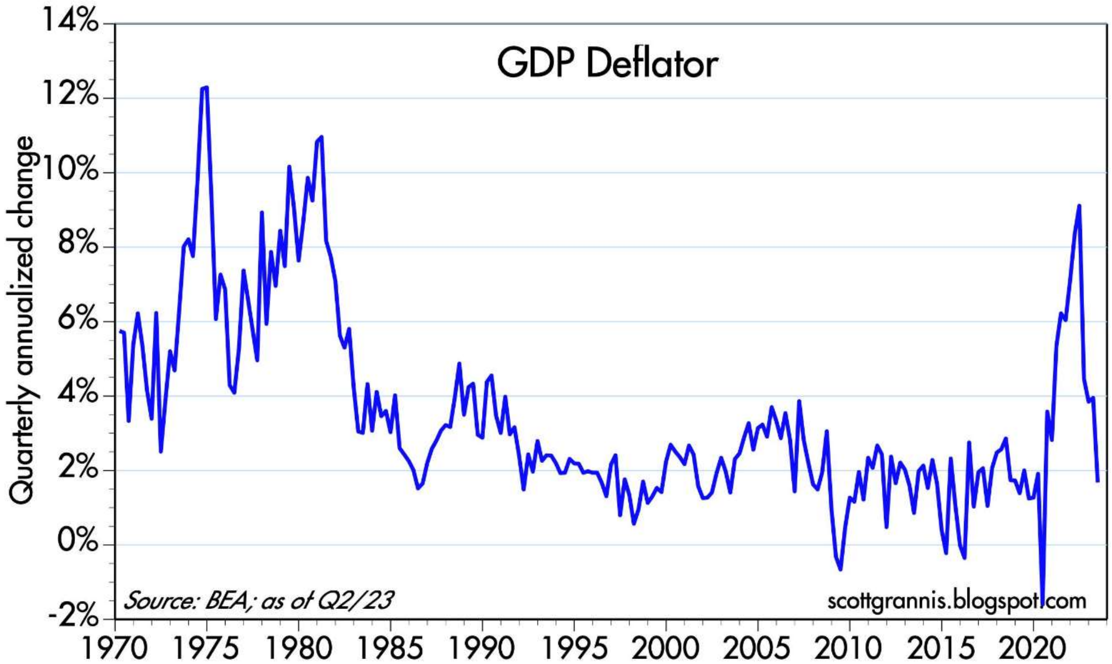
Neither of these names are expensive. BNS is much cheaper than JPM with a higher cash yield. For Canadian's it's a no-brainer. Own both.

For US investors the Loonie is low, reflecting US dollar strength and international dismay with Canada. History says the party ruling the Canadian Federal Govt is out after 3 elections. A Canadian change of government seems likely. The Conservatives are the most likely alternative. Note I do not condone or condemn any political parties. They all have warts. NOW is a reasonable time for US investors to own/buy BNS. My bet is BNS and JPM bottom this month. We are buyers of both.

DISCLOSURE: I hold Bank of Nova Scotia and JP Morgan common shares personally, for family members and for client accounts over- which I have trading authority. We have traded in both securities within the past 60 days. The above is for information purposes only and is not a solicitation to purchase or sell securities. Past results are not indicative of future returns. Please consult your financial advisor prior to making investment decisions. The above is not intended for US based investors.

'M2, GDP and Interest Rate Update' Scott Grannis Sept 28, 2023

In the above section on the Canadian grocers, we promised to revisit why they might play along with the political play acting by all parties on inflation. We suspect the grocer's believe inflation is sharply declining. They aren't promising to 'do' anything other than pass along coming reduced costs to their customers, which competition would force them to do any way. The politicians pose for the cameras with CEO's as concerned citizens doing their bit. Scott Grannis explains why inflation has peaked.



http://scottgrannis.blogspot.com/2023/09/m2-gdp-and-interest-rate-update.html

Weekly Economic Watch National Bank Oct 6, 2023

https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=3cc78984-8e0f-4205-98cb-0bcfec8c09db&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail

Weekly US Recession Dash Board National Bank Oct 2, 2023

Despite media fretting (and some of ours) conditions in the United States are improving, not deteriorating. The following table was updated on Monday.

U.S.: Economic and financial indicators 3 months before recessions
As of October 2, 2023

		Last reading	Prior reading*	Published since previous release?	Value 3 months before U.S. Recessions								Median
					2020	2007-09	2001	1990-91	1981-82	1980	1973-75	1970	
Financial/commodity	S&P 500 (% drawdown from past year max)	-6.5%	-5.9%	yes	-1.3%	-0.4%	-13.6%	-7.7%	-5.6%	-7.8%	-13.3%	-14.6%	-7.7%
	BBB spread (increase from past year min, bps)**	13.3	0.0	yes	2.0	46.2	133.8	6.0	0.0	41.0	43.0	23.0	32.0
	Copper price (% drawdown from past year max)	-14.5%	-12.5%	yes	-10.6%	-2.2%	-9.5%	-12.0%	-16.2%	-1.2%	0.0%	-1.6%	-5.9%
	Oil price (% drawdown from past year max)	-5.2%	-2.8%	yes	-16.0%	-4.0%	-31.0%	-21.0%	-4.0%	0.0%	0.0%	0.0%	-4.0%
	U.S. Dollar (% increase from past year min)	5.1%	3.8%	yes	3.1%	0.0%	5.3%	8.3%	12.5%	4.5%	1.4%	NA	4.5%
	Yield curve (10-year minus 3-month, bps)	-80	-105	yes	26	77	-76	98	-62	-127	-157	35	-18
Soft data	Consumer sentiment (Michigan)	68.1	69.5	yes	99.3	80.9	94.7	90.6	76.3	63.3	72.0	86.4	83.7
	SME optimism	91.3	91.9	no	102.7	96.1	96.4	99.4	97.4	93.3	NA	NA	96.9
	CEO confidence (quarterly data)	48.0	42.0	no	43.0	44.0	31.0	48.0	61.0	32.0	NA	NA	43.5
	ISM manufacturing	49.0	47.6	yes	47.9	52.8	42.3	49.5	53.5	48.0	63.5	54.6	51.2
	ISM services	54.5	52.7	no	55.7	53.5	52	NA	NA	NA	NA	NA	53.5
Hard data	UI Claims 4-week ave. (% increase from past year min)	11%	14%	yes	6%	8%	26%	6%	2%	20%	12%	10%	9%
	Temp. help services jobs (% drawdown from past year max)	-6.6%	-6.0%	no	0.0%	-3.2%	-4.3%	NA	NA	NA	NA	NA	-3.2%
	Average hours worked (% drawdown from past year max)	-0.9%	-1.2%	no	-0.9%	-0.3%	-0.6%	-0.9%	-0.3%	-0.6%	-0.5%	-0.8%	-0.6%
	Building permits (% drawdown from past year max)	-3%	-13%	no	-5%	-27%	-2%	-39%	-21%	-30%	-30%	-19%	-24%
	Real consumption (3-month, % ann)	3.9%	4.2%	yes	1.3%	2.4%	2.3%	1.8%	-0.1%	0.7%	4.1%	6.4%	2.1%

*Previous Friday for financial data, previous month for hard and soft data (quarter for CEO confidence)
** As of Thursdays
NBF Economics and Strategy (data via Refinitiv, Bloomberg)

We’re seeing declining red (sell) sections and improving yellow (caution) moving into green (buy) Here is what the table looked like in Jan/2023. More red and darkening orange.

U.S.: Economic and financial indicators 3 months before recessions
As of January 20, 2023

		Last reading	Prior reading*	2020	2007-09	2001	1990-91	1981-82	1980	1973-75	1970	Median
				Value 3 months before U.S. Recessions								
Financial/commodity	S&P 500 (% drawdown from past year max)	-14.2%	-15.4%	-1.3%	-0.4%	-13.6%	-7.7%	-5.6%	-7.8%	-13.3%	-14.6%	-7.7%
	BBB spread (increase from past year min, bps)	22.5	19.7	2.0	46.2	133.8	6.0	0.0	41.0	43.0	23.0	32.0
	Copper price (% drawdown from past year max)	-13.0%	-14.3%	-10.6%	-2.2%	-9.5%	-12.0%	-16.2%	-1.2%	0.0%	-1.6%	-5.9%
	Oil price (% drawdown from past year max)	-34.3%	-35.4%	-16.0%	-4.0%	-31.0%	-21.0%	-4.0%	0.0%	0.0%	0.0%	-4.0%
	U.S. Dollar (% increase from past year min)	4.4%	4.4%	3.1%	0.0%	5.3%	8.3%	12.5%	4.5%	1.4%	NA	4.5%
	Yield curve (10-year minus 3-month, bps)	-117.8	-110.9	25.7	77.3	-75.8	97.9	-62.0	-127.0	-157.0	35.0	-18.1
Soft data	Consumer sentiment (Michigan)	64.6	59.7	99.3	80.9	94.7	90.6	76.3	63.3	72.0	86.4	83.7
	SME optimism	89.8	91.9	102.7	96.1	96.4	99.4	97.4	93.3	NA	NA	96.9
	CEO confidence (quarterly data)	32.0	34.0	43.0	44.0	31.0	48.0	61.0	32.0	NA	NA	43.5
	ISM manufacturing	48.4	49.0	47.9	52.8	42.3	49.5	53.5	48.0	63.5	54.6	51.2
	ISM services	49.6	56.5	55.7	53.5	52	NA	NA	NA	NA	NA	53.5
Hard data	UI Claims 4-week ave. (% increase from past year min)	20.8%	24.6%	6%	8%	26%	6%	2%	20%	12%	10%	9%
	Temp. help services jobs (% drawdown from past year max)	-3.5%	-2.4%	0.0%	-3.2%	-4.3%	NA	NA	NA	NA	NA	-3.2%
	Average hours worked (% drawdown from past year max)	-1.2%	-0.9%	-0.9%	-0.3%	-0.6%	-0.9%	-0.3%	-0.6%	-0.5%	-0.8%	-0.6%
	Building permits (% drawdown from past year max)	-29.9%	-28.7%	-5%	-27%	-2%	-39%	-21%	-30%	-30%	-19%	-24%
	Real consumption (3-month, % ann)	3.0%	5.0%	1.3%	2.4%	2.3%	1.8%	-0.1%	0.7%	4.1%	6.4%	2.1%

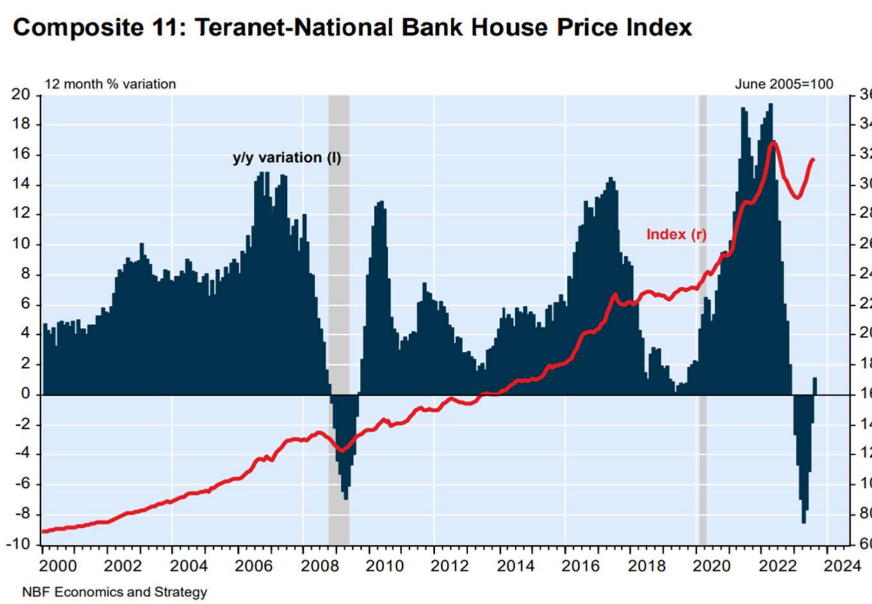
*Previous Friday for financial data, previous month for hard and soft data (quarter for CEO confidence)

NBF Economics and Strategy (data via Refinitiv, Bloomberg)

Latest full report:

https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=bfb61ad2-6645-427f-a00f-a918e23d6968&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail

National Bank Housing Market Monitor Sept 20, 2023



https://nbf.bluematrix.com/sellside/EmailDocViewer?encrypt=063381d3-73b3-4153-8097-739b1c0cb743&mime=pdf&co=nbf&id=steven.hilberry@nbc.ca&source=mail

US equity investor market sentiment rolling over.

Source: WSJ Daily Shot Sept 25, 2023

The market internals for the NASDAQ look lousy. A lot more sellers than buyers, implies the tech sector is about to get hammered…again. We've been very light in that sector.

Source: WSJ Daily Shot Sept 25, 2023

Equities: The Dow has given up its gains for the year and is now firmly in oversold territory. WSJ Daily Shot Oct 4, 2023

While investor confidence in the economy is waning, Walmart thinks otherwise.

From Argus Research 'Market Watch' Oct 2, 2023

STOCKPICKER'S CORNER

Walmart Inc (NYSE: WMT) **BUY**

Walmart is the largest private employer in the U.S., with 1.6 million associates, and is about to get bigger. The company announced that it is hiring 150,000 new associates for the holidays. Most of the in-store positions will be full-time and permanent, a positive sign for the company and the economy. It also announced plans to hire 20,000 employees in supply-chain facilities. Last month, CEO Doug McMillon said the back-to-school season started strong and that normally means the holiday season is going to be "good." The WMT shares stand out when people need to save money, and Walmart is gaining market share in groceries. Our target price is $185.

Summing it all up:

We think the Ukraine war will end, a US recession, if it happens will be mild, the Loonie is cheap, Canadian stocks are priced to pay dividend yields not seen in decades. A blend of 8 of our top dividend payers provided an annual income yield just over 7%. We like Canada. We think now is a terrible time to be a seller. Recognized extremes. See you at our seminars!

Have a Great Weekend

Steve & Anna Hilberry

FOR THE RECORD Oct 6, 2023

DOW INDUSTRIALS:	33,407
S&P 500:	4,308
S&P/TSX COMP:	19246
WTI:	$82.81
LOONIE IN $USD:	$0.7317 $US

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

IIROC Regulated by Investment Industry Regulatory Organization of Canada

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: 416 869-3707

CIPF MEMBER

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

HILBERRY GROUP