Canaccord Genuity Wealth Management

Market Watch Weekly

theBasran Wealth Management Group

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VIRTUAL WORLD

The major stock market indexes recouped much, if not all, of their post Thanksgiving declines, with the S&P 500 ending the week at a record. That wiped out previous losses after worries about the Omicron variant of Covid-19, which sparked what appears to have been an initial overreaction in the markets on Black Friday and afterward. At the same time, concerns about a surge in interest rates, stemming from the Federal Reserve's belated attention to inflation, also appear to have eased in the bond market, where long-term yields have been moving lower, even as yields on the short end have climbed steadily. On the week, the Dow Jones Industrial Average soared 4%, to 35,970.99; the S&P 500 rose 3.8%, to 4712.02; and the Nasdaq Composite advanced 3.6%, to 15,630.60. In Canada, the S&P/TSX Composite rose 1.2%, to 20,890.62.

Apple edged closer to becoming Wall Street's first $3 trillion company. With just over 16.4 billion shares outstanding, Apple would need to reach nearly $182.86 per share to eclipse that milestone, just over a year after topping a stock market value of $2 trillion. As of Friday's close, Apple has gained 35% so far this year, on top of its 80% surge in 2020. Earlier this year, Apple briefly lost its title as the most valuable company to Microsoft, which was about $428 billion away from reaching a market cap of $3 trillion.

If the last century represented an era of mass production and the rise of the internet, the 21st century might be known for creating and expanding the virtual world or Metaverse. It promises to be far more immersive, interactive, and collaborative than what the internet has accomplished so far. While it would not be too far-fetched to assume the metaverse will impact traditional jobs or activities pretty much standard fare today, its impact on society and how humans interact with each other will be profound. Several sectors like education have drastically changed post-pandemic and have become more technology intensive. The metaverse will potentially alter these sectors further by introducing virtual reality (VR) based wearables. These wearables will introduce the users to an alternate virtual world from the confines of their homes. People will be able to interact without the need to undergo long commutes, breathe in polluted air or even dress up for different occasions. Post-work routines like watching movies or social interactions with friends will have their alternatives in the virtual world without the hassles involved in the physical world. In short, it seems that the possibilities with the Metaverse are endless.

Inflation accelerated at its fastest pace since 1982 in November, the Labor Department said Friday, putting pressure on the economic recovery and raising the stakes for the Federal Reserve. The consumer price index, which measures the cost of a wide-ranging basket of goods and services, rose 0.8% for the month, good for a 6.8% pace on a year

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MARKET SUMMARIES

(As of this morning before Market Open)

S&P/TSX Composite at 20,890.62 (up 19.83% ytd)

S&P/TSX Venture at 908.99 (up 3.84% ytd)

S&P 500 at 4,712.02 (up 25.45% ytd)

Dow Jones Industrial Avg. at 35,970.99 (up 17.53% ytd)

Nasdaq Composite at 15,630.60 (up 21.28% ytd)

Metals

Gold: $1,784.80

Silver: $22.20

Copper $4.29

Energy

Brent Crude Oil: $74.48

WTI Crude Oil: $71.67

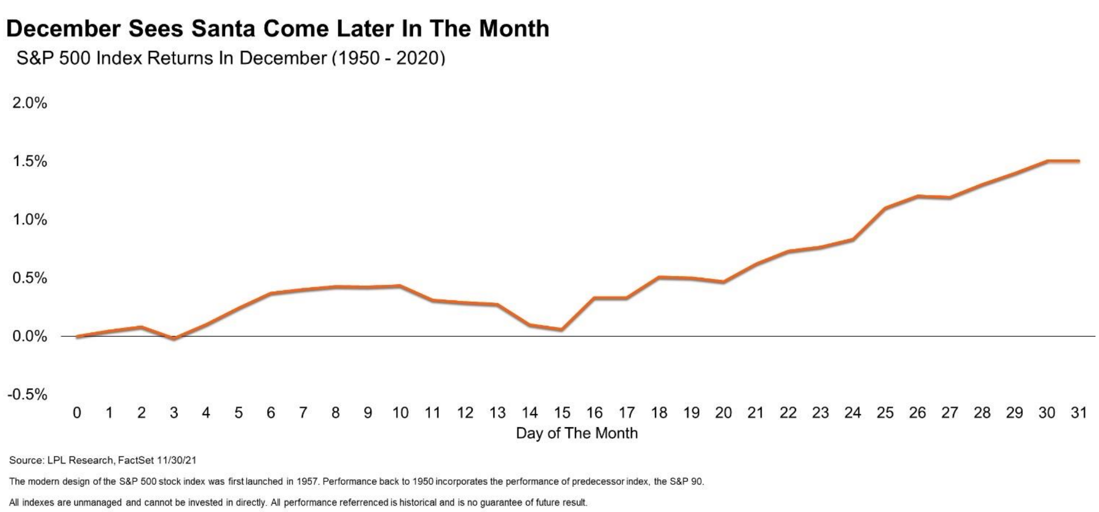
Natural Gas ($US/MMBTU): $3.93

over year basis and the fastest rate since June 1982. Excluding food and energy prices, so-called core CPI was up 0.5% for the month and 4.9% from a year ago, which itself was the sharpest pickup since mid-1991. Energy prices have risen 33.3% since November 2020, including a 3.5% surge in November. Gasoline alone is up 58.1%. Food prices have jumped 6.1% over the year, while used car and truck prices, a major contributor to the inflation burst, are up 31.4%, following a 2.5% increase last month. The Labor Department said the increases for the food and energy components were the fastest 12-month gains in at least 13 years. Shelter costs, which comprise about one-third of the CPI, increased 3.8% on the year, the highest since 2007 as the housing crisis accelerated. Markets reacted positively to the report, with stock indexes on Wall Street rising, while government bond yields moved lower. Some economists thought Friday's report could indicate even sharper inflation of greater than 7% for the headline number.

Fed officials have attributed the inflation jump to factors associated with the pandemic. Strong consumer demand for goods and supply chain bottlenecks have been major factors, though the price increases have been stronger and more persistent than policymakers had anticipated. While much of the pandemic-era inflation has come from soaring demand for products such as vehicles and other long-lasting goods, services inflation also has been on the rise. Excluding energy, services costs rose 0.4% in November and are up 3.4% for the 12 months, the quickest annual pace April 2007. Apparel costs also were notably higher for the month, rising 1.3% for the month and 5% for the year, ahead of the holiday shopping season. Some economists, however, think inflation is near its peak, particularly with energy prices declining in recent weeks. While West Texas Intermediate oil is up more than 52% in 2021, the price has come down about 14% from its most recent peak in November. With unemployment claims running at their lowest pace since 1969 and gross domestic product expected to show strong gains to end 2021 after a lackluster third quarter, inflation remains a problem for the recovery.

WHAT'S AHEAD

Data for the last 70 Decembers …



With global economic uncertainties still looming we believe we will see further volatility in the new year. However, we still believe the markets will have a strong finish to the end of this year and a strong start to the beginning of next year, but we'll looking to take profits in the new year and will be prepared to buy on volatility come 2022.

FINANCIAL PLANNING TIP OF THE WEEK

Morbidity Rates:

Morbidity is the instance of disability, injury or illness in the population at large. Morbidity tables predict not who, but how many persons of a given age and gender in a given population will likely become disabled (or critically injured, or in need of a nursing home care or health care, etc.) Morbidity tables work with large numbers – millions of people but are rather less reliable in predicting disability among a smaller population, like the lives insured with a given insurance company. In part insurance companies base their insurance pricing (premiums) on the estimated number of claims they are likely to incur in a given time period.

Morbidity tables are used by actuaries to estimate future claims as accurately as possible. The tables show the number of past claims, their causes and their duration, not the dollar amount of exposure per claim.

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