

Issue 36

## INAUGURATION WEEK

The Dow Jones Industrial Average slipped 283.71 points, or 0.9% this past week, to 30,814.26, while the Nasdaq Composite dropped 1.5%, to 12,998.50. The S&P 500 fell 1.5%, to 3768.25, its largest decline since the week ended Oct. 30, though back then it dropped 5.6%. Still, it was the S&P 500's first weekly drop of more than 1% since then. Canadian equities followed alongside the U.S. finishing 0.7% lower, to 17,909.03. The equity market breather could be attested to the significant amount of news flow coming out of the U.S. this past week.

U.S. President Donald Trump was impeached by the U.S. House of Representatives for a historic second time Wednesday, charged with "incitement of insurrection" over the deadly mob siege of the Capitol in a swift and stunning collapse of his final days in office. With the Capitol secured by armed National Guard troops inside and out, the House voted 232-197 to impeach Trump. The proceedings moved at lightning speed, with lawmakers voting just one week after violent pro-Trump loyalists stormed the U.S. Capitol, egged on by the president's calls for them to "fight like hell" against election results. Minutes after the House vote, Senate Majority Leader Mitch McConnell suggested in a statement that Trump's Senate trial will not start before Jan. 19, the chamber's next scheduled business day. Biden released a statement calling the impeachment "a bipartisan vote cast by members who followed the Constitution and their conscience." But he expressed concern about the Senate trial perhaps disrupting the early days of his presidency, citing the need to take action on pandemic response, the economy and confirming key cabinet positions.

The incoming Biden administration unveiled a \$1.9 trillion stimulus plan on Thursday that offered several spending measures meant to help both people and the economy recover from the coronavirus pandemic, from state and local aid and more generous unemployment benefits to mass vaccinations. Congress passed a \$900 billion relief program in December, and its package in March was also about \$2 trillion. By way of comparison, the major financial crisis spending package – the American Recovery and Reinvestment Act of 2009 – clocked in around \$800 billion. President-elect Biden is trying to make good on Democrats' promise to send more money to households in the form of one-time checks. Its proposal would send out \$1,400 per person for those under certain income thresholds, topping off the \$600 checks that came as part of the December relief package.

People's lives and the full reopening of the economy depend on rolling out the Covid-19 vaccines as quickly as possible. It has been just over a month since the U.S. began the most sweeping mass vaccination campaign in its history, and progress is already lagging far behind what federal officials had projected. That problem will soon fall to president-



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## MARKET SUMMARIES

*(At Friday's close)*

S&P/TSX Composite **down 0.27%** at 17,909.03 (up 2.73% ytd)

S&P/TSX Venture **down 0.69%** at 908.00 (up 3.73% ytd)

S&P 500 **down 0.72%** at 3,768.25 (up 0.32% ytd)

Dow Jones Industrial Avg. **down 0.57%** at 30,814.26 (up 0.68% ytd)

Nasdaq Composite **down 0.87%** at 12,998.50 (up 0.86% ytd)

## Metals

Gold: \$1829.90

Silver: \$25.59

Copper \$3.60

## Energy

Brent Crude Oil: \$55.19

WTI Crude Oil: \$53.44

Natural Gas (\$US/MMBTU): \$2.74



elect Biden, who said on Thursday that the vaccine rollout had so far been a “dismal failure.” Amid delays, the Trump administration changed course this week, ordering states to vastly expand vaccine eligibility, at the same time saying they would release stockpiles from a reserve. But on Friday, it emerged that the reserve did not exist, meaning no major inoculation surge is coming.

## WHAT'S AHEAD

2020 will go down as one of the most challenging years on record for societies, economies and financial markets around the world. The Covid-19 crisis brought business activity to a standstill, forced seismic changes across many sectors, and prompted unprecedented action by governments, at a time when rapid technological and societal change is already transforming whole industries. While the natural resources sector faced difficulties during 2020, precious metals delivered strong performance and many industrial metals have recovered after the initial pressure. Mining companies have largely demonstrated operational resilience during the crisis, enabling them to emerge well positioned to take advantage of the key themes that developed out of 2020 and for what we've seen thus far out of 2021. In particular, the green revolution is progressing even faster than we could have anticipated at the start of the year and is likely to be boosted by targeted stimulus spending. The “green” programs of the incoming Biden administration, coupled with ongoing fiscal and monetary stimulus pumped into the economy, could have the unintended consequence of stimulating metals markets.

As the global economy begins to emerge from the Covid-19 crisis, which sparked sharp recessions and a historic response by policymakers, the outlook for metals and mining is shifting rapidly, with several sub-sectors poised for significant potential growth in the months and years ahead. The mining sector remains undervalued relative to broader equity markets and relative to its historic levels. Prior to the onset of Covid-19, the natural resources sector was already under pressure from the US-China trade war and its associated geopolitical and economic uncertainty. Yet the world has changed dramatically over the past year, the decline in economic activity during 2020 has set the stage for a global economic recovery, aided by the emergence of a number of potential vaccines which will be rolled out by governments in the months ahead. The focus on low carbon industry and green technology, particularly in Europe and China, is a major theme for miners. Given the current economic backdrop we identify the commodities most likely to benefit from various “new green deals”, such as vanadium, certain grades of graphite, and high purity alumina. Demand for specialty metals is forecasted to surge amid potential supply shortages, as factors such as rising electric car production, increasing renewable energy usage, and the development and expansion of battery capacity require a significant increase in demand for several strategic raw materials. Specialty metals producers face a transformation of demand, driven by the green recovery and transition towards sustainability, while precious metals are backed by a highly supportive macroeconomic environment of low real interest rates, soaring debt and rising inflationary pressure.

**“Our lives begin to end the day we become silent about things that matter.”**  
Martin Luther King Jr.

## FINANCIAL PLANNING TIP OF THE WEEK

### Policy Loans:

With whole and universal life policies, the policyholder can usually obtain a loan from the insurance company against the cash surrender value of the policy. The loan is limited to a percentage (typically between 50% and 90%) of the cash value. The interest rate will be set at the time of the loan. The policyholder is not required to pay back the loan, but the loan balance plus any accumulated interest will reduce the death benefit payable under the policy. A policy loan is also





considered to be a taxable disposition, which may result in taxable income to the policy holder. One of the advantages of taking a policy loan instead of simply withdrawing money from the policy is the funds continue to earn tax sheltered income within the policy's investment account.

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