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"Don't worry about people stealing your ideas. If your ideas are any good, you'll have to ram them down people's throats." – Howard Aike

Bottom Line: All of our indicator set remain positive and are strengthening. Stay invested.

This week

This week, we had a funeral for a longtime family friend. The pastor who married Delphina and I is terminal with two weeks to live and another client is not expected to see Christmas. The family friend was elderly and had a great life, but the other two are in their early 70s. All with cancer.

It makes you think about what is important in life and the priorities we have for ourselves. Our actions tell the tale about what our priorities really are. Hopefully I have set mine appropriately. I read a recent story about how successful people often prioritize their business and ignore their families. I don't know if that is true or not but it's worth considering.

My goals have always been to be the best investment advisor/portfolio manager in the business. While I will always be working towards that I think about my family as I do. The rest of our team, and our clients do as well.

The saying goes that when on your deathbed, people never think about money. Instead they think of time that could have been spent with family. While that may be true, our job is limited to protecting and growing client's money for while they are alive; for them and their loved ones. We feel honored to be a part of our client's journey.

In the Markets

Last week we pointed out that all net gains in stocks over the past 3 years (& the overwhelming majority of net gains over past 40+ years) have come when 70%+ of markets are above a 50-day average price, which happened two weeks ago and that it was hard to over-estimate how bullish this was.

This week, not much has changed.

By our read, 72% of stocks made new 20-day highs on Monday. Anything over 55% is considered a **breadth thrust**.

To summarize, this is what the S&P500 has done following previous instances of the 20-day new highs spiking above 55% (data goes back to 1976).

Summary Item	10 Days	21 Days	63 Days	126 Days	189 Days	252 Days
Mean	0.86	1.51	4.50	8.81	13.11	15.47
Median	1.01	1.74	5.13	9.97	12.19	15.91
Number Up	18	19	21	22	25	25
Number Down	9	8	6	4	1	1
All Periods Mean	0.33	0.70	2.10	4.23	6.33	8.56

Despite negative news on COVID-19 infections, the US political circus and pending global lockdowns, the US stock market broke out to new-highs on the S&P 500 (SPX) which was confirmed by our PTI and all of our indicators. As a result, until this breakout is convincingly reversed, it makes sense to lean toward staying invested.

Markets are a strange thing. You generally end up finding out why markets move long after the move has happened. As I've pointed out before, economists still argue over what caused the depression of the 1930s! So even though the negative COVID-19 news has increased, the "cloud" stocks and "stay at home" stocks have been struggling while cyclicals and materials have been strong. Something we keep going back to.

Eventually we'll find out what it all means, but for now we follow the money, which at this point is pointing to higher stock prices. In fact, I'm starting to think we could see the biggest asset price and maybe even economic expansion since 2009. Central bank liquidity is absurd. Comparisons with this year's earnings numbers will be easy and reported inflation is low allowing the Fed to continue pumping at full speed. Markets generally react to rate of change, and that may be picking up quickly.

Conclusion

The data shows that the bull market is intact, the Fed is providing record excess liquidity and near record low interest rates and stocks usually like a US government in gridlock with opposing parties in control of the House and Senate. Our Primary Trend Indicator is strong and improving. Conditions remain positive for stocks.

Still, these are only expectations and we are committed to following the data and making sure your portfolios benefit from change, rather than fall victim to it.

We remain completely open to any eventuality that the markets bring. Our strategies, tactics and tools will help us to successfully navigate whatever happens as we focus on monitoring supply and demand signals that the market provides us.

I hope you had a very good weekend. If you have any questions about this update, or anything else please do not hesitate to reach out.

Peter Schenk, CMT, CIM | Portfolio Manager

Words we operate by:

“Deliver to the world what you would buy if you were on the other end. There is huge pleasure in life to be obtained from getting deserved trust. The way to get it is to deliver what you would want to see if you were on the other end.”

-Charlie Munger

“Strive not to be a success, but rather to be of value.”

-Albert Einstein