



Topics:

Market update and impact

Link to COVID Risk – Know them; Avoid Them

I hope that all is well with you and your family as we move into warmer weather and the gradual easing of lockdown restrictions. I am very happy that golf courses have been allowed to open; it has provided a welcome distraction during the quarantine. I am sure the ability to visit friends and family in the “bubble family” has been very welcome for many. I hope you have been able to find other safe distractions that have eased the impact of the restrictions on your lives.

Below you will find a summary of what took place in the economy and markets this past two weeks, as well as some other thoughts.

Market developments

- North American markets moved higher the week of May 18th, after pulling back the previous week. This week’s change was propelled by U.S. Federal Reserve (“the Fed”) Chairman Jerome Powell’s comments that the Fed was “not out of ammunition by a long shot” and not to bet against the U.S. economy in the medium or long run. Market optimism was also buoyed by positive results from Moderna’s COVID-19 vaccine phase 1 clinical trial. Source: [Markets Insider](#)
- The Canadian government announced expanded eligibility for emergency business loans to include businesses that have filed either a 2018 or 2019 tax return and have expenses between \$40,000 and \$1.5 million per year. It also announced it will spend another \$2.5 billion to help seniors manage extra costs associated with the pandemic shutdown. Source: [CTV News](#)
- Canada’s consumer price index was down 0.2% year-over-year, the first such decline since September 2009. The U.S. Bureau of Labor Statistics reported that the consumer price index decreased 0.8% in April. This is the largest monthly decline since December 2008. Source: [CBC News](#)
- The U.S. Census Bureau announced that housing starts in April were 29.7% below the April 2019 rate, a negative but expected sign for the economy. Weekly jobless claims were 2.438 million, bringing the cumulative nine-week tally to 38.6 million. Source: [U.S. Census Bureau](#)
- The price of U.S. oil reached two-month highs as lockdown restrictions eased even further in much of the world and supply continued to decrease. Source: [CNBC News](#)

How does this impact me?

The markets have continued to rebound in the face of a great deal of uncertainty related to both the progress of the pandemic and the prospects for an economic recovery, further demonstrating the risk of attempting to time your investments based on short-term reactions.

Much of this week’s optimism appears to have been fostered by the potential for both a vaccine and additional government stimulus. Whether reality will live up to this potential on either front has yet to be seen, which is why your investment strategy is not based on such short-term factors.

Considering the news that continues to come out, including continued re-openings and poor economic data, the markets have a plethora of both positive and negative indicators to choose from. As we’ve seen of late, they may alternate their focus from week to week, even when the news does not appear to be relevant. This is why

my advice is to continue to stay informed and reach out to me with any questions or concerns, helping you to manage your way through the market's week-to-week changes.

I have attached an article from a US based publication I subscribe to, Horsesmouth. This article was written by Erin S. Bromage, Ph.D, and Associate Professor of Biology at the University of Massachusetts Dartmouth. It outlines the risks we face as we reopen our economy, and steps you can take to reduce your exposure. It is well written and very informative: [Horsesmouth](#)

As always, I am happy to discuss your financial matters, please do not hesitate to contact me.

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