

Taking Stock with Steele

Your Monthly Newsletter

The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well informed of changes affecting local business decisions and our investment recommendations. We believe Knowledge Pays and we want our knowledge to help pay for you.

PERSONAL FINANCES TAKING STOCK NOW THAT THE DUST HAS SETTLED

It has been seven months since the Canadian economy partially shut down to slow the first wave of COVID-19. We have learned a lot about the virus over this time. While we are still some time away from returning to the pre-COVID normal, we are now in a new state of normal and the future is a bit more predictable than it was earlier in the year. It is a great time to evaluate your own personal financial situation, make any necessary adjustments and solidify your longer-term financial goals.

A Tale of Two Employees / Business Owners

Those who mostly maintained their job and earning power. Most Canadians work outside of the sectors hard-hit by COVID-19 and have seen minimal impact to their incomes. The various restrictions on the entertainment, hospitality and travel industries resulted in additional savings for many, savings that may now have accumulated to a substantial amount. This additional savings could be used can to **boost retirement savings, achieve short-term financial goals sooner or shore up your emergency fund.** While individuals in this group have not seen negative income effects yet, the odds of negative income effects in future may have risen and it is important to evaluate the odds of job/income loss if the COVID-19 recession continues. Normally, we recommend maintaining minimal emergency savings and to rely on low-cost lines of credit where possible but it makes sense to maintain emergency savings when the odds of job or income loss is elevated.

Those who did not maintain their job or earning power. Canadians in this group will likely have difficulty saving for retirement or paying down debt until employment and/or income is restored. Revisiting your financial projections to incorporate a lower savings rate will help guide future decision making. We are happy to revise your projections to include these changes and guide you through this difficult time.

Steps Everyone Can Take to Boost Cash Flow

Consider refinancing your mortgage and/or consolidating debt. Mortgage rates in North America are close to all-time lows. Refinancing your mortgage at a lower interest rate would lower your monthly mortgage payment. Be sure to balance the lower interest rate against refinancing fees. Further, if you have high interest debt, you can consolidate that debt into your mortgage as part of the refinancing.

Review your expenses to ensure you are getting value for money. COVID has us living differently than before. Some of this change in behaviour could be permanent. Identify expenses that no longer make sense and rid yourself of them. If you have a second car and you do not expect to use it, why keep it? Reevaluate insurance policies for excess coverage. Review subscription services to ensure you are still using them.

Current Rates & Data

Govt of Canada

90 day	0.08%
1 year	0.16%
2 year	0.23%
5 year	0.34%
10 year	0.57%
30 year	1.16%

U.S. Treasury

90 day	0.10%
1 year	0.12%
2 year	0.14%
5 year	0.32%
10 year	0.75%
30 year	1.54%

Canada Prime Rate

2.45%

U.S. Prime Rate

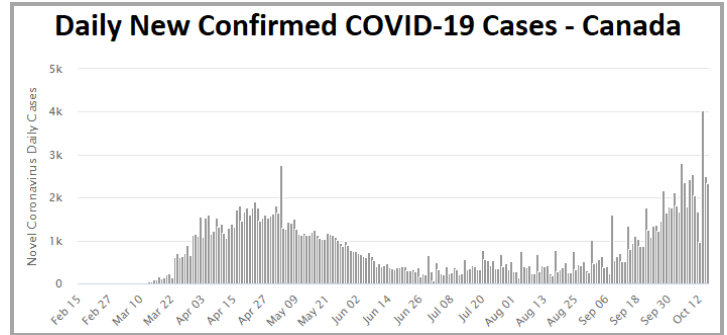
3.25%

Exchange Rates

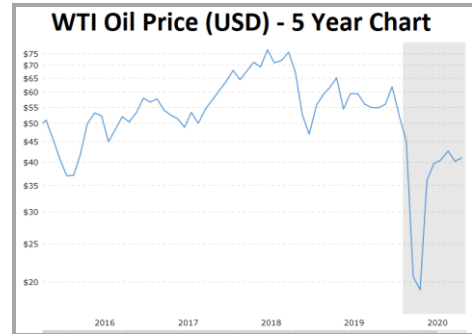
CAD/USD	0.758
USD/EUR	1.172
JPY/USD	105.6

ECONOMIC TIDBITS COVID 2ND WAVE IS HERE, OIL AS A POST-COVID ECONOMIC SIGNAL & SPAC MANIA

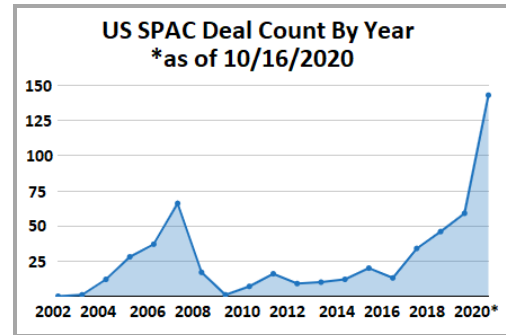
- Global daily new confirmed cases of COVID hit an all-time high in early October inciting new economic restrictions. Thankfully, daily COVID deaths remain well below the April highs indicating that the true number of infections during the first wave may have been much higher than reported. As of October 6, the WHO estimates that COVID has infected 10% of the world population, 20x the official case count.



- A combination of the supply-demand balance and OPEC+ market share and solidarity tend to drive oil prices over the long-term. Short-term, in a world fighting COVID, oil prices may be one of the best real-time signals for economic activity. The stagnation in oil prices preceded the stagnation in economic data over the past month. Look to oil prices for clues about the state of the economy.



- Special purpose acquisition vehicles (SPACs) have had their best year yet in 2020. A SPAC is a company whose whole existence is to sit on a pile of cash and search for an appealing company to acquire, usually a private company. The SPAC will likely appreciate if public markets value the target company highly. SPACs are especially attractive now as fixed income yields little and investors prefer growth to value.



NEW ADDITION TO THE STEELE WEALTH MANAGEMENT TEAM

In October, SWM welcomes Nudrat Ahsan to our team!

Nudrat is a former electrical engineer and a recent graduate of the financial planning program at Conestoga College. She is in the process of becoming securities licensed.

Nudrat will help our team in all client service areas.

Please be sure to welcome Nudrat if you get the pleasure of speaking with her in the coming months!

JEANNINE'S TIP O' THE MONTH Steele Wealth Management Has Twitter!

Be sure to follow us on Twitter at [@SteeleWM](https://twitter.com/SteeleWM) for the latest news about our team and for market, economic and tax information that may affect you.

We try to keep it to useful and timely information only so no need to worry about your Twitter feed getting crowded with our retweets 😊



This newsletter has been brought to you by Steele Wealth Management

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