# Investor.Coffee (04.08.2024): Gold Continues to Rise, and Perpetua Resources Secures $1.8B EXIM LOI

written by InvestorNews | April 8, 2024

This week, InvestorNews.com has scheduled two InvestorTalk.com's pre-market sessions. On Tuesday, April 9, 2024, Dr. Luisa Moreno from Defense Metals Corp. (TSXV: DEFN | OTCQB: DFMTF) will present from 9-9:20 AM EST. Similarly, on Thursday, April 10, 2024, John Carter from Silver Bullet Mines Corp. (TSXV: SBMI | OTCQB: SBMCF) will present during the same time slot.

In the pre-market scenario, Canadian futures remained flat due to falling oil prices, counteracting gains from rising gold prices. Investors are anticipating a busy week ahead, particularly awaiting the Bank of Canada's rate decision. Meanwhile, U.S. stock index futures also remained flat, as Treasury yields increased amid speculations of the Federal Reserve delaying policy easing. The U.S. dollar showed minimal movement ahead of the release of U.S. inflation data. European stocks experienced a slight uptick, bolstered by robust industrial production data from Germany. In contrast, Japan's Nikkei rebounded, closing positively as investors capitalized on buying opportunities following recent market declines.

The Bank of Canada is widely expected to maintain its key overnight rate on hold during its upcoming Wednesday meeting. Analysts suggest that the central bank may wait for more evidence of cooling inflation before implementing its first interest rate cut in four years, potentially in June.

In global markets, Euro STOXX 50 futures were up by 2 points at 4,966, FTSE futures added 8 points to 7,926, and German DAX futures gained 10 points at 18,418 by 0430 GMT. Additionally, oil prices experienced a decline, with Brent falling below $90 as tensions in the Middle East eased.

Spot gold prices were reported at $2,341.79, marking a 0.53% increase equating to $12.29.

Looking back at the U.S. market performance, major averages closed positively on Friday despite a down week overall. The Dow Jones Industrial Average rose by 0.8% following its worst session in over a year. The S&P 500 and Nasdaq Composite also climbed by 1.11% and 1.24%, respectively. Friday's positive momentum was attributed to the Labor Department's report, which indicated job growth of 303,000 in March, surpassing expectations.

Federal Reserve Governor Michelle Bowman hinted at potential future rate hikes to control inflation, reflecting a cautious approach amid market uncertainty.

In corporate updates, Catalent Inc. (NYSE: CTLT) and Novo Nordisk A/S refiled their application for approval of a $16.5 billion deal. JPMorgan Chase & Co. CEO Jamie Dimon emphasized U.S. economic strength while opposing stricter bank capital rules proposed by regulators. Perpetua Resources Corp. (NASDAQ: PPTA | TSX: PPTA) received a letter of interest from the U.S. Export-Import Bank for a loan worth up to $1.8 billion. Bristol-Myers Squibb Co reported positive data from late-stage studies of its experimental schizophrenia drug, KarXT, showing symptom reduction without weight gain side effects.

Globally, Janet Yellen concluded meetings in China, advocating for measures to address excess industrial capacity. Additionally, two key U.S. lawmakers reached a deal on draft bipartisan legislation for data privacy, while Peter Pellegrini won Slovakia's presidential election, reinforcing pro-Russian leadership.

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# Investor.Coffee (12.11.2023): CDN Healthcare Deal, U.S. Dollar Gains Strength on Japan's Nikkei Rebound

written by Tracy Weslosky | April 8, 2024

DIAGNOS Inc. (TSXV: ADK | OTCQB: DGNOF), a company we have followed for several years out of Montreal, announced a landmark move for the Canadian healthcare sector this morning. DIAGNOS Inc., a pioneer in artificial intelligence (AI)-driven health solutions, has announced a significant distribution agreement with global ophthalmic leader EssilorLuxottica. This exclusive Canadian contract, unveiled on December 11, 2023, signifies a pivotal moment for DIAGNOS, cementing its place in the market with its cutting-edge retinal analysis technology.

Renowned for its effectiveness in the early detection of eye conditions, DIAGNOS's technology will now reach a broader audience through EssilorLuxottica's expansive network, promising an enhancement in the quality of eye health care. The three-year agreement, which includes a renewal option, entails a per-patient exam payment model to DIAGNOS. André Larente, DIAGNOS'

President, highlighted this partnership's role in broadening the accessibility of their innovative technology, aligning with their mission to foster visual health in Canada and globally.

## Market Watch: Global and US Economic Indicators

As the business day commences, futures indicate a downtrend, shadowing a dip in commodities like oil and gold. In the U.S., we are awaiting the Federal Reserve's monetary policy meeting and upcoming inflation data, which will shed light on the possibility of a soft landing for the economy. European shares are also experiencing a downturn, while Japan's Nikkei has seen a rebound. The U.S. dollar is gaining strength against the Japanese yen.

## U.S. Central Bank's Interest Rate Decision

The U.S. Federal Reserve is set to release its interest rate decision on Wednesday, following last month's unchanged benchmark rate. Wall Street is increasingly optimistic about maintaining the status quo in December, as efforts to curb inflation without triggering a recession seem fruitful.

In recent global and U.S. economic updates, the market is witnessing a downward trend in futures, mirroring declines in commodities such as oil and gold. Investors in the U.S. are particularly focused on the upcoming Federal Reserve's monetary policy meeting and the release of inflation data, which are crucial in assessing the prospects of a soft economic landing. Meanwhile, European shares are experiencing a downturn, in contrast to Japan's Nikkei which has shown a rebound. The U.S.

dollar is strengthening against the Japanese yen.

The U.S. Federal Reserve is poised to announce its decision on interest rates this Wednesday, following a period of unchanged rates. There’s a growing sentiment on Wall Street that the Fed might maintain the current rates in December, buoyed by successful measures to control inflation without pushing the economy into recession.

## Some Business News Highlights:

- In corporate developments, French AI company Mistral AI, founded by ex-employees of Meta and Google, has raised €385 million in a second funding round, marking a significant milestone. This funding, led by investors such as Andreessen-Horowitz and LightSpeed Ventures, positions Mistral AI as a key player in the global AI landscape. The company also launched Mixtral 8x7B, an AI platform intended to compete with leading AI platforms like OpenAI’s ChatGPT and Google’s Bard.
- In the healthcare sector, U.S. insurer Cigna (NYSE: CI) has ended its merger talks with Humana Inc. (NYSE: HUM), citing price disagreements, and instead announced a significant $10 billion share buyback plan. This development follows several years after regulatory interventions blocked major consolidations in the health insurance sector.
- In the tech industry, NVIDIA Corporation (NASDAQ: NVDA) is expanding its footprint in Vietnam, partnering with leading tech companies in the country. This expansion, announced by NVIDIA’s CEO, focuses on AI and digital infrastructure, aligning with Vietnam’s ambitions to advance in chip design and manufacturing, especially in the context of ongoing U.S.-China trade tensions.

- In the energy sector, Occidental Petroleum Corp. (NYSE: OXY) has confirmed its acquisition of CrownRock, an energy producer in the Permian basin, in a $12 billion deal. This acquisition is a strategic move for Occidental's growth in the energy sector.
- TC Energy Corp.'s (TSX: TRP | NYSE: TRP) Coastal GasLink project is currently facing legal challenges due to construction delays, which could significantly impact its financial liabilities. This comes as the C$14.5 billion project was completed at over double its initial budget.
- In corporate leadership news, Tellurian Inc. (NYSE American: TELL) has announced a major change by removing its chairman and co-founder, Charif Souki, from his executive role. This change is part of the company's strategy to improve its prospects, particularly focusing on its Driftwood LNG project.
- Tesla Inc. (NASDAQ: TSLA) is under pressure from Nordic pension funds to respect collective bargaining rights for its employees. Concurrently, the company is defending its use of "Autopilot" and "self-driving" terminology amid regulatory examination in California.

Globally, the Middle East continues to experience intense conflict with no resolution in sight. The UK's manufacturing sector is showing signs of recovery, which could bolster the sector in the coming year. UK Prime Minister Rishi Sunak faces a critical week with a COVID-19 inquiry and a key parliamentary vote on asylum policy. The EU has reached a provisional deal on AI regulation, which includes governing biometric surveillance. Bosch is adapting to changing auto sector demands, leading to significant job cuts. Signa Development Finance's potential insolvency proceedings highlight ongoing market challenges. Lastly, BP Plc's Bilbao Plant sale to Gunvor reflects BP's strategic transformation and commitment to becoming a net-zero company.

We kicked off our morning by tweeting our Top 10 Trending columns and videos for the last week that we encourage you to review:

1. Top 10 Trending on #InvestorNews, in the #1 Position, READ: #TechnologyMetals Week-in-Review: The British Stake Claim in #Quebec and the #Uranium Boom in North America https://bit.ly/47jhbmH cc: @IN8News @Energy_Fuels @F3Uranium @Ucore @FirstPhosphate @CriticalMnlInst #criticalminerals
2. Top 10 Trending on #InvestorNews, in the #2 Position, READ: The #CriticalMineralsInstitute Report (CMI 11.2023): #Neodymium price is down 33% over the Past Year, Record Plug-In #EV Car Sales for September https://bit.ly/3QV2dfE cc: @IN8News #RareEarths #Lithium #ElectricVehicles @CriticalMnlInst #criticalminerals
3. Top 10 Trending on #InvestorNews, in the #3 Position, READ: Harris Administration's $3.5 Billion Investment in U.S. #Battery Manufacturing and #CleanEnergy Transition https://bit.ly/46hagJe cc: @IN8News #criticalminerals #Biden @CriticalMetals_ @CriticalMnlInst
4. Top 10 Trending on #InvestorNews, in the #4 Position, READ: Update on the #Teck and #Glencore deal: "Never Fear, the Feds are Here" https://bit.ly/4a1fUlR cc: @IN8News #MetallurgicalCoal @TeckResources @Glencore
5. Top 10 Trending on #InvestorNews, in the #5 Position, READ: Exploring the Future of #Battery Technology and #CriticalMinerals https://bit.ly/3G4HSQ1 cc: @IN8News @CriticalMnlInst @FirstPhosphate
6. Top 10 Trending on #InvestorNews, in the #6 Position, WATCH: Progress in #Pathogen Defense, Dr. Carolyn Myers Discusses #FendX's Collaboration with Dunmore for

#REPELWRAP™ https://youtu.be/rLDSZ8KMBqs via @YouTube #Nanotechnology #PathogenRepellent #VirusRepellent #DiseaseControl @FendXTech $FNDX.C $FDXTF

7. Top 10 Trending on #InvestorNews, in the #7 Position, WATCH: Greg Fenton on how #Zentek's Advancement in #Aptamer Technology is Revolutionizing #Biotech https://youtu.be/LJrNda7ZHRQ via @YouTube #PathogenDetection #ZenGUARD #HVACFilters @ZentekLtd $ZTEK $ZEN.V
8. Top 10 Trending on #InvestorNews, in the #8 Position, WATCH Jack Lifton interviews Mark Chalmers on #EnergyFuels Strategic Path to Dominance in the North American #RareEarths Market https://youtu.be/a1xrRJB5hAw via @YouTube #Uranium #cirticalminerals @Energy_Fuels $UUUU $EFR
9. Top 10 Trending on #InvestorNews, in the #9 Position, WATCH: Terry Lynch on @PowerNickel's collaboration with #CVMR Corporation for developing Canada's first #CarbonNeutral #Nickel mine https://youtu.be/xOtY6U7ovRE via @YouTube #CriticalMinerals #BatteryMetals $PNPN.V $PNPNF @terrybali
10. Top 10 Trending on #InvestorNews, in the #10 Position, READ: Who might follow #PatriotBattery Metals #lithium exploration success in Canada in 2024? https://bit.ly/48fFh1P via @YouTube #criticalminerals @BrunswickExplo1 @WinsomeRes

# Investor.Coffee (9.28.2023): Global market reactions to U.S. economic indicators

written by InvestorNews | April 8, 2024

In the latest market movements, futures remained flat in the wake of declining oil prices due to a decrease in crude stocks in the U.S. Wall Street stayed poised in anticipation of important economic figures, and investors eagerly awaited remarks from Federal Reserve Chair, Jerome Powell. Across the pond, European stock shares noted a slight decline, with major attention centered on German inflation data. Meanwhile, Japan's Nikkei share average witnessed its largest daily percentage fall in recent times, fueled by apprehensions over the implications of elevated U.S. interest rates on global investors. Precious metal gold's prices remained low-key, while the U.S. dollar exhibited a weakening trend.

In Canada, the Alberta Energy Regulator's (AER) oversight of the prolonged toxic tailings leak at the Kearl oil sands mine, operated by Imperial Oil Limited (TSE: IMO | NYSE American: IMO), called attention to the imperative need for enhanced clarity in communication.

Shifting focus to the U.S., after an underwhelming performance in September, the eagerness for the month and the quarter to wrap up is palpable among investors. With stocks slated to end both the month and quarter on a declining note, the sturdy job growth offers a silver lining. Yet, consumers grapple with escalated prices and surging interest rates, even as the Federal Reserve strives to recalibrate inflation to its desired 2% threshold. Additionally, the culmination of the quarter marks the onset of the earnings season, providing a closer inspection of corporate perspectives on consumer health as we approach the festive season.

In governmental circles, with the U.S. potentially facing a partial shutdown soon, the Senate, steered by the Democrats, is likely to cast a procedural vote on a short-term spending plan, which has previously been dismissed by Republican House Speaker Kevin McCarthy. In the realm of finance and regulation, the U.S. Securities and Exchange Commission (SEC) is on the brink of concluding settlements pertaining to inquiries into record-keeping discrepancies with nearly two dozen Wall Street establishments.

Corporate America witnessed notable developments. The judge overseeing the antitrust lawsuit against Amazon.com, Inc. (NASDAQ: AMZN) by the U.S. Federal Trade Commission recused himself, passing the case to U.S. District Judge John Chun. Apple has been summoned to address an antitrust lawsuit concerning its Apple Pay mobile wallet. British Airways, American Airlines, and Finnair's transatlantic partnership is under scrutiny by Britain's competition regulator. Meanwhile, HSBC is gearing up to acquire Citigroup's wealth management business in China, enhancing its foothold in the Asian nation. Lastly, Exxon Mobil's controversial decision to not disclose the nature of a toxic leak at its Kearl oil sands mine underscores pressing communication challenges.

In international news, China Evergrande Group's trading was halted due to concerns about its chairman. Italy revised its economic forecasts, and the UK property market showed signs of rejuvenation.

Investor.Coffee Daily Updates are intended to offer a brief summary of some business news highlights for today. Enjoy your morning coffee notes.

# Investor.Coffee (9.26.2023): Ford Pauses $3.5Bn Michigan EV Battery Project and Global Banks Join Forces to Standardize Stock Position Disclosures

written by InvestorNews | April 8, 2024

In the ever-evolving financial market, staying updated with the latest trends and developments is crucial. This week has brought a blend of intriguing shifts across different global sectors. Let's dive in and dissect the prominent changes that are shaping the market narrative.

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# Investor.Coffee (9.25.2023): As September concludes, markets worldwide

# display volatility, reflecting the complexities of geopolitics

written by InvestorNews | April 8, 2024

## Canada in Focus

Canadian markets are showing signs of weakness as metal prices take a dip. Alongside this, U.S. stock index futures are experiencing a slip, with the market anticipating key economic data and awaiting remarks from Federal Reserve policymakers throughout the week.

European shares too are not performing optimally, with the STOXX 600 index seeing a pullback due to China-exposed shares. In the East, Japan’s Nikkei has displayed resilience, rebounding robustly as investors see potential in previously beaten-down stocks after the index’s tumultuous week. The metals market sees gold prices trickling down, given the U.S. dollar’s surge, which is attributed to predictions of sustained higher interest rates. Meanwhile, oil prices are climbing, reflecting concerns about a tightening supply, especially after Moscow’s surprising temporary fuel export ban.

A notable partnership emerges between Japan’s Sumitomo Metal Mining Co., Ltd. and Canada’s Nano One Materials Corp. (TSX: NANO). The former is investing C$ 16.9 million in Nano One, a company specializing in sustainable battery material production. The strategic partnership aims at enhancing global battery supply chains and developing cost-effective, environmentally-friendly battery cathode materials for EVs.

# U.S. Market Updates

The U.S. market trajectory is heading downward as September wraps up. The Dow Jones, the S&P 500, and the Nasdaq Composite are all showing negative trends.

Labor tensions are evident in the automotive sector, with Ford Motor Company (NYSE: F) citing "significant gaps" in their ongoing negotiations with the United Auto Workers (UAW) union. Meanwhile, the UAW intensifies strikes against General Motors Co. (NYSE: GM) and Stellantis.

Rupert Murdoch, the stalwart media tycoon, stepped down from Fox Corporation (NASDAQ: FOX), marking an end to his illustrious seven-decade career. The compensation details for both Rupert and his successor, Lachlan Murdoch, have been disclosed, showing a significant hike for the senior Murdoch.

Other notable U.S. business news includes The Goodyear Tire & Rubber Company's (NASDAQ: GT) rationalization plans, a lawsuit against Meta Platforms, Inc. (NASDAQ: META) by Metabyte over trademark rights, and Oracle Corporation's (NYSE: ORCL) substantial investment in Ampere Computing.

# Global Glimpses – Europe, Asia, and India

The Chinese property giant, Evergrande, faces another setback as it discloses its inability to issue new debt, sending its shares tumbling.

While Hollywood's writers union and major studios reach a tentative agreement, potentially ending industry strikes, Russian crude oil supplies surge despite G7 sanctions, and Germany stalls its building insulation standards, providing a breather to its building sector.

Sweden’s SBB offloads a chunk of its education subsidiary, TotalEnergies preps to discuss its Namibian oil prospects, and India exhibits a mixed bag of financial news. India’s foreign exchange reserves witness a dip, but optimism surrounds its bond yield following JPMorgan’s decision. The tech industry breathes a sigh of relief as India decides to defer import license requirements that could have impacted giants like Apple and Samsung.

In summary, as September concludes, markets worldwide display volatility, reflecting the complexities of geopolitics, evolving economic partnerships, and sector-specific dynamics. Investors and market enthusiasts are advised to keep an eagle eye on these developments to make informed decisions.

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# Can Apple and Goldman Sachs’ New High-Interest Savings Account Restore the Confidence of Depositors

written by InvestorNews | April 8, 2024

So far this week we’ve seen the U.S. Federal Reserve raise interest rates another 0.25% while commenting that the U.S. banking system is sound and resilient. Seemingly oblivious to the fact that a mere two days ago the Federal Deposit Insurance Corp. (FDIC) took control of First Republic Bank (the third major bank failure in less than two months) and followed up with a fire-sale of substantially all the bank's assets and deposits to J.P. Morgan (NYSE: JPM).

Then just after Fed Chair Jerome Powell's press conference on Wednesday, there were more banking fireworks as PacWest Bancorp (NASDAQ: PACW) announced it is exploring strategic options, including a potential sale or capital raise which led to a 40% drop in its share price in after-hours trading. If that's the definition of "sound and resilient" then I have some relatively good junior mining stock ideas for you.

## Apple and Goldman Sachs' solution for depositors

But fear not, options to put your money in a safe place and earn a decent return are available to you but from an unlikely source, Apple Inc. (NASDAQ: APPL). Apple and Goldman Sachs (NYSE: GS) are coming to the rescue of the American depositor. Apple is offering a new high-interest Savings account (HISA) with a 4.15% annual return to its Apple Card holders. Obviously, this isn't available to everyone as you have to have an Apple Card account which probably means you participate in the Apple ecosystem in some way, shape, or form (which I don't). You also need to be able to have a bank account in the U.S., which means citizenship or property ownership or adherence to some other rules that may or may not apply to non-Americans. But if you meet these requirements you can bank with Apple (via Goldman), at least up to a maximum of US$250,000, which is the updated FDIC insurance limit.

## Apple's HISA – benevolent or another

## consumer hook

My personal opinion is that Apple isn’t benevolently doing its part to help restore confidence for depositors.

The top-notch marketing team at Apple has stepped outside the box again and identified another clever way to put more hooks into its zealous disciples. I’m sure they’ve done plenty of research to determine that if there’s a bunch of money in a person’s Apple account, they’ll make a few more purchases in the Apple Store, or perhaps upgrade their iPhone or iPad a little more frequently.

And perhaps that’s why Apple’s HISA has a higher yield than Goldman’s own high-yield savings account which offers a 3.90% return. Whatever the case, their strategy appears to be working as Apple’s new savings account attracted nearly US$1 billion in deposits in just its first four days.

## Rising interest rates not reflected in bank saving accounts

Circling back, the Fed’s seemingly myopic approach to dealing with inflation by rapidly and relentlessly raising interest rates appears to have spawned a banking crisis.

Compounding that, at least for many regional banks, the average bank is paying less than 0.5% on savings accounts according to the FDIC’s published National Rates and Rate Caps for Savings deposit products. But Apple is certainly not the first entity out there to offer a HISA to attract deposits away.

No wonder banks are seeing a run on deposits as people try to generate a return on their hard-earned savings. I could see people being less likely to panic and take all their money out of an account if it was just going somewhere else to earn nothing.

But by creating an impetus (the collapse of Signature Bank of New York and Silicon Valley Bank) that caused people to review their banking situation, the ball started rolling. At this point, people realize that without taking on any additional risk they can earn an incremental 3.5% to 4.0% on their money. It's hard to imagine there wouldn't be a run on deposits.

## Is PacWest just the next 'domino' to fall

So where does this leave us, besides in a bit of a mess? That's a very good question. The recent PacWest seeking "strategic options" news could be a signal that we aren't out of the woods yet.

Although I'm sure the large banks (JPMorgan Chase & Co. (NYSE: JPM), Bank of America Corporation (NYSE: BAC), Wells Fargo (NYSE: WFC), etc.) that can play the long game might be sitting back and salivating at the chance to pick up another quality financial institution at a huge discount – JPMorgan shares jumped over 3% on the news of the First Republic deal.

With that said, I'm not worried about a complete collapse of the financial system as I'm sure at some point the Federal Reserve will wake up and realize that it's not solely about inflation.

## The regional banking crisis could tighten the credit market and negatively impact the economy

However, some unintended consequences of this strain on the financial system could lead to an overall tightening in the credit market as smaller, regional banks step back from making loans to medium to small businesses that the big banks won't give the time of day to.

According to the U.S. Small Business Administration, businesses of fewer than 500 employees in the US make up 99.7% of employer firms and over 49% of private-sector employment.

If this credit tightening impairs the grassroots growth of the economy, we finally get the recession that everyone has been forecasting for almost a year. Even worse, if inflation remains sticky we could end up with stagflation.

Perhaps Tim Cook and the rest of the brilliant minds at Apple can figure out something else that helps remedy the situation that the Fed has placed firmly in our laps.

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# Assessing the S&P 500 Market Trend and what it means for Investors

written by InvestorNews | April 8, 2024

Every so often, I like to take a step back from the day-to-day gyrations of the market and have a look at what might be the overall market trend. It can be hard to swim against the current, so if the market is trending lower, then perhaps now isn’t the time to be stepping into a longer-term story. However, if the market is trending higher, then you might be able to load up on a basket of more speculative names and not have to worry as much about whether they pan out right away or not.

At present, it appears there are four key focus points for investors – inflation, employment, interest rates, and earnings. It might be a little more complicated than that but you'll note I didn't include a recession. My observation is that a recession is somewhat irrelevant to the overall market performance right now. I suspect that could be due to continued strong employment numbers on both sides of the border, the market doesn't perceive that there will be a meaningful or severe recession in light of that. I'm sure the press will be happy to push the panic button if or when the economy slides into a recession but as I've discussed previously, by the time you can actually declare there is a recession, a forward-looking market could be starting a bull run and perhaps we already have.

Turning back to the key points I started with, they are all somewhat interrelated. Starting with inflation, it appears to be cooling marginally but not as much as I think the market, or more importantly the U.S. Federal Reserve, was expecting. Additionally, employment numbers continue to surprise to the strong side. This sticky inflation and strong employment lead to the potential for interest rates to stay where they are (or possibly even see another small increase or two) for a longer period of time, or until inflation gets back down closer to 3% (I know the Fed target is 2% but I think they'll blink before then). Higher interest rates for a longer period of time flow through to the cost of debt, and discount rates that are used to value companies, especially high-growth tech names which led the market for so long. The one piece of good news, about the four points, is that this latest earnings season was OK. Not great but also not terrible.

## 1-Year Chart – $SPX – S&P 500 Large Cap Index

Source: StockCharts.com

So where does this leave us? I think it means we see a market that is floundering without direction. January saw a nice little rally, February saw us give up most of those gains and the lack of conviction continues. The market is reacting here and there on specific news items but it doesn’t necessarily lead to a broad-based move. For example, early in the week, there was some positive economic news out of China and the copper stocks all caught a pretty good bid. But that was short-lived as everyone waits for the next data point. Yesterday, one of the more hawkish members of the U.S. Federal Reserve [made comments](#) that the market interpreted very differently than I did, and we saw a mid-day rally. But again, it has little to no sustainable influence on the overall market trend.

Looking at the one-year chart for the S&P 500, the market has entered a bit of a sideways pattern. We might be in a slight uptrend that started last October with higher highs and higher lows. However, the current dip has to bottom out at the 3,850 level or higher. If it dips to 3,800 or lower then I would say we are likely rangebound between 3,650 and 4,150. Yesterday we bounced off one key support level and that’s the 200-day moving average (3,940). This could signal a continuation of the uptrend but we won’t know that until it goes back to test the 4,200 mark.

What lies ahead is anyone’s guess at this point. If I had to make a call, I would guess we’ll see stocks trade in a sideways pattern or range until something “gives”. What do I mean by “gives”? Either inflation starts to noticeably move lower, sentiment towards “higher for longer” interest rates get ingrained and the market decides to get on with life instead of overanalyzing every data point that comes out, or other macro events occur that attract the attention of investors. Unfortunately, that doesn’t help us determine if the next move for the market is up or down. But the next few days and the 3,940 level on the S&P 500 may go a long way toward helping us decide.

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# Why residential REITs could see a rebound in 2023

written by InvestorNews | April 8, 2024

Timing is everything. If I had written this article last week, like I intended to do but got distracted, I would already look like a hero. Several of the examples I will provide below are up 3-4% in just the last couple of days as the overall market is speculating on whether there will be an interest rate policy shift by the U.S. Federal Reserve. Or perhaps the markets are also seeing a late Santa Claus rally as tax loss selling seemed to carry on until very late in December. Maybe it’s just the random walk of the market that is up for the last few days but might be down the next few. Regardless, whatever is causing this latest (temporary?) positive market momentum is somewhat irrelevant to today’s investing theme because I’m looking out for weeks and months, not just the first few days of the year.

As the title suggests, today’s theme is Real Estate Investment Trusts, but not all REITs. For those not familiar with this sector, there are many categories and even more individual names which cover a very broad spectrum when it comes to real estate. Generally speaking, REITs are categorized into Office (places where companies host employees that aren’t working from home), Retail (shopping malls, strip malls, grocery stores, wherever you go to buy retail goods that aren’t on-line), Industrial (typically warehouses, but can also house more service oriented businesses that don’t have people coming into browse for goods), Residential or Multifamily (houses, apartments, condos, or anywhere an individual or family can live) and Specialty (everything else including a fairly unique name like American Tower Corporation (NYSE: AMT) which owns cellular towers and leases space to Telcos). There are a few other minor categories or sub-categories but I think you get the picture.

Today I’m going to single out the Residential segment, also commonly referred to as Multifamily, as a potential opportunity for investors in 2023. The premise is pretty simple – you gotta live somewhere. But before you roll your eyes and make a comment like “no sh*t Sherlock”, hear me out as there is a little more to it than that.

There is a lot of jargon in the REIT analysis sector, like cap rates, AFFO, FFO, discount to NAV, all of which can be useful metrics, especially when comparing peers, but I’m looking at something a little more macro and a little simpler than what you might find in an Investment Advisor’s research report. To expand on my “you gotta live somewhere” comment, I’m looking at the fact that mortgage rates have increased dramatically in the last

6 months. The U.S. Federal Reserve raised its Federal Funds Rate from 1% to 4.5% from June to December. Obviously, mortgage rates have followed suit, with the average 30-year fixed rate mortgage in the U.S. rising from roughly 3.0% in June to about 6.5% today. That has a material impact on how much house you can afford. Combine that with the fact that housing prices rallied substantially during the heart of the pandemic, as many people wanted a nicer space to work from home, and you have a situation where, in a very short period of time, a lot of people got priced out of home ownership.

Home prices have started to flatline or possibly even started to fall in some locations but not nearly enough to compensate for those much higher interest rates. Correspondingly, we've seen the impact of this over the last few weeks as one of the key drivers of inflation have been rising rental rates. Seems like all should be good for the residential REIT sector with all those rental properties available for those who can't afford to buy their own home. One could argue they should be at or near 52-week highs in a market that is supposed to be looking forward 6 months. Not even close. Most are at or near their 52-week lows, some are even at multi-year lows.

Why? One reason is that those pesky interest rates can be a bit of a double edged sword. As noted earlier, the "cap rate" is an important metric for REIT valuations. The capitalization rate, or cap rate, of a property, is the amount of money you can expect to get from a property compared to its value or price per year. This includes all the expenses of operating the property but does not include the costs of buying, selling, or financing the property. In Canada, the national average cap rate rose 39 bps from 5.42% at the beginning of 2022 to 5.81% as of Q3/22. A high interest savings account has gone from virtually nothing to over 4% during that same period. Naturally, you aren't going to pay as much of a premium for the earning potential of a REIT when you can find something competitive in the form of a risk free investment.

This all sets the stage for why I think residential REITs could see a rebound in 2023. With strong demand for rental properties due to a combination of immigration and lack of housing affordability, you could see rental rates continue to rise as contracts are renewed. That implies that in 2023, cap rates should rise faster than competing investment alternatives like bonds or GICs/CDs. As long as the U.S. Federal Reserve doesn’t get carried away and we only see one or two more small rate increases with the potential for them to pivot later in the year, what was a headwind for the residential REIT sector in 2022, could become a tailwind for 2023. Not only do most of these REITs have monthly or quarterly distributions that range from 2% – 5% on an annual yield basis, but many are trading between 35% and 50% below their 52-week highs.

There’s more to my thesis than this, but if I’ve managed to keep your attention this far, I won’t push my luck trying to keep it any longer. Instead, I will simply throw out some ideas that you can consider if you see any merit to my 2023 investing theme.

| Company Name | Ticker | Market Cap | Annual Yield | Primary Location(s) |
|---|---|---|---|---|
| Equity Residential Property Trust | NYSE: EQR | US$ 21.7 B | 4.20% | Boston, New York, Washington, D.C., Seattle, San Francisco and S. California |
| Avalonbay Communities | NYSE: AVB | US$ 22.1 B | 3.90% | New England, New York/New Jersey metro area, Mid-Atlantic |
| Tricon Residential | NYSE: TCN TSX: TCN | C$ 2.9 B | 3.00% | Orange County, California, as well as focus in the U.S. Sun Belt |
| Canadian Apartment Properties REIT | TSX: CAR.un | C$ 7.7 B | 3.30% | Major urban centres across Canada |
| Killam Apartment REIT | TSX: KMP.un | C$ 1.9 B | 4.20% | Atlantic Canada, Ontario, Alberta and British Columbia |

# Will 2023 be the year that gold makes a comeback?

written by Matt Bohlsen | April 8, 2024

Gold prices have recently been rising as the market anticipates the end of the U.S. Federal Reserve interest rate increases at some point around mid-2023. This combined with an inverted yield curve signaling a 2023 U.S. recession gives hope for gold investors, as gold performs best when rates are falling and in recessionary times as investors seek safe havens.

All of this begs the question will 2023 be the year gold makes a comeback?

The long-term gold price chart below shows gold prices surged higher during the Global Financial Crisis of 2008-09 and subsequent years with interest rates falling during that period and again in the 2018 to 2020 period as interest rates fell again heavily as we entered the 2020 Covid-19 recession.

**25-year gold price chart. Red arrows show the gold price often surges higher when recessions occur or when interest rates fall**

Source: [Trading Economics]

**Starting from H2, 2023 looks set to a good environment for gold**

To be clear we are not yet in an environment of interest rates falling, but U.S. interest rates have recently hit a 15 year high.

U.S. Federal interest rates are forecast to peak at 5.1% potentially by ~mid 2023, rising from 4.5% now. Assuming the U.S. is then in a recession by mid-2023, then the Fed may reverse course and start to reduce interest rates later in 2023 or into 2024. This will also depend upon inflation coming back down to 3% or less, from its elevated level of 7.1% as of November 2022.

A December 2022 Bloomberg report stated: "Economists Place 70% Chance for US Recession in 2023. Bloomberg monthly survey shows 0.3% average GDP growth in 2023."

Certainly, a 2023 recession is now the base case for the majority of analysts. Given that the equity market looks forward about 6 months, it is probably no surprise that we are seeing a rotation into gold in the last month resulting in the gold price moving 4% higher. Whether this is the very early stage of the next gold market bull run it is too early to say. What we can say is that interest in gold is returning and the worse 2023 is for the economy the better it helps the fundamentals for gold.

A January 3 CNBC report also commented: “Gold surges to 6-month high, and analysts expect records in 2023.” The report cites the following causes for the recent rise in gold: “Gold prices have been on a general incline since the beginning of November as market turbulence, rising recession expectations, and more gold purchases from central banks underpinned demand.”

**The U.S dollar trades inversely to the gold price**

The other key factor to consider is the U.S. dollar. If it rises then gold tends to fall in relative terms and vice versa. This is simply because gold is priced in U.S. dollars.

As shown below the U.S. dollar Index generally fell from 2002 to 2008, a period when the gold price rose.

**The U.S. dollar Index 25-year chart**


Source: [Trading Economics]()

**Closing remarks**

Gold behaves differently to most other metals due to its safe haven status. While gold demand versus supply is a factor (including sovereign buying), the bigger factor is the economy and interest rates.

When the U.S. economy is booming interest rates and the U.S. dollar tend to rise, which is a negative for gold. Why invest in gold when equities are doing well or when cash and bonds are paying a nice dividend, compared to zero dividends from gold.

When times are bad gold becomes a safe haven, benefiting from a weaker U.S. dollar and lower interest rates.

To answer the question will 2023 be a good year for gold, you must first decide how you view 2023.

If you are positive about the U.S. and global economy and think

U.S. interest rates will keep on going higher, then gold is not for you in 2023. However, if you are negative on the economy and think rates will start to fall, then gold looks like a sound bet for 2023, or perhaps 2024.

Either way, it never hurts to diversify and build a little safety of gold into your long-term portfolio. And with inverted yield curves everywhere and 70% of analysts forecasting a 2023 recession, now looks to be as good a time as any to top up your gold holdings.

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# With a gold resource update coming and drills at the ready, eyes are on Signature Resources

written by InvestorNews | April 8, 2024

A word of caution – I wrote this article before Jerome Powell's (U.S. Federal Reserve Chairman) latest commentary. Lately, every time he opens his mouth the market loves to interpret him to the extreme as either dovish or hawkish, moving the markets accordingly. So keep that in mind if what I'm saying is so yesterday. The reason for this disclaimer is that market action over the last couple of days indicates that gold has tested and held the US $1,700(ish) support level. Yesterday saw most precious metal equities rally pretty hard, which is encouraging given a lot of them are trading at or near multi-year lows. Is this a sign of a new uptrend in the precious metals sector? One can hope. But without a copy of Mr. Powell's speech I will have to wait and see along with everyone else what happens next. Now I can write whatever I want because I have a built-in excuse – blame it on Powell – which I'm sure a lot of analysts, traders and fund managers have used excessively over the last year.

Fed policy aside, it does appear that the materials sector is very oversold and long overdue for a little love. Or perhaps just a relief rally, something, anything, to give shareholders a bit of hope. Add a catalyst in a market that may be on the verge of recovery and perhaps we could even find gold investors in a good mood for a change.

One company that is working on a catalyst is Signature Resources Ltd. (TSXV: SGU | OTCQB: SGGTF), a Canadian-based advanced stage exploration company focused on expanding the 100% owned Lingman Lake Gold Project, located within the prolific Red Lake district in Northwestern Ontario, Canada. The Lingman Lake gold property consists of 1,434 staked claims, four freehold fully patented claims and 14 mineral rights patented claims totaling approximately 27,113 hectares. The property includes what has historically been referred to as the Lingman Lake Gold Mine, an underground substructure consisting of a 126.5-metre shaft, and 3-levels at 46-metres, 84-metres and 122-metres depths.

Lingman Lake has a 234,000 ounce historical high-grade gold resource estimate that is contained within the first 180 meters of surface and open in all directions. But the looming catalyst for Signature Resources is a NI 43-101 initial resource estimate which is anticipated shortly. In an update provided on June 29th the company stated they were finalizing the compilation of the drill and assay database and doing 3D geologic modelling and analysis. A further update on August 30th included the positive news that the company had identified a low-cost opportunity to capture additional data to increase the quantity and quality of the geologic knowledge of the deposit. This in turn led to new gold zones being identified. This is particularly encouraging when you look at it in the context of some of the highlights from the exploration drilling undertaken in late 2021:

- 6.64 g/t Au over 3.0 meters in LM21-26; including 18.5 g/t Au over 1.0 meters
- 6.97 g/t Au over 2.0 meters in LM 21-25
- 7.07 g/t Au over 4.0 meters in LM21-27; including 11.9 g/t Au over 1.0 meters
- 3.54 g/t Au over 2.0 meters in LM21-28A
- 8.24 g/t Au over 2.0 meters from 90 to 92 meters downhole; including 10.10 g/t Au over 1.0 m from 90 to 91 meters downhole in drill hole LM21-30 in the Central Zone
- 7.14 g/t Au over 2.0 m from 99 to 101 meters downhole; including 10.50 g/t Au over 1.0 m from 99 to 100 meters downhole in drill hole LM21-30 in the Central Zone

Something quite intriguing about Signature Resources is the fact that they have two 100%-owned drill rigs and about 10,000 meters of drilling consumables to support their next-stage drill campaigns. This is quite the head start given that upon the completion of the initial resource estimate the company expects it will have a strong technical plan for advancing a successive round of exploration that concurrently to expand the resource envelope and address gaps within the current drill database; thus supporting timely updates to the resource model. Now we sit and wait, along with the company, for the completion of that resource estimate.

However, despite having the drill rigs, consumables and just under C$1 million in cash, Signature still requires additional financing to pay for capital expenditures, exploration and administrative costs required to advance exploration on its

Lingman Lake Gold Project. As long as the gold sector can continue to bounce off these lows, it should make it a lot easier for this C$5.5 million market cap company to get out and raise the capital it needs to advance this project.

C’mon Mr. Powell, don’t ruin this for us.