

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

written by Tracy Weslosky | December 11, 2023

[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 #criticalminerals @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/x0tY6U7ovRE> 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

Will 2023 be the year that gold makes a comeback?

written by Matt Bohlsen | December 11, 2023

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.