*This dispatch is broadcast in nature and is intended for participants (and interested parties) of **The Dividend Value Discipline™**.*

Chris & Ryan's Timely Market Dispatch:

Note the Pivot Points

We generally write these missives when the media would have you think the world is ending, investor fear is peaking and markets have taken a hit - you can find our archives here: http://chrisraper.com/timely-market-dispatches.aspx. This is not such a time – so why are we writing? In short, we have seen some significant "pivot points" in what's leading and what lagging over the last few weeks and we wanted to bring you up to date on matters at hand. Please treat this note as a "nice to know", albeit an encouraging one.

For context, regular readers will recall that our previous **Timely Market Dispatch** was on August 16, 2019. The skinny? The Dow Jones Industrial Average had taken a 3% hit on August 14, investor fear levels were registering extremes not seen since the Christmas 2018 rout, while most investors were expecting a recession and positioning their portfolios for that outcome. Few were asking the question, what if we get expansion instead? Our message then was basically "if it is in the news, it is in the stocks" and "stocks are on sale – please send money"! If you are in the should have, could have, would have mode, you may take some comfort in the fact that none of our other clients did either, although some thought about it ☺. We get it – it is not easy even when we know it is the behaviour we should be embracing.

Fast forward to Monday's November 4 2019 close, the DJIA closed up some 7% from the August 16 dispatch, the CNN's Fear Greed Index https://money.cnn.com/data/fear-and-greed/ just pegged an 86 - Extreme Greed and perhaps most importantly, the three best performing sectors for the last month are industrial, financial and energy (yes, energy!). The worst? Utilities, consumer staples and real estate. Why is that important? Because the market is a forward looking animal and right now it is telling us that things are getting better – the offensive pro-growth cyclical sectors are attracting investor buying whereas the defensive sectors are being sold – the only balancing mechanism is price.

Sector Summary for S&P Sectors

S&P Sectors

5 Nov 2019, 1:08 PM

Period

One Month | Columns | Search Table

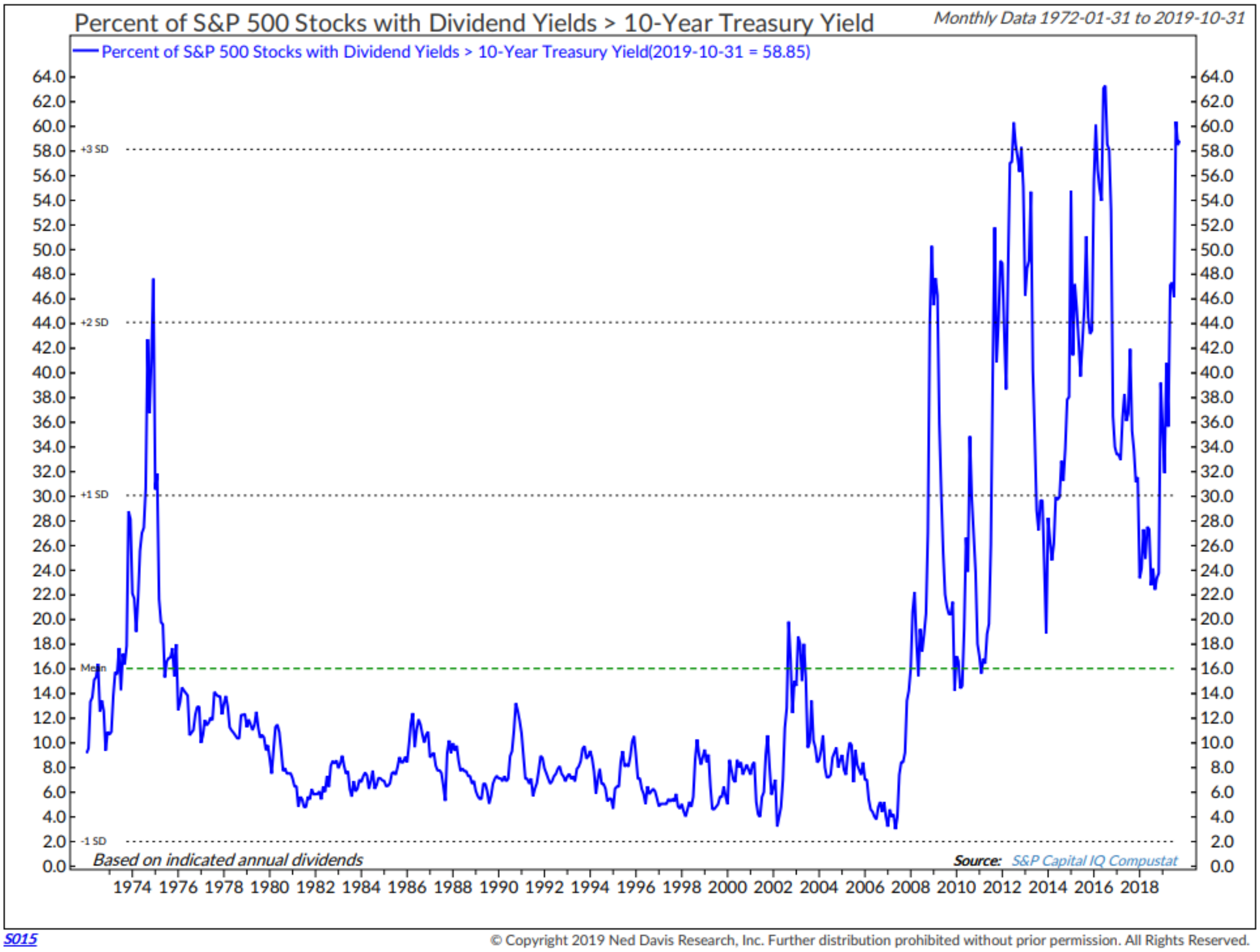
SYMBOL	NAME	SCTR	U	CLOSE	CHG	% CHG
XLF	Financial Sector Fund	94.2	etf	29.37	2.08	7.56
XLI	Industrial Sector Fund	89.8	etf	81.15	5.68	7.51
XLE	Energy Sector Fund	26.5	etf	61.21	3.86	6.73
XLB	Materials Sector Fund	84.3	etf	59.47	3.27	5.81
XLK	Technology Sector Fund	96.5	etf	85.11	4.57	5.67
XLV	Health Care Sector Fund	55.0	etf	94.58	3.91	4.34
XLC	Communication Services Sector Fund	49.6	etf	51.23	1.84	3.72
XLY	Consumer Discretionary Sector Fund	40.4	etf	121.71	2.67	2.24
XLP	Consumer Staples Sector Fund	43.5	etf	60.56	-0.64	-1.04
XLU	Utilities Sector Fund	43.4	etf	63.27	-2.08	-3.20
XLRE	Real Estate Sector Fund	15.1	etf	38.79	-1.45	-3.68

It is not coincidence that all of this is happening while the US is making lumpy progress on its China trade issues, but progress nonetheless. Recall that President Trump needs a "deal" to ensure that the US economy is firing on all cylinders as he faces the November 2020 election. Accordingly, we see some kind of US/China trade deal getting done. Given the slowing growth in China and the mess in Hong Kong, we believe that Xi needs it as bad as Trump.

One of the most interesting side developments to the China/US trade issues has been a weakening $USD – it seems the closer we get to a deal, the weaker the greenback gets. This makes sense in that the USD$ is still seen as the "flight to safety" in times off global turmoil and thus the $USD gets bid up. Conversely, if we have improved global certainty, the $USD becomes less attractive. This is especially important for Canadian investors on two fronts – protecting our USD$ gains in $CAD terms <u>and</u> a weaker $USD makes all things commodities more attractive. The commodities sector is still a big slice of our Canadian market. Bottom line, we are slowly backing off our USD$ exposure in favour of Canada and some select X-USA jurisdictions.

Chart courtesy of StockCharts.com

The other encouraging news we want to share with you is that relative to interest rates, dividend paying stocks are not expensive. Below is the evidence - the chart below reflects the percent of S&P 500 stocks with dividend yields > 10-Year Treasury yield. Put another way, there are lots of dividend paying stocks that are clearly inexpensive, on an income basis, relative to say, GICs. And as you know, those dividends can grow.



Questions? We are here to help. Clients and those interested in our services can book time with Chris at https://go.oncehub.com/ChrisRaper and or reach out to our team at 250-405-2445 or toll-free at 1-877-655-5580.

Yours truly,

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Chris Raper & Associates - *the most proactive wealth advisory team on planet Earth*