



December 2020 Monthly Summary

We are encouraged about the expected upcoming release of Covid vaccines, and we hope that you continue to remain safe and healthy. As we approach year end, we wanted to provide you with some important year-end tax tips, as well as remind you of contribution limits for TFSAs as well as RSPs and RESPs. Finally, a brief summary of the November stock market activity is included.

2020 Tax Planning Tips

Since many tax strategies require foresight to be effective, tax planning should be a year-round activity. However, as the year end approaches there are still opportunities to consider in order reducing your 2020 tax bill.

The article, [2020 Year-End Tax Planning Tips](#) highlights important tax-saving strategies that can be implemented before year end. It also discusses some of the measures implemented in recognition of the market volatility and economic impacts of the COVID-19 pandemic that are specific to the 2020 tax year.

2021 Contribution Limits

You can view the 2020 and 2021 RSP contribution limits and the 2021 TFSA and RESP limits [here](#).

November Market Recap: Wall Street Soars to New Highs Following Historic Monthly Rally

Wall Street and Canadian stocks have concluded an exceptionally strong month of November, as investors rallied behind the outcome of the U.S. presidential election and positive developments around COVID-19 vaccines.

Dow, S&P 500 Hit New Highs

All of Wall Street's major indexes posted stellar returns for November, with the Dow Jones Industrial Average and S&P 500 Index hitting new all-time highs. The Nasdaq Composite Index also had a strong month as information technology and biotech stocks gained ground. The three U.S. indexes gained between 10.8% and 11.8% during November.¹



The CBOE Volatility Index, commonly known as the VIX, fell to the lowest level since February. A lower VIX is often viewed as bullish for stocks.

Meanwhile, in Canada, the S&P/TSX Composite Index finished the month with a 10% gain. The Canadian benchmark is back in positive territory for the year but is still roughly 4% shy of its all-time high.

Markets Rally on Biden’s Presumptive Victory

Democratic candidate Joe Biden declared himself president-elect following a presumptive win during the Nov. 3 election. Although President Donald Trump is contesting the election results over allegations of fraud and constitutional infringements,² markets appear to have priced in a smooth transition of power in January.

Although investors reacted positively to Biden’s victory, a divided Congress could have more sweeping implications on markets and the economy. At the time of writing, Republicans have made up ground in the House of Representatives and appear poised to retain the Senate.³ Political analysts say the GOP is on track to take back the House during the 2022 midterms.⁴

COVID-19 Vaccine Optimism Grows

Equity markets surged in November on news that several promising COVID-19 vaccines had shown positive results. On Nov. 9, Pfizer and BioNTech reported that their vaccine candidate was more than 90% effective in preventing COVID-19 in participants.⁵ Less than one week later, Moderna said its vaccine was 94% effective in preventing the virus.⁶ AstraZeneca became the third company to announce that its vaccines are at least 90% effective, based on clinical trials.⁷

In the United States, a COVID task force has promised rapid December rollout of the vaccine.⁸ In Canada, vaccines are planned for distribution in early 2021.

More than 63.2 million people were infected with COVID-19 by the end of November, according to Johns Hopkins University. The United States had more than 13.5 million confirmed cases. In Canada, confirmed infections have exceeded 381,000.

Looking Ahead

With the Christmas holidays around the corner, seasonality could favour risk-on sentiment in the financial markets over the next month. However, some strategists are warning that returns could be subpar following the post-election sprint.⁹



In the meantime, investors will continue to monitor the political transition in Washington, as well as growing virus cases heading into the holidays. Economic data will continue to make headlines, with reports on employment, inflation, housing and manufacturing set to drive market sentiment.

Sincerely,

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¹ Ross Marowitz (November 30, 2020). "North American stock markets fall to end very strong November while loonie rises." The Chronicle Journal.

² BBC News (November 30, 2020). "US election 2020: What legal challenges has Trump launched?"

³ Akane Otani (November 8, 2020). "What a Joe Biden Presidency Will Mean for Markets." The Wall Street Journal.

⁴ Geoffrey Skelley (November 12, 2020). "Republicans Are On Track To Take Back The House In 2022." FiveThirtyEight.

⁵ Pfizer (November 9, 2020). "Pfizer and BioNTech Announce Vaccine Candidate Against COVID-19 Achieved Success in First Interim Analysis from Phase 3 Study."

⁶ James Gallagher (November 16, 2020). "Moderna: Covid vaccine shows nearly 95% protection." BBC News.



⁷ Sukee Bennett (November 24, 2020). “A third Covid-19 vaccine is effective and cheap. What happens next?” PBS.

⁸ Christopher Condon and Yuegi Yang (November 29, 2020). “Covid Task Force Promises Rapid December Vaccine Rollout.” Bloomberg

⁹ Emily Graffeo (November 30, 2020). “December's return may be sub-par': A Wall Street chief strategist warns that stocks could limp into year-end after an explosive November.” Markets Insider.



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