



## October 2020 Monthly Summary

Summer has officially passed and we hope you are looking forward to all that fall offers. In this summary we review a number of topics from helping your children, travel insurance and a review of the markets.

### Helping Your Children During These Challenging Times

You may be feeling confident that you are on track to achieving financial success. However, you may have concerns about your children not being able to attain the same level of success on their own given the current economic environment. The article, [Helping Your Children](#), explores ways to effectively help your adult children while keeping your own wealth plan in order.

### Insurance for Snowbirds

While the border remains closed to the U.S., Canadians are still able to fly to the U.S. Having the proper medical coverage is critical, especially for COVID-19 coverage. Many insurance companies do not provide coverage for COVID-19 related illnesses while in the U.S. However, currently [Manulife](#) and [Medipac](#) do. What is important is the dollar coverage. Medipac has a relationship with the Canadian Snowbirds Association, and offers coverage up to \$ 5 Million U.S., while Manulife's coverage is significantly less.

### October Market Update: Stocks Market's Historic Run Faces a Setback as Attention Shifts to U.S. Elections

Wall Street and global stocks declined in September, capping off a stellar quarter on a softer footing as attention shifted to the U.S. presidential election and resurgence in COVID-19 cases. A stimulus deadlock in Washington, overbought technology stocks and economic weakness also impacted investor sentiment.



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## North American Stocks Decline

September was a volatile month for North American stocks. The Nasdaq Composite Index recorded its fastest 10% plunge in history as technology stocks pulled back sharply from all-time highs.<sup>1</sup> The tech-heavy index finished September down 6.5%. The broad S&P 500 Index of large-caps stocks declined 4.6% for the month, while the Dow Jones Industrial Average fell 3%.

Canadian stocks also declined in September, with the benchmark S&P/TSX Composite Index falling 3.2%. Similar trends were observed internationally, with key markets in Europe and Asia reporting declines. Despite a rocky month of September, stocks rounded out their second consecutive quarterly gain.<sup>2</sup>

## Volatility Rises Ahead of U.S. Elections

Investors are bracing for a highly volatile U.S. election cycle. Futures on the CBOE Volatility Index (VIX) are trading at a premium for October and November,<sup>3</sup> a sign that market participants are pricing in election risks. The VIX tracks the market's expected volatility over the next 30 days. It has remained above the historical average since February.

President Donald Trump and Democratic nominee Joe Biden held their first of three presidential debates on September 29. The 90-minute affair was marked by insults and disruptions, with both candidates sparring over COVID-19, the election and race relations.<sup>4</sup> The next debate is scheduled for October 15. Both candidates are bracing for a contested election over complications tied to mail-in voting.<sup>5</sup> With the exception of the latest Quinnipiac survey, most major polls give Biden a sizable lead in the November 3 election.<sup>6</sup>

## Stimulus Deadlock Grips Washington

Republicans and Democrats remain far apart on a new coronavirus stimulus deal, raising the possibility of a prolonged stalemate that extends beyond the November election.

A potential breakthrough emerged on September 30 after Treasury Secretary Steven Mnuchin indicated that Republicans would offer a \$1.5 trillion stimulus program to counter the Democrats' \$2.2 trillion proposal.<sup>7</sup> That optimism was quickly dashed after Senate Majority Leader Mitch McConnell said no deal was imminent.

Congress is under pressure to pass a new stimulus program to aid in the economic recovery, which has stalled in recent months. U.S. lawmakers reached a deal last month that averts a government shutdown in October. Under the new agreement, the federal government will remain open until mid-December.

## Looking Ahead

The U.S. presidential election and Covid-19 are expected to dominate the headlines in October. A global resurgence in virus infections has raised the possibility of new lockdowns, even in Canada, where the second wave has already begun. Ontario Premier Doug Ford has warned that daily infections in the province could hit 1,000 by mid-October.

Sincerely,

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<sup>1</sup> Mark DeCambre (September 8, 2020). "The Nasdaq just marked the fastest 10% plunge in history—again." MarketWatch

<sup>2</sup> Gunjan Banerji (September 30, 2020). "Stocks Finish Second Straight Quarter of Big Gains." The Wall Street Journal.

<sup>3</sup> Vixcentral.com

<sup>4</sup> Fox News Videos (September 30, 2020). First debate between Trump, Biden marked by insults and interruptions.

<sup>5</sup> Brian Padden (September 27, 2020). "Trump, Biden Prepare for Contested Election Over Mail-in Voting." VOA News.

<sup>6</sup> RealClearPolitics.com

<sup>7</sup> Megan Henney (September 30, 2020). "Mnuchin, Pelosi make last-ditch push for coronavirus relief deal ahead of November election." Fox Business.