

Views of Gordon Higgins CPA CA, MBA, CFA

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**The Markets**

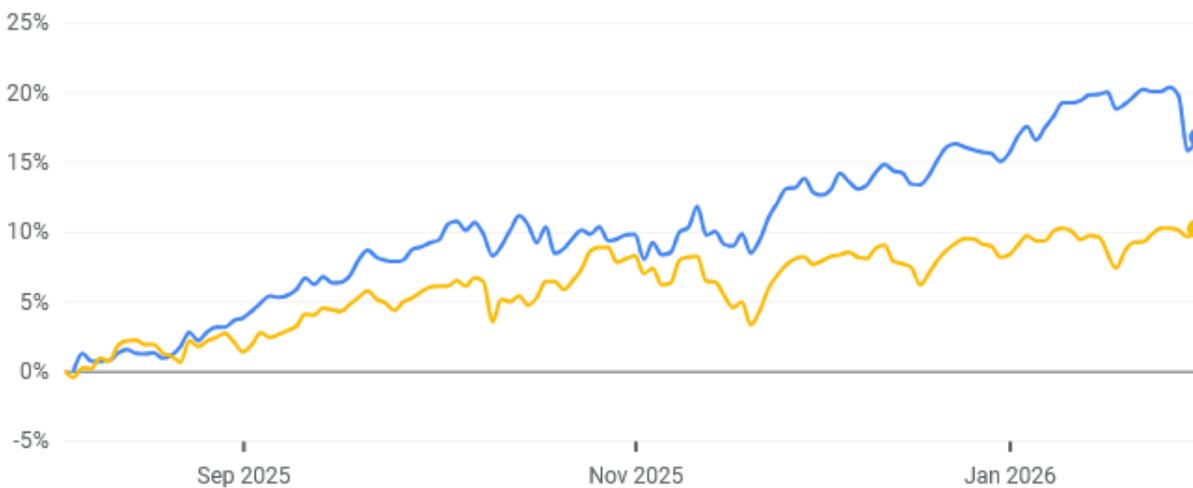
	<b>January</b>	<b>Year –To- Date</b>
S&P TSX	31923	0.7%
S&P 500	6939	1.4%
Dow 30	48892	1.7%
Oil	\$65.21	13.5%
Gold	\$4740	9.8%

If you were invested in precious metals on the last day of the month you saw a significant decline in their shares but for the month they gave you a positive return. The markets specialized in ignoring world events until the end of the month. When the US captured the president of Venezuela and brought him to the US the markets shrugged. That is, other than Canadian oil stocks, however they did recover later in the month. Tensions rose with Iran and oil prices rose, but the rest of the market continued its upward ascent. Trump threaten to take Greenland by force which caused massive concern from the NATO members but then he backed down. Trump set up his organization to compete with the UN, but major world powers did not join. Then on the last day of the month Trump nominated his candidate to head the Federal Reserve. The nominee indicated he wanted lower rates but in his previous term on the Fed he accused the Chairman of being too fast with interest rate decreases. The market focused on his prior actions and not his words. This meant interest rates would not decline as fast as hoped and some military risks were lower which caused precious metals, such as silver, to fall 36% in one day. That is not a typo, yes, the price fell more than a third. Some said it was profit taking after a significant rally. If the market goes down on profit taking, does it go up when loss taking? Obviously, this is facetious.

Despite a massive decline at the end of the month, Gold and Metal stocks had positive returns in January. The price of Gold rose almost 10%. Concerns about Venezuelan oil and uncertainty in the Middle East led to a double digit increase in the price of oil. As you would expect, both the Mining and Energy indexes had double digit returns. A takeover in the REIT sector led investors to reassess the valuation of some of the REITs and Income Trust and this led these areas to outperform the broader market. At the other end of the spectrum were the Information Technology stocks that had a double-digit decline. Some of the big software companies continued the declines from 2025. They fell on fears their software could be displaced by cheaper AI data management. The volatile Health Care sector was also a laggard as the cannabis stocks gave back gains when it appeared legalization in the US was a low priority to the current government. Other laggards were the ones directly related to consumer spending. Both Consumer Staples and Consumer Discretionary sectors had negative returns.

The chart on the below presents the performance of the S&P 500 and the S&P TSX over the past 6 months.

**6 Month Performance S&P 500 and TSX**



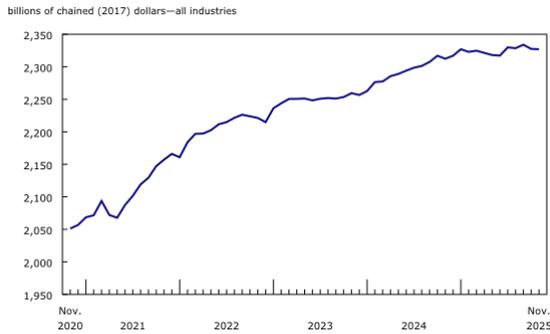
TSX, S&P 500 source google finance

**Economic Indicators**

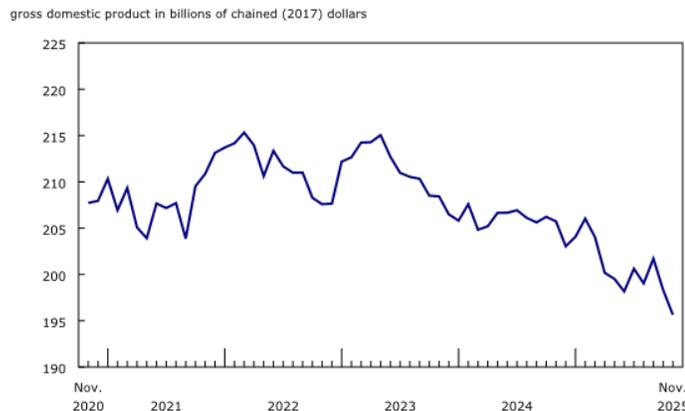
**1. Canadian GDP**

This section contains two graphs on Canada's GDP. One shows the economy showed moderate growth in November while the second shows the continued decline in manufacturing.

The chart on the next page shows the Canadian economy, as measured by Gross Domestic Product essentially flat lining. Real GDP was essentially flat in November after a 0.3% decline in October, as weakness in goods-producing industries offset modest gains in services. Goods output fell 0.3%, driven by declines in manufacturing and agriculture/forestry/fishing, while services rose 0.1%, supported by retail trade, education, and transportation



Manufacturing dropped 1.3%, with durable goods down 1.9%—notably transportation equipment, machinery, and fabricated metals—partly due to global semiconductor shortages constraining auto production. Non-durable goods also declined, led by food and plastics/rubber, though chemical and petroleum refining provided some offset. Wholesale trade contracted 2.1%, particularly in motor vehicle-related wholesaling, reflecting disrupted auto production. The chart below shows the steady decline in manufacturing activity.



On the services side, retail trade rebounded 1.3% with broad-based gains, including a strong recovery in food and beverage retailers after labor disruptions ended. The public sector rose 0.4%, led by educational services as schools resumed after strikes, with smaller gains in health and public administration. Transportation and warehousing increased 0.9%, driven by a sharp recovery in postal services after labor actions were suspended, along with gains in warehousing and pipelines. Agriculture and forestry continued to decline, reflecting weak crop output and lumber markets. An advance estimate shows GDP up 0.1% in December, with the economy down 0.1% in Q4 and up 1.3% for 2025 overall, pending official revisions.

Reflection

**1440 – a lifestyle or investment guide**

I heard an interesting story on the radio. It might help put investing in perspective.

A person had a generous benefactor. They were given \$1,440 every day. The only provision was they could not carry the balance forward, so they had to spend the gift on the day they received it. The condition is that the gift might stop any day, sometimes with advance warning or when the benefactor chooses to stop payments will be a surprise.

Normally it is a good idea to save the money for a rainy day or for your retirement. In this case it is not an option. How would you act if you were given this opportunity? Your first thought might be to spend it wisely while others might say it doesn't matter as I will get fresh funds tomorrow.

The twist to the story is that person is all of us. Everyday we are given 1440 minutes to spend. We cannot carry today's minutes to tomorrow. Unfortunately, one day you will run out of minutes. There are no rollovers, no refunds and an unknown termination date. Procrastination is equivalent to wasting an asset.

When we were talking about dollars it was easy to say spend it and enjoy. When you realize you have a finite time it changes your answer. Even knowing this, I still do not spend every minute wisely. When you think of this how much does the price of gold or silver really matter?

Unlike this scenario you have a finite number of minutes, but you can carry your dollars over from day to day. I remember a portfolio manager who had a negative view of the markets and the TV host asked him if he was worried. His response still resonates with me today "I get paid to worry".

You can spend your days worried about your savings or investments, or you can plan to save. I feel my job is to steward my clients' savings, so they do not have to worry if the market is up or down any day. It is my job to take the worry from them. I spend my days analyzing specific stocks and the market in general.

We try to limit the risk to your retirement plans. We have a disciplined process. We focus on building diversified portfolios that we rebalance when required. This should allow the client to focus on life and not the day-to-day movements in their portfolios.

Everyone has a different objective. Some have told me they need \$2 million in savings for their retirement others have suggested \$1 million and many are just happy to see their portfolios grow.

I spend time on the markets to free up your time to focus on how you wish to spend the 1440 minutes you are gifted each day.

Asset mix: (1) We continue to have a positive one-year outlook for equities but expect near term volatility to be the dominant theme. I think we have had this outlook for the past two years and, so far, we have been correct.

**Summary**

**If I could save time in a bottle... But there never seems to be enough time, to do the things you want to do..” – Jim Croce**

Sometimes you must put things into perspective. The reflection section discussed someone who was gifted \$1440 each day but they could not carry the extra cash to the next day. Then we revealed we all get the same gift the gift of time. There are 1440 minutes in each day, and you can choose how to spend them, there are no refunds or exchanges. Therefore, you should try to spend your time wisely. Having a portfolio manager focus on your portfolio should take some pressure off the investor and allow you to have more time, and money, for yourself. As one manager said, “I get paid to worry”, so you do not have to.

Given recent volatility we have not changed our approach to portfolio management. We continue to focus on portfolios that provide income from dividends with the expectation that the dividends can grow. The other focus is looking for stocks that have the prospect for long-term capital appreciation. Even after a significant increase we still see value in Canadian banks. Depending on a client’s objective they might hold some gold stocks that have lagged in other years but have had strong performance in 2025. By building diversified portfolios we can offset weakness in some stocks with solid growth in others. We build portfolios, NOT a collection of stocks.

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