

THE LUCK FINANCIAL GROUP

## Darren's take on things August 2022

### ***This is a “bad news is good news and good news is bad news market”***

After 33 years in the investment business I've seen some pretty crazy things and earned every grey hair on my head. Fortunately with every grey hair comes experience, wisdom and no patience for nonsense! When I started in the business we were taught that negative back to back GDP reports meant we are in a recession. In July it was reported that U.S. GDP fell by an annualized 0.9% for the second quarter of the year. This followed a drop of 1.4% in the first quarter of 2022. According to my calculations that is two negative quarters, which means we are in a recession, but apparently that's not the case anymore (that's the nonsense part). To be fair, the aftermath of the COVID situation changes everything and I like to think my 33 years helps me “know what to do, when no one seems to know what to do”!

For the most part markets are still down year-to-date, but had a nice little bounce in July and that was the market reaction on news about negative economic growth. Today, the U.S. jobs report announced that 528,000 new jobs were created when just 258,000 were forecasted, which is great news, but markets opened down as of August 5<sup>th</sup>. Canada's July jobs report surprised economists with a loss of 30,600 while they all expected a gain of 15,000. What's up with that?

You may be wondering, why is bad news good news and good news bad news? Good news like higher growth could lead to higher interest rates and markets are worried about anything that could lead to higher rates, but are relieved with any news that leads to lower rates.

Things are not perfect and there is a lot to worry about, including the massive economic shock we have lived through and in my view, the government's questionable response to it. All things considered we are in pretty good shape. I am an optimist, but I am trained to worry and what worries me currently is the potential for an energy crisis in Germany and tensions between China, Taiwan and the rest of the world.

I hope you are enjoying your summer because it will be fall before we know it. I am happy to discuss any of these items with you. If you have any questions please reach out. We are here to help.

Sincerely,

*Darren*

**Darren J Luck**, CIM®, Senior Wealth Advisor, Portfolio Manager

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***We understand that you've worked hard, saved and sacrificed. Which is why we have been committed to helping generations of families and business owners meet their goals since 1991.***

Source: <https://financialpost.com/news/economy/head-scratcher-economists-weigh-in-on-canadas-surprise-job-loss>

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Darren Luck is an Investment Advisor with CIBC Wood Gundy in Windsor. The views of Darren Luck do not necessarily reflect those of CIBC World Markets Inc.

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