

“IT AIN’T OVER ‘TILL IT’S OVER.” (YOGI BERRA)

We expect the markets will continue their volatility. So beware and be aware.

Both Canada and the U.S. central bankers lowered interest rates yesterday, Canada 25 bp, and the U.S. a record 75 bp. Falling interest rates are traditionally good for stock markets, given that the advantage of higher returns on debt relative to equities is narrowed.

However, just because world stock markets rallied yesterday, other than the U.S. which is out-of-step because of the Monday holiday, we don't think the good times are back just yet. But it is a time to up-grade your portfolio.

We mentioned yesterday that many bear markets end with a one-day crash on big volume. After a sharp, but short, recovery, markets either tend to go back and revisit the panic lows or they bounce along within a rather narrow upward-sloping range over an extended time.

We hold to our advice yesterday to seek wrung-out, significantly over-sold quality stocks of companies with demonstrated management acumen.

Now is the opportunity to sell your losers and add to your winners. You have time.

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