

## Monthly Commentary 2<sup>nd</sup> September 2021

Another month, another rise in equities, with the MSCI World up about 2.5% in local currencies. The US, Japan and Euroland stock indices led the way in August. Other markets were more quiet, with bonds down about half a percent, the USD index up by about the same amount and commodities largely flat. Bitcoin continued its run towards \$50K with another 13% gain.

### Bits and pieces

August is a quiet month as many people take vacation. We thought that instead of giving you one more explanation why equity markets keep climbing the wall of worry, we would just provide you with tidbits that sparked our interest this month.

### Americans and wills

It is quite shocking that only 46% of US adults have wills. The graphic below from Gallup has more detail.

	% Yes, have a will
U.S. adults	46
<b>Age</b>	
65+ years old	76
50-64 years old	53
30-49 years old	36
18-29 years old	20
<b>Annual household income</b>	
\$100,000 or more	61
\$40,000-\$99,999	49
Under \$40,000	30
<b>Education</b>	
College graduate	57
Not college graduate	40
<b>Race/Ethnicity</b>	
White adults	55
Nonwhite adults	28

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We urge all of you without a will to talk to your financial advisor about the best way to protect and prepare your estate should something happen to you.



## China “crackdown”

The western world has been somewhat surprised by the breadth and speed with which China’s regulators are making decisions about whole sectors and industries. We shall not comment on the implications of these moves but thought it relevant to present some bullet points by Bloomberg on this:

- **Chinese Authorities Investigating Tax Evasion Among High Earners** First up: actress Zheng Shuang, who was ordered to pay 299 million yuan (\$46 million) in overdue taxes, late fees and fines.
- **China’s Top Court Spells Out How Excessive ‘996’ Work Culture Is Illegal** The Supreme People’s Court denounced labor violations and unreasonable overtime, putting the country’s most demanding employers -- including some of its biggest tech companies -- on notice.
- **China Plans Control of Tech Algorithms** U.S. Can Only Dream Of The rules would forbid practices that “encourage addiction or high consumption.”
- **Tencent Tells Kids to Wait Till 18 to Play This Dating Game** It’s the gaming giant’s latest move to appease Beijing after state media decried video games as “spiritual opium” for Chinese youth.
- **China Plans to Ban U.S. IPOs for Data-Heavy Tech Firms** Dow Jones reports regulators are preparing new rules that would ban companies with large amounts of sensitive consumer data from going public in the U.S.

For those that do not know, “996” means working 9am to 9pm 6 days a week.

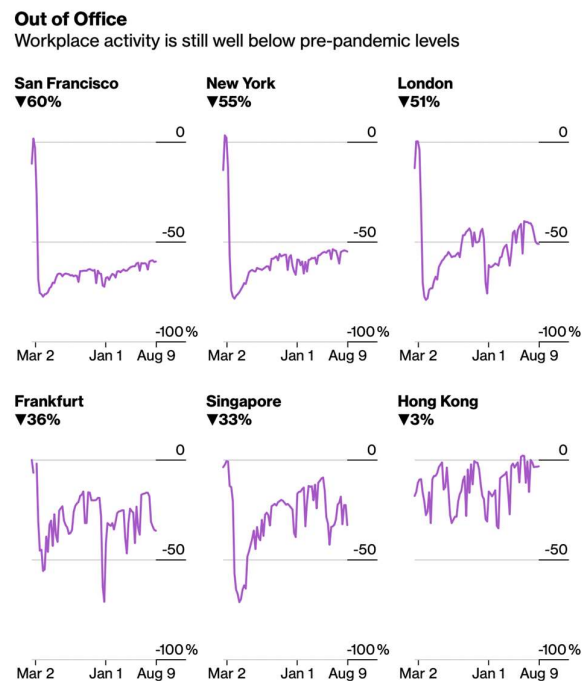
## Did you know?

There are 3,084 counties in the USA. Of these, 2,564 voted for Trump in the last election and only 520 voted for Biden. Of course, the Biden-voting counties are far more populous on aggregate, hence Biden’s victory. What is interesting is that those 520 counties account for 71% of US Gross Domestic Product (GDP). According to Bloomberg and thankfully for the US economy, the partisan lean of these same economically vital 520 counties helped to protect US growth as democrats are far more likely to be vaccinated than Republicans. According to the Centers for Disease Control and Prevention, as of August 22 the percentage of fully vaccinated people that are 12 and over in the Biden-voting counties was 61% versus only 46% for Trump-voting counties. Not really surprising.



## How many workers have gone back to the office?

Things are not exactly normal when it comes to employees going back to workplaces. There are large discrepancies from city to city. The charts on the next page show that places like San Francisco, New York and London are still about 50% below their pre-pandemic levels. Hong Kong seems to have fared much better.



## More thoughts on Covid

It has been pointed out to us by one of our associates that Elgin should not take a stance on vaccinations because we are an investment house and should limit our commentary to markets and investment-related issues. We took exception to this suggestion because vaccination policies and adoption rates have a severe impact on economic activity and, by extension, they impact markets.

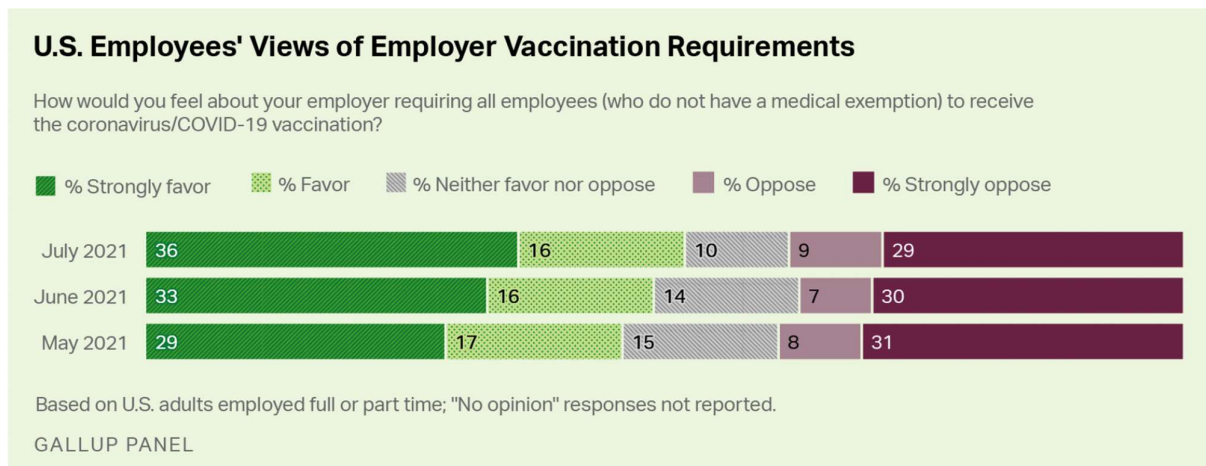
So we applaud the increasing number of firms in the US that have mandated vaccines for their staff before they go back to the office. These include Goldman Sachs, Deloitte, Disney, McDonald's, Microsoft, Salesforce, Walmart and many more.



We also applaud Andy Murray who recently said that all tennis players on tour have an obligation to get vaccinated. It is a pity that ignorant players like Djokovic (no 1 in the world) and Tsitsipas (no 3 in the world) are still not only refusing to be vaccinated but they do so publicly not realising that being influencers, they affect thousands if not millions of people.

So once again, we state categorically that the more of the world's population gets vaccinated the better it is for the world's economy, and it is absolutely our business as an investment house to say this.

We leave you with a graphic which sadly shows how divisive the issue is:



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