

## The Weekly Beacon

We will be giving some macro economic market updates on a weekly basis. No equity recommendations will be given in this commentary and we encourage you to contact us if you have questions regarding any observations.

*The two main purposes of a Lighthouse are to serve as a navigational aid and to warn boats (Investors) of dangerous areas. It is like a traffic sign on the sea.*



Peggy's Cove, Nova Scotia, Canada - submitted by Paul Beattie and his daughter Grace.



Cape Spencer Lighthouse, South Australia.

*Feel free to send us your photos of Lighthouses to be featured in our weekly market observations.*



## Jobs Flop

The U.S. Job Report for September was released last Friday.

We won't bore you with details. CNN's headline says it all.

### **Another disappointment: US economy adds only 194,000 jobs in September**

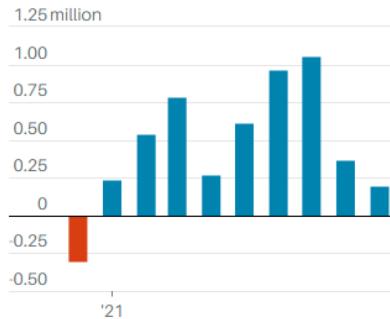


By Anneken Tappe, CNN Business  
Updated 9:51 AM ET, Fri October 8, 2021

The Labour Department reported a September addition of 194,000 jobs, sounds good on paper, however, estimates for the month were an addition of jobs just under 500,000. It was the softest pace of hiring since December.

#### **Disappointment**

The jobs reading marks the softest pace of hiring since last December, when employers shed workers.



Note: Seasonally adjusted.  
Source: Labor Department.

Some investors cheered the failure as they hope it pushes back the FEDs tapering program.

The numbers are beginning to become worrisome. Nobody can fill open roles.

### **Job openings reach historic high of almost 11 million. Why are 9 million still jobless?**

BY AIMEE PICCHI  
SEPTEMBER 8, 2021 / 12:52 PM / MONEYWATCH



Last month there were a reported 11 million open jobs across the U.S., a record number. There are less people who are unemployed. Enhanced unemployment benefits stemming from the pandemic are allowing workers to stay home and not work. The world is 18 months into the pandemic and the emergency government benefit is still going on, and millions continue to collect cheques at home.

Currently just under half the States across the U.S. have the benefit still in place. The other half ended the benefit a few months ago.



## Half of states are ending increased unemployment benefits as governors say businesses need workers

BY SARAH EWALL-WIEC  
UPDATED ON: JUNE 2, 2021 / 10:52 AM / CBS NEWS

f t g

Looking at August's unemployment on a state-by-state rate, the 10 states with the highest unemployment rate all have the benefit still in place. The 11<sup>th</sup>, Alaska does not have the benefit still in place.

Alaska	6.4	41
Pennsylvania	6.4	41
District of Columbia	6.5	43
Hawaii	7.0	44
Illinois	7.0	44
Connecticut	7.2	46
New Jersey	7.2	46
New Mexico	7.2	46
New York	7.4	49
California	7.5	50
Nevada	7.7	51

It's pretty clear, certain workers would rather stay home and get a cheque rather than look for a job or even work a job. The only way to get the U.S. economy back to a pre pandemic employment levels is to universally end the Covid-19 benefit. We are not suggesting ending unemployment benefits altogether, just the emergency benefit.

However, the unemployment may only get worst in the coming months.

## NY prepared for tens of thousands of unvaccinated health workers to lose jobs

Terminated health care workers will not be eligible for unemployment.

BETH MOLE - 9/27/2021, 6:49 PM

States across the U.S. are firing thousands of health care workers who chose not to take the vaccine.

President Biden also announced a mandatory vaccination program for companies who have 100+ employees. States have already begun to push back against this so we will see how this turns out.

## New federal rule to require businesses with 100+ employees mandate vaccinations

*Biden will also order all federal workers be vaccinated.*

By Molly Nagle, Sarah Kolinovsky, and Justin Gomez  
9 September 2021, 18:23 • 8 min read

f t g

People are quitting and being fired in the millions, at record levels.



Disclose.tv  
@disclosetv

...

NEW - Record high 4.3 million Americans quit their jobs in August.

11:51 AM · Oct 12, 2021 · Twitter Web App

5,361 Retweets 1,039 Quote Tweets 19.1K Likes



A mass work force exodus is happening that is totally preventable.

Texas announced they will not allow companies to require vaccines for workers.

## Texas Gov. Greg Abbott bans any COVID-19 vaccine mandates — including for private employers

Abbott also called on the Legislature to pass a law expanding the ban on vaccine mandates.

BY REBEKAH ALLEN OCT. 11, 2021 UPDATED: 16 HOURS AGO

A Biden-Abbot showdown looks to be upcoming.

Its not surprising to see headlines like this:

ELECTION 2020 | Sep 17, 2021, 09:25am EDT | 87,869 views

## Biden's Approval Rating Sinks To Lowest Level Of Presidency Amid Concerns Over Coronavirus Pandemic, Poll Finds



Robert Hart Forbes Staff  
Business  
I cover breaking news.

Biden's approval rating is 38%, Trump's lows were usually in the same area. Polarization is alive and well.

All the issues across America are catching up to the Biden administration and it seems the economy is on the minds of all Americans.

The economy and health care system can not handle a mass exodus of employees due to vaccination status. There would not be workers to replace them, and all the progress made through the recovery would take a big hit. Economic productivity would also take a massive hit.

### **Musk jumps to Texas**

Billionaire and Tesla CEO Elon Musk announced last week that Tesla's headquarters were moving to Austin, Texas. Headquarters had been in California since Tesla was founded.

Musk has been critical of California in the past and has cited the government as anti business. In his announcement he cited lack of space and the high cost of living for Tesla employees. Last year Musk personally made the move to Texas, leaving California.



## Elon Musk Moves to Texas, Takes Jab at Silicon Valley

Tesla chief is among highest-profile tech executives to leave Silicon Valley during pandemic, criticizing California's treatment of innovators

When announcing Tesla would join him in Texas, Musk referred to a Twitter exchange he had with a state Congress member of California, last year.


**Lorena Gonzalez**  @LorenaSGonzalez · May 9, 2020




**Elon Musk**  @elonmusk

Message received

8:15 PM · May 10, 2020  ⓘ

 138.7K
 4.6K
 Share this Tweet

[Tweet your reply](#)

The exchange was over a year ago, but Musk hinted that the tweet was a part of the reason he moved. The exchange was regarding Musk reopening a factory in May 2020 which went against California state Covid-19 restrictions.

Gonzalez has also been a critic of Tesla due to there lack of an employee union.

The factory that is closing employs over 10,000 people and is one of California's largest manufacturing employees.

Musk is moving his employees to a state with lower regulation and no state tax. Business seems to be booming in Texas.

### The Barron of Washington

Over the past few weeks a few news outlets have started to cover Washington insiders and their endless payouts from the stock market. Even though this is not a new thing, many are citing that retail investors actually follow the trades of sitting members of Congress, citing their success in equity markets.

POLITICS

## Insider trading and Congress: How lawmakers get rich from the stock market

PUBLISHED THU, OCT 22 2020 9:01 AM EDT | UPDATED THU, OCT 22 2020 9:57 AM EDT



Brian Clark



Tala Hadavi

SHARE    

In the run up to last year's election a few Senators got their hand stuck in the "cookie jar" after it was revealed they dumped some of there holdings before the lockdowns of March 2020.

The biggest whale of Washington seems to be the Speaker of the House, Nancy Pelosi. Pelosi earns a salary in the high \$100,000s and has been a member of Congress since 1987. So how does a salary like



that grow Nancy and her husband Paul's net worth into the low to mid nine figures. The couple's net worth was estimated near \$40 million back in 2004, quite the nice return for people who do not earn massive salaries over the last 15 years.

Their non financial assets include a Napa Valley mansion, an exclusive DC condo, a San Francisco brownstone, and numerous commercial buildings in San Francisco.

Many have pointed out Nancy wins big on her trades. All her trades are done by her husband Paul so technically not Nancy but the multi baggers being produced by Paul Pelosi ring some alarm bells.

### **Retail traders follow Nancy Pelosi's husband's stock moves to find winners**

 Ines Ferré · Markets Reporter  
Wed., October 6, 2021, 12:39 p.m. · 3 min read

**Retail traders are mirroring investments by Nancy Pelosi's husband, whose stock picks have been strong performers over the last 2 years**

Some have given her the nickname "Queen of Stonks", stonks is a reference used by retail traders, a nickname for stocks.

Over time as Pelosi has risen up the ranks of her party, her net worth has followed, essentially the same trend line. She is now one of the richest members of Congress.

Looking at the Pelosi trades, Paul Pelosi has made public trades valued at \$50 million over the last 2 years. Most of these trades are in the technology sector, approximately 75% of his trades over the last 2 years. Nancy and Paul live in Silicon Valley so maybe there just really confident in the people they live near..... or perhaps they are some of the best investors around?!

Its neither, Nancy helps regulate the technology industry so its no surprise to see limited diversification in the couple's trades. A few months back there was a push to help regulate large technology companies, Apple CEO Tim Cook personally called Pelosi to warn her against doing this. Pelosi asked for specific details in what the tech giants did not like. In 2020, the Pelosi's traded multiple millions worth of Apple stock and according to financial disclosures own a minimum of \$7 million in Apple stock.

### **Tim Cook called Nancy Pelosi to warn her against disrupting the iPhone with impending antitrust bills**

*Big Tech lobbyists are fighting "tooth and nail" against regulation*  
By Sean Hollister | @StarFire2258 | Jun 22, 2021, 9:12pm EDT

Pelosi's biggest donors include numerous technology executives. A nice trend, help elect her, help her shape policy and let her cash in through the stock market. Pretty seamless strategy.

The regulation of technology companies and the conversation with Tim Cook are a small instance of her "insider trading", this instance could be more risk mitigation rather than trading on unknown public information.

Just looking at Paul Pelosi's trades in 2021, there are a few questionable trades that have benefited the Pelosi's tremendously. In March, Paul Pelosi exercised \$2 million worth of Microsoft call options. Two weeks later and Microsoft announced a \$22 billion deal to outfit the U.S. military with headsets. Microsoft shares popped quite quickly and made the Pelosi's a handsome chunk of change. In January Paul Pelosi bought \$1 million worth of Tesla call options, a month before President Biden announced



incentives for electric vehicle purchasing. Tesla's stock popped. In June, Paul Pelosi cashed in on Alphabet options right before technology regulation was announced. Alphabet stock popped a bit at the exact same time.

This is not just a recent trend for the Pelosi's. Back in 2007, Visa was worried their business would take a hit from pending swipe regulation that Speaker Pelosi was backing. Visa hired numerous lobbyists that descended on the Speaker and the CEO even met with her to try and tank this new regulation. He was successful, Visa became a huge donor of hers and Visa even invited her husband to get in on the pending Visa IPO before it went to market. Visa stock is up over 1,200% since this IPO. According to Pelosi's 2020 financial disclosures, she still owns between \$5-\$25 million of Visa stock.

Pelosi has participated in numerous IPOs, most recently Roblox Corporation which had a reference price of \$45/share and started trading at \$64.50. In June, shares traded above \$100, a nice double for Paul and Nancy. Shares currently trade above \$70. They have been involved in over 10 IPOs while she has been in office. Not a regular occurrence for a sitting member of Congress.

Certain policy decisions have also benefited some of her real estate holdings in San Francisco. The Pelosi Subway was a frequent term used for federal legislation that helped fund a light rail system in San Francisco. There is also pending legislation in the Reconciliation Bill that would give a park \$200 million for spending in Pelosi's district.

Washington will always allow workers to have an advantage in financial markets whether its through themselves or proxy. There is unmatched access. The issue is to reign this in and make sure sitting members of Congress cannot regularly triple the market.

### **Foreshadowing the future**

Southwest Airlines cancelled over 2,000 flights this past weekend. Thousands of air travellers were stranded in airports across the U.S. Many have cited the weather as the primary driver in all these cancellations. A video went viral from a TikTok user where an air traveller was waiting in line after 55 Southwest flights were cancelled at one airport and only 4 desk agents were working. Weather should not limit indoor staff, should it?

## **Southwest Airlines meltdown: More than 2,000 flights canceled since Friday**

By Tom Vacar | Published 10 hours ago | Southwest Airlines | KTVU FOX 2

The CEO went on CNBC to explain the issues and apologized to the public on Tuesday. He cited bad weather and air traffic control issues in Florida as the kickoff to the horrible weekend, and a lack of backup pilots and flight attendants as a national problem that caused cancellations.

2,000+ flights cancelled due to a regular staff shortage? Something seems off.

If weather and regular staff shortages were the issue which caused cancellations, wouldn't every airline be affected in the same way? As of 2pm EST on Sunday, Southwest had cancelled 28% of its flights, far



more than any other competitor. American Airlines had cancelled 2% of its flights over the same time span and Spirit Airlines had cancelled 4%.

Many are citing the company's announcement to uphold President Joe Biden's mandatory vaccination rule for companies with over 100 employees as the reason for the mass cancellations.

## **Southwest Airlines says staff must be vaccinated against Covid by Dec. 8 under federal rules**

PUBLISHED MON, OCT 4 2021 5:26 PM EDT | UPDATED MON, OCT 4 2021 6:50 PM EDT

Four days after this announcement and on a long weekend, staff seemed to revolt against the mandate causing major issues for Southwest.

Southwest is the only airline who has turned the corner past the pandemic and has created a profit. Before the pandemic, Southwest created a profit 47 years in a row, an unprecedented number for the airline industry.

### **1 Big U.S. Airline Just Turned a Profit**

The carrier with the most consistent record of profitability is already back to reporting GAAP profits.



Adam Levine-Weinberg (TMFGemHunter)  
Apr 24, 2021 at 11:35AM  
[Author Bio](#)



In an interview on ABC on Tuesday, CEO Gary Kelly said he did not agree with a federal mandate, but it had zero effect on Southwest's cancellations. Later in that interview he stood with his employees:

### **“We are Not Going to Fire Any Employees Over This”: Southwest CEO Comes Out in Opposition to Biden Vaccine Mandate**

The CEO said he would do his best to follow the orders but will not fire any of his 56,000 employees. The Southwest Pilots Union have asked for blockage of the mandate through the U.S. Labour Act.

In whatever way this ends it will be interesting. Will there be mass firings in the coming months? Will Southwest be a company that completely defies the order? Either way this is foreshadowing for the entire economy. Will there be mass disruptions as more mandates are imposed. An added risk in the road to an economic recovery.

#### **Growing Prices**

The U.S. CPI for September was released Wednesday, inflation reached another 13-year high. After a slight downturn in August, many believed the transitory argument was winning and inflation could be over, a month later we were proven right, inflation is not transitory, and it is here to stay.



# Surge in U.S. consumer prices slows in August, CPI shows. Has inflation peaked?

Last Updated: Sept. 14, 2021 at 9:43 a.m. ET  
First Published: Sept. 14, 2021 at 8:46 a.m. ET

Inflation beat expectations yet again.

Inflation is moving higher globally; Germany set a high not seen in decades.

## German inflation hits 29-year high of 4.1%

Analysts expect it to hit 5% in coming months which would be the highest in 35 years in Germany.

Germany's wholesale price data was also released this week and the number is quite frightening.



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JUST IN - Inflation: Wholesale prices in Germany jump 13.2% YoY, highest since the oil crisis in 1974.

6:33 AM · Oct 12, 2021 · Twitter Web App

1,680 Retweets 285 Quote Tweets 5,014 Likes

The German Wholesale Price Index is the same measure as the U.S. Producer Price Index.

The U.S. PPI was up 8.6% for the year ended of September, the highest since 2008. The PPI is flying high and will potentially follow the European countries higher in the coming months.



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

The PPI and WPI measure producer costs. As we speak, producers are facing massive price increases that are running faster than the consumer price index. Strong demand with disrupted supply chains will continue to lead to rising prices for both consumers and producers.



## China Laughs

Many who have questioned the global climate goals have questioned whether China and other emerging markets will make the transition and commitment to renewables.

Over the past year, the media have applauded China and its joint commitment with the west to slow the use of fossil fuels.

China announced last December that they will commit to steeper cuts in emissions in the coming decade.

December 12, 2020  
2:24 PM EST  
Last Updated 10 months ago

China

### **China's Xi targets steeper cut in carbon intensity by 2030**

The media applauded this move by President Xi and seemed to think China was on board.

In December 2020, the New York Times:

### ***China's Pledge to Be Carbon Neutral by 2060: What It Means***

Under international pressure to do more to address global warming, Xi Jinping made a surprise commitment to drastically reduce emissions. Now comes the hard part.

In April 2021 CNN:

### **US and China agree to cooperate on climate change after talks in Shanghai**



By Ben Westcott and Jennifer Hsiao, CNN  
Updated 1:13 AM ET, Sun April 18, 2021

In July 2021 the Global Times:

### **China becomes a leader in global war against climate change**

By Wen Sheng  
Published: Jul 25, 2021 03:24 PM



China plays by their own rules, people should be weary of trusting the authoritarian regime even if they promise to meet one of your goals.

Last month, U.S. Climate Envoy John Kerry urged China to cut emissions to match their goals. His pleas did nothing, China did not blink, and he labelled the meeting as a failure. Kerry was the same person who met with China in April announcing cooperation and strong progress on matching climate goals.

This week, China seemed to slap the U.S. in the face.

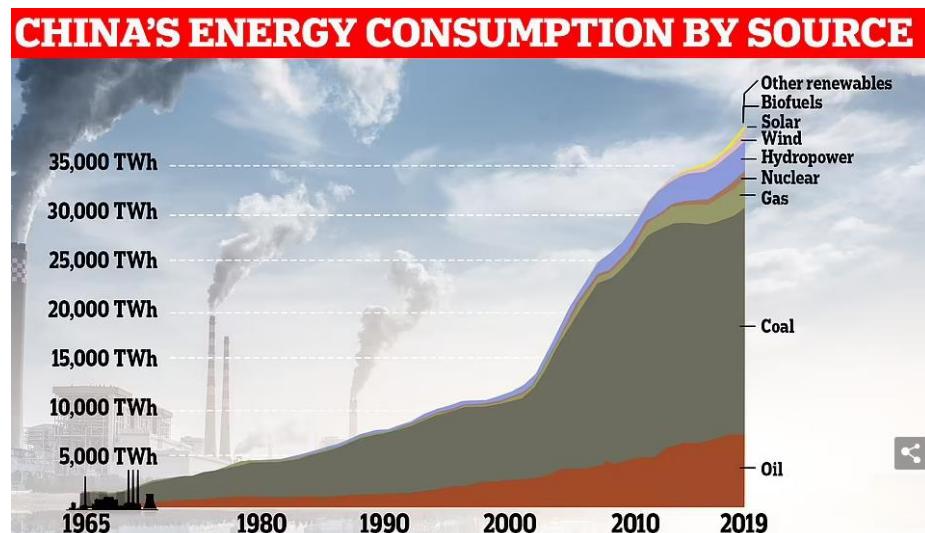


**China thumbs nose at climate targets as it plans to build more coal power stations and ramp up oil and gas exploration to solve its energy crisis just weeks ahead of COP26 summit**

China plans to build new coal plants and ramp up its oil and gas exploration. China also mentioned their goal of a 2030 cap on carbon emissions possibly being scrapped. The move is two weeks before the world climate summit as they metaphorically have slapped the west in the face. China was hit with blackouts last week and want to solve the issue domestically with “reliable energy sources”. Seems like Beijing does not want a European Energy Crisis on their hands. China had major blackouts that effected residential areas and even forced factories to close.

China’s promise to stop growing emissions by 2030 could be cancelled as the country faces reality. The UK’s goal of phasing out coal globally looks to be scrapped as China builds new plants. India has also increased coal production and usage as they have also faced blackouts.

China’s energy consumption has grown as their economy has expanded. Coal remains the dominating source of energy.



The Chinese Premier announced China will develop a new road map for reaching peak emissions.



China has been severely affected by rising coal prices that have surged this year, while China tackles its real issues with coal.



October 12, 2021  
7:14 AM EDT  
Last Updated a day ago

**China**

## China liberalises coal-fired power pricing to tackle energy crisis

4 minute read

By Muyu Xu and Shivani Singh

The U.S. media continue to push a “Green Agenda”. An unrealistic agenda. There is nothing wrong with using green energy, there are just flaws that come with the use. These flaws are ignored by many.

### Energy crisis is a 'wake up call' for Europe to ditch fossil fuels

By [Hanna Zlady](#) and [James Frater](#), CNN Business  
Updated 8:08 AM ET, Wed October 13, 2021

Europe is in an energy shortage due to a lack of wind energy being created this summer and prices are soaring for fossil fuels due to regulation and shortages. According to this article the shortage should accelerate the end of fossil fuel dependence and the solution to the problem at hand should be to go green.

Green energy is innovative and certain companies may change our view on the scale green can reach. There will also be numerous companies that will be winners in the green evolution. We just think when you crunch the numbers, it is impossible for these goals to be reached. Oil, natural gas and even coal will have a continued role in the global economy going forward. Europe has shown an increase in reliance on renewables can be disastrous. Rare earth metals and other major inputs (Copper, Nickel, Silver, etc.) used in green energy will continue to be the best and safest way to invest in the green industry.

**MacNicol & Associates Asset Management Inc.**

**October 15, 2021**