



The Month Gawne By

October 2018

This newsletter is meant to be entertaining and educational. Feedback is welcomed and we would be happy to hear your perspective on any of the ideas mentioned below. Please pass along to anyone who might find this information of value. Previous editions can be found at thegawnegroup.com.

What Happened?

October was the [worst month](#) for the S&P 500 in nearly 7 years. The [NASDAQ](#) entered correction territory on October 4th and the [S&P 500](#) closed 0.12% away from its second correction of 2018. A correction is defined as a decline of 10% from a recent high. On average a correction has occurred once a year over the last 30 years. The narrative is a combination of rising interest rates, a stronger US dollar, geopolitical drama, and a protracted US-China trade war. These types of market moves are not uncommon. As per Edgepoint's [3rd Quarter commentary](#), historically the S&P 500 experiences an average drawdown of 13.8% per year.

The billionaires whose [net worth declined the most](#) during the week of October 8th.

The US unemployment rate [dropped to 3.7%](#) in September, the lowest rate since 1969.

Yet the US budget deficit [increased 17%](#) in 2018. It is unusual to have fiscal stimulus late in an economic cycle.

International Monetary Fund (IMF) [cuts global growth forecast](#). They are still forecasting for positive growth.

BOC [raised interest](#) rate to 1.75%, signaled more hikes coming.

The US will soon have [more troops along the US-Mexico border](#) than they have fighting in Iraq and Syria.

Inflation: the five most [expensive bottles of wine](#) sold.

Markets (as of October 31, 2018)

Stocks	Benchmark	October	YTD
Canada	S&P TSX Composite	-6.51%	-7.29%
United States	S&P 500	-6.94%	1.43%
International	MSCI EAFE	-8.03%	-11.49%
Emerging Markets	MSCI Emerging Markets	-8.78%	-17.48%
World	MSCI ACWI	-5.42%	-1.05%

Bonds	Benchmark	October	YTD
Canada	FTSE TMX Canada Universe Bond	-0.61%	-0.96%
United States	Bloomberg Barclays US Aggregate	-0.68%	-2.46%
World	Bloomberg Barclays Global Aggregate	-0.86%	-2.37%

Currency	October	YTD
CAD / USD (Source: ThomsonOne)	2.33%	4.76%

China

The new [Cold War](#) between the US and China. Fun fact: George Orwell is [credited with the term](#) "Cold War."

China and Russia are [listening to Donald Trump's phone calls](#) because he continues to use his iphone instead of the White House's secure landline.

[Garlic farmers](#) have benefited from tariffs. See Netflix series, [Rotten](#). Pre-peeled garlic is often peeled by Chinese prisoners (sometimes with their teeth).

Finding a [note from a Chinese prisoner](#) in a purse bought at Walmart.

How the US forced China to [quit stealing](#).

The US [captured and extradited](#) a Chinese spy.





US exits [Universal Postal Union](#). It costs more to ship a package from Los Angeles to New York than it does to ship one from Beijing to New York.

Music

[October Playlist](#) – the 10 to 20 songs I listened to the most during the month. I've done my best to filter for objectionable content and language.

Visualizing [40 years](#) of music sales.

Drake had [12 Top 10 singles](#) on the on Billboard's Hot 100 in 2018, besting The Beatles' previous record of 10. Before reading the above article, I couldn't have named one of them. Success is a tough thing to argue with though.

Articles of Interest

How the Egyptians [built the pyramids](#).

[50/20/30 rule](#) for budgeting.

Forbes' list of 400 [wealthiest Americans](#).

[2,528 pound record breaking pumpkin](#).

Urge to share news of our lives is neither [new nor narcissistic](#).

[Paper airplane](#) design database.

Most [obscure supercars](#) ever made.

A living organism was placed in a state of [quantum entanglement](#).

Why you should let your kids do [extreme sports](#). Increased awareness of surroundings, using all of the senses (not just 5, there may be up to 30!), socializing, and navigating fear.

Manhattan a [rich ghost town](#).

The James Dyson Award, [2018's entries](#) for top design.

Cannabis

Uruguay was the [first country](#) to legalize cannabis.

It would take two ["Canadas" to justify valuations](#).

Earth

Two US economists awarded the [Nobel Memorial prize for economics](#). One of which warned in the 1970s that economic models were not properly taking into account the costs of climate change.

4 big takeaways from the [UN's climate change report](#).

Climate change's [impact on beer](#).

Massive [insect](#) loss.

60% of wildlife has been [wiped out](#) since 1970.

Jeff Bezos has a vision of the entire [earth as a nature reserve](#).

Future

Should self-driving cars [kill the baby or the grandma?](#) It depends on where you're from.

Sidewalk Labs' [plan to transform](#) Toronto's waterfront.

VR gloves with [haptic](#) feedback.

Stephen Hawking's [predictions](#). As Yogi Berra famously said; "predictions are tough, especially about the future."

Bias in AI programs continues to create problems. Amazon's recruiting AI taught itself that [male candidates were preferable](#).

Books

["Factfulness"](#) Hans Rosling

This book was recommended to me by [Bill Gates](#). The point of this book is to clear up our misunderstanding of the world. He highlights the fact that chimpanzees score higher on his quizzes about the world than highly educated people. Things are much better than what is portrayed in the media. Negativity sells newspapers (or clicks), not many people will read a story about a flight landing safely and on time at its scheduled destination. But maybe people will read about a plane crash. Things can always improve – and they do.

23 charts showing the world is [getting better](#).

Still, Bill Gates is [worried](#).



Video

One of my favorite YouTube channels, Casually Explained, [casually explains humans](#).

[Sonder](#) – the realization that everyone has an experience as vivid and unique as your own

Walter Cronkite "[The 21st Century](#)" March 12th, 1967

Boston Dynamics (owned by Google) latest video of their robot, [Atlas](#). It's odd watching a robot move this well.

Health

Your next doctor's appointment might be with a [robot](#).

Exercise [can be as powerful as](#) prescription medication.

Just what the doctor ordered, trips to the [art museum](#).

Crash test dummies are [getting fatter](#), because people are.

Food

The [most popular candy](#) by decade.

The [banana](#) is dying.

Photo

Andy Warhol took a lot of [photos](#).

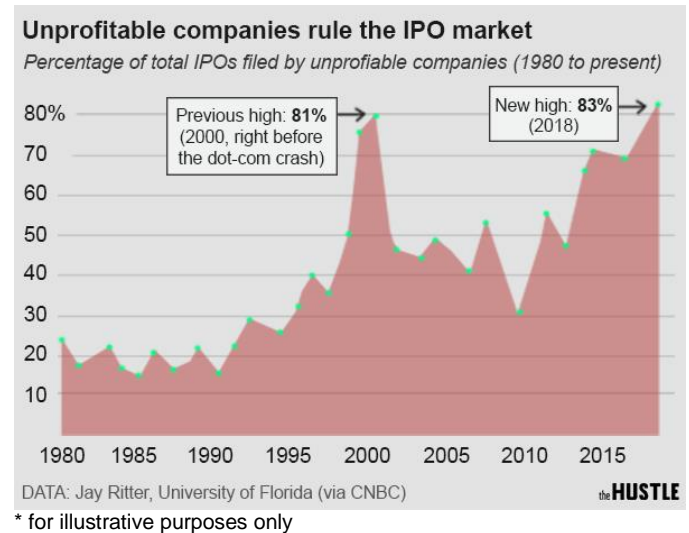
[Architectural photography](#) awards finalists.

Wildlife [photographer of the year](#).

[Landscapes](#) around the world.

Chart of the Month

Over 80% of Initial Public Offerings (IPOs) in 2018 were for [companies that were unprofitable](#), higher than in 2000 prior to the dot-com crash.





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