

Struthers Report V27 #8.4 Broken Govn't, Healthcare, Economy and Broken Market, CGX, AC Sept. 22, 2021



Know when to hold-em!
 Know when to fold-em!
 Know where to set stops!
 Know when to run!
 Never count your portfolio
 Until the sells are done..

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In my 40 plus years of investing, I never saw such a disaster and dire situation for our economies and investing future as I do today. What I write today will mostly pertain to Canada, but will be similarities in the US and around the world. My broken headings in the title will have very large impacts on all of us. I will discuss each in detail

Broken Government

Canada just finished a wasted election that came back with the exact same out come. The liberals gained 2 seats and the Conservatives gain 2 seats. Another liberal minority government and a partnership with far left leaning NDP. We now have 6 parties (top 3 below) with the newest Peoples Party getting about 5% of the vote. With this system we have a party and Prime Minister leading the country with **just 32% of the vote and losing popular vote. The majority of Canadians, 68% wanted a leader other than Trudeau.** In fact if we had a more of a US style system, Erin O'Toole would be Prime Minister with 34% of the popular vote.

338 seats in the House of Commons
 170 seats needed for a majority

Opinion polls

Reporting 99.42%
 as of Sept 22, 01:17 EDT

			
Leader	Justin Trudeau	Erin O'Toole	Yves-François Blanchet
Party	Liberal	Conservative	Bloc Québécois
Leader since	April 14, 2013	August 24, 2020	January 17, 2019
Leader's seat	Papineau	Durham	Beloeil—Chambly
Last election	157 seats, 33.12%	121 seats, 34.34%	32 seats, 7.63%
Seats before	155	119	32
Seats won	158 ^[a]	119	34
Seat change	▲3	—	▲2
Popular vote	5,220,000+	5,469,000+	1,258,000+
Percentage	32.3%	33.9%	7.8%
Swing	▼0.8pp	▼0.4pp	▲0.2pp

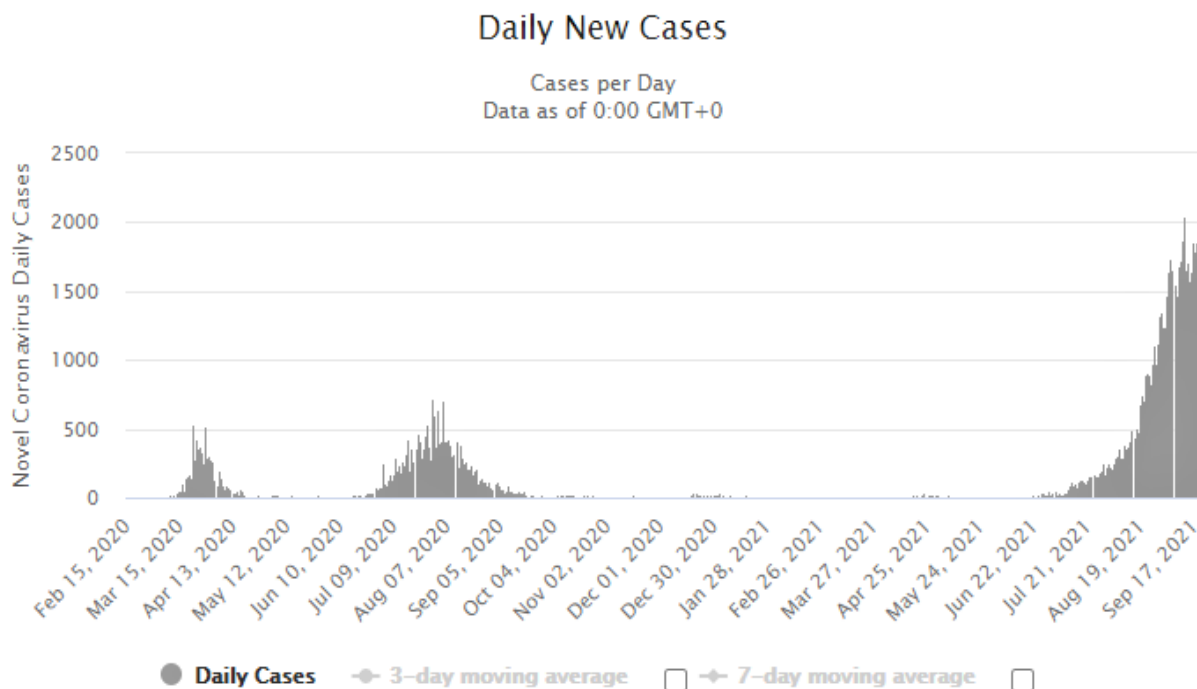
In conclusion we have a very divided country politically and a spoon fed, snow boarding high school teacher running the country. The poor leadership in this country will continue and we will decline further internally and on the world stage. You might guess that I am part of the 68%.

Broken Health Care

In Canada we are heading for a disaster of epic proportions come this approaching flu season.

As you know, I follow Australia because their flu season is opposite ours, during our summer. You can see below, measured by positive test cases the Australia flu season this year is 3 to 4 times worse then last.

What is the major difference this year? It is that 60% have 1 shot and almost 40% have 2 shots.



It is unclear what is going on. I have heard numerous stories and as you know, what ever side of the politics you are on there is lots of controversy, and does not matter to go there now.

I expect this will happen in Canada this flu season. It does not matter if they call influenza, Covid-19 or not, there will be extreme pressure on health care. We will face another very negative factor. Many doctors and nurses have quit, fed up with the politics. And many more are resigning, maybe will be fired because they chose not to take experimental shots. **In the months ahead our health care system will face this catastrophe with far less medical staff.**

It means nothing if you are vaccinated or not, get Covid-19 or not. **You and your family in the months and years ahead will be way more likely to need the health care system for something other than Covid-19.** It is way down the totem pole on cause of hospitalization and death. What ever reason you may have to use this system, it is broken and was in trouble long before Covid-19. I saw an interview in the main stream media about a woman in Alberta waiting for a knee replacement. She has been waiting 3.5 years, Covid has been around for 1.5 so obvious to see a problem here before Covid-19. While this instance about knees is very painful, the delayed cancer and heart surgery will be 10 times and more, deadlier than Covid-19.

Many doctors and nurses are coming forward and saying the surge in emergency room visits and hospitalization has occurred after doses of these shots. [This video with an ER doctor really hit home with me because it is from the Owen Sound Hospital in Ontario.](#) I spent about 20 years living up there and my last years with IBM were up there. I maintained the computer system at the hospital. It was the

largest IBM system in the area I covered and the largest of it's kind in the IBM field office. It also ran surrounding hospitals. Obvious it was a very critical system and I knew and worked with many of the higher ups at the hospital administration. I am sure these people are long gone now.



[The hospital has capacity for 400 beds](#) but only 169 are funded. There are 5 smaller hospitals as part of Grey Bruce Health system that were connected to the computer system I mention above. Obvious a problem is lack of funding and I would bet most hospitals have way more space, but no funding.

Of all the video interviews I have watched in the past year, I would say this is the most important video interview I watched and you should watch. It gets down to the heart of the problem with our health care system. The ER doctors experience on the front line are profound and will surprise most.

<https://strongandfreecanada.org/vlog/how-many-people-are-we-going-to-kill-if-we-keep-following-this-narrative-asks-ontario-er-doctor/>

I am not going into detail on all the key points except one. First off, Dr. Rochagne Kilan has 15 years experience and 4 years at Owen Sound. She says she is blessed with not a single patient or peer complaint in her career. Her husband is a lawyer in ethical legislation that probably helped in how she handled her resignation and revelations. Probably why she can afford to resign too.

The 2nd most important take away is lack of proper hospital documentation. **And #1, throughout history, before Covid-19, all drugs, vaccines and medical treatments/policies were decided by doctors and scientists through collaboration, testing, trials and post approval tracking. With Covid-19 this is NO longer the case. Medical treatments, medical policies, test vaccines are all mandated by governments and public health officials with practically NO medical experience. There is NO more collaboration with doctors and scientists. They are censored or are threatened with losing their jobs.**

[This doctor or someone also recorded a Town Hall meeting with the hospital administration.](#)

Some key points – The administration predicts December lock down. Interesting this administration says the VACCINATED will put unvaccinated at risk. Where is data base of vaccinated or unvaccinated? Oh that is private and sits with the province. Is there a data base at this hospital? No, we go by provincial data. Doctor disagrees with policies, because no data is being provided and hands in her resignation.

It is always the same, we hear public health officials say things and they never provide the data or science. She said, he said. And always half stories on one side of the fence.

My best suggestion, try to eat healthy, stay healthy and avoid crowds. Stock up on Vitamins D, C and Zinc, which promote a healthy immune system. If there is a loss of trust and/or no hospital capacity, people will resort to over the shelf things that might help them. It could be too late to buy these items at that time.

Broken Economy

[Stats Canada shows data as of 2019](#). Small Business (1 to 99 employees) employed 8.4 million or 68.8% of the total private labour force. Medium size business (100 to 499 employees) employed 2.4 million or 19.7% of the labour force. Small and medium business provide 88.5% of the employment in Canada. **For all intensive purposes they are the economy of Canada.**

This is the sector hit hardest by Covid-19 government policy. In retail it is at the expense of big business and big box stores in many cases. Also big online retailers like Amazon benefited. To be fair some small business flourished like myself and for example those making face masks, other PE equipment and I think most everyone knows some good examples, but how negatively has business in Canada been affected by Covid-19 policy?

Canada's small businesses have collectively taken on \$135 billion in debt in an attempt to survive the pandemic, [according to a report released back in February](#). The Canadian Federation of Independent Business said the average small business owner has accrued \$170,000 in debt, with businesses in the hospitality, recreation and service sectors most indebted. How much longer can they last? How many more Covid-19 waves?

[Stats Can.](#) over one-quarter of businesses with 1 to 4 employees (32.7%), 5 to 19 employees (30.8%), and 20 to 99 employees (25.2%) reported revenues were down 30% or more in 2020 compared with 2019. At Heelo when canvassing restaurants in such, many were down over 40%. [There is still government support for small business](#) and it appears most of these programs are good to October or year end 2021. These are just kicking the can down the road though.

Canada is not doing as well as other countries with years of poor leadership. [TD bank reports](#) that the Canadian economy contracted in Q2 and the outlook for Q3 is not good with a new wave of Covid-19 picking up and supply chain constraints still a factor. We will probably be in an official recession again. TD and other forecasters are pushing growth expectations out to 2022. **Keep in mind that these more rosy forecasts are based on experimental vaccines working, Covid-19 subsiding and the economy reopening from Covid-19 restrictions.**

Right now there is an uproar and confusion with vaccine mandates, these will not help small business customer traffic and revenues. I want to make it clear to business owners and those with questions that these passports will be temporary for one reason or another. For now, I will only speak of Ontario because I have reviewed the government documents and these passports **only pertain to Step 3 in the Ontario reopen plan**. We move through step 3 when 70% to 80% have one dose and 25% 2 doses and we are near this point now. [Currently Ontario has 75% with one dose](#) and 70% with two dose. It certainly looks like Ontario health officials want to see at least 80% one dose before ending step 3 and why the scare with mandates. These numbers must include children? **That said, the officials are notorious for changing what they said or their goals and numbers. It seems that is the only thing you can count on, that they will come up with news mandates.** Case in point, this [CTV news article](#) says 85% of those eligible in Ontario have one dose.

The most important thing for investors is this scenario.

Based on what I presented in Australia and we know the Covid-19 cases have soared in Israel and the UK that vaccinated months ahead of Canada, I expect a major Covid-19 test wave in Canada this flu season bigger than any past waves.

I cannot stress enough that these vaccines are an experiment, nobody and I mean nobody knows what will happen. **Even the drug companies have very limited trials and none of the data they have reported is peer reviewed.** We are only 4 to 10 months into this experiment depending where you are. Ontario is already reporting (above news article) that 1/3 or so of cases are fully vaccinated. Remember that the majority of Ontario people got their 2nd dose in July and August so very early days yet.

I am very certain we will get a huge wave this flu season, even if they are calling influenza Covid-19 it still means hospitalization. There seems to be some evidence that the experimental shots reduce Covid-19 death but at the same time many are being hospitalized regardless and shots are causing hospitalization for side effects. **You can argue this and that one way or the other, but the end result is the hospitals will be over run.**

What will governments do? You probably guessed it, **all they know to do is lock downs.**

I pity and feel bad for anyone that will need health care and I also realize that this lock down news could devastate small business, stock markets and more so certain sectors that most investors are betting on recovery, post Covid-19. I think the best short play in Canada is:

Cineplex TSX:CGX Recent Price-\$13.20

Buy January \$12 Puts about \$1.10 or March \$12 Puts about \$1.50

CGX lost \$1.64 per share in last quarter. They have amassed almost \$1.9 billion in long term liabilities, mostly in leases and long term debt. The company is really insolvent and clinging to stay alive.



The uptrend in the chart filtered after bouncing down from \$17 resistance. Support is around \$12 and the stock could drop quickly if it falls through there.

Recipe Unlimited TSX:RECP \$19.35 would be a good short but does not trade options.

Dollarama TSX:DOL \$57 could be a good short, but the chart is still looking bullish. I will watch that one

I think the next best short is **Air Canada TSX:AC** \$23

The stock has broken down on the chart. Lock downs would have a very negative effect on air travel in Canada. Also consider our cases go up, the US and other vacation destinations may ban Canadian travellers, vaccines or not. The US news on this front would be most damaging and the US has still not opened the borders to Canadians. You can only enter by air at this time. On the chart it looks like it wants to break \$23 support, after that there is not much support until the gap around \$17 to \$18.



In Q2 AC lost \$1.1 billion and they are burning through cash of about \$8 million per day. **Porter Airlines just started flying in Canada this month so this brings back competition that will take away a lot of revenues from AC**

I like the January \$22 Puts around \$1.30

On the equity markets, it looks like things are breaking down. On the S&P 500 we have the first break in the uptrend since last October. The index made a lower low, below the August low. First support is around 4200 and we will probably test that. **It would only be a -8% correction.** Next support would be around 3900. The chart of Canada's TSX index looks very similar to the S&P 500.



I don't think the US will be effected as bad as Canada in this next Covid wave, but still any weakness in the US reflects on Canada, whether in the economy or stock markets.

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