

AOTW: Who doesn't like a good chip. Miss Vickie's are good. So August 6, 2021 is Intel's. (did you see that coming?)

Good morning.

Appears as if it's Ottawa's turn for some stifling heat. Maybe it's just that we haven't dealt with much heat this year, but boy o' boy does it feel warm.

However it's summer in Ottawa. I suppose we should be used to it...
Get out and enjoy and stay hydrated in whatever manner you choose.

A little bit of a broken record here, but the markets continue their upward march, continuing to reach all-time highs. We've had six consecutive months of gains, however we're now into the traditionally weaker few months of the calendar. Crystal balls out. Up or down for the next few months? Nobody knows for sure, but most remain positive on the outlook as we move through the remainder of 2021 and into 2022.

The old adage "where else are you gonna put your money?", okay that's not an old adage, I just made it up, however with bond yields anemic the equity markets certainly look to be the better spot to be exposed to.

What issues are we seeing, definitely supply side issues, and we've touched on this quite a few times. These supply issues are much more than just a ship getting stuck in the Suez Canal. Much more.

The semiconductor shortage is an area that has very broad impact, both for the near and not-so-near term.

Everyone is trying to make more semiconductors and new production facilities are being planned, however new facilities will take upwards of 2.5 years to become operational...

As technology has become a bigger component of many things (cars have created a significant bump on the demand side of the equation), demand is far outpacing supply.

While sophisticated semiconductors are needed for somethings, it's the simpler chips that are in high demand.

You can see evidence of the shortage when you drive by a car dealership, and you're certainly seeing price increases tied to tight supply (quick economics lesson: more demand than supply and prices go up, more supply than demand in theory prices go down but that doesn't seem to happen in the same fashion..)

Car manufacturers are actually including less technology in some of their vehicles to boost their car supply.

From the article:

Car buyers are now feeling the consequences of the difficult-to-predict pandemic in the form of vehicles missing features, higher prices, and a scarcity of options. GM has sold some of its newest pickups and SUVs without advanced gas management systems or wireless charging features.

Renault stopped installing the large screens that sit behind the wheel of its Arkana SUV models, while Nissan left navigation systems out of thousands of cars.

And price creep is happening. Have fun telling your kid that PlayStation 5s won't be available until 2022.

Again from the article:

The market research firm Strategy Analytics estimated that, on average, the global wholesale price for phones grew five percent between April and June. Laptop, TV, and accessory prices have also spiked. One investment research firm told the Wall Street Journal that HP alone had raised the price of printers by more than 20 percent over the course of a year. At least one phone maker, China-based electronics company Xiaomi, delayed the shipment of a new device model in India. Sony also warned customers in May that there won't be a large supply of the PlayStation 5 until at least 2022.

Here's the whole article from [Vox](#), a worthwhile read.

Now go sit back in some air conditioning with some nice, and available BBQ chips.
Enjoy the weekend.

Sincerely,

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