



Spinoff

ROTARY CLUB OF WEST OTTAWA Graeme

Fraser, President
Jan 4 2022 Editor: Robert Shaw Wood

Program: Prognostication time: real estate, investing and sports

President Graeme Fraser, perhaps a minute or so early, welcomed all to the 25th meeting of the Rotary year. He wished us all joy and hope for the New Year, notwithstanding COVID.

O Canada today was played on a solo sitar.

Guests: Our guests this week were our speaker, Linas Pilypaitis, a former club member and two of his associates from BMO Nesbitt Burns, Derek Ralph and Ryan Nobbs. Suren Gupta was also our guest this week.

The Program: **Don Butler** told us today's 3 subjects would be covered by two speakers. Our own **Rocco Disipio** would cover real estate and sports while former member Linas Pilypaitis would, as in 2021, cover investing.

Rocco Disipio told us that a real estate colleague had planned to forecast real estate developments today but ultimately could not so had provided a written briefing for **Rocco** to use. He began with the forecast for Ottawa real estate in 2022. He noted that housing prices last year had increased by 22.6% over 2020. In many cases, homes sold for more than their asking price. He considers that COVID clearly slowed down the pace of sales activity but inventories were very low by year-end. This lack of supply, together with construction cost increases will continue to exert upward pressure on prices in early 2022, but a rise in interest rates should, he thinks, have a

significant dampening effect by this Spring.

Overall, **Rocco** suggests a 7-9% increase in prices can be expected for the year as a whole. The best time to sell would be January-April and the best time to buy will be September-December.

Don Butler told us our second speaker, Linas Pilypaitis, is a former naval officer and now advisor at BMO Nesbitt Burns. Linas became a member of RCWO in 2009 and was active in several committees including golf and ABCs of Fraud and received a Paul Harris Fellow Award in 2016. He moved to the Bytown Rotary Club in 2017 to be closer to his home but sponsored the September page in our 2021 Cash Calendar.

Linas observed at the outset that his predictions for 2021 had been very much “on the mark.” The TSX was up significantly over the year, but inflation and the price of oil came in a bit higher than expected. Most of the specific stocks he promoted to us then did very well.

For 2022, he expects we will see more economic stimulus, an easing of inflation, and reduced supply chain bottlenecks. Manufacturers will increasingly bring production back from offshore for greater security and will invest in higher productivity. At the same time, the economy will return to “normalcy” as the COVID risk dissipates. All of this should promote positive corporate earnings. His conclusion is that we have no need to move beyond North America to offshore markets for good investments.

Linas expects inflation to peak at 3-3.5% this year and our dollar rise to 82 US cents, depending on the price of oil which is uncertain but likely to rise above \$80 per barrel as demand increases with the easing of COVID. Gold and commodities will remain flat, in part because demand from China is likely to be weaker. The TSX will grow by 13.1% and S&P by 11.25%. Central Banks need to be cautious when increasing interest rates to avoid risk of a business recession

Linas’ recommendation is that investors should focus on individual companies and sectors showing promise rather than passively buy into index mutual funds. He stresses that his household owns positions in all the stocks he is recommending. Companies offering stock buy-back programs or increased dividends and those with significant US exposure are all potential candidates. Some companies in technology, such as Microsoft and Amazon also show good potential because of their very healthy cash flow positions. Strong sectors overall this year should be financials, industrials, energy, technology, discretionary consumer goods, and materials. Utilities and staple consumer goods producers are likely to underperform

because of rising costs.

Specific stocks he recommends owning include: CAE, Manulife, Cenovus, Costco, BMO, Microsoft, Apple, Palo Alto Networks and Parker Hannifin

More speculative ventures worth considering would be: Suncor, Canfor (lumber producer owned by Jim Pattison), nvidia (semiconductors), Airbnb (as travel activity picks up) and Lightspeed (POS terminal systems, as retail trade picks up).

Rocco then returned to “the podium” for a second time, to report his sports forecasts. He assured us that he had been good on fully 70% of his predictions last year, fumbling badly only with the NHL finals and with the Grey Cup. Normally, miscuing on both the NHL and the CFL would have been a serious setback for an up-and-comer. But as we all know, Hamilton (his CFL preference) should have won that game. We do know that don't we?

For 2022, and following consultations with 4 Las Vegas oddsmakers, he is confident of a better record. If not, he will dust off his ouija board again.

1. Green Bay will meet Cincinnati in the Super Bowl and lose 45-35. 2. Alabama

Crimson Tide will lose the NCAA college championship to Georgia.

3. Toronto, Edmonton and Calgary will all make the NHL playoffs this year. But Carolina will win the Stanley Cup in six games over St Louis.

4. Kingston Frontenacs will beat London Knights in the OHL, Charlottetown will win in the East, but Winnipeg will win the Memorial Cup.

5. This one is so Cool! Your editor's Alouettes will beat **Ken Murray's** Jolly Green Roughriders 24-22 in the Grey Cup, thanks to a last minute field goal. (Maybe the Riders will, as in 2009, have a penalty for too many men on the field, and the Als will be successful on their second field goal try on the last play. **Ken** will remember that one.

6. Miami Heat will win the title in US professional basketball., beating Utah Jazz.

7. The powerhouses in baseball will be Tampa Bay, NY Yankees and Boston in the American League and L.A. Dodgers and S.F. Giants in the National League. But the World Series, not to be confused with the Stanley Cup, will be won by Toronto.

8. Canada will be a finalist in World Cup soccer this year in Qatar. Brazil will win.
9. In golf Jordan Spieth will again be world's best male golfer and the Korean women will upset Nellie Korda
10. Canada will win 15 medals at the Winter Olympics, including gold in women's curling.

Don then opened the floor for questions (sadly, only three questions because of time limitations). **Ron Doll**, living in USA, asked why Linas expected the currency exchange rate to rise above US\$0.80 US. Linas thought the price of oil would be the key determinant. We need to see movement to \$80 or \$85 per barrel.

Marcia Armstrong wanted **Rocco's** opinion on the ethics of "blind auction" practices in real estate transactions. **Rocco's** replied that one's perspective on ethics depends on whether you are buying or selling. He noted that recently established transparent auction platform had recorded prices higher than other sales of comparable properties

Gavin Schnobb, was a tad skeptical of Linas' low inflation prediction. Linas replied to reiterate his expectation that prices will stabilize as the COVID risk dissipates and supply constraints ease.

Don thanked **Rocco** and Linas for excellent presentations and wished there was more time for questions.

Birthdays

Ron Doll made a brief pitch for donations to our RCWO foundation and said there was only one birthday to report - **Tom Belton's**. **Tom** said he was holding at that birthday but it was tough.

Other announcements

President Graeme told us that **Johnny Marquez** is now **Dr Johnny Marquez**. He had worked hard for his PhD and we gave him a round of cyber applause. Other announcements:

The Argentinian wine draw is April 8 See

<https://www.facebook.com/RotaryClubOfWestOttawa/>

Let **Marcia Armstrong** know if you want tickets

Cash Calendar sales proceeds and registration stubs should now be given/sent (with cheque not cash) along with unsold calendars to **Caroline DeWitt**. Still need

calendars to sell? Ask and we'll send

Close

With an overview of the 11 January program and advice to stay safe and healthy

President Graeme adjourned the meeting

11 January 2022 12:00 for 12:30

By Zoom

Shaun Hopkins, President, Storybook Ottawa

Intro and Thanks: **Linda Flynn**

Spinoff: **Don Butler**

Meeting at <https://us02web.zoom.us/j/81365346181>

See **President Graeme** email for log-in details