LORNE STEINBERG IS OUR GUEST TODAY.
NOW, LORNE IS THE PRESIDENT OF LORNE STEINBERGWELL MANAGEMENT, BUT HE'S GOING TO TAKE YOUR QUESTIONS TODAY ON HIGH-YIELD BONDS AND GLOBAL VALUE STOCKS.
ALWAYS GREAT TO TALK TO YOU, LORNE.
INSOFAR AS IS POSSIBLE TO READ THE TEA LEAVES RIGHT NOW WITH THE WORLD ECONOMY IN A STATE OF TURMOIL, WHAT'S YOUR MESSAGE FOR INVESTORS TODAY?
>> ANDY, THANK YOU SO MUCH. GREAT TO BE HERE. OUT OF MEANT FOR INVESTORS TODAY IS THAT INVESTING WHEN INTEREST RATES ARE ZERO IS DRIVING UP ASSET PRICESES AND SO WE'VE JUST WRITTEN A RESEARCH REPORT CALLED INVESTING IN A ZERO RATE WORLD, WHAT TO BUY AND WHAT NOT TO BUY AND THE MESSAGE IS THAT 10-YEAR U.S. TREASURIES ARE DOWN TO 60 BASIS POINTS. ONLY ONE YEAR AGO, THEY WERE 2% AND AS THE ECONOMY RECOVERIES AND CENTRAL BANKS TAKE THEIR FOOT OFF THE PEDAL, THE GAS PEDAL, INTEREST RATES ARE GOING TO CREEP UP AGAIN AT LEAST SOMEWHAT AND THAT'S GOING TO PUT DOWNWARD PRESSURE ON SOME VALUATIONS.
>> Andrew: RIGHT. SO YOU HAVE THIS PIECE ON INVESTING IN A ZERO RATE WORLD, WHAT TO BUY, WHAT TO
JUST REMIND US, WHAT IS YOUR WEBSITE AGAIN?

>> IT'S AVAILABLE AT NO CHARGE TO ANYONE WHO SUBSCRIBES.

IT'S WWW.STEINBERGWEALTH.COM.

>> Andrew:

STEINBERGWEALTH.COM.

SO, YEAH, I MEAN, THE GOVERNMENT OF AUSTRIA WAS ABLE TO BORROW MONEY FOR A CENTURY, FOR A CENTURY, AT A YIELD OF LESS THAN 1%.

I MEAN, YOU KNOW, A CENTURY AGO -- I GUESS THE EMPIRE WAS GONE A CENTURY AGO, BUT STILL A LOT OF -- THAT'S A -- I GUESS IT COLLAPSED IN 1918, BUT THAT'S A LONG TIME TO BE LENDING MONEY TO A GOVERNMENT AT LESS THAN 1%.

SURE, AT 88 BASIS POINTS, THAT'S THE WORLD WE'RE LIVING IN TODAY WHERE THAT IS ATTRACTIVE.

AND LIKE EVERYTHING ELSE, THE ISSUE IS OVERSUBSCRIBED BY INVESTORS.

AND RATES IN NORTH AMERICA COULD CONTINUE TO FALL TO ZERO OR LOWER IN THE SHORT-TERM.

HOWEVER, WITH THE MASSIVE, MASSIVE STIMULUS WE'RE SEEING, THE ECONOMY WILL RECOVER AT SOME POINT IN TIME AND THIS IS ALL BEING FUELED BY CENTRAL BANKS DRIVING DOWN RATES AND AS THINGS NORMALIZE A BIT,

RATES DON'T HAVE TO GO TO 4% BUT THEY COULD VERY EASILY GO TO 2 AND THAT'S GOING TO CHANGE THE METRICS FOR INVESTING.

>> Andrew: GOSH.
DO YOU THINK, LORNE, IN TEN YEARS TIME WHEN WE LOOK BACK AT THIS PERIOD IN OUR LIVES, HOW DO YOU THINK WE'LL DESCRIBE IT?

>> WELL, THE FUNNY THING IS, WE LOOKED BACK TEN YEARS AGO AT THE FINANCIAL CRISIS AND IT SEEMS LIKE IT WAS 50 YEARS AGO.

I THINK IT WILL BE A DISTANT MEMBER LIKE THESE THINGS US A BECOME AND IF YOU'RE BORROWER, DON'T GET TOO USED TO GETTING, YOU KNOW, MORTGAGE RATES AT 2% BECAUSE THEY'LL PROBABLY BE SIGNIFICANTLY HIGHER AND PEOPLE WILL BE SAYING REMEMBER WHEN.

>> Andrew: OH.

LOOKING FORWARD TO HAVING YOU ON THE SHOW, LORNE.

WE'RE GOING TO TAKE A BREAK.

LORNE STEINBERG IS OUR GUEST ON "MARKET CALL".

HE IS TAKING YOUR QUESTIONS ON GLOBAL VALUE STOCKS AND HIGH YIELD BONDS.

THE NUMBER TO CALL, 1-855-326-6266.

OR E-MAIL, MARKETCALL@BNNBLOOMBERG.CA.

You're not holding it by the legs are you?
No, nothing I'm just.
Oh oh...
Uhhh....
AHH!
Gorilla Glue, of course.
Gorilla Glue is incredibly
strong and versatile,
even outdoors.
For the Toughest Jobs on
Planet Earth®.
(upbeat rock music)
- [Narrator] Do you
know what your customers
are thinking right now?
Every moment, customers are
telling you how they feel,
what they like,
and all kinds of feedback you
can use to grow your business.
Medallia captures it all
and makes sense of it,
showing you where to improve
and how to create great
experiences
in the moment, not after.
Medallia, the customer
experience platform
that keeps you connected.
(upbeat rock music)
>> Andrew: WE HAVE AN E-MAIL
FROM SIMON.
SIMON ASKS WHAT DO YOU THINK
OF LAURENTIAN BANK.
DO YOU THINK IT WILL COME BACK
TO ITS LEFT BEFORE COVID-19?
>> FIRST OF ALL, LAURENTIAN
BANK IS THE ONLY UNIONIZED
BANK IN CANADA AND I THINK IN
NORTH AMERICA.
AND THAT'S WHY IT'S REMAIN THE
INDEPENDENT FOREVER BECAUSE NO
OTHER BANK WANTS TO BUY IT AND
GET A UNION IN THERE.
SO LAURENTIAN IS A BANK THAT
Lacks scale in a business where scale is becoming everything. They cut their dividend recently and it's just too risky a place to be because it's hard to see Laurentian gaining market share.

>> Andrew: So you wouldn't be interested in it as a turn-around play?

There's just so many financials have been knocked down. There are just better companies elsewhere that have also have significant upside but are better scale and better positioned.

>> Andrew: Okay.

We have an email here on the electric car area from Sam. Wants to know about Nicola versus Tesla. With the recent merger, do you think Nicola is going to follow the Tesla friend.

>> I have to say Nicola is a story stock. $15 billion market cap and no revenues. So I mean, people forget, Tesla's been selling cars for ten injuries now.

Nicola is a long, long way from that. It's basically if you make an investment in a nek lark it's a venture capital type investment. You don't buy something like that to get a 10% annualized return.

It is highly speculative.
7/22/2020 12:06:38  SEEMS TO BE RUN BY VERY, VERY
7/22/2020 12:06:40  BRIGHT PEOPLE BUT IT'S A
7/22/2020 12:06:43  COMPETITIVE SPACE AND IT'S NOT
7/22/2020 12:06:45  FOR THE FEINT OF HEART.
7/22/2020 12:06:49  >> Andrew: DOESN'T SOUND
7/22/2020 12:06:50  LIKE YOU'D BE PUTTING MONEY
7/22/2020 12:06:51  INTO IT RIGHT NOW?
7/22/2020 12:06:54  >> ANDY, IT'S JUST -- IT'S --
7/22/2020 12:06:56  I'M -- I DON'T HAVE THE
7/22/2020 12:06:59  INTESTINAL FORTITUDE TO MAKE
7/22/2020 12:07:00  THAT KIND OF BET.
7/22/2020 12:07:02  >> Andrew: OKAY.
7/22/2020 12:07:04  LET US HEAD TO PHOENIX,
7/22/2020 12:07:08  ARIZONA.
7/22/2020 12:07:09  I'M JUST WONDERING WHAT THE
7/22/2020 12:07:10  TEMPERATURE IS THERE.
7/22/2020 12:07:10  WE'RE LOOKING AT ABOUT 36º
7/22/2020 12:07:13  CENT GRADE.
7/22/2020 12:07:14  TREVOR IS ON THE LINE.
7/22/2020 12:07:15  GO AHEAD, TREVOR.
7/22/2020 12:07:17  CALLED WELL, THANK YOU, ANDY.
7/22/2020 12:07:19  ACTUALLY, IT'S OVERCAST, SO
7/22/2020 12:07:20  NOT THAT HOT.
7/22/2020 12:07:22  AND THEY DO FAHRENHEIT HERE SO
7/22/2020 12:07:24  I FORGOT HOW TO CALCULATE IT
7/22/2020 12:07:27  BACK TO CENTIGRADE.
7/22/2020 12:07:28  BUT MY QUESTION,
7/22/2020 12:07:31  Mr. STEINBERG, IS ABOUT J.P.
7/22/2020 12:07:32  MORGAN AND SPECIFICALLY IF I
7/22/2020 12:07:38  COULD, ABOUT THE
7/22/2020 12:07:39  COLLATERALIZED LOAN
7/22/2020 12:07:40  APPLICATIONS THAT ARE ON ITS
7/22/2020 12:07:41  BALANCE SHEET.
7/22/2020 12:07:42  NOW, THE COLLATERALIZED LOAN
7/22/2020 12:07:44  OBLIGATIONS ARE BASICALLY
7/22/2020 12:07:47  CDOs BUT THESE FOR
7/22/2020 12:07:48  CORPORATIONS AND THEY'RE LOANS
7/22/2020 12:07:51  AND J.P. MORGAN I THOUGHT HAD
7/22/2020 12:07:53  AROUND A HUNDRED BILLION
7/22/2020 12:07:54  DOLLARS OF IT WHICH IS A LARGE
7/22/2020 12:07:57  AMOUNT.
7/22/2020 12:07:58  YOU ACTUALLY ANALYZE THESE
7/22/2020 12:08:00  THINGS IN-DEPTH, SO IF YOU
7/22/2020 12:08:02  COULD GIVE US SOME IDEA ABOUT
THE RISK, I'D REALLY APPRECIATE.
AND ANDY, I SENT THIS STORY IDEA TO THE -- YOUR DESK.
>> Andrew: I THINK WE LOST TREvor THERE.
OKEY.
GO AHEAD, LORNE.
GIVE US YOUR THOUGHTS ON THOSE BANKS.
>> SURE.
SO, LISTEN, I MEAN, WE LIKE THE U.S. BANKING SECTOR IN GENERAL.
WE HAVE OTHER COMPANIES THAT WE OWN, MORGAN STANLEY AND GOLDMAN SACHS.
CLOs, WE DON'T LOOK AT THEM IN-DEPTH BECAUSE WE LEARNED FROM THE FINANCIAL CRISIS THAT EVEN SOME OF THE BANKS THAT OWNED THAT STUFF DIDN'T UNDERSTAND WHAT THEY.
SO ONE IS DEPENDENT ON MANAGEMENT PRACTICES BUT I WILL SAY THE FED DOES LOOK AT THIS STUFF IN-DEPTH TODAY, WAY MORE SO THAN IN THE PAST.
IT DOESN'T CONCERN ME AT ALL AND, YOU KNOW, IN J.P.
MORGAN'S TOTAL LOAN BOOK, IT'S NOT A HUGE NATIONAL THEIR FOR CLOs, BUT IN GENERAL, THE U.S. BANKS, INCLUDING J.P.
MORGAN ARE VERY WELL CAPITALIZED.
THEY'VE JUST BEEN THROUGH A ROUND OF STRESS TESTS WHICH ARE WAY TOUGHER THAN ANYTHING LIKE THAT IN THE PAST.
WELLS FARGO IS IN TOUGHER SHAPE.
STILL DEALING WITH SOME OF THE LEGACY ISSUES OF THE PAST.
BUT AS A SECTOR, THE SECTOR IS IN PRETTY DARN GOOD SHAPE.


>> LET'S REMEMBER BACK TO THE FINANCIAL CRISIS, ANDY. CITIGROUP BASICALLY FAILED. THEY WERE BAILED OUT AND HAD TO BE A 1-FOR-10 REVERSE STOCK SALE.

I THINK A SIMILAR THING WOULD HAPPEN WHERE SHAREHOLDERS WOULDN'T ACTUALLY BE A BANKRUPTCY.

TO YOUR POINT.

>> Andrew: OH, OKAY.

MAYNARD IS ON THE LINE FROM VANCOUVER.

YOU WANT TO ASK ABOUT THE BANK OF CANADA AND INTEREST RATES, MAYNARD?

FIRE AHEAD, PLEASE.

>> Caller: I'M WONDERING ABOUT THE BANK OF CANADA INTEREST RATES.

THE REPUTATION OF THE BANK OF CANADA, SEEMS LIKE THEY ARE PREPARED TO KEEP THEIR MONEY AND BILL MORNEAU AND ESPECIALLY TRUDEAU SCREWED UP AND (INDISCERNIBLE) GOT A GRANT FOR $90 MILLION FOR THE WE CHARITY.

THEY WOULD HAVE (INDISCERNIBLE) TO SIGN A CONTRACT.

WHICH AFFECTS THE BANK OF
CANADA AND...

>> Andrew: OKAY.

GIVE US YOUR THOUGHT.

I MEAN, I THINK HE WENT OFF INTO THE WE CHARITY THERE, BUT BROADLY, BANK OF CANADA INTEREST RATES. YOU DO WARN THAT BORROWING COSTS AREN'T GOING TO STAY NEAR ZERO FOREVER.

>> THEY'LL NEVER STAY NEAR ZERO FOREVER BUT THE BANK OF CANADA IS FOLLOWING THE FOOTSTEPS OF THE FED AND MOST CENTRAL BANKS SO THEY'LL ALLOW THIS, YOU KNOW, MONEY PRINTING MACHINE IS GOING ON, LONG-TERM YIELDS ARE LOW.

I THINK WE PROBABLY HAVE SEEN THE LAST CUT FROM THE BANK OF CANADA.

AND WE'RE IN GOOD ENOUGH SHAPE TO RIDE THIS OUT.

>> Andrew: OKAY.

WE ARE GOING TO LEAVE IT THERE.

NO, SORRY, WE'VE GOT TIME FOR ONE MORE CALLER.

ROCCO IN MONTREAL, GO AHEAD, PLEASE.

>> Caller: YES, GOOD AFTERNOON, GE.

MY QUESTION IS ON ROGERS COMMUNICATIONS. I'M SURE YOU SAW THE RESULTS TODAY.

IT PROBABLY WAS NOT ONE OF MY FAVOURITES OUT OF THE TOP TELCO STOCKS, BUT WHAT DO YOU THINK OF ROGERS GOING FORWARD IN DIVIDEND SEEMS TO BE MAINTAINED AND SAFE BUT IT LOOKS LIKE A MORE RISKIER STOCK OUT OF THE TELCOS.
SHOULD WE JUST -- SHOULD I
JUST SELL ROGERS AND SWAP IT
FOR BCE?
SO YOUR THOUGHTS WOULD BE WELL
APPRECIATED.
THANK YOU VERY MUCH.
>> Andrew: ROGERS WOULD
COMPETE WITH -- SORRY, LORNE.
ROGERS COMPETES WITH THE OWNER
OF BNN BLOOMBERG, BCE.
FIR AHEAD, PLEASE.
LISTEN, IN OUR CANADIAN
DIVIDEND FUND, WE OWN BCE AND
TELUS.
WE DON'T OWN ROGERS.
THE WHOLE SECTOR IS DEALING
WITH CORD CUTTING, ESPECIALLY
YOUNG PEOPLE.
AND GROWTH HAS DEFINITELY
SLOWED.
MAYBE 5G WILL BRING SOME
GROWTH, BUT FOR ALL THESE
COMPANIES, THE DIVIDENDS ARE
VERY SECURE.
BCE HAS DONE A FANTASTIC JOB
AND SO BCE IS, YOU KNOW,
BASICALLY OUR TOP PICK IN THAT
SECTOR.
BUT, YOU KNOW, THEY'RE ALL
SIMILAR TYPE BUSINESSES FACING
THE SAME CHALLENGES.
>> Andrew: OKAY.
AND, SORRY, BCE IS THE PARENT
OF BNN BLOOMBERG AS I SAID.
WHY DID YOU FAVOUR BCE
RIGHT NOW, LORNE?
WE FAVOUR BCE AND TELUS
BECAUSE WE JUST THINK THEY'RE
BETTER POSITIONED IN THEIR
RESPECTIVE MARKETS.
BCE HAS DONE A GREAT JOB AT
MANAGING COSTS.
THEIR DIVIDEND IS TRYING TO
PROBABLY GROW A LITTLE BIT
FASTER THAN THE COMPETITION.