



## **Year-End Trading for Americans and Canadians**

**A Monday Morning Musing from Mickey the Mercenary Geologist**

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Year-end market holidays for American and Canadian stock exchanges are never the same. Also the rules for end-of-year trading are quite different for American and Canadian residents.

Rules and regulations are based on the speculator's official residency. They are not governed by citizenship, the exchange on which an equity is listed or traded, or the country where the bourse is located.

Note that I am not a certified financial advisor and I am not qualified to give investment or tax advice in any way, shape, or form. This content is for general information purposes only and is based on market experience, general inquiry, and recent internet searches. You must do your own due diligence.

In today's brief musing, I document 2021 market holidays, review the timing of trades to be booked in the current year, and compare general carry-forward and carry-back rules for capital gains and losses in the two countries.

A savvy speculator can generate short-term profits by making select buys when the mass psychology of the marketplace begets indiscriminate selling to lessen capital gains taxes.

Fundamentals of this facet of my contrarian trading methodology are also presented below.

Firstly, these are the remaining market closures for 2021:

- American markets are closed on Friday December 24 in observance of the Xmas holiday (Saturday December 25). They are open the last week of the year, from Monday December 27 thru Friday December 31.
- Canadian markets are open for a half day on Friday December 24. They are closed on Monday December 27 and Tuesday December 28 in observance of Xmas and Boxing Day (Saturday-Sunday December 25-26).

Secondly, here are the rules for booking trades prior to the end of 2021:

- American residents book capital gains and losses for current year tax purposes on the *trade* date. Trades for 2021 can be made and booked from market open on Monday December 27 to market close on Friday December 31.
- Canadian residents book capital gains and losses for current year tax purposes on the *settlement* date, which occurs two days after the trade date. Wednesday December 29 is the final trading day of the year for 2021 booking.

Thirdly, carry-forward and carry-back rules for capital gains and losses are materially different in the two countries:

- American residents can carry-forward capital losses indefinitely to offset capital gains. However, we are limited to an annual \$3000 write off of net capital losses. There is no carry-back of current losses to offset previous years' capital gains.
- Canadians can opt to carry capital losses forward indefinitely if they have had zero capital gains for the current year and the three previous years. Current year net capital losses can be carried back to offset up to three years of previous capital gains.

Fourthly, I am a committed contrarian trader in the junior resource marketplace. When others are selling, I am buying and vice versa. So let's discuss my methodology for profiting from year-end trading

Prior to any tax-loss selling season, I front-run the herd's mass exodus with sales of hopeless companies to reduce my annual capital gains tax burden.

When selling kicks into high gear in mid-November thru December, I buy from a very short, diligently prepared list of advanced junior exploration and development companies that are currently trading at or less than 50% of their 52-week highs. I may buy additional tranches via stink bids if they drift lower during this irrational and silly selling season.

Note my targets are all fundamentally strong, well-financed companies with the right share structure, people, and projects.

I seek short-term profits after the psychological (psychotic?) mass selling ends in December and stocks rebound in early January. It is not uncommon to flip them for double-digit returns in the first few trading days of a new year.

If anticipated returns do not happen quickly on some equities, I sell at or slightly above breakeven and move on to new ideas for a new year.

For select and well-heeled stocks, I may have added trading positions to longer-term core positions. For companies with near-term catalysts, I may hold tranches longer on odds of a bigger upside.

Occasionally these bottom-feeder buys are a new position in an established company that I missed previously or considered overvalued during a previous market run up.

The past month has been the most brutal tax-loss selling season for junior resource stocks in recent memory. Big bargains abound across the board at basement bottom prices. It ain't over yet, folks, but always remember that this market is risky and speculative.

In late 2021, I have chosen to "back up the truck", as Doug Casey is so fond of saying.

I opine that nice profits are nigh.

And I sincerely hope that year-end trading serves to reduce your tax burden whether you answer to an unholy government north or south of the 49<sup>th</sup> parallel.

Ciao for now,

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Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey’s professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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