

Your weekly market update

[View this email in your browser](#)

Market Update

02 February 2018

On a broader global note, the drive to automation and application of artificial intelligence start to unfold a process known as creative destruction whereby old world economies which are labour intensive are restructured favouring lower production costs by increasing efficiencies and lower labour cost.

The American Federal Reserve leaves interest rates unchanged in the interim. The Fed is still on track to raise borrowing costs in March under the new central bank chairman Jerome Powell. Inflation headed around the 2% target over the mid term. America's new Fed chairman is to take over February 3rd and is largely viewed as being committed to hold the same policy views as his predecessor, Janet Yellen. Economic activity has sped up with unemployment falling below a 17 year low to 4.1%. GDP for the 4th quarter of 2017 at 2.6%. Along with low unemployment we are finally seeing the job market tighten which should move pay rates higher. However, it is important to note that America has the lowest minimum wage of developed nations at \$7.25/hr. Australia has the highest at \$14.98 /hr. Based on average annual earnings America ranks 3rd from the bottom at \$57,139 USD. Package in the tax cuts, never has America looked so appealing as both low taxation and low average wages will definitely attract the attention of CEO's around the world. President's Trump's "State of the Union" was full of optimism and future economic expansion. Economic optimism is in full swing.

The Eurodollar is on roll worth \$1.25. Since the beginning of 2017



Ahmet Jakupi Financial Solutions (AJFS) is a leading integrated solutions private wealth management firm.

We are Fiduciaries for our clients, serving their interests, building long-term trusting relationships and partnerships for over 20 years. As Fiduciaries we are completely focused on serving our client's interest and adding value to their lives

For more info

please visit our website

www.ahmetjakupi.com

or contact us at:

Tel: 1-519-570-4754

Fax: 1-519-954-4754

email: ahmet@ahmetjakupi.com

twitter: @jakupiahmet



Not a client, [SUBSCRIBE HERE](#) for a complimentary 30-day access to our news service

it has increased 21%. The Eurozone has not fully recovered as youth unemployment is stuck between 19% to 25% with both Spain and Greece above 40%. Having such high youth unemployment is worrying as it drives populism which can now threaten to upend the established political elite. EU political instabilities do and have weighted heavily on economic growth. Despite Germany's stellar economic growth Chancellor Merkel struggles to put together a functional coalition in order to enact necessary economic policy. Next month France faces such a pivotal national election. The EU is facing an aging population, rising health costs and anemic job creation will deeply hinder economic growth and long term prosperity.

Oil production in America topped the 10 million barrels a day. OPEC nations must further tighten to drive the price of oil. Brent oil prices have soared over 97% with WTI up nearly 90%. The level of speculation in oil is so high that it definitely looks like a bubble. American energy producers are eager to grab further market share and push production even higher.

China's is ploughing forward with economic activity and growth as the political leadership looks to keep the economy expanding. Let's be clear China is an economic force that is looking to be more than just the second largest economy. Chinese leaderships are pulling out all the stops and are now moving into the arena of economic and political influence to achieve their set goal of being number one. As I reported before, official economic data is far too sanitized by the leadership. No economy grows in a straight line without having peaks and valleys. China is at a key junction as new economies must co exist with old work manufacturing. This is a process known as creative destruction. We in the west are and have been living with creative reaction since the 1990. Artificial intelligence and automation look to only accelerate the process. How do you transition over 1 billion people? China still has a large population to transition from the country only adding to the need for low-end manufacturing. Automation and AI do not add to job growth only to production efficiency by lowering labour cost.

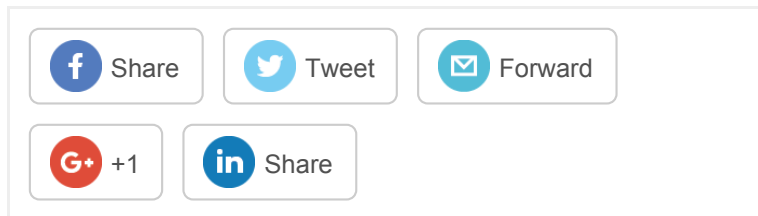
Prime Minister Justin Trudeau stated this week that the Kinder Morgan oil pipeline expansion will happen despite British Columbia's attempts to kill the project. Canada is in need of further

Visit [OUR BLOG](#) for more financial advice and tips!

infrastructure development in oil and energy which will allow Canadian crude oil to be sold into Asian markets as opposed to being sold at a discount south of the boarder. Finally Canada will be able to sell oil into International markets. Alberta will see this a big win to their economic growth with the oil industry investing even more into oil extraction.

The only thing colder than a Canadian winter is the current real estate market. Seven months of cooling home prices with the big freeze still to come upon us. The effect of the January change to lending have yet to be seen as buyers are pushed out while leaving those that can wait on the sidelines as prices continue to fall. Lending changes to Canada's hyper leveraged property market will hit home values hard as the borrowing power of everyone has been cut by 23%, once you factor rising borrowing costs and tighter lending rules. December housing sales are a misdirect reading of real estate activity as people dove into the market to buy a home or upgrade getting in under the wire before January 2nd, 2018. January sales activity and prices will be a more current read of market conditions moving forward

Let's wait and see.



Copyright © 2018, AJFS, All rights reserved.

Our mailing address is:

69 Glasgow St.
Kitchener, ON
N2V 2M3

[unsubscribe from this list](#) [update subscription preferences](#)