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Markets around the world pulled off a strong comeback. Negative sentiment around Spain's rising borrowing costs, a lower GDP forecast for China and a politically disturbing preliminary election results in France pushed markets to close at constantly lower levels. In the last two days, comments from Ben Bernanke were all the reassurance investors required. Mr. Bernanke reassured that the Fed would step in if the American economy weakens. Mr Bernanke also reiterated the fact that the Fed will hold fast to suppressing interest rates until 2014 which includes a strong hand on keeping inflation low. Adding to the economic upswing was China better than expected manufacturing output numbers, which pushed commodities higher. All eyes will be on economic data coming out next week including the ADP employment report. Technical analysis points to a strong possibility for the Dow to break the 14,000 level and potentially see a growth run similar to the one last year starting in October 2011. So far, 57% of the S&P500 companies have posted their Q1 results. Of those 287 (72.8%) have recorded results that beat expectations.

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Economic progress has been slow coming in America, too slow for most economists and analysts. Fortunately, inroads of economic growth are solid and consistent. Jobs and the real estate sector are the much complained about sore spot. Unemployment is at 82%. Many economists are not satisfied with the quality of jobs gained. On the housing front, mortgage defaults are still ongoing and new housing starts are sporadic or near non-existent. One piece of data not focused on is rental unit utilization, which is at its highest with rental rates rising annually at 5%. For the real estate market to be fixed the American government must step in and bail out Freddie and Fannie.

More head winds for Europe as member states are or will be undergoing political elections. Given the conditions of civil unrest in Europe due to harsh austerity measures, expect to see a political turnover of party leadership. As we witnessed this week in France, which sent markets into shock, Mr. Hollande won the first round of voting. Mr. Hollande is a diehard socialist and strongly opposes any austerity of any kind. Mr. Hollande would have France spend their way out of the recession. For the EU to dig its way out and move forward all nations must work together as a cohesive unit. The potential for France to break rank due to a leadership change is high. Greece may undergo a leadership change due to none confidence. Spain will be entering an election period shortly. A fractured fiscal and economic policy would not sit well with investors opening the door for interest rates to rise on the continent.

Economists have improperly estimated the speed of recovery in America and it looks to be that the same error is made with the EU's recession. Deep cutting reforms will profoundly reshape the future. Such gargantuan debt crises are always followed by a lost decade of reform. Canada experienced

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such a period from 1989 to 1999. The Loonie hit a technical low of \$0.49 and our bonds auctions nearly collapsed. Our nation, gripped by a sovereignty crisis, high employment, a collapsed real estate market, unsustainable debt to GDP levels and weak government leadership. In addition to capital outflows, corporations leaving and brain drain hit record levels. Fast forward to today, Canada is a leader in fiscal reform and leadership. Do I believe that America has the ability to reshape its economy into an economic leader once again? Yes! Does the EU have what it takes also? I don't know. I do believe however, the EU concept evolves or dissolves; Germany will emerge stronger and more powerful than ever before both economically and politically.

In China, it appears that the Chinese leadership has come to an agreement with America on future valuations on the Yuan. China will allow the Yuan to devalue creating mild global deflation of all goods and allowing Chinese manufacturers to regain their competitive edge on pricing. It took America considerable effort and time to change the ECB's stance on Euro valuations. Indications are that the ECB is preparing to ramp up the money printing press. By all three nations easing their currencies in a unified approach, quantitative easing would allow for broader accelerated economic global growth by increasing the supply of cheap money and neutralizing inflation. How does this affect other nations? Unless other nations adopt the same economic practices, their economies would be crippled with escalating interest rates, untameable inflation and an over-valued currency.

Since the great recession of 2009, developed economies around the world have been instrumental in lowering the cost of energy by releasing government oil supplies into open markets for consumption. Oil has been an under performer recently but the lack of appreciation has helped inflation stay in check and global growth moving along.

In summary, we are in an unusually low interest rate environment coupled by subdued inflation all in the name of global economic growth. Heavy government intervention is required to maintain such suppressed levels. Now lastly, the icing on the cake will make all the above sustainable long term is broad currency devaluation on a coordinated global level.

So where does this leave Canada? Firstly, Canada has been successful in transitioning their industries and economy to reflect the new global landscape such as shifting from general labour manufacturing to advanced skill and growing aggressively a non-existence entrepreneurial, innovation, knowledge and technology service sector. Canada has remade itself, putting it on sound economic footing. Our Loonie will continue to be high flying. The Bank of Canada must learn how to manage the economy without the use of interest rates or risk killing the consumer economy and/ or industry. So don't expect interest rates to play the same role as they have in the past. Canada's western provinces will soon become the greatest producers of energy in the world. "The new Saudi Arabia of North America" Our advanced manufacturing and knowledge sector are gaining against

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some of the world's elite corporation. Canada is just starting to shine now as we enter one of the largest expansionary growth periods in Canadian history. Canada's biggest problem will be qualified bodies to meet demand.

Ontario has developed a sustainable service and knowledge sector to continue to grow even during a manufacturing crunch.

Regionally, KW is so rich in entrepreneurial and knowledge leadership our cities will face growing pains well beyond our customary views.

Here are the closing numbers:

Loonie	\$1.0194	
TSX	12,237.75	up 91.90
DOW	13,228.31	up 23.69
Oil	\$104.93	up \$0.38 a barrel
Gold	\$1,664.80	up \$4.30 an ounce