

Nov.9th, 2013

Investor confidence has shifted towards American equities. The robust of the market is a strong indication investment capital relies less on queues from the Federal Reserve than ever before. Employment gains just released provided the necessary confirmation adding 204,000 jobs. The Federal Reserve is also preparing to switch gears with new money tools which allow smoother growth while interest rates rise. Other key indicators of strength are a rising dollar, tame oil prices along with declining gold prices. More importantly, capital inflows into American equities are expanding rapidly month over month.

Politically, don't expect much. The Obama administration has failed. Tea party representatives are bent on reforming America fiscally. Obamacare is viewed as a tax burden on tax payers. Fiscal reform is coming with an end goal of a balanced budget by 2017. The Tea party may be small but is very determined having out witted both Democrats and Republicans alike.

The EU finally did the unthinkable. Stimulus! A word stricken from the EU lexicon is now reality. Mario Draghi ECB president applied a 25 basis point cut to rates. Germany's chancellor being dead opposed had to surrender to the growing demands of member states supported by France. Call this round won by president Hollande. The next battle brewing is over power to close failing banks. Germany would like to retain the power with in national borders whereas Hollande wants the power to go to the European Commission.

China's rapid recovery is not good news for all. The dragon economy's recent blazing success is spreading deflation globally. In October exports rose 5.6% according to the General Administration of Customs Beijing surpassing the 1.7% forecast. This is the biggest trade surpass generated year to date at \$31 billion compared to September's 15.1 billion.

Japan on the other hand is declining due to price competition from China. Both the Hang Seng and the Shanghai respectively at 0.6% and 1.09%. Whereas the Nikkei continues downward.

Australia's Reserve Bank released their quarterly management statement suggesting it could afford to cut rates if the economic environment warranted such a move.

Oil prices could drop further specifically Brent crude prices, if a favourable accord is reached between Iran and America regarding nuclear development; by as much as \$12 a barrel. At Friday's close, oil prices dropped by \$0.60 to \$94.20 a barrel.

Gold also continues a mild decline off \$9.30 to \$1,308.50 due to a strengthening American dollar.

Economists can not get Canada right now. Just as they forecasted doom or weakness, our economy adds jobs. A total of 13,200 jobs were added compared to 11,000 predicted. Despite the ineptness of

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our politicians in managing a thriving economy, the economic engine keeps growing. Greed corruption, excess and just plain incompetence define al levels of government.

As for Toronto, we Canadian's are an orderly loving society. Any other city with such a mayor at the helm would be riff with crime, violence and drugs. Special thanks to the Police Chief of Toronto for keeping the city out of the shadow of darkness. Mayors like Rob Ford are common place in third world countries. To fight an unending wave of crime at all levels takes a special people especially when it involves investigating your own boss the mayor.