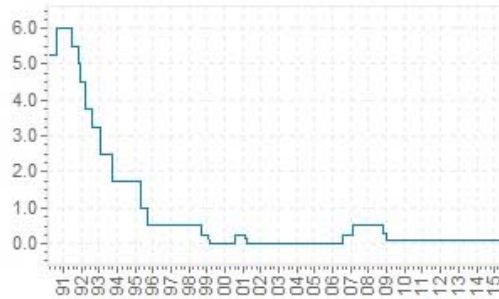


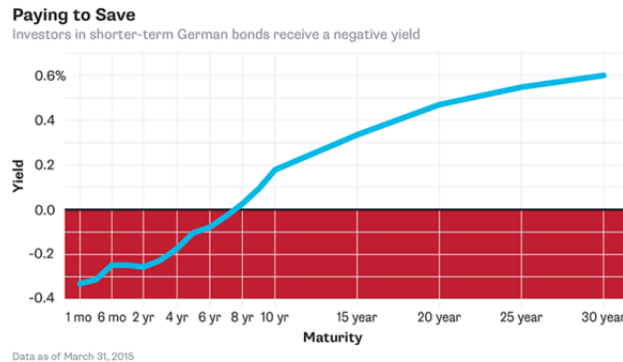
Hello Clients and Friends,

A quick update this week, the Federal Reserve in the US as well as the Bank of Canada have both held interest rates steady yet again. As I have mentioned before in previous updates here: www.CameronWilson.ca. When interest rates are this low it makes it much more difficult for governments to raise rates. Some may say, “rates can’t stay this low much longer” or “there’s no way they can go lower, can they?” The issue then becomes when do we raise rates, the US has their overnight borrowing rate at 0.25%, if it were to raise another 0.25% though it may not seem like much it is actually a 100% increase, or a double in borrowing costs, this can hinder the economy more than you may think. A quarter percent(0.25%) increase on a 5% interest rate, isn’t too much, but when we are this low it makes a huge difference.

Japan is a good example of a country that has very low interest rates for decades...as seen here, rates back to 1960.

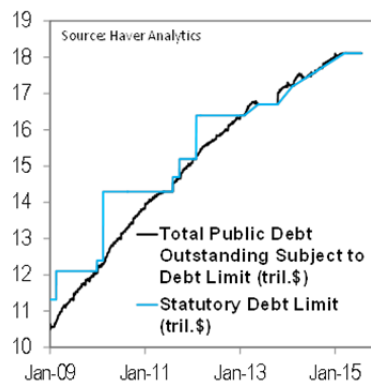


Here is a chart of the German bonds from March when you were not able to get a positive interest rate unless you bought a 8yr or longer bond.



Can rates go lower, and be low longer? – Yes

As October approaches, it is one of the most volatile months of the year, another news headline we haven’t heard much of yet will be the US debt ceiling that will rear its ugly head again this month. The US government is going to have to deal with this issue in the coming weeks and the stock markets tend not to like when this happens. Here is a quick chart from my friends at Dynamic Funds showing the debt to the ceiling again.



Enjoy your weekend.

Cameron