

Hello Clients and Friends,

A quick thank you for the feedback from last week's newsletter. Here are the updated links from last week, they should work now. In future updates I will have links back to previous newsletters, thank you to my readers for requesting this.

- Those of you whom are local to BC and Abbotsford have seen a couple frauds run across the newswire lately. There was a fellow in Abbotsford providing false stock reports, and faced a fine of \$4.3Million from the BC Securities Commission (BCSC), [LINK HERE](#). While most recently in Vancouver you saw a Notary defraud \$110Million from investors in a Ponzi scheme, she's been fined \$33Million, [LINK HERE](#). I too have come across non-licensed advisors soliciting investment dollars from the general public for exotic investments that aren't liquid. These are being touted as very safe and different from the stock market. Both the fellow in Abbotsford and notary in Vancouver were unlicensed.

What happened last week;

- The U.S. economy shrunk a little last quarter by the numbers GDP(Gross Domestic Product), yet when I am talking to my clients in Palm Springs, Phoenix and other parts of the U.S. they tend to disagree and are seeing growth where they are 'snow-birding'. One thing that was good to see from the data release was that consumer spending has increased the most since 2006. This is a very good sign, and as I mentioned in previous letters, when someone has a job they spend money, and that's good for the economy.
- We saw the CAD/USD drop further over the week, for a couple reasons; the FED kept rates low, and there was a flight to safety of the USD. We are likely to see further strength in the USD for a while still.
- The (FED) Federal Reserve in the US(our equivalent to Bank of Canada(BoC)), had their news release on Tuesday, again keeping their rates historically low for the foreseeable future. With lower GDP(Gross Domestic Product), and oil. I wasn't surprised to see this announcement; they are almost at 0, in fact 0.25%. In Canada our overnight rate is at 0.75% now.
- Oil was volatile again last week, one of the data points that caused oil to jump on Friday was the reduction in drilling rigs in the US. When rig counts decline, jobs are lost, but we must also remember that some of these rigs were trying to squeeze oil from stones in some areas so to speak, so although a decline in rig count wasn't all that unexpected, it did give a short term bump to oil prices.
- Greek Debt has also crept back to the headlines a little, as if there wasn't enough other news to report on. One day there will be a conclusion, but until then when all else fails we can always talk about Greece and their debts.

A prospective client I was talking to last week(via referral) questioned interest rate movement saying, "Rates, surely they can't go any lower can they?" They mentioned that they were waiting to move back in when GIC's reach 5% again, because the gov't says rates are going up. I reminded them that we have been hearing that for 6 years. In fact rates can go lower and even negative. So while waiting for rates to rise they will go broke slowly, since inflation and taxes will erode their capital every

day. Even a very conservative balanced portfolio will keep up with inflation, pay less tax, and possibly bypass probate and other issues. This is likely less risk than what they are currently doing just sitting in cash and GIC's. Which is a sure way to go broke slowly and lose capital, which is RISK.

I was at the Tradex this weekend at the Agriculture show, and was talking with some exhibitors there about the CAD/USD issues they are facing and one mentioned that he has little trust in the USD. His thoughts were that it, the US Greenback, isn't worth the paper it was printed on. I reminded him that it is still the reserve currency of the world and basically accepted anywhere. An example I gave. "Say you were travelling in India for example and wanted to buy some goods. Would that merchant be more likely to accept CAD\$, USD\$, Russian Ruble, or EURO?" He got the point, though the US may have their issues, virtually anyone around the world is still willing to accept their currency, as it is still the most traded, and liquid currency in the world.

Enjoy the week,
Cameron

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Please note that we cannot accept trading instructions by email for regulatory reasons. Please call us to discuss any transactions in your account.

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We accept new clients primarily by referral from our existing clients. We would be pleased to speak with anyone you know who would like a second opinion on their investments.