The Only Missiles Launched Last Week Were Financial Ones --- WHEW!!!!

After the brief respite the week before, financial markets were in full ***"Go Mode"*** last week. As I predicted, the US Federal Reserve Board <u>did not lower the bank rate,</u> BUT the much anticipated "notes" did indicate rate cuts ahead. That was all investors needed to hear, and the ***"BUY"*** button was pushed. Even the late threat of a retaliatory missile launch against Iran did not deter anyone, although it did send crude oil, energy shares and gold sharply higher. On Tuesday, President Trump announced that he and President Xi Jinping had a "*very good telephone conversation"* and will hold a lengthy meeting at next week's G20 summit in Japan. Hopes of an end to the tariff "tit for tat" saga also helped push buyers back into equities.

Both in America and in Europe <u>the concern of central banks was the same: slowing economies, both local and global.</u> President of the European Central Bank (ECB), Mario Draghi, pledged to keep rates low and continue asset purchases as long as necessary in order to get Eurozone growth going again.

For the week virtually every equity market, sector, currency, and commodity was higher. I can't recall last when I saw such a one sided move. The only negatives were the US dollar. Lower rates reduces the appeal of US bonds, wheat, corn, natural gas and the perennial big weekly mover, either up or down, Lean Hogs. Don't ask me why the price of these piggies moves around so much, but trust me it does.

The upside winners: Crude oil, understandable if a punitive strike against Iran does materialize, was up over 9% followed by the Energy sector gaining 5%. Close behind was the Hang Seng (Hong Kong) index, also +5%, and Shanghai 4% as protests there wound down. The major indices most Canadians watch: The Dow Jones +2.41% , NASDAQ +3.34% and our TSX, up 1.37%. For those traveling south soon the 1.45% jump in the Canadian dollar was welcome.

Big headlines in Canada last week was the (no surprise) approval by the Trudeau government of the **Trans Mountain Pipeline expansion**. Not to be *a "Debbie Downer"* on your (tax payer) $4.5 Billion investment, but resistance in BC and amongst First Nations to the project remains strong and actual construction could be years away. However, south of us, the new North Dakota pipeline (moving cheap fracking oil south) is in operation and already full. With other American pipelines near completion, I truly fear if the Trans Mountain ever does get completed (and we all know it will be billions over budget), the huge anticipated demand for the Alberta oil may have gone elsewhere. Investors need to keep a close eye on Canadian energy shares in the years ahead.

This week's **Global Insight** again focuses on Central Banks and now that we actually know their strategy: what could be the likely outcomes? <u>Click here</u> to read.