Your weekly market update

View this email in your browser

Market Update

November 6th, 2015

The American Labor Department reported that productivity, which measures hourly output per worker, increased at a 1.6% annual rate after advancing at an upwardly revised 3.5% rate in the second quarter of this year. Manufacturing productivity grew at its fastest pace in four years, led by the durable goods sector. Economists had expected productivity to contract at a 0.2% rate in the July-September quarter after expanding at a previously reported 3.3% pace in the second quarter. Despite the surprise rise in the third quarter, the trend in productivity remained weak. Productivity increased only 0.4% from the same period last year. However it was a slowdown from 0.8% in the second quarter.

While weak productivity has boosted employment growth as companies hired more workers to increase output, it has contributed to stagnant wages and lowered the economy's speed limit. Persistently anemic productivity could continue to limit wage growth even as the labor market approaches full employment. In the third quarter, hours worked declined at a 0.5% rate, the first drop since the third quarter of 2009, which reflected a fall in self-employment as well as adjustments to hours for nonprofit and government enterprise workers.

Unit labor costs, the price of labor per single unit of

Ahmet Jakupi Financial Solutions (AJFS) is a leading integrated solutions private wealth management firm.
We are Fiduciaries for our clients, serving their interests, building long-term trusting relationships and partnerships for over 20 years. As Fiduciaries we are completely focused on serving our client's interest and adding value to their lives

For more info
please visit our website
www.ahmetjakupi.com

or contact us at:
Tel: 1-519-570-4754
Fax: 1-519-594-4754
email: ahmet@ahmetjakupi.com
twitter: @jakupiahmet

Not a client, SUBSCRIBE HERE for a complimentary 30-

output, increased at a 1.4% rate in the third quarter after dropping at a 1.8% rate in the prior quarter. Unit labor costs rose 2.0% compared to last year.

Economists say a tightening labor market could boost productivity as employers seek to cut production-related costs.

As qualified labor is becoming scarce and the unemployment rate has now reached a level that historically has been associated with building wage pressures, firms may be more motivated to invest in labor-saving equipment that could lead to acceleration in output per hour.

In short what the recent report from the Labor Department reveals is that for now the American economy has reached a speed limit. The American Federal Reserve has made it clear that interest rate hikes will be focused around wage inflation pressure which is not quite there. So is the American economy running close to full employment levels? Yes, however the productivity rate of each employed worker is not quite so. The world's largest economy is chugging along nicely but not at full capacity.

So again, it will make it hard for the Federal Reserve to be aggressive with interest rate increases in the near and short term. Once the demand for qualified labor intensifies expect to see labor cost rise higher and the Fed to act by raising interest rates.

European policy makers have signaled concern about the continent's economic prospects, suggesting outside factors such as China's weakening economy could hold back growth.

A fresh European Union forecast published on Thursday cautioned that slowing growth in emerging economies and increased global uncertainty stemming from geopolitical tensions in the Middle

day access to our news service

Visit OUR BLOG for more financial advice and tips!

East could dampen the economy's positive momentum. After deciding to hold interest rates steady, the Bank of England signaled that the need to raise interest rates soon in the U.K. had receded due to gloomier prospects for global growth. The more cautious outlook reflects deepening nervousness among officials about the risks to Britain coming from a slowdown in China and other large developing economies.

European Central Bank President, Mario Draghi, stated the bank could step up its stimulus program if inflation stayed too low. "We are facing a situation in which price dynamics are very weak and the macroeconomic scenario is still uncertain." Fresh data from Germany showed gloom among manufacturers as Europe's largest economy deepened in September. Manufacturing orders are currently experiencing a dry spell, which is largely due to the weak demand from outside the Euro zone.

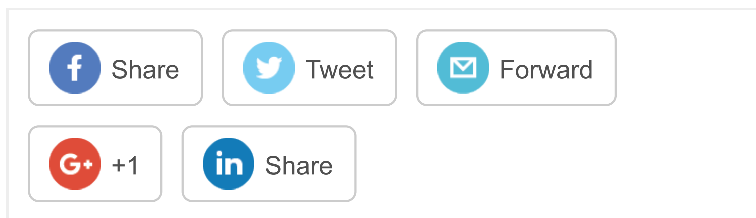
The data reports, from the Euro zone and the UK action not to raise interest rates, reveals that China is having a deeper than desired effect, not just on global trade and commerce, but could and is directly impacting EU nations and the greater Euro zone.

Based on these recent reports, the American Federal Reserve will have the same concerns about the "CHINA EFFECT" on domestic markets and employment.

China's 30-year run has come to an end. The big question is will the dragon nation see investment capital flow out so extensively that it will be like Russia, which saw all the wealthy take their wealth and flee. Such drop on demand in resources, commodities and energy has already been playing out in equity markets and the cost of energy for you and I. This will have a decelerating effect on economic growth in North America and Europe.

Even in Japan, once corporation reached their capacity, each and every firm left the shores of the rising sun and transformed into multinational entities with target markets in America. I don't see how else China can survive and thrive in the future. It must choose between state controlled enterprises or allow Chinese firms to be true capital entities.

Canada is still celebrating in the after glow of a majority win. Our new leader Justin Trudeau holds great promise and optimism. The essence of his economic plan is stimulus spending which I believe if directed correctly infrastructure spending will not just generate short term jobs but allow for long term economic development, which Canada definitely needs to stay in the global commerce race.



Copyright © 2015 Ahmet Jakupi Financial Solutions, All rights reserved.

unsubscribe from this list   update subscription preferences