Your weekly market update

View this email in your browser

Market Update

05 December 2017

“You’re fired!” might be what is coming next for Secretary of State Rex Tillerson. The Trump administration is still coalescing as more growth pains materialize as the President desperately seeks command and control. Passing of the tax reform bill hit another major wall last night with hold outs and a surprise as Senator John McCain endorsing the changes to the Tax reform bill and the medicare changes wrapped inside it. Other Senators jumping in to push through the tax bill with 50 votes secured (unofficially). Wrapped into the tax bill is a capital repatriation tax rate of 7% and 14%. Capital flows will exponentially grow into America.

The DOW has broken 24,000 mark and for the first time since the great recession the American economy is on firm ground. Positive market data has been disrupted by headlines as Former National Security advisor Michael Flynn has plead guilty to one charge of willingly making false statements to the FBI. Flynn has agreed to testify against Trump regarding direct communications with Russian officials. Impeachment could be a real possibility. Markets are concerned as declines take hold today. Will President Trump attempt to fire Robert Mueller (special counsel over seeing the Russian investigation)? This will create uncertainty till clarity comes about. Fired FBI Come had his last laugh as he cited the bible “but let justice rain down like water and righteousness as a mighty stream”. President Trump’s inner circle is crumbling faster that his attempt of taking full hold of the reins. Flynn’s indictment is a direct path to President Trump’s inner circle and the President himself.

Ahmet Jakupi FINANCIAL SOLUTIONS

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: 1-519-954-4754
email: ahmet@ahmetjakupi.com
twitter: @jakupiahmet

Not a client, SUBSCRIBE HERE for a complimentary 30-day access to our news service

Given all these revelations today America's economy is growing. Real gross domestic product (GDP) increased at an annual rate of 3.3% in the third quarter of 2017 according to the "second" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 3.1%. Real economic growth is afoot. However, without solid and lasting fiscal policy all things will end quickly. The Federal Reserve has run out of monetary tools to stimulate economic growth and is moving forward in tightening monetary policy and buying back record levels of treasuries. So as the Fed tightens, slowing economic growth, fiscal policy will need to over come the pull back and thrust the American economy out of the patient recovery room and return to good health. The economic data makes clear American growth engines have been fired up. The tax reform bill will be the jet fuel to push equity markets higher but not job growth. Corporations will leverage the tax cut opportunity by relocating back to America and drive up share buy backs and increase dividend pay outs. So a boom to equity markets but not so much to the promised new jobs. It should however drive capital investment as corporations look to ramp up efficiencies and drive down cost.

The reality of Brexit is starting to hit all parties concerned and not just Britain. Ireland is also in the news lately with early signs for fracture between part line as Irish boarder crisis look to boil over. Scotland could be next. December 14th is a critical day as the European Council meets to discuss the progress of Brexit. Talks are deemed to be sufficient in progress as Prime Minister Theresa May dearly desires. If it looks that current talks have been difficult and slow moving on separation talks, imagine once Brexit is finalized and the EU can and will reject what the United Kingdom asks for. Reality is that the EU is much more resilient than its birth. The financial crisis that gripped the globe damaged the EU and their banks resulting in the collapse of Cyprus banks and Greece itself. EU is claiming a cost of $70 billion in equivalent American dollars. Britain's regulatory sovereignty would be restored and freedom of movement would be removed between Britain and the EU along with the closing out of the European Court of Justice.

China is reshuffling their economic plans calling for a focus on quality economic expansion versus past decades of rapid growth.

The reality is debt and slowing consumption of Chinese goods both nationally and globally are bearing weight on the ability to quickly grow GDP

Oil prices took a boost as Russia and Saudi Arabia collude to act as the hand that regulates global supply of oil by extending a cut in production till the end of 2018. Within days American oil and gas rigs climb by 6 rigs since the OPEC announcement. WTI oil slipped due to expected greater supply. In total oil and gas rig counts are at 929 up from 332 rigs from a year ago. Canada’s oil basin saw a rise in rig counts also by a total of 7 this week. An oil price of above $55.00 has energy producers flush with profits as extraction costs continue to decline. The collapse of the energy market in 2014 has forced North American energy extractor to be ultra lean, consolidate and now reinvest back into rigs and extraction.

In Canada, a wave of job creation last month knocked the unemployment rate down to 5.9%. This is its lowest level in nearly a decade. Statistics Canada said Friday that the economy churned out another 79,500 net new jobs in November and drove the jobless rate down 0.4% from 6.3% the month before.

The Statistical Canada also released fresh figures Friday for growth. Stats Canada showed that the economy expanded at an annual pace of 1.7% in the third quarter. However strong November jobs numbers stood out. The last time the unemployment rate was 5.9% was February 2008 at the start of the global financial crisis. Economists had expected an increase of 10,000 jobs and the unemployment rate to come in at 6.2%. The increase also marked Canada’s 12th straight month of positive job creation as the country posted its best 12 month performance in 10 years. The last 12 month streak of positive job creation ended in March 2007.

New mortgage rules coming into effect in January will disqualify about 10% of prospective homebuyers from buying the home they want, the Bank of Canada says. Under new rules put into place by Canada's banking regulator, OSFI, borrowers of traditional mortgages (with 20 per cent or more down) will have to qualify at a rate that is two percentage points higher than the lender's offered rate. The impact on mortgages placed next year is expected to be worth $15 billion. In other words it will force new buyers to alternative lenders not subject to the rules.

Share Tweet Forward

+1 Share