October 27th, 2012

Many of my readers know by now, America's presidential race is too close to call. One thing is clear; moving America successfully past its fiscal cliff in 2014 will require un-presidential measure.

As reported this week, Spain's unemployment rate hit a new high at 25.02% up from 24.6%. The statistical office INE released their report Friday. Economic contraction continues in the Euro zone with GDP posting a negative 0.29% for October.

As Obama and Romney fight it out, the economy is quietly improving beyond any economist's calculation. The Commerce department reported stronger than expected GDP in Q3. The data revealed gross domestic product (GDP) grew by 2.0% in the third quarter following a 1.3% growth in Q2. Economists were estimating growth of 1.8%.

A new dawn is not shining over America anytime soon, but a silver lining is definitely present. The silver lining is an improving job market. Job creation is the main political theme for this presidential race. Both Obama and Romney fail to inspire exuberance over job creation leaving both candidates neck in neck.

Despite all this, Americans are cautiously optimistic. Modest momentum is slowly improving the economic landscape. Retail sales are up 5.4% year to September. New home starts are up 35% from a year ago. Unemployment dropped from 8.1% to 7.8% since September. Overall, things feel better, but a lack of a clear job creation strategy from above has left many under employed or just not wishing to look for work anymore.

Another front were America has been slowly gaining ground is in banking. Compared to their European counterparts, American banks have been cleaning up their balance sheets and raising equity to the level regulators demand. By contrast, regulators in the EU have dithered over forcing banks to raise equity or even in segregating bad assets.

All the above mentioned indicates than America is emerging from the great recession successfully and well positioned to grab future growth.

When we cross the Atlantic, the picture is not so rosy. Euro zone leaders have all failed to make the tough choices. Simply forcing everyone on an economic diet is not the magic bullet. A total revamping of fiscal and economic protocol must occur with quick implementation. In this arena, EU leaders have dithered along with regulators. For the EU, not only does this prolong economic recovery, but deepens the recession. Unfortunately, transplanting the German adage of, "work harder and spend less" during tough times does not transplant well to the rest of the EU. Most of the member states lack sound fiscal and economic government protocols in managing their economies.

As reported this week, Spain's unemployment rate hit a new high at 25.02% up from 24.6%. The statistical office INE released their report Friday. Economic contraction continues in the Euro zone with GDP posting a negative 0.29% for October. On the other hand, German consumer confidence reached a new high as income levels have recovered to their highs of October 2007. Inflation in Germany is creeping along at 2.9% as of September. France on the other hand reported a sharp decline in confidence for a fifth straight month amid persistently high unemployment levels.

Asia failed to inspire. Early this week, Japan and Australia looked to be bright spots. Both nations failed to hold market gains. Among other Asian pacific markets, Shanghai, Hong Kong, South Korea and Taiwan all traded notably lower as global demand shrinks.

Japan's Nikkei rose initially but weakening global demand put declines in front. Sharp Corporation was a rare winner gaining 8% along with Advantest Corp rising 5.5%. The rest of Japanese corporations saw declines in all sectors. Japan's core consumer price index continues to fall by dropping another 0.4% in October.

Australia's mining and banking sector failed to be inspired by good news from Wall Street.

Oil broke a five-day losing streak. Light sweet oil (WTI) for December delivery rose 0.32 at $86.05 a barrel. Gold was $1713.00, up $11.40 an ounce.

Canadian markets responded positively to the upbeat data from south of the border. Even though the price of crude has been on a down swing, the companies operating in the oil path saw increase. Paramount resources and Cenovus Energy both rose above 2%. Enbridge also closed 1% higher. The TSX posted the healthiest gain closing at 105.20 at 13,300.23, surpassing the DOW.

Political shifts are more concerning at this point. Dalton McGuinty's unexpected exit from politics has left the Liberals wide open and the premiership up for grabs. Ontario is Canada's economic engine. Business leaders big and small all contribute to the provinces success. These very same leaders will be watching closely how the leadership race will play out. Many businesses will be developing contingency plans to ensure business production is not interrupted. The NDP sees this as a big opportunity to move into the premier's office. Union leaders will no doubt rally around their party for support. Under McGuinty's leadership, Ontario has been very pro-business. A shift from this stand would see businesses exit. Let's not forget that bordering southwestern Ontario are three very eager American states looking to entice jobs away from Ontario. An ideal business economic climate has translated into un-presidential job creation. Validation of such a successful climate plays out in the recent report released by Statistics Canada. The report revealed 45,500 new jobs were created in

August. Additionally, new jobs were added each of the last six months at a pace almost twice the forecasted rate.

Locally, entrepreneurship has not just flourished but is exploding. Innovation, knowledge and entrepreneurship will reshape this community into a premium place to live.