January 26th, 2013

America's biggest roadblock to a quick and prosperous recovery is their very own President. President Obama was initially elected on this proven ability to be bipartisan and build a quick consensus. So far, Mr. Obama has revealed none of that skill. Now that Mr. Obama has secured a second term, expect to see the President heavier handed. Vice President Joe Biden came to the rescue of America by securing a compromise ending the ongoing fiscal cliff saga. America has many more economic issues to overcome and a President on a high horse will do more harm than good. A no compromise attitude has no place currently. In spite all this political blundering, the NASDAQ rose above 1500. The technology sector performs well during the second phase of an economic recovery indicating the worst is over.

Joe Biden's sudden whisper skill may be largely due to the Vice President's desire to run for the top job in 2016. Mr. Biden will see stiff competition from Hillary Clinton. Based on the potential republican line up in 2016, we may just see a democratic government from 2016-2024.

In recent weeks, we have seen economic data indicating a mild softening in the month of November and December, but overall 2012 was a banner year for America.

In the months to come, expect to see corporate leaders roll out their economic action plans that include some capital spending. Now would be a good time for Mr. Obama to get off his legacy-building high horse and introduce an economic policy that would allow American multinationals to repatriate foreign profits under a tax amnesty as a means to create jobs for a quick and speedy recovery.

The EU has been making solid progress toward economic recovery but a recent announcement from Britain wanting to remove itself from the EU altogether. Britain is not part of the currency union adopting the Euro but is very much an integral part of the trade and economic pack developed back in the 1970's. If Britain truly does remove itself completely from the Euro zone, it will be a blow to the EU creating a run on confidence and the Euro dollar. Just as the EU leadership is slowly righting their economic ship, a torpedo out of nowhere hits them hard.

Japan's bold step in implementing un-presidential economic monetary policy easing is working. The value of the Yen has weakened and the Nikkei rose 2.9% hitting a 32-month high. The biggest winners are auto manufacturers and exports.

China's Shanghai index was plagued by aggressive profit taking after recent strong gains. Hong Kong's Hang Seng fell in tandem down 1.1%.

The price of gold has been lingering for the past 2 weeks due to pressure selling and weak gold prices. Gold is down $16.90 at $1660.80 an ounce.

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Oil is seeing buoyant times with prices above $95 at $95.95 a barrel up $0.72.

Australia's resource rich geography and strong banking system are pushing the All Ordinaries to new highs. The index hit a 21-month high up 1.7% on the day mostly led by banks.

India's economy is riding higher after the RBI dropped interest rates by 25 basis points, which helped push the Sensex up by 0.7%.

Canada's economic news continues to surprise all. According to Statistics Canada, inflation is not an economic threat currently. CPI rose 0.8% in the 12 months to December after the same increase in the 12 months to November. This put inflation below the core target at 1.1%. Mild deflation pressure occurred in both November and December keeping CPI below expectations.