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FINANCIAL SOLUTIONS

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America added 321,000 jobs in November, the biggest burst of hiring in nearly three years. In addition, the Labor Department reported 44,000 more jobs were added in September and October combined than it had previously estimated. Job gains have averaged 241,000 a month this year, making 2014 the strongest year for hiring since 1999. Employment numbers are the latest evidence that the American economy is rebound. GDP expanded at a 3.5 percent annual pace in the third quarter, after growing at 4.1 percent in the second quarter. Unemployment remained at a six-year low of 5.8 percent. But there are still millions of Americans who have stopped looking for work or are slow to return to the labor force, a legacy of five years of a stagnant economy. At the current rate of recovery the labor market will return to pre recession health by October 2016. Wage growth over the last 12 months in America is still lagging at just 2.1 percent; barely above the 1.7 percent inflation rate which has kept consumer spending somewhat subdued. New jobs creation tends to be in low-paying or temporary positions in retail and shipping which affects the long-term health of the economy. Companies such as UPS and Amazon announced big hiring plans for seasonal workers for a period of six weeks this year in anticipation of holiday online spending.

Manufacturers added 28,000 jobs, the most in a year, and education and health services added 38,000. Professional and business services, a category which includes fields such as accounting and engineering, added the most jobs in four years. However, every sign of a strengthening economy makes it likelier that America's Federal Reserve Bank will raise interest rates The Fed has kept short-term U.S. interest rates near zero since December 2008, and bought trillions of dollars of Treasuries and housing-backed securities to push borrowing costs down further and lift the economy. At the next Federal Reserve meeting on Dec. 16-17, hawkish policymakers concerned that a stronger labor market could augur unwanted inflation, may redouble their efforts to take the pledge out and pave the way for an earlier rate rise.

Employment data showed hourly wages rose just 2.1 percent, a bit faster than they had been tracking but well below the 3 percent to 4 percent that Fed Chair Janet Yellen has said would reflect a healthy economy. Fed policymakers want to see signs that inflation is on its way back up to their 2-percent target, and are watching the wage data closely. Policymakers will submit new economic forecasts at the policy-setting meeting, although it is unclear how much current data reports will have an impact.

After refraining from quantitative easing for the Euro area in yesterday's Governing Council meeting, the European Central Bank president Mario Draghi has pledged to "reassess" the situation early next year. The council expects to consider a proposal for broad-based asset purchases including sovereign debt at the next monetary-policy meeting on Jan. 22, said two Euro-area central-bank officials familiar with the deliberations. With inflation already at a five-year low and deflation a real concern due to declining oil price, pressure will remain on policy makers to consider expanding stimulus. ECB president Draghi said "while he believes broad agreement on any action can be reached, he doesn't need unanimous support." Mario Draghi strengthened his language on possible stimulus by saying that policy makers "intend" rather then "expect" the ECB's balance sheet to grow toward its levels of early 2012. While that change suggests the ECB could be more aggressive in its plan to add as much as 1 trillion Euros ($1.24 trillion) in assets, at least three policy makers opposed the revised balance-sheet language, according to Euro-area officials familiar with the discussion.

The ECB stimulus package for January has not yet been disclosed. No decision on implementing QE has been taken yet and the composition of the program may be influenced by incoming data. If policy makers do not decide to implement any program in January, the next opportunity to consider the matter may be at their March 5th meeting when they present new economic forecasts.

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Some of the most-prominent opposition to sovereign-bond purchases has come from the Euro area's largest economy, Germany, which could mean that while Mario Draghi said "we don't need unanimity," to undertake QE, he may still have to put off action once again in January. While Germany does not have a veto on QE, the fact remains that it's German opposition to more aggressive stimulus that's preventing the ECB from taking bolder action. The ECB is now facing a crisis of credibility.

The rate of Inflation declined to 0.3 percent in November. The ECB downgraded its forecasts through 2016. Consumer cost of goods grew at an average 0.5 percent this year. Forecasted growth in prices for 2016 is just 1.3 percent. The ECB defines its price-stability goal as keeping inflation just under 2 percent. The Bundesbank today also cut its economic predictions. It now sees German inflation of 1.1 percent next year, down from a June prediction of 1.5 percent, and gross domestic production increasing 1 percent, half its previous forecast. Moreover, both the ECB and the German predictions were formulated before a slump in oil prices when the Organization of Petroleum Exporting Countries decided not to ease a global glut of crude.

"Over the coming months, annual inflation rates could experience renewed downward movements, given the recent further decline in oil prices," Mario Draghi stated. "We will be particularly vigilant as regards the broader impact of recent oil-price developments on medium-term inflation trends."

Oil and energy prices continue to hit new lows with some forecasting oil to hit $40 a barrel. OPEC's price war against the American shale industry will definitely erode drilling budgets, shrink profits and even bankrupt some companies. However, it will not do the one thing OPEC's leader in Saudi Arabia want: reduce American production of energy. In the three geologic formations that account for 88 percent of American shale oil output, Bakken, the Eagle Ford and Permian can drill new wells profitably in some areas even if crude falls to $25 a barrel.

Our Loonie dollar touched a five-year low as data showed our economy lost jobs in November while American payrolls numbers swelled. For a second week, Statistics Canada reported employment fell by 10,700 jobs. The drop in employment was supported by the Bank of Canada statement this week "While the recovery shows signs of broadening, the labor market continues to indicate significant slack in the economy." The Loonie hit its weakest since July 2009 against the American greenback touching 87.34 cents. Employment declined after jumps of 43,100 and 74,100 jobs the last two months, according to Statistic Canada. Unemployment rose to 6.6 percent from a six-year low of 6.5 The Bank of Canada has kept its benchmark interest rate unchanged for the longest in almost 65 years. Despite the disappointing unemployment numbers in Canada, wages rose at a fast pace. The second fastest pace among the G20 economies. Australia has the fastest wage inflation. Over the period measured, for example, average annual wage growth in Canada outpaced that of Germany, France and the United States. Australia and Canada show more positive growth in average wages, partially attributed to natural resource growth during a boom in commodities.

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