

## *“MY VIEW”*

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September 3<sup>rd</sup>, 2003

***During these lazy, hazy days of summer, the living is easy and our thoughts turn to the lighter side of things, such as having fun and relaxing.***

With the absence of fanfare or a lack of attention, something very dramatic has been taking place. During the past fifteen weeks, even without us constantly monitoring, worrying and exasperating over the stock market, there has been a positive and very welcome trend developing.

***The major global markets have been steadily rising,*** the U.S. dollar has regained some of its footing, lots of corporate good news reports are coming to the surface and at least for the time being, the media will have to focus on something else in order to create the negative energy which it feels we need our daily dose of! Over the last three plus years of emotionally driven blood letting, it has been the consumer in North America who has been supporting the economy. That's great for the short term but what is really needed for long term health and to make the engine of commerce purr is corporate spending and reinvestment. Once again, very quietly, over the last six months, America's corporate engine has been steadily revving up its RPM's, month over month.

Canada is a member of the G7 Nations. Think of them as the old boys club with the U.S.A. being the patriarch. Over the last four years Canada has led the group with the strongest Gross Domestic Product (G.D.P.) output. America is now taking over first place again, which is a very positive sign since it is by far the largest economy in the world, showing that everything is cyclical and what goes around actually does come around.

In a recent U.S. Government report it detailed how factory orders for cars, machinery and commercial aircraft were up, passenger air travel is recovering and how successfully and quickly the North American people have adapted to the world's new reality surrounding war and terrorism.

What we are being witness to is the largest increase in business investment in three years, which has helped the American economy to grow at an annual rate of 2.4% for the second quarter. Business investment in new equipment and software rose at an annual rate of 7.5%, the strongest demand since the second quarter of 2000. Usually when stocks go up bonds go down. The U.S. ten year treasury bill has lost nearly 10% of its value since mid June, the largest drop since 1980. All good news for equity investors.

Let us not forget that although Canada is a beautiful country with much to offer, we represent less than 3% of the world's economy. Our neighbours to the south are still the largest economy in the world (approximately 45% of the world's economy) and account for 85% of all of our trade. It is imperative that their engine fires on all cylinders in order to propel the rest of the world's economies to a successful turnaround. Inventory levels have fallen, as demand has escalated, companies have ordered more from suppliers, and in turn, from manufacturers, all of

which indicates that economic growth will continue to accelerate and we may well be turning the corner of this self-inflicted downturn. History does repeat itself and not since 1929 have we seen such a golden opportunity to create real and permanent wealth.

Want to know more....contact me at 244-7400

Enjoy what's left of the summer.