

January 12, 2011

Dear Clients and Friends,

Quote of the Month: “If you could push a button that propelled you 5 years into the future, but you found out that your life was exactly the same, would you be happy?” Les Hewitt. Well would you?

I enter 2011 with a lot of hope and excitement for my own life, family and business; and I trust you sense the same.

Forecast for 2011: It is always fun being a Seer especially if you are mostly right! So what will be the key issues/risks for investing and the global economy in 2011 ... 10,000's have weighed in on the topic in the last week ... I will do my best!

Canadian Markets: We are blessed to live in Canada for many reasons and from a investment point of view we will continue to have a growing economy with our resources (I am very bullish on gold, silver, uranium, rare earths, potash and a few others for 2011) oil (expect oil to go over a \$100 a barrel by summer if not sooner), food production and stable banks. We should see the TSX hit 15,000 or close to it by year end on moderate 2.75 to 3.5% GDP. Alberta and Saskatchewan will lead the way in growth nationally and further recovered jobs. Having a strong dollar will cause some real challenges especially in manufacturing section (Central Canada)...but smart businesses have already adjusted their numbers to this reality. Expect the Canadian dollar to be above parity with the US all year (we may see \$1.10 or better). Expect interest rates to slowly increase by mid-year and we may see Prime at 3.5 to 3.75% by year end (currently at 3%). Canadian stocks will continue to do well in 2011; but expect a couple corrections in the markets this year (this is normal)...stocks NEVER go straight up except in our dreams. The average Bull Market lasts 3.6 years and we are about half way into it if history repeats.

US Markets: Many US companies have extremely strong balance sheets due to cutting excesses in the 2008-2009 market collapse and letting go millions of employee's. As the Global economy has slowly recovered many US businesses have greatly benefitted and they 100's of Billion in cash and we are seeing companies starting to reinvest, restock, and slowly add employee's. As much as the US Government preaches there #1 priority is “Job Creation”, it is NOT the government that creates jobs..it is businesses. In fact State and Municipal governments are laying people off in droves do to massive deficits and many governments (same as above) are on the verge of bankruptcy! This is a REAL RISK to watch in 2011 in the USA. Another real threat to their recovery in still REAL-ESTATE, massive foreclosures continue, prices continue to sink in many States (I foresee another 20 to 40% decline in house prices over the next couple years ... some regions will do better than others). I continue to say...don't rush to buy US real-estate unless you have cash and don't mind your asset devaluing! Putting it plainly this MESS is not over and many US banks will continue to go bankrupt over it (in 2010 144 banks or so CLOSED)! Historically the 3rd year of a Presidential term is the best year of the 4 for the

fivefold
Wealth Management
Solid Financial Services



stock market; but the above realities will dampen the market but it still should experience modest growth 2.5% GDP. Due to the US two party Government system, and the recent Republican dominance of the House of Representative (Democrats still control the Senate) there will be basically Gridlock in Washington. Mr. Bernanke continues to print money at insane levels and creates massive trillion dollar deficits...I don't like it and a DAY of RECKONNING will come one day in the future!

Global Markets: I don't want give the impression I am picking on our US brethren; so I will be candid Japan, Britain and many European nations are as "Debt Drunk" as the US! Basically we are seeing a Two-Tier Global Economy (slow growth nations with near zero interest rates, US, Japan, and Europe) and strong growth from Emerging Markets (China, India, Brazil, numerous Latin American countries and southeast Asia). Emerging Market risks are clearly focused on managing INFLATION and this is no small feat for most Governments to set policies that balance growth and inflation especially when it get double digit in nature. Finally, expect to hear more from the PIIGS of Europe (too much at the trough of DEBT) and we will see a few issues this year which will affect the stock markets...I am sure of it!

FWM Strategy: Develop a Financial Plan if you haven't already. This includes a budget (knowing your spending expenses and saving/investment goals), tracking your net worth annually which is your Wealth Score, and building up your defences against financial risks which is usually accomplished with various insurances and investments. When people do not have a plan and the storms of life hit they are the ones who are MOST devastated. You may not be able to build a complete plan all at once; but prioritize and let me know if you need guidance.

Have you started a TFSA yet? It's great tool for saving and emergencies. My clients received 8% to 15% returns in 2010 ... much better than any bank!

If you are considering adding funds or starting an RRSP this year (March 1st Deadline); please let me know ASAP. I will be in BC for a week in February (2nd or 3rd week) and will confirm soon.

Please let me know if I can serve you, your business or company (Lunch & Learns), a friend or family in 2011!

Best regards,

Bill Westmacott, President & Financial Advisor

Fivefold Wealth Management

www.fivefoldwealth.com

Office: 403-455-3776 Cell: 1-888-614-0614

107 Copperstone Grove SE, Calgary, AB, T2Z 4X7

Branch Manager, Global Exempt Market Solutions

fivefold
Wealth Management
Solid Financial Services

