



Capital Wealth Management

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KNOWLEDGE IS WEALTH

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Market Overview—I Bet You're Glad You Stayed Invested

The stock market has had an incredible reverse of fortunes over the past month or so. The TSX has gained over 30% since the bottom in early March and now it is up over 10% for the year. In the U.S., the S&P 500 has roared back with a 35% gain off the bottom. Not only is the stock market firing on all cylinders these days but the Canadian dollar is currently above 85 cents and is on the rise. The dollar is bolstered by firming commodity prices and an improving global outlook.

Just a few short months ago, most investors were scared, dazed and confused with the plunge of the markets and the never-ending negative news. It is amazing how a few short weeks later, and all the bad news that we were seeing and hearing have turned to a more positive outlook. I am writing this newsletter Monday May 11th, 2009 and the news on the market ticker is that Canada has had a surprising positive job growth in the month of April totaling 35,900. Job creation is one of the major keys in getting the economy back on track.

Some other good news for investors is that the Bank of Canada Governor – Mark Carney, stated that the Central Bank would keep its key lending rate to banks as low as possible until June of 2010. That means that interest rates for the next 12 months will continue to be at all time lows. This measure will assist all Canadians who are servicing debt from mortgages to loans. Mr. Carney stated some key data indicators, such as an up turn in consumer and business confidence and a stabilized real estate market encouraged him. Mr. Carney also stated

that the policies deployed by the Central Bank and Federal and Provincial Governments will begin having an impact shortly.

As investors we need to remember that the stock market moves 6 months prior to the general economy. That means that if things are looking promising in September, than in affect the market should start moving in March.

To continue with the optimism I've stated in the above article, I recently read an interesting article from the National Post on May 2nd 2009. The article was related to one of Bay Street's most bearish pessimistic forecasters: Warren Jestin, Chief Economist at Bank of Nova Scotia. He stated "We have finally gotten to the point where the fundamentals are going the other way. We are entering a new stage...as we are done with the freefall." Mr. Jestin suggested the recovery would be gradual and that sunnier days lie ahead.

Check Out Our New Website!

I am proud to also announce that we have officially launched our new website:

www.capital-wealth.ca

We have included some of our most popular pages from our old site and some new pages that we feel will add value to our clients.

-Dave

