

Issue 4

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This week the World Economic Forum in Davos Switzerland is taking place. It's an annual gathering of global economists, central bankers and Government Finance ministers, among others, discussing both the challenges and opportunities facing the world today. This year's conference will have a little more tension involved considering the current European debt situation.

Low confidence in governance and continued concerns about further economic disruption has kept the outlook pessimistic. We feel a continued possibility of a geo-economic disruption, such as a Greek Sovereign Debt default is to some degree already reflected in the current market, however a contagion is not. The fraying global system and lingering economic malaise has been front and center, and is clearly reflected in the theme for this year's World Economic Forum, "The Great Transformation: Shaping New Models", catchy name for "Hey that didn't work so let's try this" All kidding aside, we remain cautious on the outlook for Europe over the near term, and are more upbeat with respect to the emerging markets and North America.

Within this week's forum: the Global Confidence Index, which is a quarterly survey of policy makers, business leaders and academics, was released to show 54% of all respondents share a bleak outlook for 2012, which is practically a glass half full or half empty outlook. Respondents from the private sector within the survey were more confident than those from the public or academic sectors. This is not surprising as most business owners plan for the future, whereas politicians and academics tend to typically reflect on or study the past. Thus as business owners, we remain cautiously optimistic.

While there are many formidable challenges, and the United States is still repairing the damage caused by the financial crisis 2 years ago, we have begun to see growing exports and broad based strength. Optimism in the US is partly rooted in an improved business sector, where profitability has been high, exceeding that from the pre-crisis levels. When we look at private investment as a measure of confidence, we see that over the past six month period, investments towards equipment and technology have increased 30%. To us, we interpret that as a signal that business owners are expecting increased economic activity.

These are encouraging trends, but realistically, it will take years for all the issues to be dealt with, with the North American economy being a couple years ahead of the European Economic Union. So, as we have mentioned in the past, we are cautiously optimistic.

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Our corporate news that is more just an anecdotal than anything else, but illustrates corporate confidence quite well, is the fact that Ford Motor Company this week announced plans to re-instate their equity dividend. Another interesting dividend possibility would be that of Apple.

Apple released their quarterly results this week, and to no one's surprise they were strong. The company reported that balance sheet cash balances now stand at \$100 Billion, or the equivalent of \$104 per share. What really stands out about this figure is that Apple has more cash on its balance sheet than more than the individual capital market value of nearly half of the companies that make up the S&P 500 Index. WOW!

Why this is of interest to us is that Institutional Fund managers who have a value or dividend mandate currently cannot own Apple, should the company implement a 3% dividend which is only 10% of their cash balance, you could likely see a revaluation higher.

As always, your comments and feedback are welcome.
Have a great weekend

The Dekker Hewett Group

TODAY'S STOCK WATCH

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| S&P/ TSX Composite | 12,516 |
| Dow Jones Indus. Avg. | 12,684 |
| S&P | 1,317 |
| Canadian/US Dollar | \$0.9987 |
| US/Canadian Dollar | \$1.0009 |
| Euro / Canadian | \$1.3223 |
| Gold | \$1738 |
| Silver | \$33.82 |
| Oil | \$99.61 |



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