



Golden Swan Monthly Newsletter

August 2017

Courtesy of

www.TrustedWealthProfessionals.com



Greetings Canadian Investors,

Welcome to the inaugural Golden Swan Newsletter and THANK YOU for subscribing to this publication. The intention is to make this document a 'quick read', to be very visual, to be shared with your Family, Friends and Accountants.

TWP, or TrustedWealthProfessionals.com, 'soft' launched in June 2017 and is now being introduced to all Canadians including the Media and Regulators. The Trusted Wealth Professionals will be added to the website after Labour Day.

This monthly newsletter features Gerry's Crosses, for the S&P500, TSX60, Gold, plus 5 North American Indicators. Also, the goal is to limit this document to 5 or 6 pages. The evolution of the Golden Swan may include the TWP Blog Posting of the month, Q & A, and perhaps a bit of humour. But no matter how the format evolves, the core TWP mandate will always be to remain the Trusted Voice of Canadians' Wealth.

Cordialement,

Gerry Gabon

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With great thanks to Tom Dusmet, retired IIROC Investment Advisor, the Canadian Investors' Course, denoted the 'CIC Course', launched with complete Voice Narration, just over 6.5 hours of recordings, and about 400 PDF pages. You can download the complete CIC Course, from the Resources tab of www.TrustedWealthProfessionals.com. You can print the PDFs, and make notes as you follow along with the Voice Narration, as often as you like. There is no exam and you may share links and PDF files with family, friends and accountant(s). Please enjoy and TWP welcomes any feedback. Thank you in advance.

CIC Course Index + Session Times

Session	Topic Main Session	Time	Topic Commentary	Time
0	Introduction	12:19	No Commentary	N/A
1	Income Investing Short Term	11:36	Home Capital + Interest Rates	4:14
2	Income Investing Medium Long Terms	15:28	Bond Market Danger + Rate Reset Preferred's	7:42
3	Introduction to Equities	19:46	Yield Curve	5:35
4	Finding Stocks to Buy or Sell	30:07	RBI: Rules Based Investing from 1929 -> Present	11:29
5	The Economic Cycle	10:25	More on Yield Curve	2:56
6	Simple Financial Plan	11:29	Phil + Anne Rate of Return's + Financial Planners	9:05
7	Financial Planning Continued	37:46	Session 6 Commentary Repeated	9:05
8	The Investment Industry Overview	7:27	Seg Funds + CRM2	8:07
9	The Investment Industry Product & Fees	11:08	Financial Planners	6:48
10	Packaged Investment Product	19:00	Mutual Funds: Diversification + Fees	5:51
11	Packaged Investment Product Continued	20:23	Fee-Based: Portfolio Solutions	5:42
12	Options	16:00	1/3/1/3/1/3 Portfolio + Income Stream	6:56
13	Portfolio Construction	12:01	Full + Complete Asset Allocation Program	4:52
14	Investment Strategies	4:05	Bad Target Date Funds	7:10
15	Rules Based Investing	14:04	Ingrid + Joe: RBI-Portfolio + C.A.P.E. + Crosses	9:01
16	Measurements	7:27	A few more Measurement charts	7:02
17	Psychology	16:00	Euphoric Charts	10:26

www.TrustedWealthProfessionals.com/cic-course/



Gerry's Crosses



For more information on Crosses, as part of Rules Based investing, please visit
<http://www.trustedwealthprofessionals.com/rules-based-investing/>

S&P 500

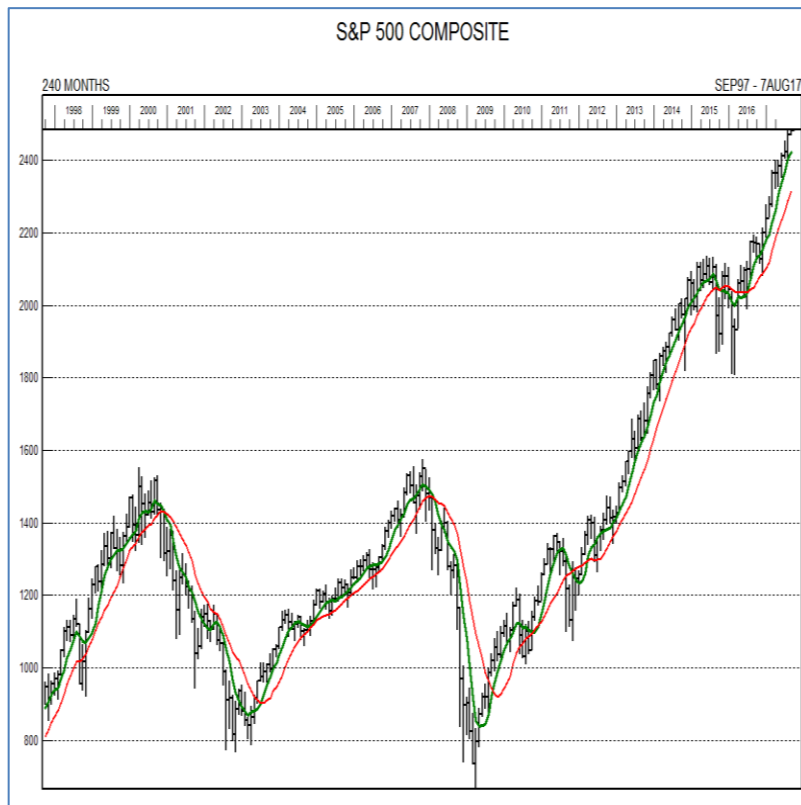


At present, the S&P 500 is 'Crossed Up' and in the Golden Zone. This is where the green 6 month shorter Moving Average line is above the red 13 month longer Moving Average line.

Of note, other than quick Cross Downs and Cross Ups in 2011 (possibly QE completion by USA Fed?) and 2015-16 (China slowdown + Brexit), the S&P 500 has been in the Golden Zone for much of the last 8 years.

Over the last 20 years there has been an 'Under Water' period that spanned from 2000-12 and then a meteoric rise from the low of March 2009.

Please talk to your Trusted Wealth Professional about their own Moving Average 'lines' that they utilize.



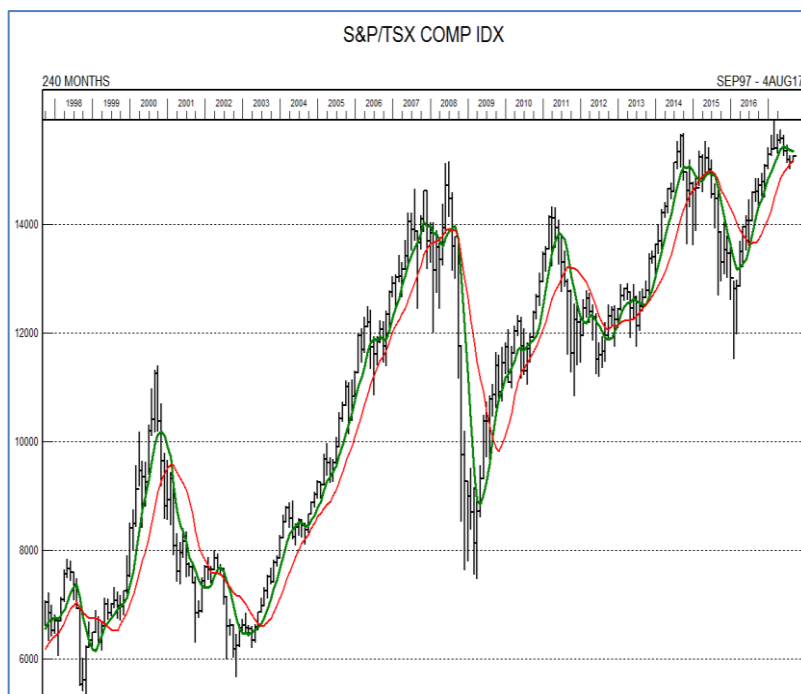
TSX60



The TSX60 is 'Crossed Up' **at present**, and in the Golden Zone. This is where the green 6 month shorter moving average line is above the red 13 month longer moving average line. The next 2-4 months will be pivotal for the S&P500 as commodity prices have not rallied alongside with the major equity markets.

Interesting note: the movement of the TSX60 over the last 20 years, has been stronger than the S&P 500.

Quick and simple math also shows that the TSX60 has only grown just less than 1% a year for the last 10 years; from the 14,000 level to the 15,000 level in that time period.



Gold



Gold is 'Crossed Down' **at present, but it seems to be on the cusp of Crossing Up.** Tensions in the Korean Peninsula are supporting this movement, but strength in the USD may hinder this progress.

Historically, Gold has been used as a 'safe haven'. But more recently, the Commodity has been ignored in this regard as BitCoin, are other crypto currencies have taken center stage.

Gold tends not to correlate with the S&P500. And one would think that Gold would be more correlated with the resource-based TSX60 but that has not been the case since QE in the USA has strengthen the USD and hurt the currency (other than a minor bump during the Brexit time period).



Gerry's Indicators

For more information about Economic Indicators, please visit Session 16 Measurements of the CIC Course
<http://www.trustedwealthprofessionals.com/cic-course/session-16-measurements/>

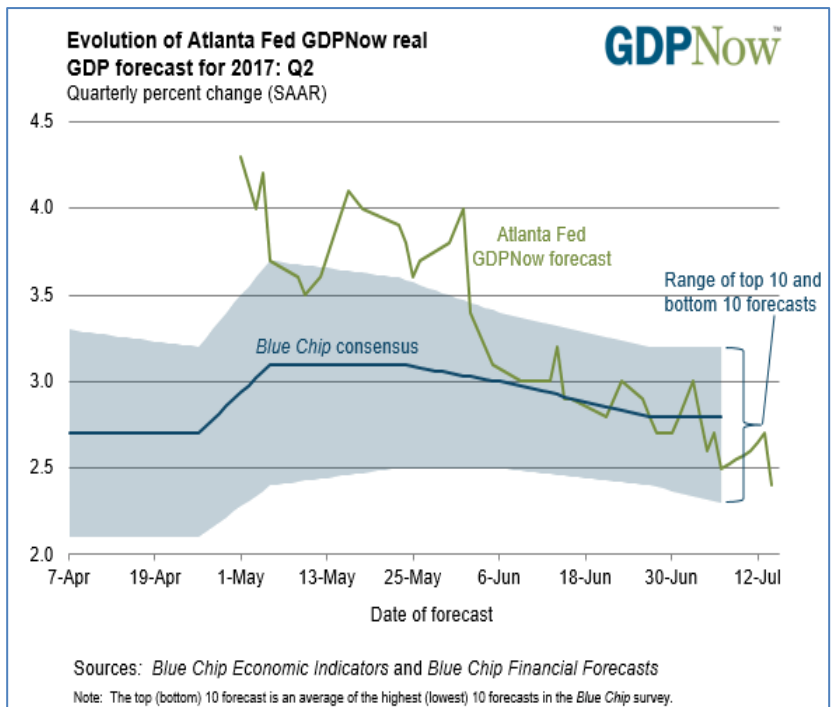
Look at the USA's GDPNow model: note the 'visual communication'; especially the contrast between the Financial Industry Blue-Chip Consensus versus the USA government model.

GDP tends to be a strong predictor of inflation.

Extract from the FRED: "Real gross domestic product increased at an annual rate of 2.6 percent in the second quarter of 2017 ... and ... in the first quarter, real GDP increased 1.2 percent (revised)."

<https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

N.B.: the GDPNow Indicator has **reset** from 2Q to 3Q, once the factors impacting 2Q GDP had passed. Thus the July date in the image to the right.

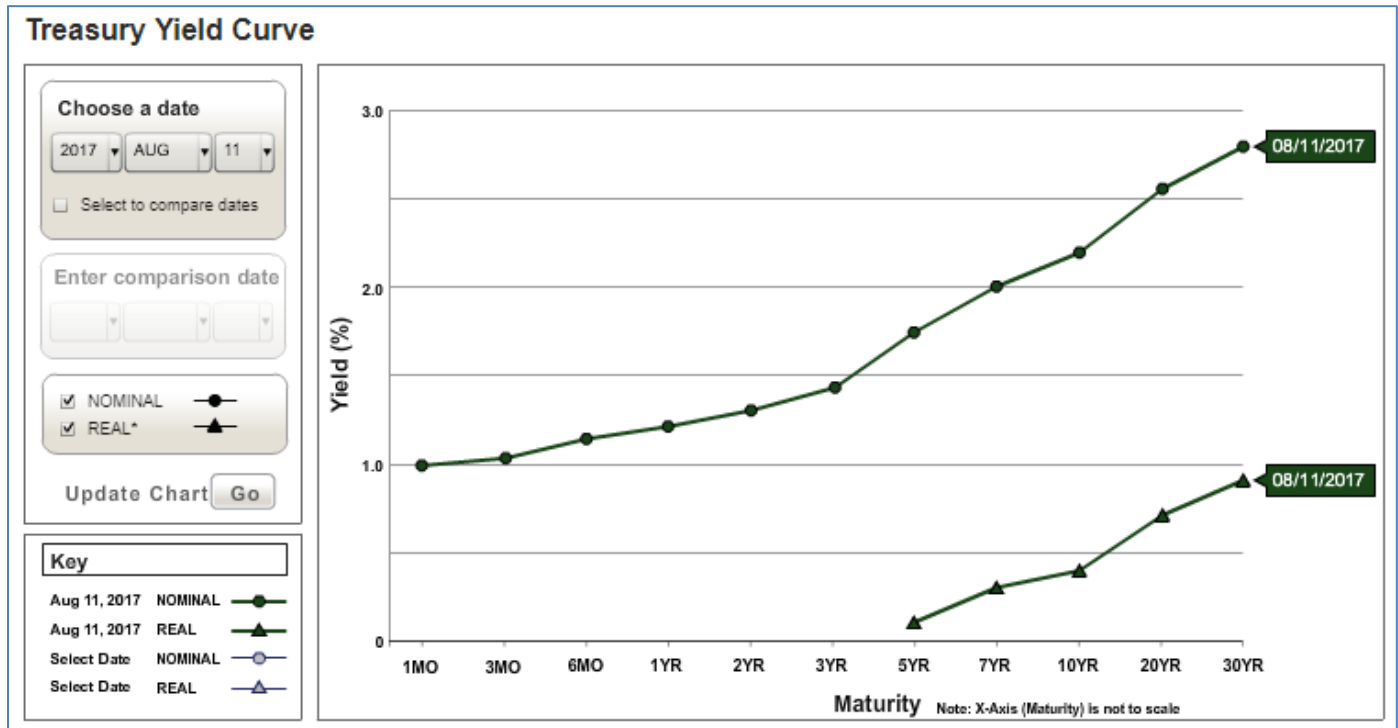


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

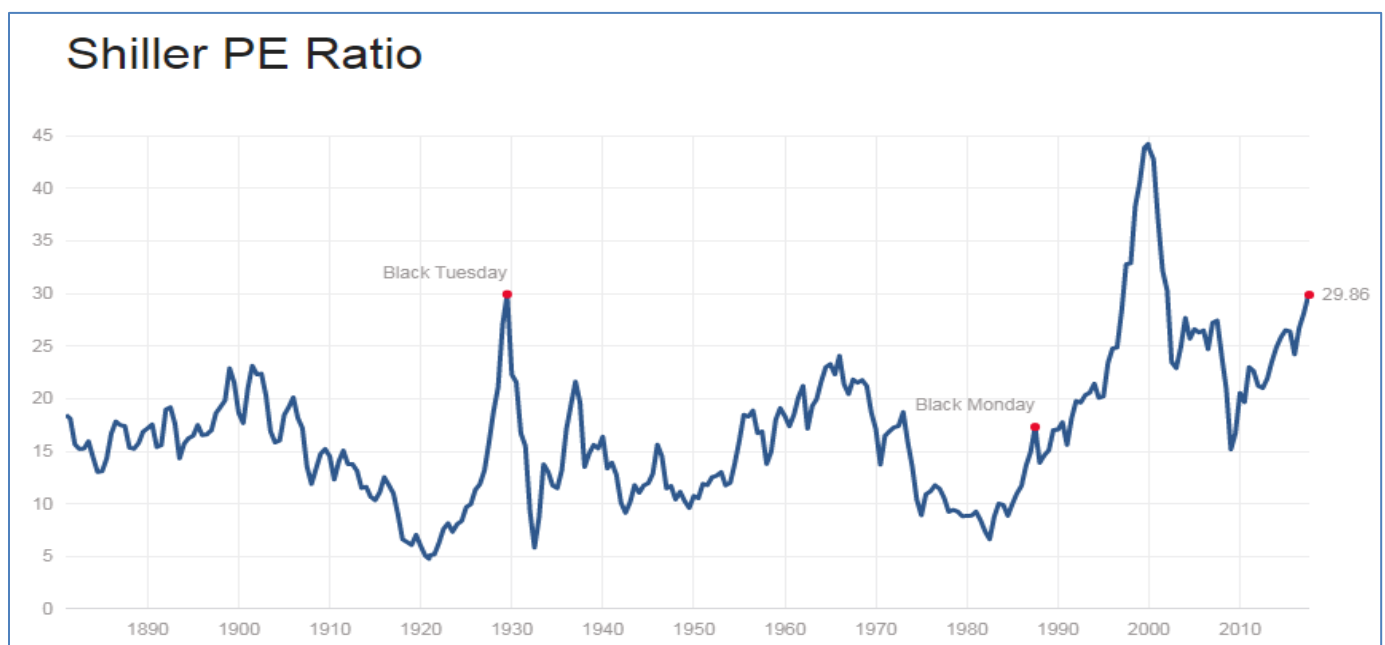
<https://www.frbatlanta.org/cqer/research/gdpnow.aspx>

The Yield Curve, especially the USA Yield Curve, is an indicator of economic footing; it tells us if the economy on strong legs or not. We typically like to see a Yield Curve as below. If the long end of the Yield Curve flattens (10YR to 30YR), or the short end rises dramatically (1MO to 1YR) then the Yield Curve is flattening. A flattening Yield Curve is a sign of slower growth, possibly a recession (especially if the short end is greater than the long end; an Inverted Yield Curve).



<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/Historic-Yield-Data-Visualization.aspx>

The PE Ratio is a measure of 'how expensive' the stock market is. A high PE multiple indicates a more expensive stock market; and conversely, a low PE is a sign of a 'cheap' stock market. The last 100+ years of PE's are shown below: at present, although there are many 'flavours' of PE's, the stock market in the USA is quite expensive.



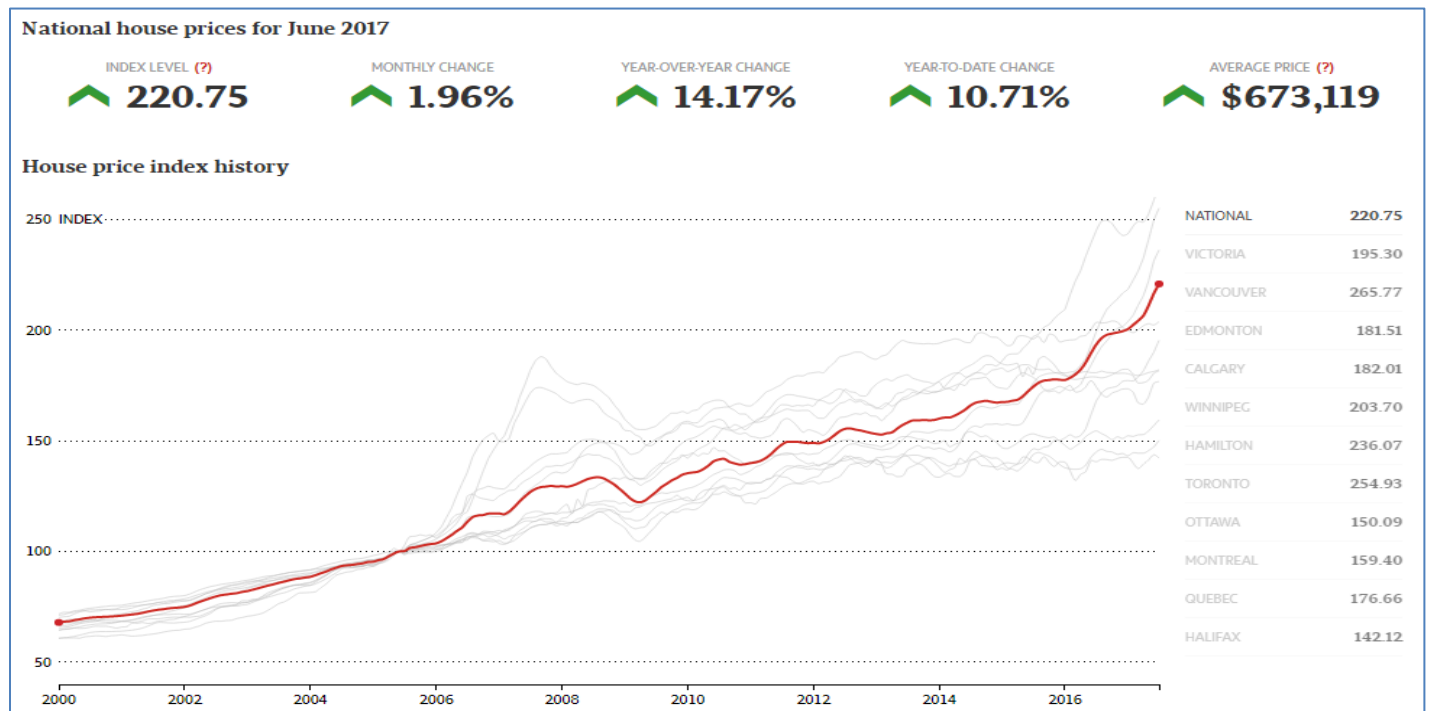
<http://www.multpl.com/shiller-pe/>

There are many Employment based statistics in the USA; non-farm payrolls, unemployment rates (U3 + U6), wages increases, etc And they all have their own revision schedule as well. It may be a little bit boring, but Personal Taxes collected by the IRS, tends not to get revised that frequently. A dip in this metric is not a sign of a healthy economy.



<https://fred.stlouisfed.org/series/A074RC1Q027SBEA>

And quite close to Home is the Canadian House Price Index; courtesy of the Globe & Mail's website. Again, dips in this metric might be bad news.



<https://www.theglobeandmail.com/real-estate/canada-house-price-data-centre/article29697029/>

Note: This could be July's data as my extract for the June has different/lower numbers