

## STATE OF THE UNION 2010

Time once again for our irreverent albeit abbreviated review of the year that was - and what a year it was!

Being a Vancouverite, the headliner for any conversation about 2010 has to be the hosting of the *XXI Winter Olympics*. After a dodgy start, what with a very unfortunate fatal accident on the luge track, the faulty arm during the opening ceremonies, and the fog hanging over the North Shore mountains, the games gained momentum as the days passed to ultimately be considered perhaps the best ever Winter Games when they were over. Not only did our Canadian athletes do us proud by winning 14 gold medals (the most ever by a nation) but the people of Vancouver embraced the games with such pride and unfettered enthusiasm it was simply beyond belief. Especially considering the sour press the games received, at least locally, in the run up to the opening ceremonies! It's hard to believe that as I pen this, it was very nearly a year ago the games started...that was two weeks none of us will ever forget!

It seems that in recent years when we have inked this piece, (with the exception of last year when I was unable to get the 2009 edition out) we have said good-bye and good riddance to the year past for a multitude of reasons, but I think we all can say that, in the main, 2010 was a year worth remembering and given a choice I'd live it again!

Stock markets were up, the economy continued to grow, inflation stayed low, there was no federal election, the weather in the lower mainland was pretty good, we won the Gold medal in hockey – it was a pretty good year to be in this city, in this country!

## THE ECONOMY

Fuelled by Liberal fiscal policies in the Western world the global economy continued to expand through 2010, likely by upwards of 3%. Canada came in at just below that. Oddly, Canada, for the first time in many years, experienced a trade deficit which dragged down growth and will likely impact growth in 2011 as well. Part of that trade deficit could be explained by the rise in Canadian dollar, bolstered largely by rising commodity prices, Canada's more favorable fiscal position, and the US dollar's reduced appeal as a safe haven.

The US economy also posted GDP gains in the 2.7% range, thanks, in the main to a second round of quantitative easing (QEII) by the US Federal Reserve late last year. American companies, armed with strong balance sheets and plenty of free cash flow, generated handsome profits which in turn pushed stock markets up to heights not seen since Lehman was a going concern. A good US stock market generally leads to a good Canadian one - and 2010 was no exception.

## IN BRIEF

### The US

Election 2010: Obama takes a licking as frustrated Americans send a firm message: "Change course!"

Disaster in the Gulf: Just a few short years after Katrina slammed the southern US a leaking oil well spewed oil for three months fouling up the Gulf of Mexico, the shoreline, the regions tourist trade, and the fishing.

The Arizona Border War: State legislators pass bill SB1070, a tough anti-immigration law which gives state police sweeping powers to question anyone on "reasonable suspicion." Yikes!

### The World

Chilean Miners Saved: A dramatic rescue operation saves the thirty-three miners after 69 days. Shift Foreman, Luis Urzua, assumed the leadership role and has been heralded as a hero for maintaining unity among the men. There will be some MBA papers written on his management style.

Afghanistan: Hard to believe this war is almost a decade old with little or no progress to be seen. One would have thought the US would have learned from Russia, among others, over the course of history.

Iraq: On the other hand, after 7 years and with little fanfare, the US troops withdrew from Iraq. While history will judge the success or failure of the mission, the feeling on August 31, 2010, when Obama announced the last of the troops had left, was anticlimactic.

Haiti: An earthquake measuring 7.0 leveled Haiti's capital Port-au-Prince killing some 250,000 people. In the aftermath of the disaster, Haitian President, Rene Preval, spent the first week hunkered inside a police station in an affluent suburb.

Iceland: As volcanoes go, Eyjafjallajokull (Eyja for short), barely compares with a major eruption such as Mount St. Helens in 1980 but the 7-mile-high plume of ash brought air traffic to a virtual standstill for nearly a week.

South Africa: The world now knows what an annoying sound a vuvuzela makes as Spain defeats the Netherlands in the World Cup admirably hosted by South Africa. Arguably, the international sporting event of the year belongs to soccer, or should I say football, the world's favourite game.

## PEOPLE:

### Lives Lost

George Steinbrenner: Owner of the world's "winningest" team, the New York Yankees, at 80.

Dennis Hopper: Coke addict, alcoholic, actor, director, at 74.

J.D. Salinger: His only novel, *Catcher in the Rye*, won him critical acclaim and fame, at 91.

Alexander Haig: Former US Secretary of State under Ronald Reagan. A hawk, at 85.

Leslie Nielsen: Canadian born actor and professional goofball, brother of Tory MP Erik Nielsen, at 84.

Frank Rigney: Canadian Football Hall of Famer who anchored Winnipeg's offensive line during the Bombers' glory years under Bud Grant.

Pat Burns: Former NHL coach, the only man to win the Adams Trophy as the NHL's top coach with three different teams (Montreal in 1989, Toronto in 1993, and Boston in 1998), at 58.

Bob Probert: former NHL tough guy while boating on Lake St. Clair in the Windsor area, at 45.

John Babcock: Canada's last surviving WW1 veteran, at 109!

## HE SAID, SHE SAID:

"I'd rather be a really good one-term President than a mediocre two-term President." -- US President Obama, vowing to continue to press for health care reform.

"This isn't about a lie, or a conspiracy, or a deceit, or a deception. It's a decision." --Tony Blair, former British Prime Minister, on his choice to go to war in Iraq to oust Saddam Hussein.

"We used to hustle on over the border for health care...And I think, isn't that kind of ironic now." -- Sarah Palin, former governor of Alaska, admits her family used to go to Canada for medical treatment when she was a child. Palin opposes Canada's single-payer system.

"We have to ask ourselves what was wrong in our preaching, in our entire way of configuring the Christian being, to allow something like that to happen." -- Pope Benedict XVI, on cases of sexual abuse of children inside the Catholic Church. The Pope said the abuse crisis had brought "shame" to the church.

"There is no denying the fact that the worldwide system of covering up cases of sexual crimes committed by clerics was engineered by the Roman congregation for the Doctrine of the Faith under Cardinal Ratzinger." -- Hans Kung, Swiss theologian, on role of Pope Benedict XVI in clerical abuse scandals.

"I think the Vatican - they've got more to talk about than the Beatles." -- Ringo Starr, on Vatican newspaper editorial praising the band on the 40th anniversary of their breakup.

"Many women who do not dress modesty...lead young men astray, corrupt their chastity and spread adultery in society, which increases earthquakes." -- Hojatoleslam Kazem Sedighi, Iranian cleric, after severe earthquake warning in Tehran.

"It's been a while." -- Leon Panetta, CIA Director, answering question about when US last 'had good intelligence' on whereabouts of Osama Bin Laden

"It does not scare me because I believe in the intelligence of the American public." -- US talk-show queen, Oprah Winfrey, asked if the thought of Sarah Palin running for president scares her.

## AROUND THE OFFICE

The big news of the year around the office was the addition of Heather MacIntosh to our team. Heather assists the entire team with administrative support and client service. She learned the role very quickly and she has been a pleasure to work with these past months. We encourage you to say hello and welcome Heather to the team if you have the chance.

Late in the year we commissioned *Dalbar Inc.* to undertake a customer satisfaction survey of our Individual Wealth Management clientele and we recently received the results. First, we would like to thank all of you who took the time to complete the questionnaire. The response rate was very high and as such we are confident that the results are accurate. We have yet to do a thorough analysis of the results, but at first glance, we see that overall we are doing some very good work so we are pleased at that. We have also identified a couple of areas where we can make your client experience better, and we will spend some time thinking of ways to best incorporate some of the feedback we got into our service regimen. We will publish more details of the results in future editions of our newsletter.

In 2011 our goal will be to carry out a similar survey our all of our Group clients. There will be more on that to follow.

Lastly, your team: Mark and Mike on the Individual Wealth Management side, Peter and I, predominantly on the group side, and Heather the quarterback, want to thank you for your business. We take our responsibility as your advisor very seriously!

Yours Truly,

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