



New York Securities Pty Ltd

USA roaring.....ASX not so much

The USA Dow Jones Index is roaring in anticipation of the new reduced Tax on Large Corporations of 20-22% in the USA, to bring them into line with other Asia Pacific and competitor countries.

In addition the large USA Corporations reportedly hold some \$2 trillion in surplus profits off shore, and refuse to bring it back to the USA because of the 35% tax rates. The new tax plan will provide an amnesty to return the funds back to the USA for something like a 10% tax. This amount of money returning to the USA and being re-invested will be a huge boost to the USA, including employment. One argument being put forward by senators to the left and some in the Republican Party is that the money may only be used to buy back shares of their own corporations or used to pay dividends. Well guess what you clueless politicians; those funds will go back into investor's pockets, fund managers and 401k small super funds. What do you think they are going to do with it, a lot more than the Government would, by investing it in creating small businesses and employment?

If they can get this through the Senate and not have idiots like John McCain vote against it, then the Health Care will be next, as well as major Infrastructure investment, and then closing in on massive social benefit abuse by illegal immigrants and others.

Trump has now got his tax plan through the house and the senate and they are now in conference to make adjustments based on each members request before resubmitting for final approval.

Gee that sounds like something Australia should be doing!!, considering we are one of the most resource rich countries in the World, within the Asia growth region competing with the likes of Singapore and Hong Kong tax rates of 15% to 20%

Both Australia and the USA are being held back by obstructionist oppositions who will not let the Government of the day fix the problems the oppositions created when they were in Government.

Let me once again refer you to the USA debt clock... <http://www.usdebtclock.org> you can also refer to Australia's and other countries on this clock, which I believe Australia's is now \$628 billion debt. Divide that by 24.5 million being the approx population of Australia including men, women and children, (approx AU\$25,632 per person) then think about how we can ever pay it back? Pollies love spending other people's money.!

We are seeing a slight rollover of our ASX 200 and some small corrections in our larger companies.

Banks are now under a Royal Commission which will bring about a whole new series of Headlines with ups and downs for our favourite dividend paying companies. Let alone the possible cost to their profits that Block Chain may cause. The implementation of blockchain will reduce banks profits from transaction fees & interest on funds held pending cheque &/or international clearing and settling transactions.

Even those who are bringing out good results and forward expectations of increased profits are being sold down. Not unexpectedly, we need a small correction to encourage new investors who have been sitting on the fence accumulating cash to buy into the market.

The resource and energy sectors are getting positive attention and providing some confidence for investors to return to these sectors, albeit with some reservations by me on the Oil side, although the price has had a positive move upwards with Saudi and Russia limiting production.

What is interesting is that a number of small junior stocks are having terrific runs again with traders returning to the market. They have been here for awhile on the Lithium, Cobalt, Graphite trades and more recently the so called conglomerate Gold discoveries in the Pilbara (Water Melon seed style nuggets).

As these stocks have major run ups and traders take profits, they are immediately looking for new stocks to trade and taking positions in new placements. This provides a double win for the market..... the companies get new injections of cash to invest in the ground, and the traders move on looking for new companies to put funds into and take profits.

Two recent examples are Great Western Exploration (GTE) which announced a number of high grade shallow drill results and bolted from 1.7cents to 3.1 cents with one day's volume reaching 216,582,000 shares. The company has 800m shares on issue. The other, more close to home is European Lithium Ltd (EUR) which recently rose from 6c to 29c over about 10 days. For those not familiar with EUR, Cervantes a company of which I am a director and shareholder of, is buying the Payne's Find Gold project from them. They have 400m shares on issue and traded some 4m to 27m shares a day over 10 days

So while lithium and the other metals have held the roost for awhile now, Gold is beginning to make its mark, albeit with volatile movements up and down, but nevertheless trading close to and on occasions at AU\$1,700 per ounce. Producers are not complaining.

Strangely the markets in the USA and mostly elsewhere are discounting the North Korea issue, but I suspect they should not. The potential clash with China and Russia I suspect is looming, as is the Budget in the USA which has to be approved by Congress by the 8th December or there will be no money to pay its bills and a Government Shutdown looms.

We have our own problems with a Government not in control of any Agenda, or its own members, and with Labor and Greens wagging the tail. Where will this end? Hopefully not with a labor win at the next election, as those who have never suffered under a socialist, union controlled federal Government, have an experience coming that may shake them from their lethargy about Politics and its consequences. Although I am not enthused by the Liberal Government the alternative may be horrendous.

China is the big issue for Australia and I cannot see how we can avoid a confrontation about the South China Sea with China. And what about North Korea, I have no idea where this is going and I suspect no one else does either, including the USA. China is having a bit of fun watching North Korea pull the nose of the USA, but at some point do China really want to be involved in some form of military dispute OR even a war on their door step!?.

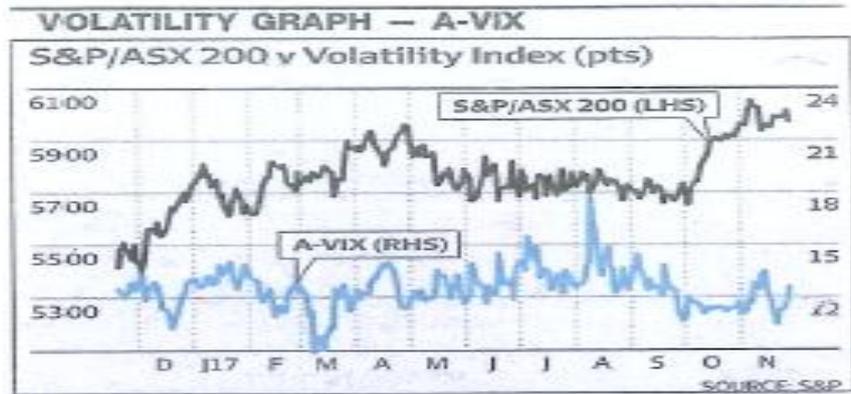
As I have mentioned previously China, Russia and some other countries are already implementing ledger systems (Blockchain), and gold backed bitcoin or currency transactions that avoid the US\$ transactions and the USA banking system. WHY!! Because they are preparing to avoid USA sanctions when the SH#@ hits the fan and they are not controlled by the US monetary banking system.

Where does that leave us..... on the edge of a Currency War, possibly a Trading and commodity war, which will send our currency south and our miners with big question marks over them, even though China will have to get their commodities from somewhere. They want to get started on their One Trillion dollar One Belt one Road across Asia and Europe.

China also seems to be moving from low grade Iron Ore that contains impurities to high grade ore, and in particular pelletized magnetite which has lesser impurities and uses less energy to produce steel. Hence Karara in WA with Sino and possibly Magnetite Mines in SA and even Grange in Tasmania may start getting some orders and major funding that has been missing in the last few years.

Now our favourite Chart again the VIX the USA markets are booming because of the various good news reports coming out on Confidence, Unemployment and the Stock market, and a very likely Tax reform passing the Senate. Whilst the GDP cracked 3.3% it is said this is from all the new cars bought as a result of the Floods in Texas, Florida and Puerto Rico.

The VIX being a volatility index and more particularly a FEAR index just keeps spreading wider and wider and showing no signs of closing the gap, but a slight edge down in our markets is beginning to show up albeit weakly.



ASX P/E RATIO & DIV YIELD SERIES Source: ASX Research

Index	Price/Earnings ratio series			Dividend Yield series		
	Nov 28	Nov 21	Nov 14	Nov 28	Nov 21	Nov 14
All Ordinaries	15.88	15.82	15.85	4.17	4.19	4.18
S&P/ASX 20	15.36	15.38	15.43	4.86	4.95	4.93
S&P/ASX 50	15.45	15.44	15.47	4.58	4.59	4.58
S&P/ASX 100	15.84	15.81	15.83	4.34	4.36	4.35
S&P/ASX 200	15.94	15.89	15.92	4.22	4.24	4.23
S&P/ASX 300	15.80	15.85	15.86	4.19	4.22	4.20
S&P/ASX Midcap 50	18.15	18.02	18.01	3.14	3.22	3.19
S&P/ASX Small Caps	18.34	18.61	18.24	3.18	3.22	3.19
Consumer Discretionary	14.35	14.99	14.43	3.46	3.45	3.44
Consumer Staples	20.90	20.55	20.74	3.73	3.80	3.71
Energy	17.29	17.17	17.46	2.82	2.84	2.79
Financials	14.43	14.54	14.55	5.45	5.44	5.44
Financial-A-REIT	14.43	14.54	14.55	5.45	5.44	5.44
Health Care	31.58	30.93	30.48	1.66	1.69	1.72
Industrials	15.91	15.86	15.84	4.29	4.31	4.31
Info Technology	36.59	36.00	35.62	1.87	1.90	1.92
Materials	16.73	16.64	16.80	3.54	3.56	3.53
A-REIT	8.37	8.24	8.27	4.70	4.78	4.76
Telecommunications	11.08	11.29	11.17	7.91	7.77	7.85
Utilities	32.78	32.33	33.65	4.35	4.41	4.30

NOTE: Dividend Yield series includes companies making losses but paying dividends.

Then there is our Australian ASX 200 Chart

You will note the previous sideways trading for some 5 months from May through to October and then the breakout to the top in November,when we expected our traditional Annual October/November correction, and then a run upwards from mid November through to April.

However the ASX 200 broke through 6000 mark and then pulled back creating a resistance level at 6000, then it tried several more times but could not follow through. At the same time you will note the Relative Strength index below the price trading section, has been breaking down since the 26th October, and my favourite indicator the MACD index broke downwards on the 14th November, but still no major effect on the price chart..... yet!

So we just need to be careful if it continues and drags the major indexes lower in the short term, to take advantage of it.

Obviously I will be barracking for the indexes to go higher for ourselves, our clients and the confidence of the investors, but we just need to be alert.



OPEC, the Organization of Oil Producing Countries, just agreed to cut production at the same time as Russia and the Saudi's have cut production. This is to create a higher price for Oil and increase their incomes at the expense of the Non Producing countries and suck badly needed funds from those countries back into the countries of which some are creating massive refugee crises and slaughtering their own people (Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela). The Saudi's desperately need a higher price to sell off their Oil Assets into a Global Listed company.

The higher oil price has been feeding more interest in our Oil and Gas companies and will no doubt get another boost. Remembering of course all members of OPEC cheat and rarely abide by the rules and sell more than their quota.

As I have previously mentioned China, Russia and the Saudi's are creating a Gold backed system of currencies and a block chain ledger system to avoid using US\$'s and any possible sanctions the USA may try to impose on them, including their access to the USA banking system, when the final game plays out between Russia and China versus USA over North Korea. This could have serious ramifications on the US\$ to the downside which would be good for commodity prices traded in US\$ for Australia, but that presumes that the US\$ does not get a major boost upward on the return of the reported US\$2 trillion returning to the USA on any success of their tax plan.

So in short many cross tides and potential catalysts for good and bad , but they always seem to sort themselves out over time. You will be whipsawed back and forth as each headline is created, but if you're on the sidelines or on the bench or in the stands as a spectator, you're not going to kick any goals.

So my advice is if you are a longer term investor just ride out the upcoming storms, buy on any correction, and if you are a short term trader start looking at Gold stocks with upside and of course try to look for new placements at a discount, where funds will be used to drill and hopefully generate good grades as the Gold market starts to heat up.

There is going to be plenty of trading going forward in all resource stocks and not all will be winners, but enough winners will cover the slow movers. In a bullish market the tide will lift all sectors and stocks.

I have recently been reading and assessing some Biotech stocks and technical stocks involved in the new technologies and potential users of Block Chain, and I have to say I am really surprised in the very high volumes and price gains.

I have actually taken my first step into a Tech stock and will acquire a few more in that area including some Biotech stuff I am interested in. No idea how it will turn out but Technology and Biotechnology is going to be life changing, even more than it has been to date.

The question is will the one you're on be the big winner. !!

BE CAREFUL OUT THERE, BUT NOT SO FROZEN AS NOT TO PULL THE TRIGGER AND TAKE SOME CHANCES IF YOU ARE A TRADER.

MORE THEN EVER:



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