



Sustainable Finance

Market Performance - Selected Markets for the Week Ended November 13, 2009					Selected Rates (Institutional)	
Market	Dec 31, 2008	13-Nov-09	YTD Change	YTD % Change	Description	Price/Rate Nov 13, 2009
S&P TSX	8,987.70	11,407.68	2,419.98	26.93%	CDN/USF	1.0508
Dow Jones	8,776.39	10,270.47	1,494.08	17.02%	CDN/EURO	1.5641
S&P 500	903.25	1,093.48	190.23	21.06%	CDN/CHF	1.0363
Nasdaq	1,577.03	2,167.88	590.85	37.47%	CDN/YEN	0.0117
Nikkei 225	8,859.56	9,770.31	910.75	10.28%	Total CPI -Canada TTM (09/09)	-0.90%
FTSE 100	4,434.20	5,296.38	862.18	19.44%	Total CPI - USA TTM (09/09)	-1.20%
Dax	4,810.20	5,686.83	876.63	18.22%	Total CPI - Euro TTM (09/09)	-0.30%
Hang Seng	14,387.48	22,553.63	8,166.15	56.76%	GOC 1 Yr T-Bill	0.56%
Shanghai	1,820.81	3,187.65	1,366.84	75.07%	GOC 5 Year	2.70%
DJSI World TR	945.46	1,275.32	329.86	34.89%	GOC 10 Year	3.51%
DJSI North America TR	92.85	117.63	24.78	26.69%	GOC 30 Year	4.03%
Jantzi Social Index TR	128.27	167.68	39.41	30.72%	Gold USF/Oz	1,116.10
FTSE 4Good Global 100	3,384.13	4,251.76	867.63	25.64%	Oil USF/BBL WTI Cushing Spot	76.35

Week in Review

So it looks to me as though the sideways trend I have been talking about is underway.

The top of the trading range for the TSX in Canada seems to be 11,650 while the bottom could likely be 10,700.

This is a completely normal reaction in markets after a quick rebound following a year like 2008. In fact the more com-

mon market action seems to be a reversal that gives back some of the gains. So I look at the current market as laden with risk to the downside.

I am waiting for signals to start showing that a recovery is actually in place.

While everyone is focusing on housing starts, new home prices, housing sales, and used housing prices, I am more concerned with fac-

tory capacity utilization, durable goods orders, and credit demand.

So far I am not convinced. The strength in the housing market has a lot to do with very cheap credit. A year after 2008 people start to forget the fear they had of general financial collapse and start feeling more confident.

Combine this with very low mortgage rates and housing is

going to rebound because it fell quite severely.

However, extractive industries and manufacturing is what generates the wealth of countries and it is on this front that your economic health should be measured.

Those numbers come out next week and should give a better indication of economic health than the bubble numbers of housing. We'll see.

Major markets across the globe were up last week the exception being the Nikkei in Japan. It lost 0.21% while its Asian counterparts the Hang Seng gained 5.03% and the Shanghai moved up 1.30%.

Across the pond the European markets did well thank you very much. The UK FTSE 100 was up 3.47% and the German Dax gained 4.13%.

Closer to home, the

NASDAQ was up 3.52%, the Dow Jones up 2.81%, the S&P 500 up 2.68% and the TSX in Canada gained 1.75%.

Once again gold continues to move higher and Oil continues to hold above \$ 70.00 USF.

The US Dollar continues to lose ground against all major world currencies and this is going to have a serious impact on competitiveness in

Canada. Look for our trade surplus with the US to start narrowing.

Last week the Chinese government actually started talking about letting their currency float. It is about time. If they do their economy will cool off as exports will become more expensive for the rest of the world. Maybe then they can address human rights and rampant pollution and CO2 emissions.

A New Economic Model

I think it is time we adopt a new economic model for the planet. And really the time has come to step up to the plate and to stop living in the past.

Traditional economic theory centers around the inputs of labour, raw materials, and capital with the outputs being goods and services.

Items like the environment and taxes are treated as externalities and labeled exogenous variables.

Well that was then and this is now. This model needs to be expanded to include the externalities.

And it is a model that needs to be adopted by all the countries of the world as a model for

the development and sustainment of all economic enterprises that exceed a certain size.

The list of inputs has to be expanded to include air, land and water. Why are these inputs separated out from raw materials?

Very simply they are the life blood of the planet. Without them you have no ability to generate economic activity.

The input labour needs to be changed to people. This is needed to distinguish the component from mechanized labour which is really a capital item. And it is required to put a face on the process.

So the basic inputs to any economic equation are then ex-

panded to land, air, water, people, capital, and raw materials.

Now what about outputs? The current list is very outdated. It requires expansion as well.

Our suggestion is that the list be expanded to land, air, water, people, nutrients, and profit.

You may have noticed that this a much longer list than the original. And intentionally so.

The first three are listed for a very specific reason. The model is long term in nature and as such, it is imperative that once the economic activity that initiated the process is over and during the period of economic activity as well, air, water,

and land that results from the process should be in the VERY same condition as it was acquired. This would result in the internalization of all costs associated with pollution abatement, emission abatement, and would better reflect the real economic cost of the venture.

Next, people are an output as well. The people that are the result of the economic activity should be no worse off, other than being older, for having provided their labour service to the enterprise. This would mean that the working environment would have to be considered as well as the true costs of engaging employment services.

Next, you will notice

that the word nutrients has replaced goods and services and waste.

In our current world there is the concept of waste. But in this new economic model it is not considered. Why?

Very simple. The output of this economic activity should provide input for other economic activity or for the environment. In this manner there is no waste.

For example. If a service, then it is being provided as an end product to purchasers who will use it as an input to their economic or personal activity. In the case of a manufactured product, it would be required to be designed so that its manufacturing waste and the product itself at the

end if its useful life would either be an input for other economic activity or as an input for environmental activity.

In this way everything that comes out of the economic enterprise would be a nutrient.

And lastly, we need the output of profit. Without which there is little reason for economic activity.

But in this case, it would be true economic profit because all of the externalities would have been included.

November 13, 2009 Volume 1 Issue 17

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Selected News Articles

Greenland Ice Loss Accelerating: Study

Greenland's ice losses are accelerating and nudging up sea levels, according to a study showing that icebergs breaking away and melt water runoff are equally to blame for the shrinking ice sheet.

The report, using computer models to confirm satellite readings, indicated that ice losses quickened in 2006-08 to the equivalent of 0.75 millimetres of world sea level rise per year from an average 0.46 mm a year for 2000-08.

"Mass loss has accelerated," said Michiel van den Broeke, of Utrecht University in the Netherlands, who led the study, in Friday's edition of the journal Science.

"The years 2006-08, with their warm summers, have seen a huge melting," he told Reuters of the study with colleagues in the United States, the Netherlands and Britain.

"The underlying causes suggest this trend is likely to continue in the near future," Jonathan Bamber, a co-author at the University of Bristol, said in a statement.

The computer models matched satellite data for ice losses -

raising confidence in the findings - and showed that losses were due equally to melt water, caused by rising temperatures, and icebergs breaking off from glaciers.

"This helps us to understand the processes that affect Greenland. This will also help us predict what will happen," Mr. van den Broeke said. Until now, the relative roles of snowfall, icebergs and thawing ice have been poorly understood.

Greenland locks up enough ice to raise world sea levels by seven metres if it ever all thawed. At the other end of the globe, far-colder Antarctica contains ice equivalent to 58 metres of sea level rise, according to UN estimates.

COPENHAGEN

About 190 governments will meet in Copenhagen from Dec. 7-18 to try to agree a UN pact to slow global warming, fearing that rising temperatures will bring more powerful storms, heat waves, mudslides and species extinctions as well as rising sea levels.

The study said losses of ice from Greenland would have been roughly double recent rates but were masked by more

snowfall and a re-freezing of some meltwater before it reached the sea.

In total, Greenland lost about 1,500 billion tonnes of ice from 2000-08, split between icebergs cracking into the sea from glaciers and water runoff. "The mass loss would have been twice as great," without offsetting effects, Mr. van den Broeke said.

The UN's Intergovernmental Panel on Climate Change estimated in 2007 that world sea levels could rise by 18-59 centimetres by 2100. A natural expansion of water as it warms would account for most of the rise, rather than melting ice.

Greenland's current rate, of 0.75 millimetres a year, would be 7.5 centimetres if continued for 100 years. "This is ... much more that previous estimates of the Greenland contribution," Mr. van den Broeke said.

Reuters
November 12, 2009
By Alister Doyle

Ex-Madoff Computer Programmers Arrested For Alleged Cover-Up

NEW YORK — Two former employees for Bernard Madoff programmed an old IBM computer to generate false records that concealed the money manager's massive Ponzi scheme and were given hush money when they threatened to stop lying, federal prosecutors said Friday.

Madoff gave orders to pay the pair "whatever they wanted to keep them happy," a criminal complaint said.

The computer programmers, Jerome O'Hara, of Malverne, N.Y., and George Perez, of East Brunswick, N.J., were arrested Friday at their homes. They were to appear in a Manhattan court to face conspiracy, falsifying records and other charges.

"Without the help of O'Hara and Perez, the Madoff fraud would not have been possible," George S. Canellos, director of the

Securities and Exchange Commission's New York Regional Office, said in a statement.

Their attorneys did not immediately return calls for comment.

Prosecutors alleged that O'Hara and Perez were hired by Madoff's firm in the early 1990s to develop and maintain programs using a computer known as "House 17." The programs allowed Madoff to generate account statements for thousands of clients "that purported to confirm the purchases of securities that, in fact, had not been purchased," the complaint said.

Madoff and his chief financial officer, Frank DiPascali, directed the defendants to use their computer skills to produce other false documents designed to deceive the SEC. The agency brought similar charges against the men on Friday in a

parallel civil complaint.

In what the SEC called "a crisis of conscience" in 2006, O'Hara and Perez deleted 218 of the 225 special programs from the House 17 computer, and withdrew thousands of dollars from their own accounts with the firm, authorities said.

Around the same time, the pair met with Madoff and told him they would no longer participate in the scheme. Handwritten notes found by FBI agents in O'Hara's desk read, "I won't lie any longer. Next time, I say 'ask Frank.'"

DiPascali, who is cooperating after pleading guilty in August, has told investigators that Madoff responded by ordering him to buy their silence. They both received \$60,000 bonuses and 25 percent pay raises, the complaint said.

"Their subterfuge was designed to conceal the fraud from regulators and others, and when they told Madoff they would no longer lie for him, their continued complicity was bought for a price," Joseph Demarest, head of the FBI's New York office, said in statement.

Madoff, 71, was sentenced in June to 150 years in prison for orchestrating a decades-long Ponzi scheme in which investors are paid with other investors' money rather than actual profits on their investment. The scheme destroyed thousands of people's life savings and wrecked charities.

O'Hara, 46, and Perez, 43, face up to 30 years in prison if convicted on all counts.

The Huffington Post
November 13, 2009
By Tom Hays

We live in a finite world with finite resources. Although it may sometimes seem quite big, earth is really very small – a tiny blue and green oasis of life in a cold universe.

David Suzuki

Brazil Pledges Deep Emission Cuts In 'Political Gesture' to Rich Nations

The Brazilian government is preparing to pledge a big curb in its greenhouse gas emissions by 2020 as a "political gesture" aimed at pressing rich nations into agreeing to large cuts in carbon.

The country's chief of staff, Dilma Rousseff, said Brazil would take proposals for voluntary reductions of 38-42% by 2020 to the Copenhagen climate change summit next month. The reduc-

tions are from projected 2020 emissions levels if no action was taken.

"What Brazil is doing is a political gesture," said Rousseff, following a climate change meeting in Sao Paulo yesterday. "We still believe that the responsibility belongs to the developed countries." She said the reductions were voluntary, and not binding "targets", which she said should only be set for developed countries with

higher emissions.

Rousseff's intervention strikes at the core of the impasse in the global warming talks. Scientists say rich nations with long polluting histories, like the US, need to cut emissions by 25-40% by 2020 on 1990 levels, but the offers on the negotiating table fall short of this. Poorer developing nations need, say experts, to cut their emissions by 15-30% by 2020 compared to business-as-usual. By

stepping up to its side of the deal, Brazil is making an open challenge to the US, where senate legislation on climate change is near deadlocked.

Half of Brazil's proposed cuts will come from a reduction in deforestation, while the remaining 20% relates to industry and farming.

"We are already an example to the world. But the fact that we

are going to announce a significant objective does not mean we do not know that the responsible ones are the developed countries," Rousseff said.

Brazil's official position for the Copenhagen talks is expected to be announced before this weekend. Brazilian negotiators are already expected to announce plans to cut deforestation by 80% by 2020.

Sergio Leitao, the

director of public policies for Greenpeace Brasil, said that the proposed numbers "were good" but that the Brazilian government needed to take on "concrete targets" not voluntary reductions: "If it doesn't, nobody will do anything."

The recent emergence of rainforest defender, Marina Silva, as a potential presidential candidate for next year's elections, has helped propel the environment back

onto the political agenda in Brazil.

Rousseff, a Workers' party minister, who is president Luiz Inácio Lula da Silva's favoured presidential candidate, is set to travel to Copenhagen next month to lead the Brazilian climate change delegation.

Guardian.co.uk
November 10, 2009
By Tom Phillips