



Sustainable Finance

Market Performance - Selected Markets for the Week Ended December 11, 2009					Selected Rates (Institutional)	
Market	Dec 31, 2008	11-Dec-09	YTD Change	YTD % Change	Description	Price/Rate Dec 11, 2009
S&P TSX	8,987.70	11,423.93	2,436.23	27.11%	CDN/USF	1.0585
Dow Jones	8,776.39	10,471.50	1,695.11	19.31%	CDN/EURO	1.5454
S&P 500	903.25	1,106.41	203.16	22.49%	CDN/CHF	1.0220
Nasdaq	1,577.03	2,109.31	532.28	33.75%	CDN/YEN	0.0119
Nikkei 225	8,859.56	10,107.87	1,248.31	14.09%	Total CPI -Canada TTM (10/09)	0.10%
FTSE 100	4,434.20	5,261.57	827.37	18.66%	Total CPI - USA TTM (10/09)	-0.20%
Dax	4,810.20	5,756.29	946.09	19.67%	Total CPI - Euro TTM (10/09)	-0.10%
Hang Seng	14,387.48	21,902.11	7,514.63	52.23%	GOC 1 Yr T-Bill	0.53%
Shanghai	1,820.81	3,247.32	1,426.51	78.34%	GOC 5 Year	2.51%
DJSI World TR	945.46	1,268.90	323.44	34.21%	GOC 10 Year	3.35%
DJSI North America TR	92.85	119.23	26.38	28.41%	GOC 30 Year	3.99%
Jantzi Social Index TR	128.27	171.03	42.76	33.34%	Gold USF/Oz	1,119.40
FTSE 4Good Global 100	3,384.13	4,206.38	822.25	24.30%	Oil USF/BBL WTI Cushing Spot	69.87

Week in Review

Oh my god wake me up when it is over. That was the most boring week I have seen in the markets for a long time.

Watching paint dry would have been more interesting. However, it was not all bad.

According to some figures released the US shopper has emerged from a year long hiatus and has decided to start spending again. And

they are not necessarily doing it with plastic.

This is good because when the US shopper starts spending, Canada and other countries benefit as well.

Even better is the announcement by the Bank of Canada that they intend to keep interest rates low until at least mid 2010.

Also positive was that the US is exporting more which is only

normal when your currency falls as a result of massive debt and deficit spending.

Of course, that does not work so well for Canada which has seen its currency stay strong and exports tail off a little.

Gold fell again this week and is off almost \$ 100.00 from its high of \$1,215 reached a few weeks ago. And Oil has also fallen from the recent 75.00 to 80.00 range.

As we write Abu Dhabi has just committed \$ 10 billion to the Dubai Financial Support Fund that is being used to bail out Dubai World.

You have to ask yourself where is the Government of Dubai in all of this? If they cannot come up with the money to bail out their own private firm then how well are they doing? Hmmm.

So enough idle chit chat. I am sure you

want to know about the markets.

It was an up and down market mostly with some going up, some going down and some just bouncing around.

The Asian markets were very mixed. The Nikkei 225 was up 0.96%, the Hang Seng was down 4.14% and the Shanghai was up 7.16%. That is about as mixed as it comes.

Europe was down

with the DAX in Germany losing 1.28% and the FTSE in the UK down 1.37%.

North America was mixed with the NASDAQ down 5.39%, the Dow Jones up 0.94%, the S&P 500 up 0.05% and the S&P TSX in Canada down 0.97%.

As can be seen from the figures above, inflation is pretty much non-existent. Much of the decrease had resulted from

energy prices while food has tended to be on the increase.

I think that the next few weeks will be directionless like this one. We may see some investment managers take profits leading to weakness in the final weeks of the month.

Two weeks until Christmas. This year has flown by.

That was Then, This is Now

One of the biggest arguments that China, India and other developing countries use when it comes to limiting their carbon emissions is that the rich countries emitted greenhouse gasses unrestricted when they were developing. Therefore, the current developing countries should be allowed to do so as well.

This is an argument fraught with so many problems. I will attempt to discuss them each individually.

The first and most obvious issue is that of scale. In the 1750s to the 1850s there were not near as many people on the planet as there are now.

For instance, in 1750 it is estimated that there were 791 million people on the planet. In 1850 the number was 1.26 billion. In 1950 the number was 2.5 billion and in 2008 it was estimated at 6.7 billion.

So we are talking about a far smaller world population during the industrial revolution. Am I the only one who has picked this up?

For the Chinese to argue what they are arguing is ridiculous.

In 1750 the European and North American populations combined were 0.16 billion people. 1850 it was 0.30 billion. And in 2008 it was 1.07 billion.

What this means is that China wants to

be able to pollute in an unrestricted manner for their 1.50 billion people based on the historical emissions for, on average, 0.50 billion Europeans and North Americans. That is ludicrous.

Next, lets think about the Mao years. During a period of massive industrialization in Europe and the United States, the Chinese people decided to fall back to an agrarian, subsistence communist state.

Did anyone force them to do this while the rest of the world industrialized? No.

They chose this path of their own accord and as a result they now have to play a game of catch up and they are doing it us-

ing old technology. Why is that anyone else's fault but their own? Anyway why should we have to pay for it in terms of exported pollution and rampant GHG emissions?

As part of the massive industrialization of the European and North American economies more efficient power production came as a side benefit. Although not perfect, there were many advances made.

The Chinese however are still using soviet era technology for many of their coal plants. In addition they are adding one almost every week.

Why is it the rest of the World's responsibility in terms of increased GHG emissions to allow the

Chinese to pump out GHGs without regard to technology and efficiency?

The Chinese are also demanding that they be allowed "intensity" based targets. Well we have all seen this one before. Alberta? The Conservatives.

China has about 500 million middle class city dwellers that are already at the Western level of GHG emission per capita. They have another 500 million waiting in the wings.

Allowing intensity based targets will only slow the GHG emission trajectory. It will not alter the direction of it.

In the next 20 to 30 years China's coal usage is expected to

triple. They are already the world's largest GHG emitter and their pollution is winding up on North American shores.

So that was then and this is now. And now means that you cannot blame the past for the present. We did not know then that

climate change was human induced or assisted. We do now.

And that means that everyone has to do their part and limit, in an absolute manner, their GHG emissions.

December 11, 2009 Volume 1 Issue 21

Trevor Giles is Managing Director of Blue Marble Capital Management Limited, a discretionary portfolio manager located in Nelson, British Columbia that specializes in socially responsible investment using their ESGC Investing™ method.

He is a Certified Management Accountant (CMA), a Chartered Financial Analyst (CFA) and a Fellow of the Canadian Securities Institute (FCSI). He has over 20 years investment experience in public investments, venture capital, carbon finance, and socially responsible investing.

Trevor be contacted at 250.354.4422 or at trevor.giles@bluemarblecml.com. The firm's website is www.bluemarblecml.com.