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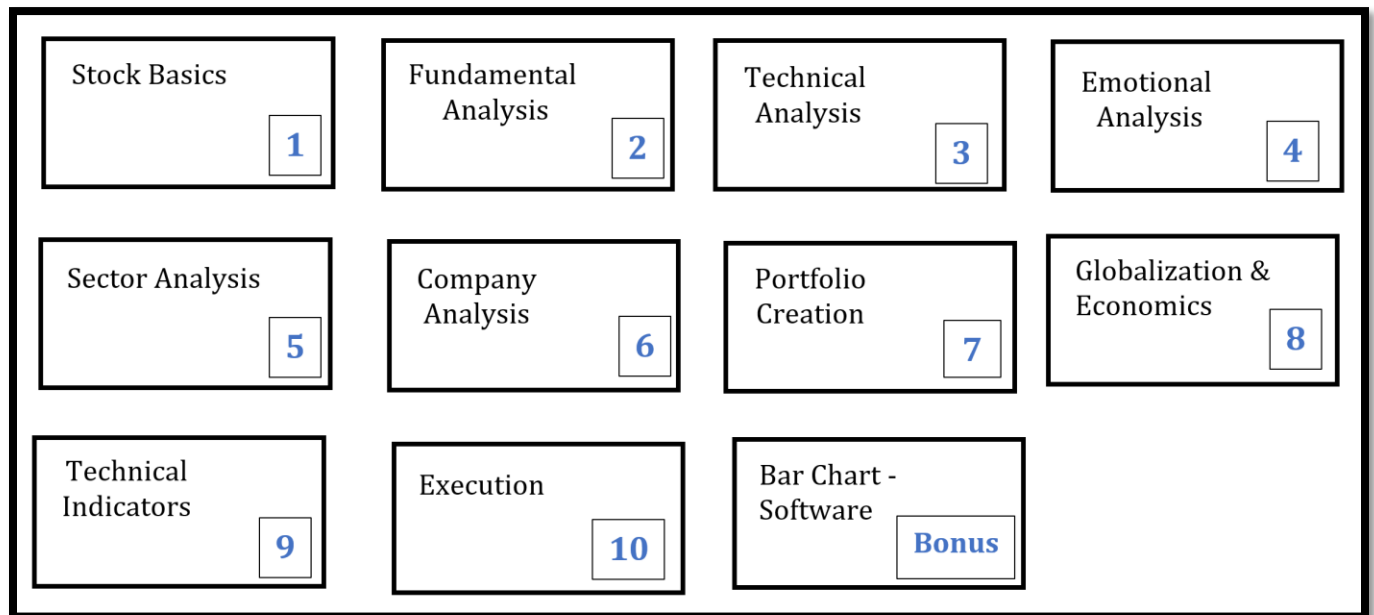
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FOR EDUCATION PURPOSES ONLY

The **LEARN2INVEST** program is a complete solution that removes the **FEAR** associated with stock investing - which paralyzes most individuals. Given this preconceived fear, they abdicate the management of their hard-earned savings to the 'experts' who legally rob them i.e., these 'experts' receive their fees regardless of their fund's performance. The reason we get or allow ourselves to be robbed is because of **FEAR** (a fear that has been masterfully created by the financial services industry). The aim of this course is to eliminate that FEAR (think about a child trying to ride a bike for the first time – fear of falling paralyzes the child – then, all of a sudden, the ability to ride is a breeze!). Individuals learn at their own pace – no two individuals learn the same way or at the same pace. The next generation will develop a skill set that has never been taught at college or university.

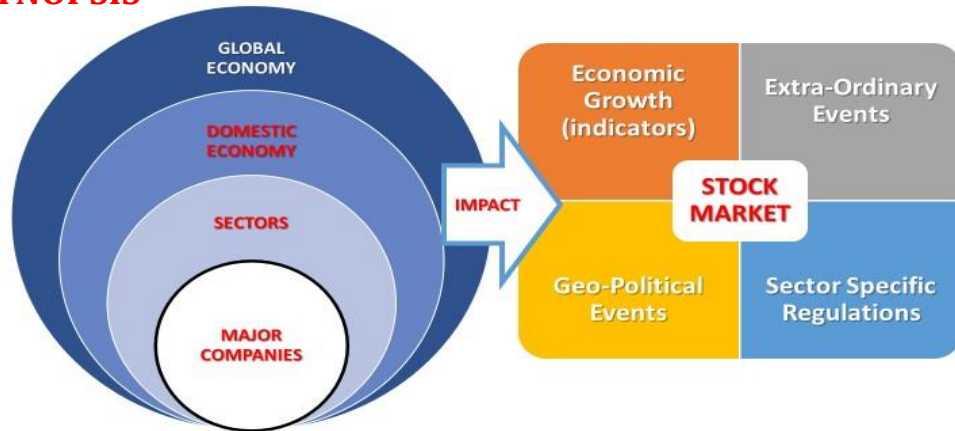
The Learning Process: 1 Hour Per Week!



Module 8 – Globalization

- Why does globalization matter?
- Economics

SYNOPSIS



The world today is fully globalized...what does this mean?

No single country produces goods and/or services primarily by itself. Countries are dependent on other countries to produce certain goods/services because of various costs which make it cheaper to produce for many reasons - most likely because of cost of labor.

Definition of Globalization:

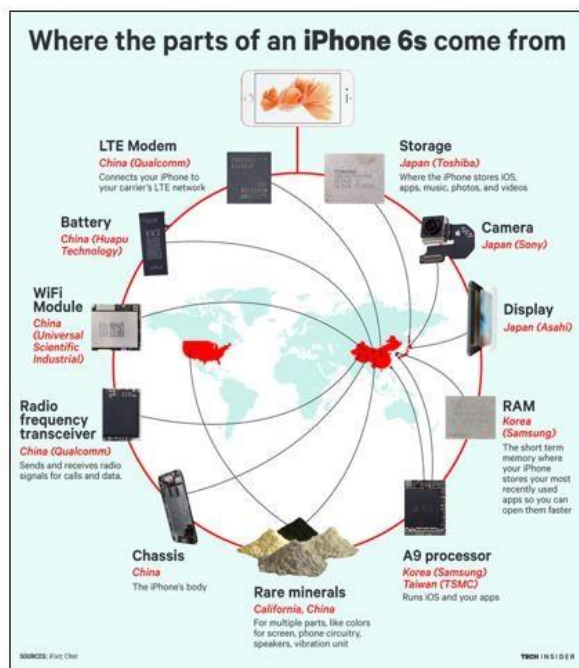
Globalization is the integration of national economies through trade, investment, capital flow, labor migration, and technology. The process by which businesses develop operating on an international scale.



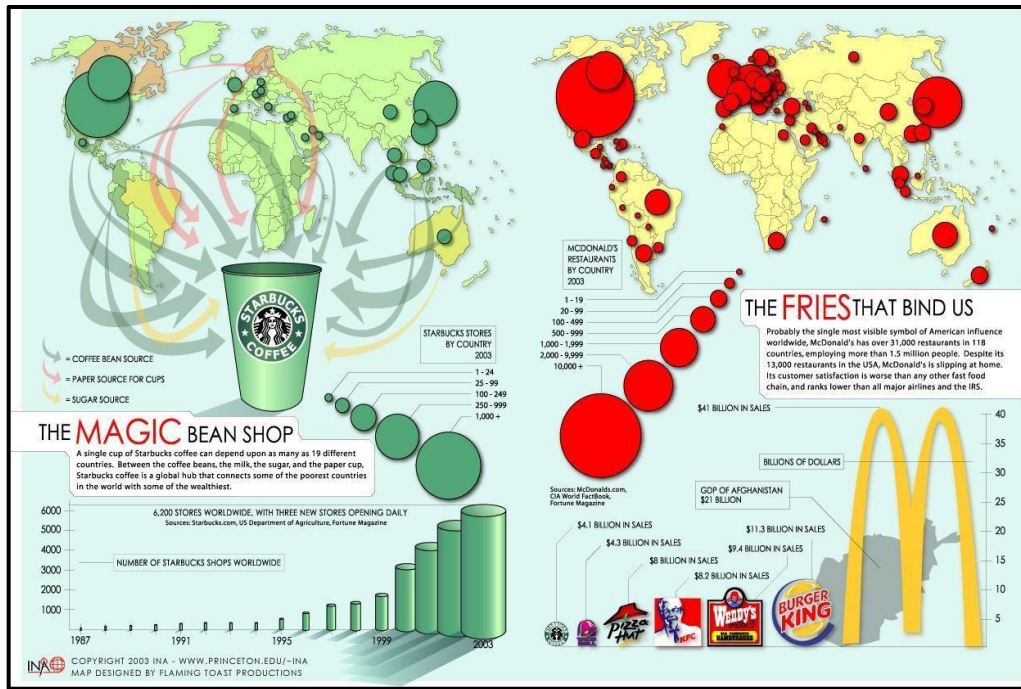
The **O**rganisation for **E**conomic **C**o-operation and **D**evelopment (OECD) is an intergovernmental economic organisation with 35 member countries, founded in 1961 to stimulate economic progress and world trade.

Example:

Apple's iPhone - its manufacturing facilities are widespread. However, recognise that the new US Administration (Trump) has a policy that will curb this kind of strategy i.e. building factories overseas and depriving US citizens jobs.



GLOBAL COMPANIES: Starbucks & MacDonald's



RULE: Is the company (that you are planning to invest in) able to compete in the global economy? Can it be easily replaced by a cheaper competitor?

HOMEWORK: Google "RIM"while you are googling, check out what are "PIIGS" ; "FAANG" & "BRIC"?

Research In Motion, whose BlackBerry phones pioneered wireless email, no longer holds the commanding heights in the smartphone market. With Android, iOS, and even Windows Phone gaining market share, the Waterloo, Ontario, company finds itself in a battle for relevancy.

*Research In Motion, whose **BlackBerry phones pioneered wireless email**, no longer holds the commanding heights in the smartphone market. With Android, iOS, and even Windows Phone gaining market share, the Waterloo, Ontario, company finds itself in a battle for relevancy.*

Global smartphone sales by vendor in 4Q17 (Thousands of Units)			
Vendor	4Q17 Units	4Q17 Market Share	4Q16 Market Share
Samsung	74 026.6	18.2%	17.8%
Apple	73 175.2	17.9%	17.8%
Huawei	43 887.0	10.8%	9.4%
Xiaomi	28 187.8	6.9%	3.6%
Oppo	25 660.1	6.3%	6.2%
Others	162 908.8	39.9%	45.1%
Total	407 845.4	100%	100%

Research In Motion (RIM)/Blackberry non-existent – beaten by competitors!

Why should we care about the United States of America?

Canada vs the United States: Economic Indicators

The United States with a GDP of \$20.5T ranked the 1st largest economy in the world, while Canada ranked 10th with \$1.7T. By GDP 5-years average growth and GDP per capita, the United States and Canada ranked 113th vs 133rd and 11th vs 21st, respectively.

Gross Domestic Product & Income

Stat	🇨🇦 Canada	🇺🇸 United States
GDP	\$1.7T	\$20.5T
GDP growth, 1 year	1.8%	2.9%
GDP growth, 5-years average	1.9%	2.4%
Population	37.9M	325.1M
GDP per capita	\$46k	\$63k
GDP per capita growth	0.47%	2.29%
Purchasing Power Parity conversion factor	1.24	1
Price level ratio of PPP conversion factor GDP to market exchange rate	0.96	1
GDP per capita, PPP adjusted	\$50k	\$63k

Ref: <https://georank.org/economy/canada/united-states>

Top Ten Countries by Nominal GDP at Current U.S. Dollar Exchange Rates (2020)

	Country	Nominal GDP (in trillions)	GDP Per Capita (in thousands)	
1	United States	\$20.89	\$63,413.50	
2	China	\$14.72	\$10,434.80	
3	Japan	\$5.06	\$40,193.30	
4	Germany	\$3.85	\$46,208.40	
5	United Kingdom	\$2.76	\$41,124.50	
6	India	\$2.66	\$1,927.70	
7	France	\$2.63	\$39,030.40	
8	Italy	\$1.89	\$31,714.20	
9	Canada	\$1.64	\$43,258.20	
10	South Korea	\$1.64	\$31,631.50	

\$ 20.5

The economy of the United States is larger than the combined economies of many on the list. And is **ALMOST TWICE** the size of China. And in number 9 is Canada, with an economy of over \$1.6 trillion.

Canada's Top 10 Exports

Top 10

Advantages

Opportunities

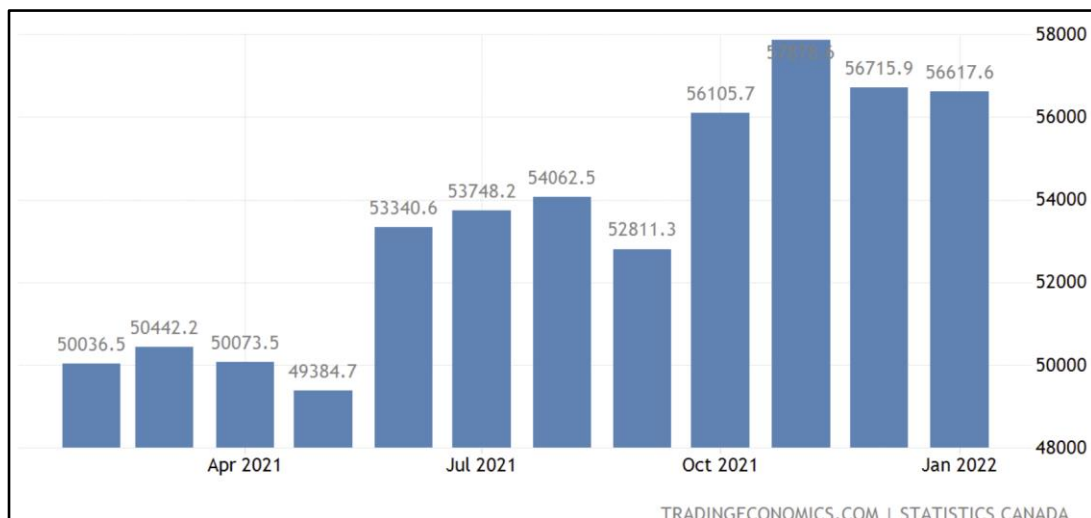
Companies

The following export product groups categorize the highest dollar value in Canadian global shipments during 2021. Also shown is the percentage share each export category represents in terms of overall exports from Canada.

1. Mineral fuels including oil: US\$119.9 billion (23.8% of total exports)
2. Vehicles: \$45.8 billion (9.1%)
3. Machinery including computers: \$33 billion (6.5%)
4. Gems, precious metals: \$24.3 billion (4.8%)
5. Wood: \$22.6 billion (4.5%)
6. Plastics, plastic articles: \$16.9 billion (3.4%)
7. Ores, slag, ash: \$13.3 billion (2.6%)
8. Electrical machinery, equipment: \$12.6 billion (2.5%)
9. Aluminum: \$12.2 billion (2.4%)
10. Aircraft, spacecraft: \$10.5 billion (2.1%)

Canada's top 10 exports accounted for 61.8% of the overall value of its global shipments.

Exports from Canada edged down 0.2% over a month to a of CAD 56.6 billion in January of 2022 with declines observed in 7 of 11 product sections. Sales mainly decreased for passenger cars and light trucks (-15%) as supply chain issues continued to affect the Canadian auto industry in January, forcing most auto manufacturers to reduce production. Also, exports of aircraft and other transportation equipment and parts decreased 25.8% in January. However, these declines were almost entirely offset by higher exports of energy products (+ 8.7% vs -11.8% in December), particularly natural gas (+66.4%) and coal (+50.7%). *Source: Statistics Canada*



Canada Exports By Category

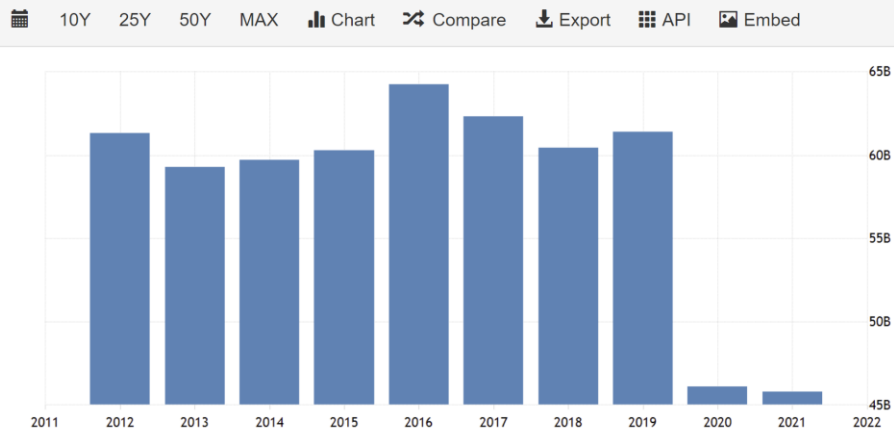
This page displays a table with Canada Exports By Category in U.S. dollars, according to the United Nations COMTRADE database on international trade.



Canada Exports By Category	Value	Year
Mineral fuels, oils, distillation products	\$119.95B	2021
Vehicles other than railway, tramway	\$45.78B	2021
Machinery, nuclear reactors, boilers	\$32.95B	2021
Wood and articles of wood, wood charcoal	\$22.49B	2021
Pearls, precious stones, metals, coins	\$22.14B	2021
Commodities not specified according to kind	\$21.45B	2021
Plastics	\$16.87B	2021
Ores slag and ash	\$13.30B	2021
Electrical, electronic equipment	\$12.60B	2021
Aluminum	\$12.18B	2021
Aircraft, spacecraft	\$10.51B	2021

Canada Exports of vehicles other than railway, tramway

Canada Exports of vehicles other than railway, tramway was US\$45.78 Billion during 2021, according to the United Nations COMTRADE database on international trade. Canada Exports of vehicles other than railway, tramway - data, historical chart and statistics - was last updated on March of 2022.



Canada Exports By Country			
Canada Exports By Country	Value	Year	
United States	\$378.38B	2021	
China	\$23.00B	2021	
United Kingdom	\$12.93B	2021	
Japan	\$11.48B	2021	
Mexico	\$6.52B	2021	
Germany	\$5.14B	2021	
South Korea	\$4.53B	2021	
Netherlands	\$3.81B	2021	
France	\$3.22B	2021	
Belgium	\$2.95B	2021	
Hong Kong	\$2.82B	2021	
Norway	\$2.48B	2021	
Switzerland	\$2.41B	2021	
India	\$2.35B	2021	
Italy	\$2.08B	2021	

Canada's Top 10 Imports

Top 10

Machinery

Vehicles

Electronics

Fuel

The following product groups represent the highest dollar value in Canada's import purchases during 2021. Also shown is the percentage share each product category represents in terms of overall imports into Canada.

1. Machinery including computers: US\$70.6 billion (14.4% of total imports)
2. Vehicles: \$67.2 billion (13.7%)
3. Electrical machinery, equipment: \$46.2 billion (9.4%)
4. Mineral fuels including oil: \$30.3 billion (6.2%)
5. Plastics, plastic articles: \$20.5 billion (4.2%)
6. Gems, precious metals: \$18.7 billion (3.8%)
7. Pharmaceuticals: \$18.6 billion (3.8%)
8. Optical, technical, medical apparatus: \$13.3 billion (2.7%)
9. Articles of iron or steel: \$11.4 billion (2.3%)
10. Iron, steel: \$10.5 billion (2.1%)

Canada's top 10 imports accounted for over three-fifths (62.6%) of the overall value of its product purchases from other countries.

Imports to Canada fell by 7.4 percent over a month to of CAD 54 billion in January of 2022, falling the most since October last year. Decreases were observed in 9 out of 10 product sections, with declines led by cars and light trucks (-12.4%) amid lower imports from the United States and engines and parts (-15.4%).


Additionally imports fell for electronic and electrical equipment and parts (-9%) due to the disruptions in the global supply chain; consumer goods (-4.5%), in part on decreased buying of clothing, footwear and accessories (-14.0%), as well as miscellaneous goods and supplies (-6.8%) while purchases also declined for basic and industrial chemical, plastic and rubber products (-8.5%), mainly on lower imports of lubricants and other petroleum refinery products (-16.6%); and fertilizers, pesticides and other chemical products (-13.2%). *source: Statistics Canada*



Canada Imports By Country

United States	\$237.33B	2021
China	\$68.32B	2021
Mexico	\$26.60B	2021
Germany	\$15.12B	2021
Japan	\$12.30B	2021
Italy	\$8.34B	2021
South Korea	\$8.17B	2021
Vietnam	\$7.85B	2021
United Kingdom	\$6.26B	2021
Brazil	\$5.97B	2021
France	\$5.66B	2021
India	\$4.76B	2021
Switzerland	\$4.44B	2021
Belgium	\$3.88B	2021
Canada	\$3.72B	2021
Thailand	\$3.28B	2021
Peru	\$3.17B	2021

USA – Imports & Exports to Canada

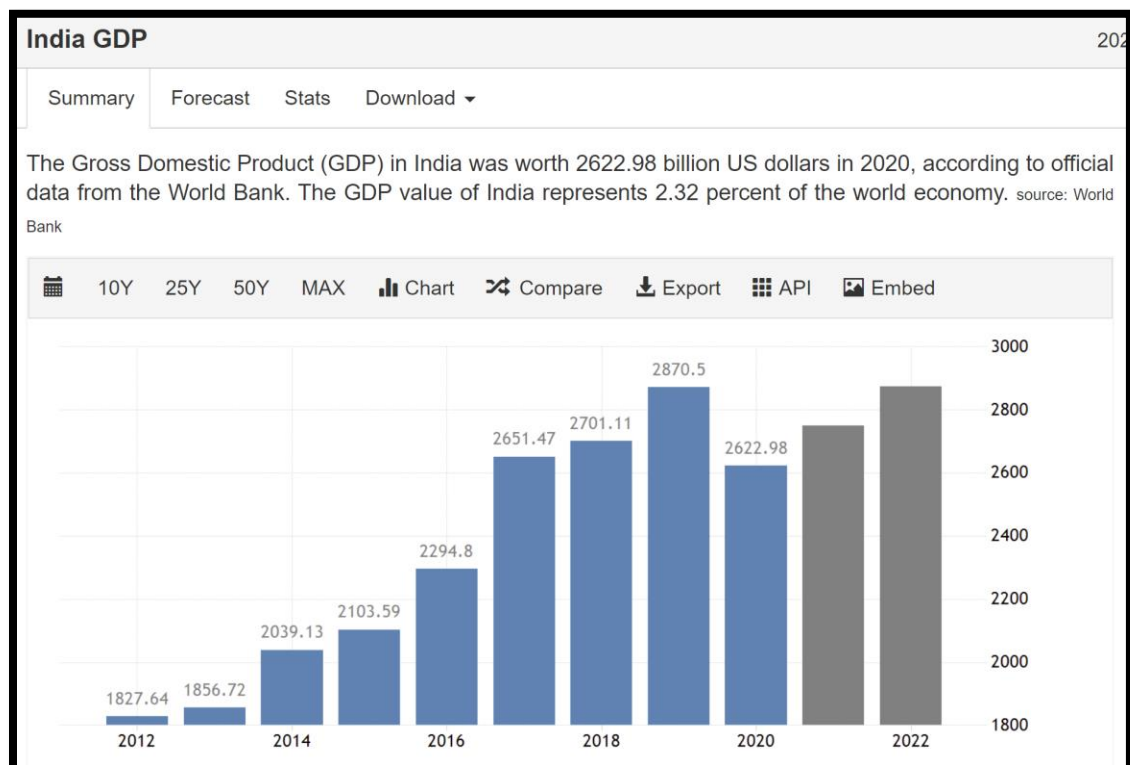
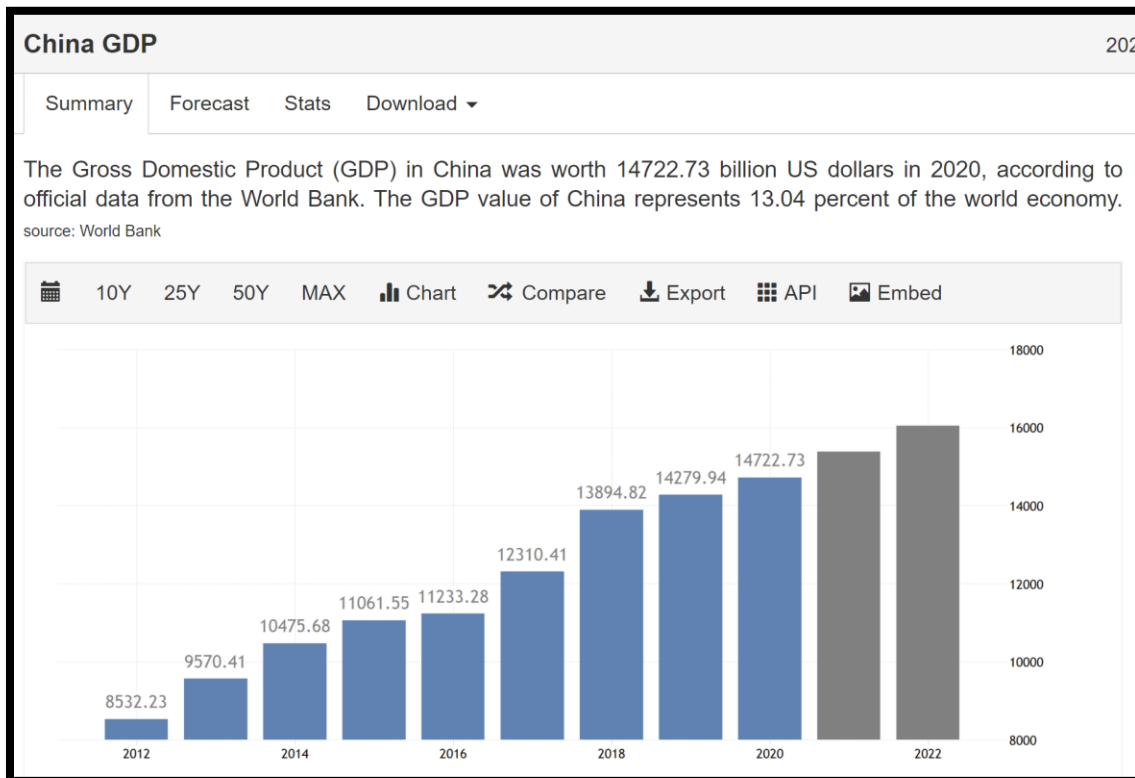
United States Exports By Country			
Canada		\$306.93B	2021
Mexico		\$276.46B	2021
China		\$151.07B	2021
Japan		\$74.96B	2021
South Korea		\$65.77B	2021
Germany		\$64.81B	2021
United Kingdom		\$61.43B	2021
Netherlands		\$53.57B	2021
Brazil		\$46.88B	2021
India		\$40.13B	2021
Singapore		\$35.75B	2021
Belgium		\$33.65B	2021
France		\$30.68B	2021
Hong Kong		\$29.80B	2021
Australia		\$26.43B	2021
Switzerland		\$23.97B	2021

United States Imports By Country

China	\$541.53B	2021
Mexico	\$388.36B	2021
Canada	\$363.90B	2021
Japan	\$139.39B	2021
Germany	\$138.19B	2021
Vietnam	\$108.20B	2021
South Korea	\$98.81B	2021
India	\$77.02B	2021
Ireland	\$74.05B	2021
Switzerland	\$63.53B	2021
Italy	\$63.05B	2021
Malaysia	\$57.84B	2021
United Kingdom	\$56.95B	2021
France	\$51.69B	2021
Thailand	\$50.43B	2021
Netherlands	\$36.25B	2021



GLOBALIZATION: GDP GROWTH SUGGESTS WEALTH CREATION



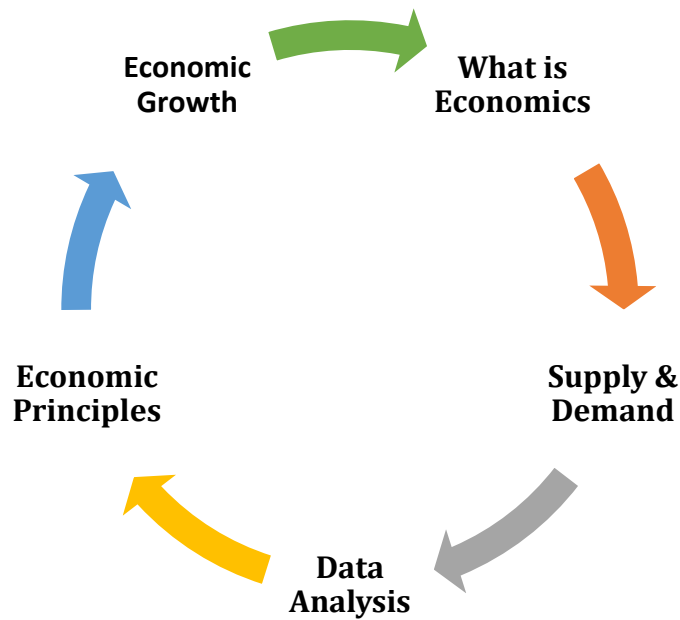
Top 10 Countries with the Highest Number of Billionaires:

1. United States - 724
2. China - 698 (626 mainland, 71 Hong Kong, 1 Macau)
3. India - 140
4. Germany - 136
5. Russia - 117
6. Hong Kong - 71
7. Brazil - 65
8. Canada - 64
9. United Kingdom - 56
10. Italy - 51

What is ECONOMICS?

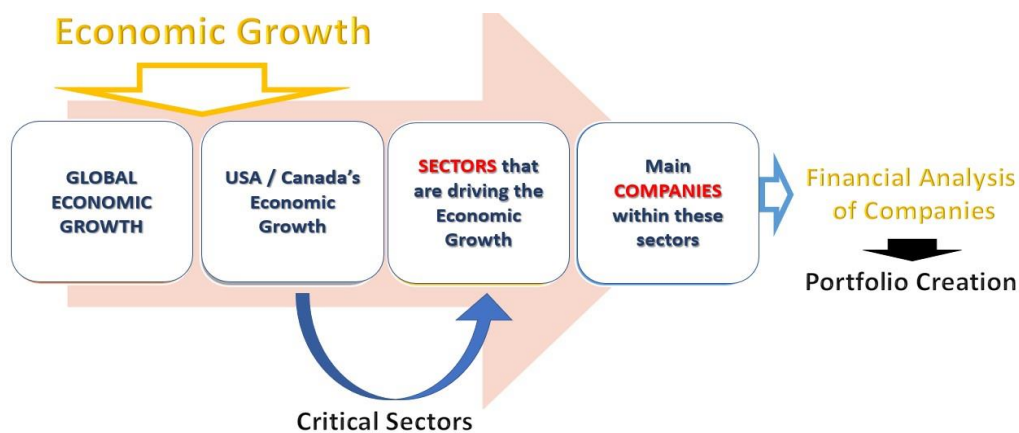
Economics is the study of how people (see below) choose to use their resources to satisfy their needs & wants. [*People include individuals & groups (such as families; businesses; governments etc.,)*]

The ultimate purpose of studying economics is to determine ECONOMIC GROWTH.



The study of SUPPLY & DEMAND is to understand economics at its most basic.

The Process:



The Concept of Supply & Demand - Simplified

EVERY TRANSACTION (regardless of the underlying item involved) is subject to the universal law of supply and demand. Examples: Houses; land prices; Gold & Silver Coins; Food etc.

Common Examples:

1. Real Estate: Prices of house/apartments etc. usually will be higher for those that are in 'prime' locations
2. Christmas – often specific items are in great demand during the Christmas Holidays e.g., introduction of a new phone or toy or gadget.
3. One-of-a-kind items e.g., paintings or rare coins

Basically, everybody understands the concept of Supply & Demand.

BUT HOW DOES THIS TRANSLATE IN THE INVESTMENT WORLD?

A Simplified Explanation:



Globalization creates WEALTH. With increased wealth, the demand for 'better' goods increases. There can be NO DEMAND if there is NO PURCHASING power to begin with

SO, IT BEGINS WITH A DEMAND FOR PRODUCTS.....and the availability of (or the need to create) those products (SUPPLY) that drives ECONOMIC GROWTH.

When companies start growing/expanding, they pay better wages, more taxes etc. which leads to Economic Growth.

Increased wealth creates demand for Products & Services, which in turn creates investment opportunities for monies saved. (i.e. monies not spent on buying stuff).

These investment opportunities can be in a variety of instruments: GIC; Savings Accounts; Bonds; Mutual Funds; Real Estate; Gold & precious metals; stocks & shares etc. Monies poured into companies via the stock market etc. (raising Capital) causes companies to expand to meet additional demand etc.

Example:

Demand for a product e.g., Cell Phones	Associated Company: Apple Inc
Demand for a commodity e.g., Crude Oil	Associated Company: Suncor Energy
Demand for land e.g., Real Estate	Associated Company: REIT (Inv. Trust)

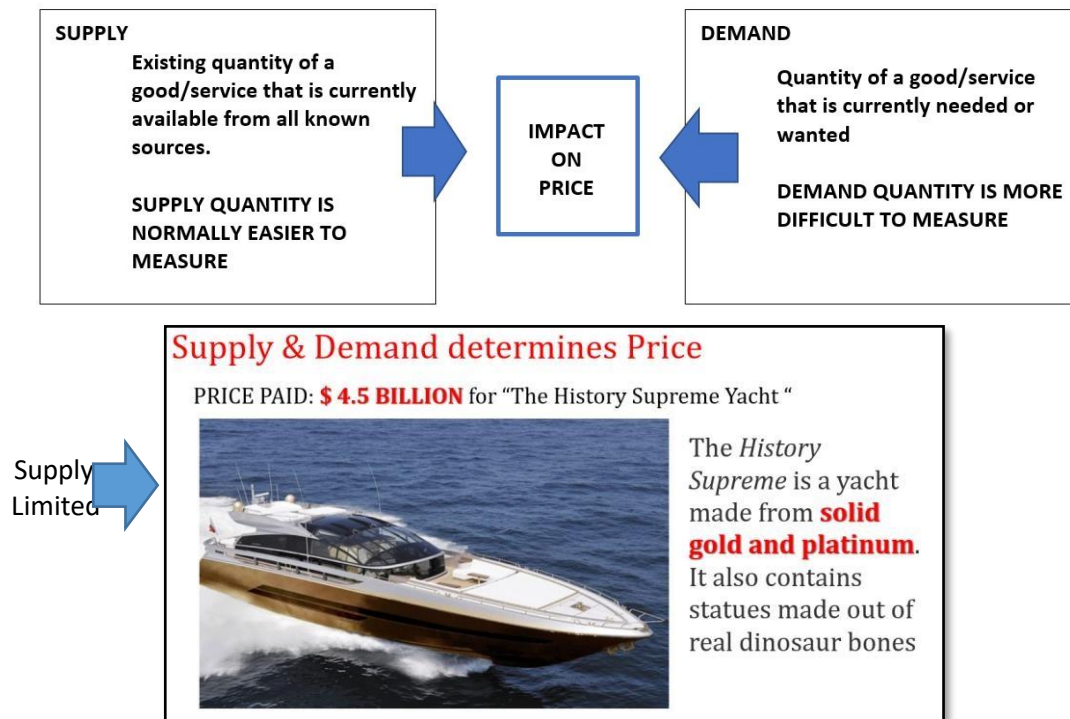
AS DEMAND RISES (assuming SUPPLY is met), the VALUE of the COMPANY providing the product/ commodity / service GOES UP i.e., it attracts investors.

This is the same for STOCKS & SHARES - If there is a shortage of shares (assuming people will rather hold onto them for whatever reason and no more shares are being introduced), then demand will increase which means the price of that share will go up and vice-versa.

BUT this equation is NOT permanent - it could be for a few minutes or for a few years!

THE CHALLENGE is to find out why is there a demand (or lack thereof) for that particular product (i.e., the company's share).

What impacts PRICE?



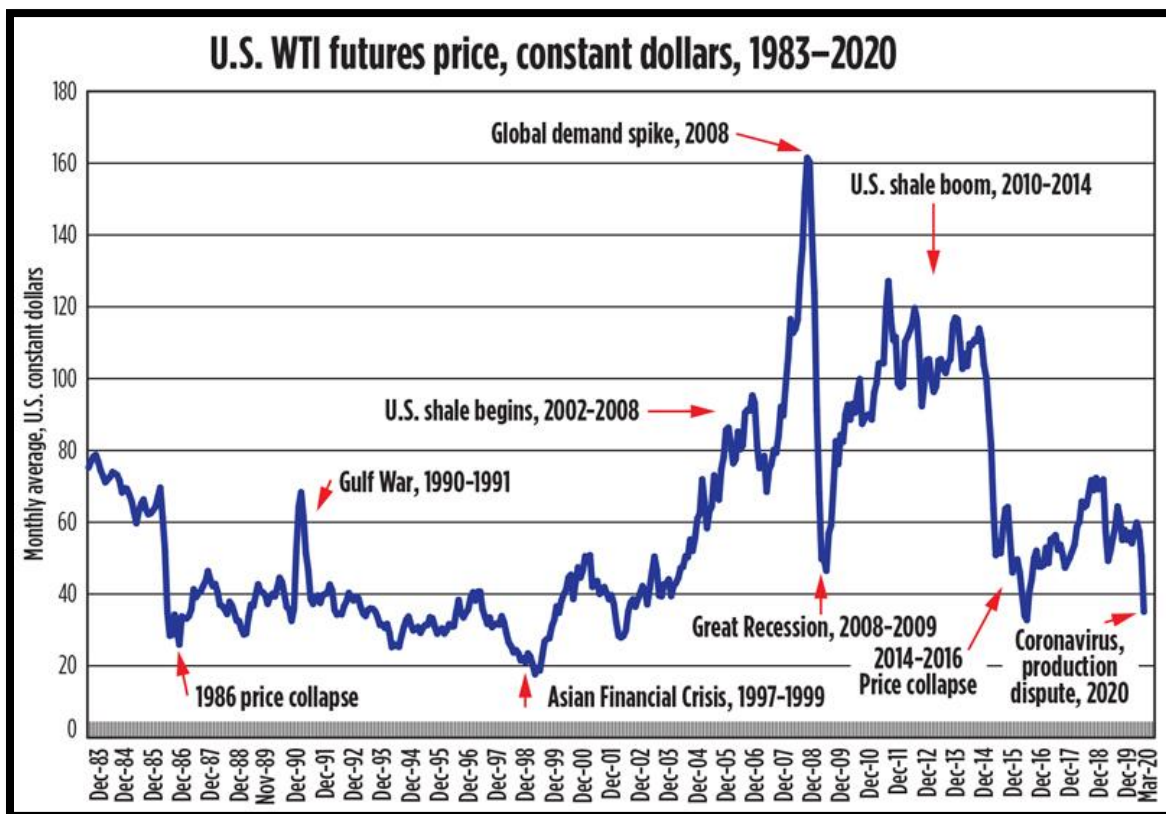
WHAT IS MACROECONOMICS?

Macroeconomics is the study of the behavior of the economy as a whole. It examines economy-wide trends that have a profound effect on the business environment and the securities markets (also, called the stock markets). It is the health of the economy that decides how many people work, what they are paid, how much companies can sell, and how much people spend, and how high inflation and interest rates will be. These factors are what will determine market and investment performance.

When people's actions which are based on self-interest, people respond to incentives, that is, to costs and benefits. When the costs of an activity are raised, or the benefits reduced, people do less of the activity. Economists have found that they can use this simple idea of action based on costs and benefits to construct a model (or theory) that explains how many markets work.

This model, the model of supply and demand, is perhaps the most basic of the model's economists use to explain the world around us. Given the model's importance in the way modern economists think, it is surprising that one does not find the model in the writings of Adam Smith, David Ricardo, Thomas Malthus, or John Stuart Mill, though all of these pioneers in economics used the words "supply" and "demand" frequently. The modern supply-and-demand model did not appear until 1890, when Alfred Marshall published his Principles of Economics.

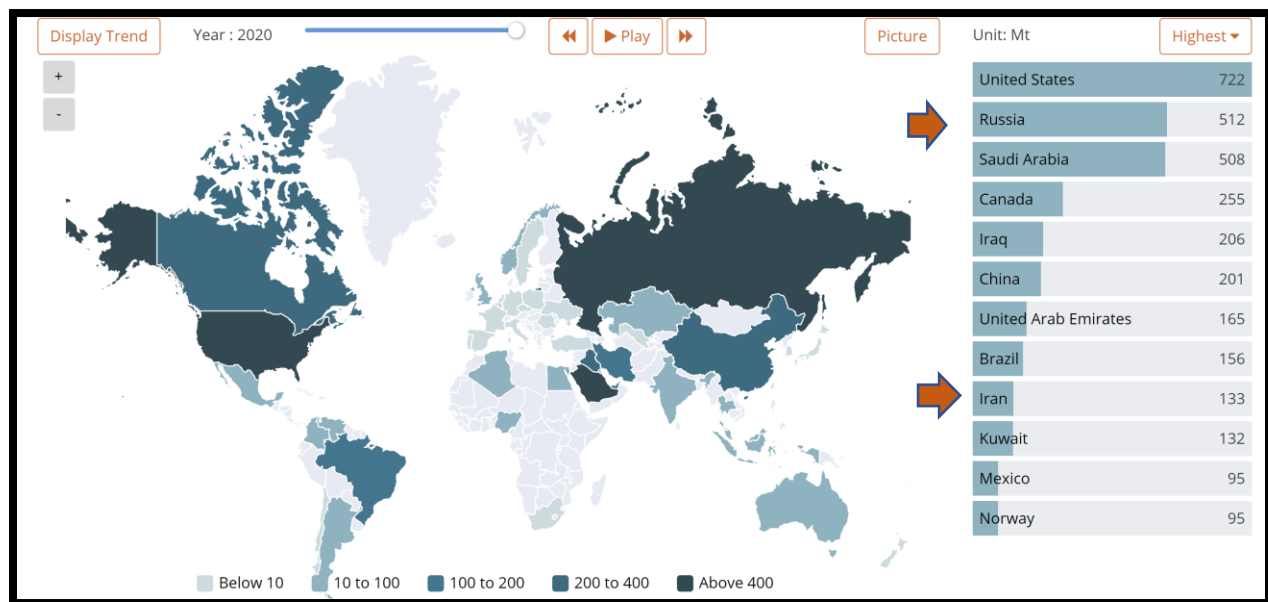
CRUDE OIL – Demand & Supply



SUPPLY RESTRICTIONS: Sanctions on Russia; Iran, Venezuela



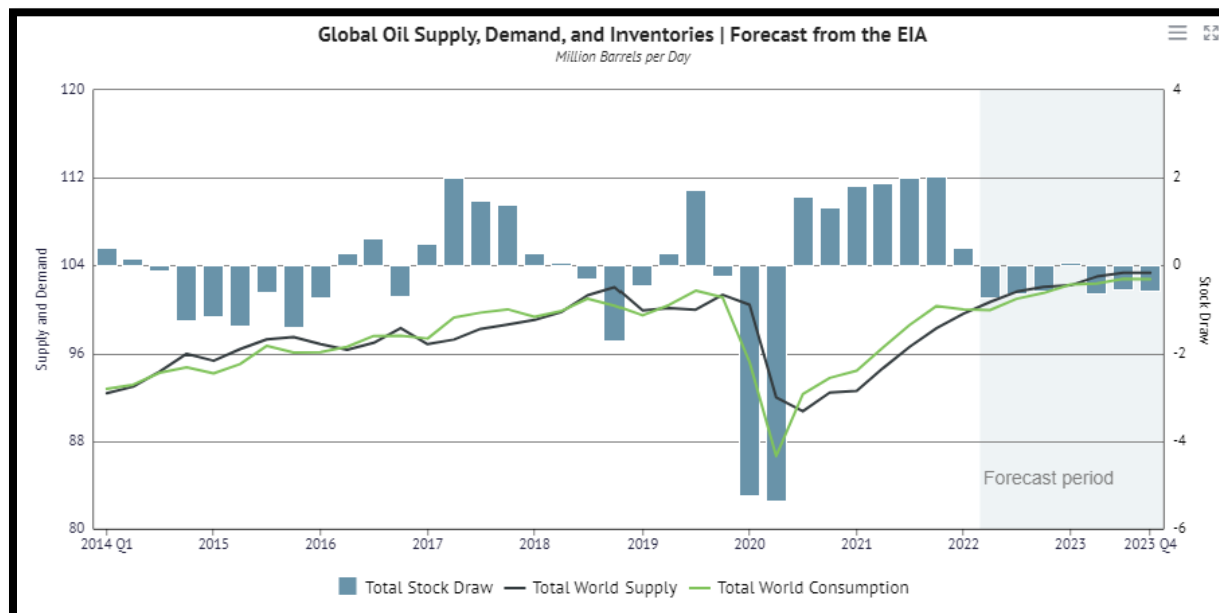
Global Oil Producers



Global Crude Oil Reserves

	Name	Barrel of Crude Oil (bbl)
		Jan 1 2018
1	Venezuela	302,300,000,000
2	Saudi Arabia	266,200,000,000
3	Canada	170,500,000,000
4	Iran	157,200,000,000
5	Iraq	148,800,000,000
6	Kuwait	101,500,000,000
7	United Arab Err	97,800,000,000
8	Russia	80,000,000,000
9	Libya	48,360,000,000
10	Nigeria	37,450,000,000
11	Kazakhstan	30,000,000,000
12	China	25,630,000,000
13	Qatar	25,240,000,000
14	Brazil	12,630,000,000
15	Algeria	12,200,000,000

Global Supply/Demand/Inventory



How did global oil supply & demand impact share prices?

EXAMPLE: Crude Oil Vs. Suncor Energy (SU) & Imperial Oil (IMO)



The demand for oil (due to sanctions plus economies opening up after COVID shut down), resulted in SU's share price increasing by \$ 12 per share to \$ 42 +\ - OR 40% ROI!

That's why understanding globalization & economics is IMPORTANT!

END