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WRITTEN BY: ASHOK DHILLON

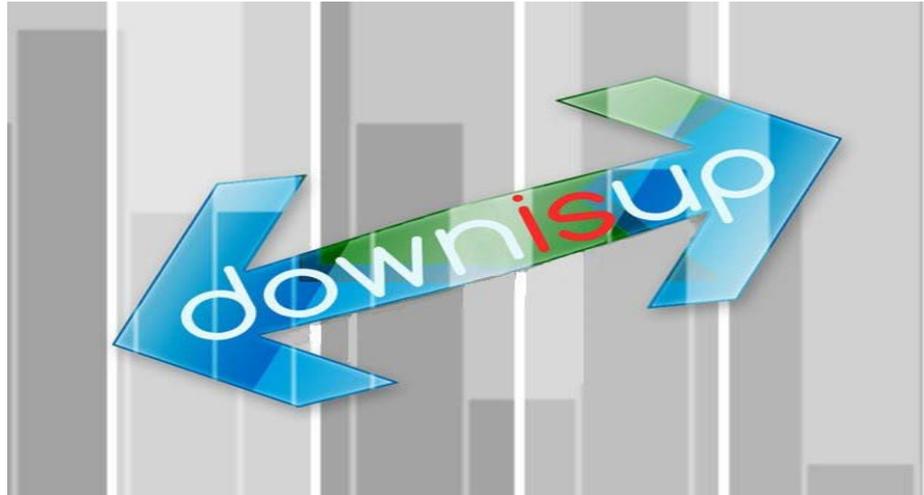


Ashok Dhillon has 40 years of front-line business experience in Canada and International markets. He incorporated his first construction company in 1974, and since then has founded and led companies in construction and international power development.

Mr. Dhillon has worked and negotiated with highest levels of Governments in Canada and India. His extensive experience in securing and negotiating multi-hundred million and billion dollar mandates in project development, gives him in-depth knowledge and intuitive insights into macro and micro, national and international, geo-political and economic realities and trends.

Mr. Dhillon has been invited to speak on international business at various forums, including as an expert witness for the Standing Senate Committee, Government of Canada, on "The Rise of Russia, China and India".

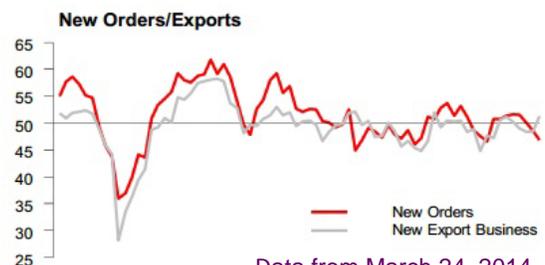
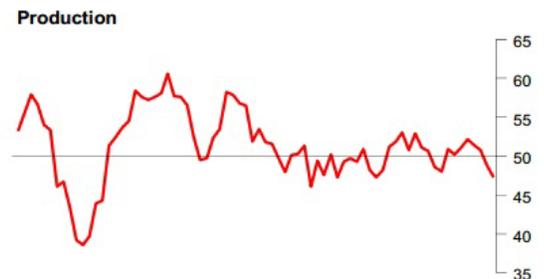
When Down is Up – In Global Markets



China's 'Purchasing Managers Index' (PMI) registered its lowest number (48.1%) in eight (8) months and the Asian markets posted gains on the news, making for a few years of bizarre and unreal economic environment, both in the East and the West, where market response to the latest economic data is opposite to what it should be, in normal economic times. But since the unprecedented economic stimulus undertaken by the Central Banks, it has been anything but normal times.

HSBC Flash China Manufacturing PMI reading for March:

- 48.1 (vs. expected 48.7)
- prior was 48.5 (a 7-month low)
- 8 month low



Data from March 24, 2014

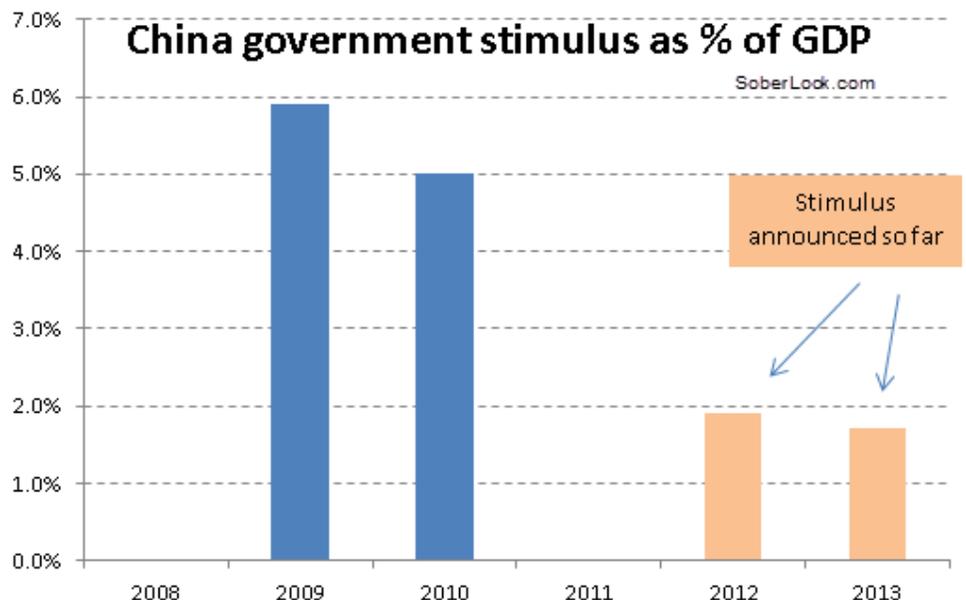
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The Chinese and Asian markets responded to the lower PMI number with a moderate upswing, reflecting the anticipation of the markets that the slower growth is going to trigger a stimulative response from China's Government. And that brings attention to the upside down economic World that we now live in, where economic reality illicit a contrarian response from financial markets. Bad economic news only means one thing to the markets, and that is anticipation of more financial stimulus from Governments and their Central Banks.



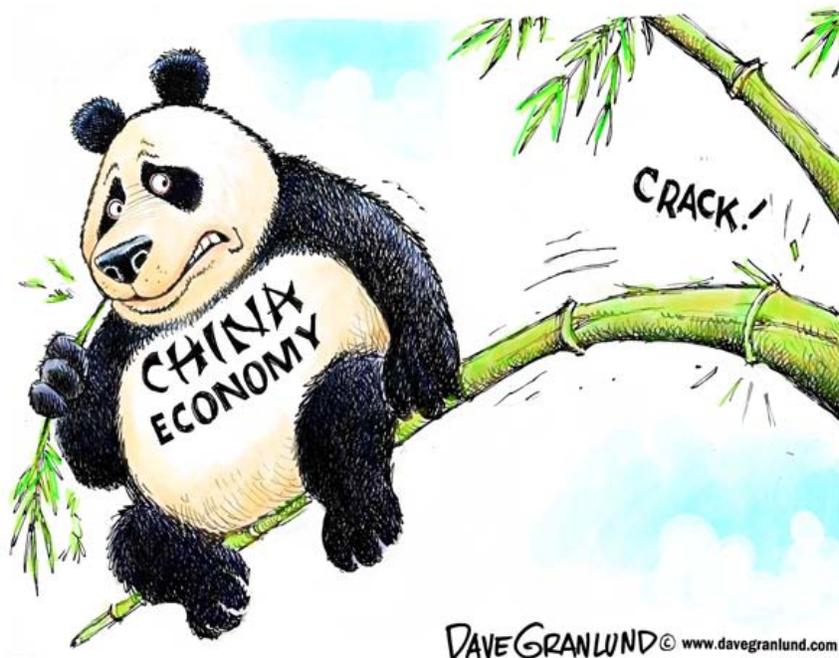
The analysts and financial markets in Asia expect China's Government to further ease fiscal and monetary stimulus, but we feel the Government is going to be more inclined to let the economy slow without material stimulus being triggered.



Source: ISI Group

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As highlighted in our Economic Report, China's economy is dangerously leveraged and the Government knows it, and has decided to launch the rebalancing of its economy through the acceptance of slower growth rate, deleveraging and reforms. In that context it cannot afford the risk of adding further significant stimulus and debt to an already overleveraged economy.



Our projection is that the Chinese Government will accept further slowing of its economy, below its target rate, over time, because it cannot risk an uncontrolled implosion of its highly leveraged financial system.

And that fact that China is going to slow materially is going to affect markets negatively – when the reality sets in that the World cannot continue to function indefinitely in an upside down economic environment.