Weekly Updates Issue # 598

1. Weekly Markets Changes
2. Following December's bump, inflation expected to rise
3. The road ahead for globalization
4. What Golf Town's troubles say about retail investment prospects
5. A rate cut is on the table
6. U.S. commerce nominee says NAFTA is top priority
7. CMHC hiking mortgage loan insurance premiums for homebuyers
8. Eight men have the same as the poorest half of the globe

1. Weekly Markets Changes

[January 20, 2017]

S&P TSX	S&P 500	Dow Jones	NASDAQ	CAD/USD	Gold	WTI Crude
15,547.88 +50.60 +0.33%	2,271.31 -3.33 -0.15%	19,827.25 -58.48 -0.29%	5,555.33 -18.78 -0.34%	$0.7501 -1.24¢ -1.63%	$1,210.20 +12.90 +1.08%	$53.24 +0.72 +1.37%

2. Following December's bump, inflation expected to rise

[January 20, 2017] Canada's annual pace of inflation ticked higher in December, but the rate was weaker than expected as lower food prices helped offset increases in the transportation and shelter groups.

Statistics Canada said Friday the consumer price index in December was up 1.5% from where it was a year ago, a higher rate of inflation compared with November's increase of 1.2%.

Economists had expected a bigger increase of 1.7% year-over-year in December. Nick Exarhos, Director at CIBC World Markets, says, "Headline CPI gained three ticks [but was] slightly softer than what the street was looking for, as soft food prices restrained the monthly change. The average level of the Bank of Canada's new core measures also looked slightly hotter, with two of the three metrics a tick firmer than last month's readings."

Prices were up for seven of the eight major categories compared with a year earlier, with food being the one exception.

Exarhos says markets had little reaction to the data. Going forward, he predicts, "By the second half of the year, [Headline CPI] should be tracking above the Bank of Canada's 2% target, as a rebalancing in the crude market produces sustainably higher gas prices and base-year effects no longer depress food prices.

"Still, with measures of core showing only modest momentum, the Bank flagging a wide output gap, and wage growth stagnating, inflation is likely to be a secondary issue over the next several months."
He expects that "a strong print in retail volumes supports a 0.3% reading on monthly GDP for November, and Q4 growth of 1.5%."

The details

The transportation index was up 3% in December compared with a year ago, while the shelter index rose 2.1%.
In contrast, Statistics Canada says the price of food fell on a year-over-year basis for the third consecutive month. Prices for food in December fell 1.3% compared with a year ago.
Statistics Canada says the pace of inflation increased in six provinces in December compared with November, while inflation in two provinces was unchanged and it fell in two other provinces.
For the full year, the average annual increase in the consumer price index was 1.4% in 2016. That compared with 1.1% in 2015 and 2% in 2014.
Excluding gasoline, the annual average rise in the consumer price index was 1.8% in 2016, following a 2% increase in 2015.
In addition to the inflation report, Statistics Canada reported Friday that retail sales climbed 0.2% in November to $45.2 billion.
Economists had expected a bigger increase of 0.5%, according to Thomson Reuters.
Sales were up in five of 11 subsectors with the overall increase due in large part to higher sales at motor vehicle and parts dealers and building material and garden equipment and supplies dealers.
Retail sales in volume terms increased 0.7%.

3. The road ahead for globalization

[January 20, 2017] The shadow of Donald Trump was ever-present at this year's World Economic Forum in Davos, Switzerland.
Uncertainty over whether Trump's presidency will mark the end of globalization dominated discussions all week at an event synonymous with international business.
Sure, lofty ambitions were discussed, from fighting epidemics to dealing with inequalities across the world. But inevitably all talk turned to Trump, who has promised to rewrite free trade deals and even slap tariffs on China, the world's second-largest economy.
"Do I really think we're gonna go back to protectionism? I don't really know yet and I can promise you I'm paying a lot of attention to it because trade

matters to us," said David Cote, chairman and CEO of industrial conglomerate Honeywell. "It's a little too early to press the panic button; we ought to see what ends up happening here."

Roberto Azevedo, director-general of the World Trade Organization, the body that oversees trading rules, reminded delegates of the 1930s, when governments raised tariffs and wiped out two-thirds of global trade in three years.

"You don't want to see that now. That would be a catastrophe of untold proportions," he said. "I think we should try not to talk ourselves into a trade war and I think we're seeing a lot of that."

The case against globalization…

Whether or not world trade goes into reverse, it's evident that globalization–the commitment to trade internationally and to lower barriers to doing business around the world–is under threat like no other time in decades.

The main allegations are that it has increased inequalities in wealth, eroded job security for middle and lower-income families in developed countries, and kept a lid on wages as businesses seek low-cost workers in poorer countries. The breakneck pace of technological innovation has made many jobs redundant, particularly in industries like manufacturing.

Anti-poverty charity Oxfam illustrated the issue of inequality starkly in a report this week in which it said that eight billionaires own as much wealth as half the world's population, or 3.6 billion people.

There's a perception among many middle- and lower-income households in developed economies like the U.S. and Europe that globalization hasn't worked for them. And it's that unease that many say was behind Trump's victory and Britain's vote to leave the European Union.

…and the case for it

Globalization has helped lift hundreds of millions to escape poverty over the past few decades. Populous countries like China and India have enjoyed phenomenal growth, improved standards of living, life expectancy, literacy and employment rates.

As though to underscore that point, China's leader visited the Davos forum this year for the first time.

Chinese President Xi Jinping cast his country as a champion of free trade and stability. Though China does in fact put big limits on foreign companies in the country, Xi's message was clear: that China wants to take a bigger role on the global stage and keeping business flowing.

"We must remain committed to promoting free trade and investment through opening up, and say no to protectionism," Xi said, without directly referencing Trump. "Pursuing protectionism is like locking oneself in a dark room. While

wind and rain may be kept outside, so are light and air … No one will emerge as a winner in a trade war."

And what lies ahead

The key will be what policies Trump actually puts in motion, and whether other countries follow the temptation to throw up bigger barriers to business.

Britain will this year renegotiate its trade relations with the rest of the EU, the region it does most business with. And populist political movements have risen in countries like the Philippines and are increasingly prominent in rich nations like France, the Netherlands and Italy.

"We may be at a point where globalization is ending," said Ray Dalio, founder of hedge fund Bridgewater Associates.

German finance minister Wolfgang Schaeuble, however, expressed doubt that the West would leave the defence of free trade to Chinese leadership.

Beyond Trump, Christine Lagarde, managing director of the International Monetary Fund, said the broader international system must change to deal with the growing inequalities evident in the Oxfam report.

Theresa May, Britain's prime minister, sought to convince the Davos elite that Britain was not retreating from the global scene. But she did concede that policymakers have to support those for whom globalization is not working.

"The forces of liberalism, free trade and globalization that have had, and continue to have, such an overwhelmingly positive impact on our world […] are somehow at risk of being undermined," she said.

4. What Golf Town's troubles say about retail investment prospects

[January 20, 2017] In 2007, the golf industry looked strong, with Tiger Woods winning his 13th major championship and thousands of courses dotting the United States.

That year, the Ontario Municipal Employees Retirement System got in on the action when it bought retailer Golf Town Canada Inc. for $240 million. Nine years later, the company and its U.S. parent, Golfsmith International Holdings Inc., filed for creditor protection. As a result of the restructuring, OMERS would no longer own the two golf retailers.

So what happened? Is Golf Town's plunge due to the sport's decline in popularity or does it suggest a larger trend in the outlook for retail? Or is the sector still a good investment for pension funds?

Initial optimism

When OMERS, which declined to comment for this story, first acquired Golf Town, the pension fund was quite optimistic about its prospects, with Paul

Renaud, president and chief executive officer of OMERS' private equity arm, telling the Toronto Star the pension fund was "quite comfortable that there is a lot of continued organic growth potential just in the Canadian [golf] market alone."

For the next four years, Renaud would be right. Golf Town grew to more than 50 stores in Canada and opened seven locations in the Boston area. And in 2012, it reached a $97-million deal to merge with U.S.-based Golfsmith. Soon after, the two companies completed a private placement for $125 million in loans.

But the bubble would soon burst. In September 2016, the retailers filed for creditor protection in Canada and the United States. At the same time, Golfsmith announced it was selling its Canadian operations to Fairfax Financial Holdings Ltd. and CI Investments Inc., which already owned 40 per cent of the company's secured debt. The purchase price was about $80 million, according to the Nov. 16, 2016, report of the monitor appointed for the Golf Town restructuring in Canada, FTI Consulting Canada Inc.

For Golfsmith, the initial plan was to cancel the company's secured notes in exchange for new ones and 100 per cent equity in the restructured company, according to FTI Consulting's Sept. 13, 2016, prefiling report. But in October 2016, Dick's Sporting Goods Inc. bought Golfsmith for US$70 million and, in early November, it announced plans to close locations across the country.

"So golf itself is in decline," says Derek Warren, assistant vice-president at Lincluden Investment Management in Mississauga, Ont. He points to younger generations preferring more active sports and the time commitment golf requires as factors in its decline. "So while [golf] won't disappear, it's not the best investment for the future."

Besides the downward trend for golf itself, debt was another factor in the two retailers' troubles. According to FTI Consulting's pre-filing report, the company pursued a growth strategy following the 2012 merger that focused on larger store formats with higher occupancy costs. "To finance this growth strategy, the company took on additional debt, resulting in higher interest service costs which further reduced the company's cash flow," the report states.

Don't bet on debt

Taking on a large amount of debt at the time of an acquisition can put companies in precarious positions. "The cynical point of view is you're using financial leverage to make the returns work out," says Jonathan Jacob, senior vice-president of portfolio risk solutions at Greystone Managed Investments Inc. "Because if you take a four per cent return investment but you lever it up, then you could easily make it an eight per cent expected return. But sometimes

that's just financial engineering, rather than doing anything significant to the investment itself."

Debt can be a big weight for a retailer, says Jan Rogers Kniffen, a retail analyst in New York. "As long as you can sell [products] reasonably fast, you can keep paying your bills and you can keep running," he says, pointing to Sears' U.S. operations as an example of a struggling retailer that remains afloat by selling its inventory quickly. "And so it takes a long, long time to wreck a retailer. But once you put a lot of debt on it and things start to go wrong, you can wreck them a lot faster."

Follow the offline money

Golf Town, of course, is by no means alone as a retailer in trouble. From Danier to Aéropostale, retailers in a variety of categories have struggled amid shifting consumer habits and the rise of electronic commerce. Given the challenges, what's the best approach to investing in the retail sector?

Pension funds interested in retail should invest in gyms, health-care services, restaurants, tutoring centres and other types of companies that can compete with the online world, Warren suggests. While customers can sometimes consult a doctor online and stream yoga classes on YouTube, they must get off their devices for a physiotherapist's examination, to have a yoga instructor correct their form and to enjoy a nice dinner out.

Retailers more vulnerable to online shopping — such as those in the fashion or cosmetics industries — should sell experiences rather than products, says Rogers Kniffen. Stores like Nordstrom that have installed restaurants, makeup counters and hair salons in their stores are better investments than companies that haven't embraced experiential selling, he suggests. "If you want to catch the next generation that's coming through your store, you're doing that," he says, noting those that have boosted their experiences tend to attract customers who stay longer because they have a destination to go to.

Mall crawls

Pension funds can also indirectly invest in retail through real estate. "Well-located and wellmerchandized retail properties, either enclosed or unenclosed, have been amongst the best performers in terms of investor returns for many years and we expect that to continue," says Philip Gillin, executive vice-president and portfolio manager at Bentall Kennedy and Sun Life Investment Management. While large urban malls are "at the top of the pecking order," high street locations are also attractive, he adds.

In December, Canada Pension Plan Investment Board chief executive officer Mark Machin expressed confidence in retail real estate, telling Business News Network that large destination malls remain a good investment. Business in

smaller shopping centres that aren't in good locations, however, are in trouble, he noted.
The Healthcare of Ontario Pension Plan recently boosted its retail holdings to 25 per cent of its real estate portfolio, up from 15 per cent. It owns six shopping malls across Ontario, several more throughout Canada and some shares in a European discretionary fund. "It's a diversified income base," Lisa Lafave, senior portfolio manager for real estate at HOOPP, says of malls. "You have many different tenants, so you're never at risk of one tenant going bankrupt, shall we say. The income is very resilient, as a result."
Assets in high-density neighbourhoods near transit, whether urban or regional, are good bets, says Warren. Busy areas will often have established shopping streets, but he urges investors to keep an eye out for tired properties needing cash injections to fit in with their gentrifying neighbours. "Those are excellent opportunities," he says. "They are expensive to buy, based on what they are, but they're cheap when you look at what they could be."
Warren also warns against always choosing tenants based on reliability alone. "For example, there are many fast-food restaurants that are a great credit or a very safe tenant," he says. "However, a locally known chef, while a riskier tenant, may actually bring in a higher-quality, wealthier consumer to your centre and make that centre part of their weekly routine, which will drive sales throughout the centre. . . . Don't put in a Kentucky Fried Chicken. Put in a sushi restaurant if you want rich people coming to your centre."
Food beyond fries is now "an integral part" of Cadillac Fairview Corp. Ltd.'s shopping malls, says Sal Iacono, executive vice-president of operations at the real estate arm of the Ontario Teachers' Pension Plan.
"We were the first to upgrade traditional food courts to dining halls, starting with the Urban Eatery at CF Toronto Eaton Centre. Now, we've incorporated more premium dining offerings at our assets," including restaurants such as Joey and the Cactus Club and gourmet grocery store Pusateri's Fine Foods.
Another Toronto mall owned by Cadillac Fairview, Sherway Gardens, reflects many of those suggested best practices for urban malls. It's 15 kilometres from downtown Toronto but is on several transit routes. In addition to visiting high-end retailers such as Tiffany & Co. and Le Creuset, shoppers can get a pure oxygen facial at a spa and brunch at Beaumont Kitchen, part of the fine-dining Oliver & Bonacini company.

Sticky markets

Retail real estate in smaller centres faces a different set of issues. "It's needs-based, so it would be focused around a drug store or a grocery store," says Warren.

While grocery stores and banks will likely be part of a chain, cafés, restaurants and boutiques should have a local connection, says Warren. "People have done very well in secondary, tertiary markets, but not outsiders. You have to have local expertise."
HOOPP has malls in Vancouver, Calgary and Montreal, but those in Ontario are all in secondary markets such as Peterborough. "It's hard to get at the major urban centres because it's so tightly held, to be honest. . . . However, I do believe market-dominant secondary markets, like the ones we've gone in, these are very loyal customer bases. The shopping malls are actually part of the community, so there's a very good stickiness with the brand," says Lafave.
Like Sherway Gardens, HOOPP's Peterborough property, Lansdowne Place, adheres to many of the best practices for a mall of its size and location. Its tenants include 11 cellphone providers, a credit union, several opticians and a locally owned Greek restaurant. "The finishes in the mall are almost cottage," says Lafave of the mall located in one of Ontario's major cottage destinations. "It's very warm, there's a fireplace, there's lots of wood."
Single-tenant retail real estate can be a safer investment, says Warren. "When you build a building for Walmart or Costco, you're less concerned about how to bring traffic to that centre because Costco and Walmart will draw their own people for you," he says. "Because of that, the rents are much lower."
However, landlords lose a significant source of cash flow if a tenant chooses not to renew the lease and they may have to invest in structural changes to suit the needs of new occupants, Gillin points out.
Smaller properties also pay more per square foot. Lafave notes a department store might pay $1 to $2 per square foot, but carving that space into several smaller retailers can yield 10 times the rent. But with that income boost comes more responsibility for the landlord.
"A shopping mall is an immersive experience that must lead the consumer to first come to your centre and then stay in your centre longer than what they had planned," says Warren. "The real landlords understand that their role is to create wants and desires on behalf of those who walk into their mall. Keep them there, keep them spending and really provide what they need and want."

5. A rate cut is on the table

[January 18, 2017] The BoC is forecasting slightly higher growth this year, but with Donald Trump overshadowing the future of Canadian exports, the central bank is downplaying its previous story of a rotation to non-energy exports.

In a policy statement Wednesday, where the bank held its benchmark rate at 0.5% and confirmed its openness to a rate cut, the narrative of growing non-energy exports amid low oil prices had given way to one of higher energy prices and "significant" U.S. policy uncertainty.

While any kind of tax on U.S. imports is going to hurt Canada, the Trump administration isn't clearly in favour of the Republican-proposed border adjustment tax, says Aubrey Basdeo, head of Canadian fixed income for BlackRock Asset Management. "The smoke signals seem to suggest […] this is going to have more of an impact on the flow of goods between Mexico and the U.S. than Canada and the U.S.," he says.

Rate cut?

"Yes, a rate cut remains on the table," BoC Governor Stephen Poloz told reporters at a news conference in Ottawa, when asked whether a cut was discussed at the bank's policy meeting.

Scotiabank Economics' Derek Holt added in a note: "[T]he BoC remains open and willing to a cut. Obviously this is heavily conditioned upon how U.S. trade policy evolves."

With concerns about export growth in the foreground, the BoC also acknowledged that inflation has been lower than anticipated since October, largely on falling food prices. Core inflation has been below 2%, "reflecting material excess capacity in the economy," the BoC said.

It expects inflation to move closer to its 2% target in the months ahead as energy prices rise and the impacts of lower food prices dissipate. November's Consumer Price Index reading was 1.2%, in the bottom half of the BoC's inflation range of 1% to 3%.

Exports

Ignoring protectionism under Trump, the bank hiked its real GDP forecast for 2017 to 2.1% from 2.0% and maintained its 2018 growth forecast at 2.1%.

"Export growth will be limited by the recent appreciation of the Canadian dollar, alongside that of the U.S. dollar, vis-à-vis most other currencies," the BoC said.

The BoC said Trump's plan for fiscal stimulus would boost demand for Canadian exports and support Canadian business confidence, thought U.S. corporate tax cuts could weaken Canadian competitiveness. It acknowledged that "protectionist trade measures" (e.g., a border tax on U.S. imports) could have "material" consequences for Canadian trade with the U.S.

"We've heard a lot about protectionist sentiment lately. They're not baking that in right now, but clearly they're thinking about it," TD economist Brian DePratto says. "That may be something that would be [large] enough to necessitate a rate cut."

U.S. dollar

The appreciation of the U.S. dollar—recently reaching its highest level in nearly 15 years on a nominal trade-weighted basis—should help redistribute global demand, the BoC said.

Markets, positively reading the U.S. economy, have made higher portfolio outflows from 25 emerging markets including China, "contributing to a tightening in financial conditions in some of these economies," the BoC said.

Basdeo sees capital flows returning to some of these regions if they surprise to the upside. The U.S. dollar could also challenge the Fed.

"There's a limit to how strong the U.S. dollar can get before it starts to corrode, or have a negative impact on, growth. I think that's what the Fed is going to pay close attention to," he says, noting the Fed's plan for a series of hikes this year. "There's going to be this kind of tug of war between what the Fed would like to do and what the U.S. dollar is doing."

Energy

The central bank indicated there's room for crude prices to rise as the global market rebalances. It noted that benchmark WTI crude prices have recently averaged US$50, about US$7 higher than its price assumption in October.

"The rewriting of the exports story is going to be that energy prices are rising," Basdeo says. "Exports and investment, particularly in the energy sector, is probably going to add about 1% to GDP in 2017."

The BoC said: "Risks to the Bank's oil price assumption remain tilted to the upside over 2017-18, since prices are still below levels likely required to support medium-term market rebalancing."

The bank continues to see "significant slack in the labour market," it said, and federal and provincial fiscal spending should support growth in 2017. The BoC forecasts the economy returning to full capacity around mid-2018.

6. U.S. commerce nominee says NAFTA is top priority

[January 18, 2017] President-elect Donald Trump's pick for commerce secretary said Wednesday that he favours "sensible trade," is pro-union and believes his vast business dealings have given experience fighting other countries' unfair trade practices.

Billionaire investor Wilbur Ross cited his relationship with the United Steelworkers Union, which has endorsed him for the Cabinet post, as proof that he will work to protect American jobs.

"I'm pro-trade. But I'm pro-sensible trade, not trade that is detrimental to the American worker and to the domestic manufacturing base," Ross told the Senate Commerce, Science and Transportation Committee.

"I think I've probably had more direct experience than any prior cabinet nominee has had with unfair trade in the steel business, in the textile business, in the auto parts business and other sectors," Ross said.

Worth an estimated $2.9 billion, Ross has extensive business ties around the globe. Supporters say that makes him ideal to represent American business interests abroad.

"I believe his extensive management experience in the private sector, and his understanding of the challenges faced by workers and businesses alike, will equip him well for the job of leading the Department of Commerce," said Sen. John Thune, R-S.D., the committee chairman.

Trump has said Ross will play a big role in American trade policy. Trump's views on trade are at odds with many congressional Republicans. He has pledged to re-negotiate existing trade deals and scrap a pending one with Asian countries.

Ross said the North American Free Trade Agreement, involving the U.S., Canada and Mexico, "is logically the first thing for us to deal with."

"That will be a very, very early topic in this administration," Ross added.

The commerce secretary has several roles in promoting American business interests in the U.S. and abroad. The department works on trade issues, working to attract foreign investment in the U.S. The department also oversees agencies that manage fisheries, weather forecasting and the Census Bureau, which will conduct a census in 2020.

Canada's response

Prime Minister Justin Trudeau told reporters Wednesday in Sherbrooke, Que. that his government has been working closely with the incoming Trump administration on a variety of issues, including trade.

He said "millions of middle-class jobs" in both countries depend on cross-border trade between Canada and the U.S.

Trudeau said he and Trump were elected on different platforms but both shared the same "core idea" of protecting the middle class.

"We continue to work constructively with the new administration to protect middle-class jobs," Trudeau said.

Trudeau has recruited Liberal MP Andrew Leslie, a retired general, to help boost ties with the incoming U.S. administration, which includes a number of fellow former military commanders getting top jobs under Trump.

Having named trade specialist Chrystia Freeland to be minister of foreign affairs, the prime minister on Wednesday appointed Leslie as her parliamentary secretary for an extra connection to Washington's retired generals.

Leslie will have special responsibilities for the Canada-U.S. relationship.

"As a retired lieutenant-general with years of experience working with the U.S., I know he has the necessary relationships and experience to help establish a constructive dialogue with the new U.S. administration," Trudeau said in a statement.
The Washington file has become increasingly complex with the arrival of the often-unpredictable Trump, who will be inaugurated Friday as the 45th U.S. president.

7. CMHC hiking mortgage loan insurance premiums for homebuyers

[January 17, 2017] The Canadian Mortgage and Housing Corporation is increasing its homeowner mortgage loan insurance premiums, effective March 17, 2017. For the average CMHC-insured homebuyer, the higher premium will result in an increase of approximately $5 to their monthly mortgage payment.
"We don't expect the higher premiums to have a significant impact on the ability of Canadians to buy a home," said Steven Mennill, senior vice-president, Insurance. "The changes will preserve competition in the mortgage loan insurance industry and contribute to financial stability."
The changes reflect OSFI's new capital requirements, which came into effect on January 1st of this year and which require mortgage insurers to hold additional capital. Capital holdings create a buffer against potential losses, helping to ensure the long term stability of the financial system.
CMHC says that during the first nine months of 2016:

- the average CMHC-insured loan was approximately $245,000;
- the average down payment was approximately 8%; and
- the average gross debt service ratio was 25.6%. To qualify for CMHC insurance, a homebuyer's GDS should not exceed 32% of their total monthly household income.

CMHC regularly reviews its premiums and sets them at a level to cover related claims and expenses while also reflecting the regulatory capital requirements.

8. Eight men have the same as the poorest half of the globe

[January 16, 2017] The gap between the super-rich and the poorest half of the global population is starker than previously thought, with just eight men, including Bill Gates (US$75B) and Michael Bloomberg (US$40B), owning

as much wealth as 3.6 billion people, according to an analysis by Oxfam released Monday.
The other men are:

- Amancio Ortega (US$67B; the richest man in Europe, whose Inditex group owns fashion shop Zara)
- Warren Buffet (US$60.8B)
- Carlos Slim Helu (US$50B; a Mexican tycoon with a major ownership in America Movil)
- Jeff Bezos (US$45.2B; founder and CEO of Amazon)
- Mark Zuckerberg (US$44.6B; founder and CEO of Facebook)
- Larry Ellison (US$43.6B; software magnate)

In Canada, the two richest Canadians — billionaire businessmen David Thomson and Galen Weston Sr. — have the same amount of wealth as the poorest 30% of the country combined.
Presenting its findings on the dawn of the annual gathering of the global political and business elites in the Swiss ski resort of Davos, anti-poverty organization Oxfam says the gap between the very rich and poor is far greater than just a year ago. It's urging leaders to do more than pay lip-service to the problem.
If not, it warns, public anger against this kind of inequality will continue to grow and lead to more seismic political changes akin to last year's election of Donald Trump as U.S. president and Britain's vote to leave the European Union.
"It is obscene for so much wealth to be held in the hands of so few when 1 in 10 people survive on less than $2 a day," said Winnie Byanyima, executive director of Oxfam International, who will be attending the meeting in Davos. "Inequality is trapping hundreds of millions in poverty; it is fracturing our societies and undermining democracy."
The same report a year earlier said that the richest 62 people on the planet owned as much wealth as the bottom half of the population. However, Oxfam has revised that figure down to eight following new information gathered by Swiss bank Credit Suisse.
Oxfam used Forbes' billionaires list that was last published in March 2016 to make its headline claim.
Oxfam outlined measures that it hopes will be enacted to help reduce the inequality.
They include higher taxes on wealth and income to ensure a more level playing field and to fund investments in public services and jobs, greater co-operation among governments on ensuring workers are paid decently and the

rich don’t dodge their taxes. And business leaders should commit to paying their fair share of taxes and a living wage to employees.
Max Lawson, Oxfam’s policy adviser, urged billionaires to “do the right thing,” and to do “what Bill Gates has called on them to do, which is pay their taxes.”
The ability of the rich to avoid paying their fair share of taxes was vividly exposed last year in the so-called “Panama Papers,” a leaked trove of data that revealed details on offshore accounts that helped individuals shelter their wealth.

Less trust in institutions since the financial crisis

It’s because of this kind of inequality that trust in institutions has fallen sharply since the global financial crisis of 2008, according to Edelman, one of the world’s biggest marketing firms.
In its own pre-Davos survey of more than 33,000 people across 28 markets, Edelman found the largest-ever drop in trust across government, business, media and even non-governmental organizations. CEO credibility is at an all-time low and government leaders are the least trusted group, according to the survey.
The firm’s 2017 Trust Barometer found that 53% of respondents believe the current system has failed them in that it is unfair and offers few hopes for the future, with only 15% believing it is working. That belief was evident for both the general population and those with college education.
“The implications of the global trust crisis are deep and wide-ranging,” said Richard Edelman, the firm’s president and CEO. “It began with the Great Recession of 2008, but like the second and third waves of a tsunami, globalization and technological change have further weakened people’s trust in global institutions. The consequence is virulent populism and nationalism as the mass population has taken control away from the elites.”

Have a nice and fruitful week!