

Not catching fish is often a recipe for weird. Put boys in their toys and give them a little too much time. Stir in some angsty disappointment, and wait for the trouble to bubble.

On a Saturday afternoon just off the coast of Prince Rupert, the salmon and halibut weren't biting, and we decided to drop the crab pots near the junction of two inlets, where some nearby old shipwrecked barges lay half-afloat/half-sunk.

For me it's the cool stuff that I just can't get enough of. You never know when you might need a few big old nuts and bolts rust-welded on to some random pieces of iron. Weather-worn, grown over with massive barnacles, they looked pretty cool in my shed for the next three years. Fred Sanford would have been proud. My wife not so much.

But when it comes to the pure boyish delight of rummaging a pirate's love nest, my brother-in-law takes the cake. "Look at this rope! This is a beauty! For the love of Liza, this here baby has got to be useful... for something... probably." It was nearly 200 feet long, and, although it was weather worn enough to be useless as a tug line, it was a more than ample for other demands.

There were actually three ropes hauled home that day. One was my go-to for pulling cars out of the ditch in the winter, or moose out of the bush in the fall, and eventually found its way back on to a ship – the HMS Pinafore – in a local production of the Gilbert and Sullivan classic.

A second rope is still in our yard, after having served a second useful life as the rope-ladder for a family tree fort.

The third rope was used numerous times to tow parasailers behind a snowmobile in Smithers. I wasn't actually there for this one, but the rope was attached to a smaller one, laced in to a parachute lead, from which the rider would eventually dangle. The other end of the rope was attached to the back end of the snowmobile and a few guys would hold the parachute open to catch the wind while the snowmobile took off, and pulled the whole contraption, and its rider, eventually skyward. Crazy, but true.

All the while, the price of tea in China is actually rising, because... Blah blah blah blah blah. (I've always wanted to do that.)

Okay, so, I'll explain:

- The gas in the snowmobile is the policy decision of intervening in markets to create lower interest rates than would otherwise happen.
- The tightness of the big old rope is the productive capacity of our economy (factories and supply chains are running full out, etc.)
- The wind in the sails is our confidence in the economy. If there is enough of it, once we are flying high, we no longer need gas in the snowmobile to fly. The economy gets its own wings.
- The height of the rider is the rate at which the economy is growing. Sharp rises, are exhilarating but extremely dangerous to the rider, because like a topsy-turvy kite at the beach, they are so often associated with crash landings.
- The rate at which the rider goes up is price inflation. It is closely associated with growth in the economy, but different. Only a controlled ascent is safe. A wild ride is for drunkards and idiots with testosterone for brains. (Google: "German Weimar Republic Hyperinflation" or for something more current: "Inflation Venezuela 2017").

So yes, as we might have mentioned in a 2017 year-end review, the word to watch this year is **inflation**. But not the hyper kind. A bump from 2% to 3% Oh My. The measure has been stubbornly moderate for

a decade, despite low-rate fuel spilling over top world-wide economic tanks that entire time, but it is now making an appearance in various ways.

Let's say the interest rate on a 10-year Government of Canada bond goes up to 4% (not unthinkable), either naturally or as a matter of policy. At that point, Investor Jones, a hypothetical conservative-minded soul, might be persuaded to put his savings in to a government bond instead of say a blue chip stock paying an unguaranteed dividend at 4%. So he, and a hundred of his closest like-minded friends sell their stocks and buy bonds. That same day, an aging business-owner decides he's too old to take on that huge new contract, and instead he puts his profits in to a sure-footed GIC, with its newly higher rate.

On a grand scale, this happens the world over, and prices for shares and business assets are moderated downward. Or, ideally, their price increases slow down just a bit. Inflation is tempered and... the parasailer is on a steadier trajectory. Theoretically. The ideal economic moderation is referred to as a "soft landing."

But the tricky part is the unwieldiness of it all.

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