CINDY BOURY FCSI, CIM, FMA
Portfolio & Branch Manager

CINDY BOURY | PRIVATE WEALTH MANAGEMENT

Hello, August 20, 2015

The markets have been very volatile recently. As many of you are aware, there is unrest in the world. With the challenges in Greece and other countries, we see aggressive currency fluctuations on the world stage. Being positioned in the US, with European exposure, while having a smaller exposure to Canada and the resource sector, has enabled the portfolios to bypass the pain of the Canadian market. With an election coming this fall in Canada this uncertainty may continue until after the election. At this time I feel Canada is further back in the economic cycle. When we see signals that Canada is moving forward in the economic cycle, we'll adjust the portfolios for a higher exposure to Canada. The oil crisis along with other factors have delayed growth in our country. Currently the United States is further along the cycle, mature Europe is 2nd and unfortunately Canada is stalled. This stall may create a recession, we need two negative quarters in a row for this to be a formal recession. We know eventually growth will start once unemployment rates begin to drop and people have confidence in their employment, country and their future. With growth we may see an increase in inflation which could lead to higher interest rates. Governments often increase interest rates to moderate company development, housing purchases or any other types of borrowing. Reducing lending slows down the housing market which can create a supply and demand issues and lead to an increase in prices. This too can increase inflation.

Light at the end of the tunnel

Today I read a great report regarding Canadian housing. Housing sales were up almost 10% in the past year, cash buyers dropped to 22% from 32% a year ago. Total sales are up almost 10% and mortgage backed purchases have risen more than 25%. The average household is in the best financial shape in a generation regardless of the news we all hear. The financial obligations ratio that measures the share of after tax income that households need to service their debts is improving. In 2007 before the recession started these payments were the largest on record going back to 1980. Today credit card payments are the highest on record since 1992 according to Standard and Poors reporting. At the same time delinquency rates are at an all-time low, as are housing foreclosures.

We expect to see further tax cuts, lower unemployment rates and continued improvement in the housing situation in the United States. These and other economic indicators are reasons why we are holding a large positing it the U.S. at this time. Canada will follow, it's just not our time.

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We will continue to focus on our service to you, our clients. It's my pleasure to be your discretionary advisor on record and I would like to thank you for your trust in my and my teams' abilities.

Thank you,

Cindy Boury

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