



NEWSLETTER: SECOND QUARTER 2017

Spring is in the air and I am sure everyone remembers that song. Just like remembering tunes, people remember market volatility. During the financial crisis of 2008 people felt like they were coming apart, yet they continued to watch and read the news sources that caused a lot of the panic. They may have even discussed stocks and the markets with friends and families despite this not being their area of expertise.

CINDY'S INSIGHT

One of my favourite parts of being an advisor is being a mature advisor. This enables me to draw on the experience of managing through different market cycles. It gives me the experience to step back from the noise in the market; from tweets and immediate responses and it teaches a valuable lesson: Ignore the noise.

Review what you know is true and things tend to resolve themselves to the facts and often the noise was just short term noise. Whether it was good or bad it was emotional noise. Our team has in excess of one hundred and ten years of experience which make us seasoned veterans in our industry.



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UPCOMING EVENTS

Back to The Basics: Part 1

- Spring 2017. Date TBD

**Understanding Wills, Probate
& Estates**

- Fall 2017. Date TBD

TRUMP BUMP or GLOBAL JUMP?

The alt-rocker Frank Zappa was quoted in 1989 as saying “Politics is the entertainment branch of industry”. While that statement may be a bit of hyperbole, it is true that the media often focuses on political spectacle while ignoring substantive issues such as economic fundamentals.

Let's face it, PCE deflators, M2 money supply growth and capacity utilization statistics don't exactly scream "look at me" the way a good political spectacle does. I guess that is why they call economics the “dreary science”. It just is not as interesting as a reality television star tweeting from the Oval Office but it does have significant impact on our lives and our finances.

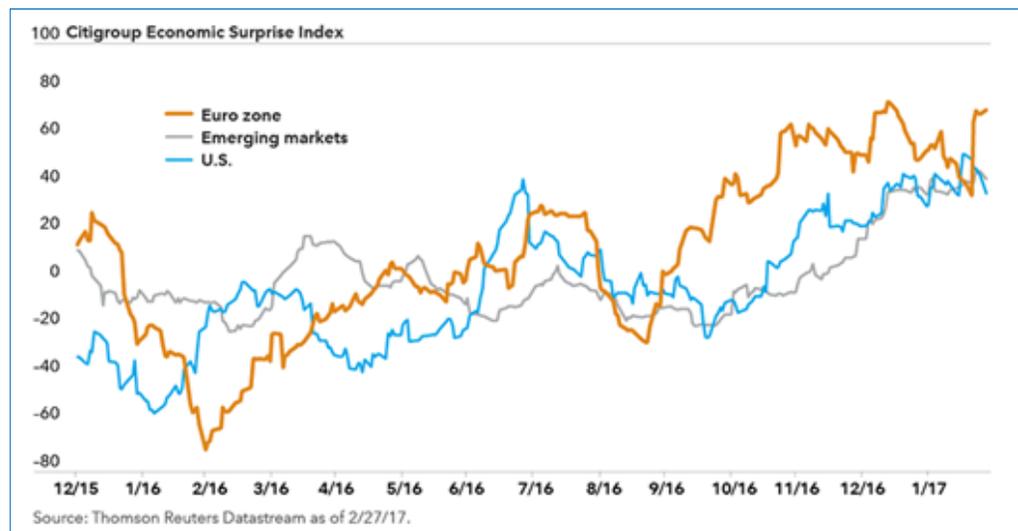
The media has made much of the “Trump bump” to explain the increase in the stock markets. While we do not discount the positive effects of a better relationship between the White House and big business with less regulation and lower taxes, there may be another major influencer that is not being talked about.

That is the fact that economic growth is picking up in almost every region of the world. Our readers will recall the comment from our September 2016 newsletter “we are very encouraged to see strength in most

global economic surprise indexes.” Since September we have seen a continuation and even an acceleration of the positive trend and the chart below illustrates the point in graphic terms that the recent bump up in markets may have less to do with US politics and more to do with synchronized global growth than people realize.

Not only do we see positive economic surprises accelerating since last February, but they are broadening out to include Europe, Australia, Asia and the emerging economies. When we aggregate the positive economic surprises from all regions, including the United States we see the Citigroup economic surprise index at a seven year high!

Clearly, the economy is getting better almost everywhere. Stock markets have generally been rising all around the world in the past six months.



Source: Thomson Reuters

MARKET ECONOMIC UPDATE

The chart below shows the increase in prices of exchange traded funds that track the emerging markets (VEE), Europe, Japan, Australia (ZEA), the U.S.

markets (ZSP) and Canada (XIC). All tell a similar story since November 4, 2016. Stock prices have been going up everywhere.



Source: Quotestream

So where do we go from here?

The second quarter earnings season started the week of April 10th and expectations are for some of the best profit growth in years. We believe that profits may catch up with stock prices in many instances. So we remain positive on owning common shares for the foreseeable future.

What about the risks? Naturally, the risk of unforeseen events is something that we have to live with daily. A major conflict in Korea, terrorism and scandal can always shock markets and cause prices to fall. If the investment community starts to lose faith that Mr. Trump can enact major pro-business reforms that could also lead to less enthusiasm for stocks. If the economy begins to grow too quickly and that gives rise to higher inflation with rapidly

rising interest rates it could be bad for stocks. We monitor all of those factors along with many others daily and are always vigilant about what could go wrong. At the present time we firmly believe that the potential reward of owning stocks is attractive given the range of risks we have identified. So we are strongly pro-growth in our portfolios.



COME TO OUR FREE EDUCATIONAL SESSIONS

Back to the Basics

We have created a new educational series called “Back to the Basics”. In these presentations, we will go back to the foundation of financial learning. The series will be broken down into different modules, and cover topics such as, how to read financial statements, different account types, basic economics, how we do what we do and more. Our Part 1 will be offered soon.

Understanding Wills, Probate & Estates

We will be hosting a larger event in the upcoming fall to help understand probate; how to bypass wills variation and other interesting estate issues.

For more information on any of our upcoming events, please do not hesitate to ask!

MOTHER’S DAY CELEBRATION!

This Mother’s Day is special! As a mother I am pleased to introduce you to my daughters Susan and Sheryl, who have recently joined our team. As a daughter, Mothers’ Day encourages me to remember my mother and to thank my mother in law for being the lovely mother she is to her son and grandchildren. Take a moment and go hug a mom. We invite you to drop by our office **Friday May 12, 2:00-4:00pm** for tea. Please RSVP: 604-855-0654 or email sheryl.boury@raymondjames.ca.



Sheryl and Susan Boury

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