<u>In this issue</u>: Market update, By the numbers, What to do, Martin Roberge Portfolio Strategist, Mandate of the Month, What are we Reading (Real books recommendations (!!!), Trumps Tariffs), Crypto Corner, Financial Planning.

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Steve Stavridis
Senior Vice-President,
Senior Investment Advisor

T:416.867.6084
F: 416.947.8210
TF: 1.800.382.9280
Steve.Stavridis@canaccord.com

Drew Sutherland
Associate Investment Advisor

T: 416.867.2036
Drew.Sutherland@canaccord.com

What is happening?

- Check out page 2 for a Q&A with one of Canaccord Genuity's top market strategists, Martin Roberge. Martin was kind enough to answer a few questions exclusively for our readers.

- Trade freedom has been dominating the headlines and adding to the growing economic risks and market volatility. Trump's tariffs on steel and aluminum imports have prompted fears of a trade war, albeit with a low probability and with some comfort offered with the exemption clauses. This does, however, remind us that negotiating with the US is difficult and that NAFTA negotiations have yet to be resolved. A more important and difficult issue is that of intellectual property rights in relation to China. For now, markets seem to be looking through the bravado because it is mutually beneficial for all sides to avoid a trade war which would negatively impact global economic growth prospects.

CAN Equity (CAD)	YE 2017	Wk-end	Chg this week	Chg in 2018
S&P/TSX Comp	16209	15578	1.3%	-3.9%
S&P Total Return	54003	52145	1.3%	-3.4%
S&P TSX 60	960	922	1.3%	-4.0%
US Equity (USD)				
S&P 500	2674	2787	3.5%	4.2%
S&P Total Return	5213	5454	3.6%	4.6%
Nasdaq	6903	7561	4.2%	9.5%
Inter. Equity (USD)				
MSCI World	1586	1605	2.9%	1.2%
MSCI EAFE	2051	20141	1.8%	-0.5%
MSCI Emerg. Mkts.	60879	62931	1.8%	3.4%
FTSE 100 (GBP)	7699	7225	2.2%	-6.0%
DAX 30 (KR)	12918	12347	3.6%	-4.4%
Commodities (USD)				
Gold	1303	1322	0.1%	1.4%
Oil (Crude Brent)	$66.61	$65.43	1.4%	2.6%

What to do?

Friday's 47-point gain in the S&P 500 (SPX), pushed it to the highest level since the early February low. This short-term breakout above the February "shock drop" rebound, suggests that the decline in early March was likely the retest that normally takes place after such a high volatility sell off and subsequent 5% rebound. The next few months that may contain multiple "whooshes and ramps" will be no different. Each will feel like the fundamental backdrop is at risk, only to realize that the tailwinds still exist. These tailwinds include: 1) solid global growth; 2) accelerating domestic activity; 3) capital spending improvement; 4) real household median incomes jumping with strong employment; and 5) the demographic-driven push to higher home ownership.

Point one is critical on that list. Look at the numbers across our tracked geographies above and you will see that there is solid global growth still marching onwards. A diversified Global Portfolio will diminish the "whooshes and ramps," and continue to build on solid gains across the globe. With targeted sectors added into the portfolio (tech, financials), you should feel comfortable sleeping at night.

Discover how to use sector ETFs to balance your portfolio to a global perspective. To read further: Click here to read a global perspective from our strategist: Click here The YTD results so far

From the Experts: Market Strategist Martin Roberge answers some current market questions

Martin Roberge, North American Portfolio Strategist & Technical Analyst, Managing Director, Canaccord Genuity Corp. (CAD)

- Highly ranked Portfolio Strategist and Quantitative Analyst in Canada (Brendan Wood International Survey)
- Responsible for tactical asset mix and sector rotation research and recommendations
- Provides us access for conversations like these!

1. **Trump's comments have largely been ignored over 2017 in terms of direct market impact. Why is the issue of steel/aluminum tariffs creating such uncertainty?**
   - *Because such tariffs could lead to retaliation from trading partners, hence the imposition of tariffs on US exports. Then, trade wars between the US and their trading partners ensue and the net result could be a downward shock to world trade and global growth. If the rest of the world stops being an export valve to US growth, recession fears could emerge especially if the Federal Reserve stays on a steady tightening path.*

2. **Can a balanced NAFTA deal jump the queue on focusing in on such specific sectors (dairy, steel), and steady the markets?**
   - *Even if a "surgical" approach makes more sense, the key is to avoid addressing trade imbalances ununiformly among countries. For example, Mexico and Canada would be unfairly penalized on steel tariffs since both countries import more steel from the US than they export. Would Canada and Mexico respond by imposing tariffs on US exports of auto & parts? The US runs ~$12B trade deficit with Canada with half being energy-related which will gradually shrink as US oil production keeps increasing. This leaves a ~$6B in trade deficits which is highly manageable for both countries. In our view, NAFTA is side-show for equity markets. An unequal corporate tax regime between the US and Canada, however, is a more problematic situation.*

3. **Outside of Trump, we are starting to see some volatility re-enter the market since the start of the year. How does this bode for your calls on continued global market optimism?**
   - *This is a painful but needed transition. The epicenter of the recent volatility spike is the marked increase in long term rates which began last September. Higher rates, however, are needed to confirm that easy monetary and fiscal policy accommodations are filtering through the global economy. In other words, higher rates are signaling good global growth. Barring trade wars, global growth should stay robust and synchronized since most central banks in emerging-market (EM) economies are cutting their policy rates. These rate cuts more than offset the rate hikes we have seen in developed economies such as in the US and Canada over the past few years. Thus, the world monetary policy remains very accommodative which bodes well for our positive view on international equities.*

4. **Are there any sectors to avoid within the Canadian Market?**
   - *For this year, we believe sectors sensitive to rising interest rates will lag the market. These sectors are utilities, pipelines and telecoms. Their high dividend yield makes them vulnerable to rising bond yields. Also, these sectors are highly leveraged with balance sheets bloated with debt which make them vulnerable when the next economic recession arrives.*

Thank you Martin Roberge for taking the time to answer our questions!

Mandate of the Month: Global ETF Portfolios. ($25K Min)

This is a fee friendly managed portfolio solution. If you have Mutual Funds or high trading costs, it's worth a look. Click here to see the note.

Strategy: Driven by a dynamic allocation process, Our ETF Portfolios focus investment exposure in areas of market strength and reduce capital in areas of relative weakness. The portfolio management team aims to generate excess return and control risk by under- and overweighting asset classes, countries and currencies in the portfolio, selecting best-in-class ETFs for each investment exposure. Built around a long-term policy allocation, CC ETF Portfolios provide diversification across both asset classes and geographies. Portfolio Results here. E-mail Steve or Drew for more details.

What are we reading:

- **Dear Chairman**; by Jeff Graham (Yes, a real book). Great commentary on some of Wall St's greatest boardroom battles and the rise of activism.
- **Too Big to Fail: Olympia & York:** The Story Behind the Headlines; by Walter Stewart (another real book). For Torontonians, and Canadians, a great commentary on how our city was built, a Canadian firm changed the landscape of real estate globally, and the dangers of unchecked debt.
- Trump Tariff's and their exemptions. NY Times Report

Crypto Corner: Whether you like it or not, you should know more and can't ignore.

- Your Coins on the big board at Coindesk
- The real story on RIPPLE (XRP)
- Podcast: Eric Voorhees- How crypto will sperate money and state

How does Financial Planning make a difference for you?

Financial Planning is a tool that everyone needs to be using in their investment strategy. If you aren't planning with a complete overview with your manager, you are leaving strategy to chance, with no strategy at all. Good ideas to grow your portfolio are always available, by adjusting risk and knowing your situation in all situations: retirement, home and business purchases/sales, children coming in to the world or sent to University, helping them buy a house/business all play a part. According to the Financial Planning Standards Council (FPSC), 81% of Canadians with comprehensive financial plans feel on track with their affairs versus 73% with limited and 44% with no planning. Click here for an introduction to Mike and take a look below for an example of how he makes a difference for clients. Click here for a full overview on our financial planning services

On the flip side, for those that began saving early, click here for 10 reasons to start planning your estate

***Please let us know if you think there is someone in your network who would benefit from this note. We are always happy to include them on the list. You are our best source of referrals.**

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