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CANACCORD Genuity
Wealth Management

In this issue: Market update, The Numbers, What to do, Chart of the Month, Mandate of the Month, In the news (Provincial imbalance, NAFTA update, Real Estate.), Financial Planning corner.
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What happened? **Global economy – synchronization achieved but for how long?** We believe risky assets have been jolted this year by the positive tailwinds of global growth synchronization. However, as the last episode in 2007 reminds us, synchronicity among world economies can be short lived. What is more, 2007 marked the peak in the US equity bull market. That being said, the main difference we see between 2007 and today is the monetary policy stance among developed (DM) and emerging market (EM) central banks. Back in 2007, central banks in both blocs were conducting monetary tightening to fight inflation while there were already cracks in US economic foundations. Today, DM central banks are removing their foot from the gas pedal while EM central banks are pressing on that same gas pedal with more than 18 rate cuts YTD. The ongoing Fed tightening cycle has not led to a freefall in EM currencies due to healthier current account balances. The appreciation in EM currencies combined with relatively weak energy prices has sent EM inflation near 2009 lows, allowing central banks to pursue monetary policy accommodation. With the gap between EM policy rates and inflation still very wide, more EM rate cuts seem in the cards. With EMs representing ~75% of global GDP growth contribution, we believe that good global growth and synchronization will be around for several more quarters..



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<i>CAN Equity (CAD)</i>	YE 2016	Wk-end	Chg this week	Chg in 2017
S&P/TSX Comp	15288	15635	2.8%	2.3%
S&P Total Return	49501	5172	3.1%	4.4%
S&P TSX 60	900	922	3.3%	2.4%
<i>US Equity (USD)</i>				
S&P 500	2239	2519	1.9%	12.5%
S&P Total Return	4279	4888	2.1%	14.2%
Nasdaq	5383	6496	1.0%	20.7%
<i>Inter. Equity (USD)</i>				
MSCI World	1364	1511	2.2%	10.8%
MSCI EAFE	1684	1974	2.2%	17.2%
MSCI Emerg. Mkts.	47651	57793	0.3%	21.3%
FTSE 100 (GBP)	7143	7373	-0.9%	3.2%
DAX 30 (KR)	11481	12829	6.4%	11.7%
<i>Commodities (USD)</i>				
Gold	1157	1284	-2.4%	10.9%
Oil	\$53.75	\$51.67	9.3%	-3.9%

What to do? Think bigger than the competition.

It's noisy, and through the gift of 140 characters, it's even getting louder. Last week Donald Trump incorrectly tweeted a missile launch from Iran, and there was enough global news to gloss over it compared to the "Rocketman" comments at the UN and protests in American professional sports. The extra pepper on this meal is that Twitter is looking to increase the tweet limit to 280...is the world ready?

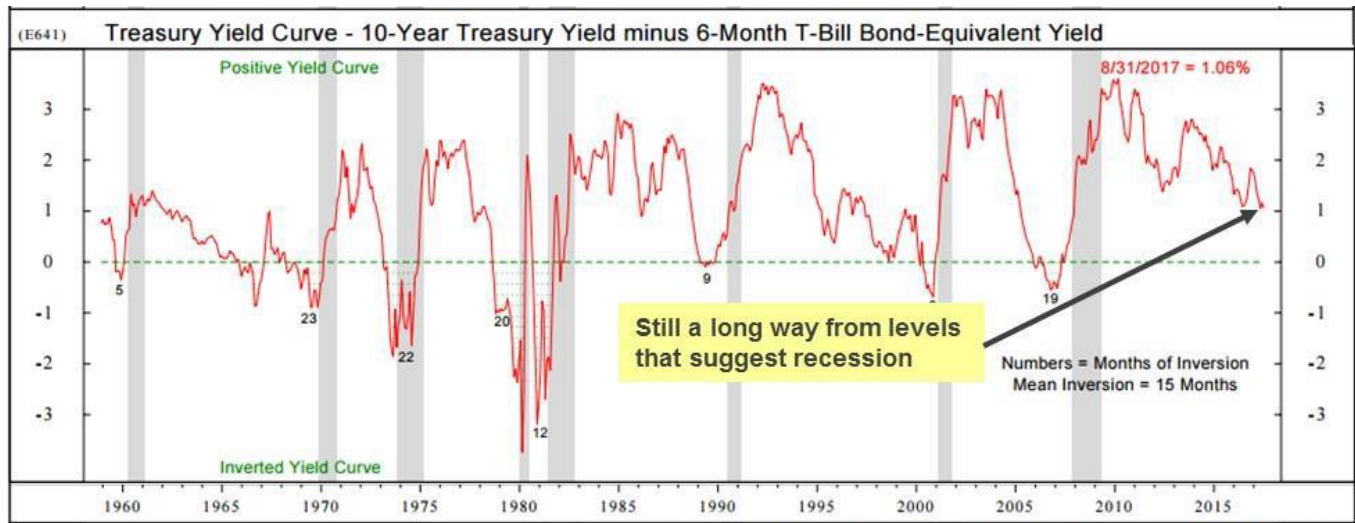
Regarding economic statistics this week, in Canada, BoC Governor Poloz mentioned in a speech Wednesday that interest rates were not on a predetermined path and confirmed the BoC has adopted a data-dependent approach. So, can we expect another rise before 2018. We think it's a hold, but they've surprised us before.

So we reiterate, while energy and subsequently the financials in North America are roaring in late Sept., we maintain that it's a global outlook to take. Not only is it providing a more completely diversified option, it's a great time to realize the CAD rise against foreign currency.

Discover how to use sector ETFs to balance your portfolio to a global perspective. To read further [click here:](#)

Chart of the Week:

There is a lot of speculation regarding a correction or even a recession looming in the news. The chart below depicts that this cycle has proven there needs to be a yield curve inversion to cause a recession. Based on the current view, that inversion doesn't happen until mid-2018, and the mean inversion should last 15 months. This would suggest no recession until late 2019/early 2020.



Mandate of the Month: Guardian Global Fundamental Balanced

Strategy: This mandate is comprised of a combination of Guardian Fundamental Global Equity and Guardian Fixed Income Core mandates. The Global Equity product is a concentrated long only strategy with 20-25 high quality growth investments. Growth is achieved by investing in high quality securities that drive returns and provide protection in down markets. Quality is determined by in-depth, bottom-up analysis creating a "high confidence pool" of stocks exhibiting sustainable growth characteristics. As a result of the sustainable growth bias, cyclical companies and sectors are excluded from the portfolio because of the lack of quality metrics throughout all economic cycles. The resultant portfolio is broadly diversified by issuer, sector and geographic region, without being subject to minimum or maximum allocation constraints by country. The Fixed Income Core product mainly relies on yield curve and sector spread analysis. Analysis of current yield curves to historical averages and values will be undertaken and then an emphasis will be placed on over and underweighting improperly priced areas of the yield curve. Issuer and issue selection is based upon historical spread analyses, supply/demand conditions and trust deed and credit research. Guardian uses the PC Bond database to track the historical spreads of up to 2,000 separate issues. The three factors that most commonly force a decision to sell are: 1) A change in targeted duration; 2) A shift in relative sector valuations; 3) Pricing anomalies within sectors. Guardian will hold 10-35 issues and have an overall portfolio quality rating of "A" or better. They will also hold no more than a max of 10% in securities with a rating of "BBB". Securities with a rating below "BBB" will not be purchased. E-mail Steve or Drew for more details, or [click here to see the note](#).

What are we reading:

-A fan, a vacuum, why not a car. Dyson steps into the electric vehicle game:

<https://www.bloomberg.com/news/articles/2017-09-26/dyson-will-build-radically-different-electric-car-by-2020>

<http://www.bbc.com/news/business-41399497>

-Bombardier's just desserts or over retaliation with a 219% tariff?: <http://www.cbc.ca/news/business/bombardiercseries-duty-1.4308590>

-NWA, straight out of Paola Alto- data as the worlds newest commodity: <http://discovery.economist.com/features/the-worlds-most-valuable-resource-is-no-longer-oil-but-data-2893589?kw=all&csid=socialpr&ref=features&aid=5254616465>

-Ontario's New Minimum Wage: <https://www.fraserinstitute.org/sites/default/files/ontario-enters-uncharted-waters-with-a-15-dollar-minimum-wage.pdf>

-Bitcoin and Cryptocurrencies: China Cracks down on Cryptocurrency exchanges: <https://www.bloomberg.com/news/articles/2017-09-11/china-is-said-to-ban-bitcoin-exchanges-while-allowing-otc-trades-j7fofh20>

-Freedom of the World Report 2017: https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2017-annual-report?utm_source=Fraser-Institute-Enews&utm_campaign=Economic-Freedom-of-the-World-2017&utm_medium=Fraser_Update&utm_content=Learn_More&utm_term=430

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 your strategies to chance. Good ideas to grow your portfolio are always available, but 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](#)

[If that's not enough of a start, 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.
Check us out at: www.stevestavidis.ca**