

## Spring 2017 Market Update

April 18, 2017

The first welcome signs of spring are arriving and we can start looking forward to summer. We hope you had a lovely Easter weekend!

In reviewing the first quarter of 2017, financial markets in Canada and around the world continued to be lifted by positive momentum, based on the expectation of continued economic growth, low interest rates, and moderately rising inflation.

Although global equity markets were somewhat unsettled during the three-month period, they finished with generally positive results. The MSCI World Index, a broad measure of global equity results, returned 6.5% in U.S. dollars, including dividends, or 5.7% in Canadian dollar terms. The S&P 500 Index in the U.S. reached a new high in early March, and ended the period with a gain of 6.1% (5.3% in Canadian dollars). In Canada, S&P/TSX Composite Index earned 2.4% for the quarter. Although lower oil prices continued to weigh on the Canadian energy sector over the past three months, the index was buoyed by stronger results for the materials, information technology and consumer discretionary sectors.

Overseas markets were also generally positive, with particularly strong results in Hong Kong, Taiwan and several other Asian markets. The exception in the Pacific region was Japan's Nikkei Index, one of the few global equity markets to lose value in the first quarter. European equities, including markets in London, Paris and Frankfurt, were also up for the period, as were most emerging market indexes.

Global government bond yields dipped through the period as prices rose, and high-yield and investment-grade corporate bonds outperformed. The U.S. Federal Reserve raised interest rates by 0.25% as expected in mid-March, and is on track to make two more rate increases in 2017. Other major central banks in Europe and Japan, as well as the Bank of Canada, however, chose to continue with the looser monetary policy designed to support their economies, and left rates unchanged. The FTSE TMX Canada Universe Bond Index, a measure of Canadian government and investment-grade corporate bonds, returned 1.2% for the three-month period.

The current bull market in North American equities marked its eighth anniversary during the quarter, making it the second-longest bull market in history. U.S. equities as measured by the S&P 500 Total Return Index have gained about 300% since the global financial crisis lows of March 2009, while the Canadian S&P/TSX Composite Total Return Index is up about 143% in value, both in Canadian dollars. Although many of the conditions supporting economic expansion remain, markets rarely continue to rise without temporary corrections or bouts of volatility. We continue to believe that a diversified portfolio that is suited to your time horizon and tolerance for risk remains the best strategy for managing risk and helping you achieve your financial goals.

Should you have any questions regarding your portfolio, please contact either one of us

Sincerely,

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