

November in Review

Volatility remained muted in November, as Canadian, U.S. and global equity markets all posted positive returns for the month: 1.06%, 4.15% and 3.53% respectively. Meanwhile, crude oil prices fell to \$66.15/barrel on news that OPEC planned to leave output unchanged.

Bank of Canada (BoC) to continue stimulus, despite growing risks. Despite growing risks of rising household debt, housing prices and inflation, the BoC Governor Stephen Poloz reiterated the need for continued monetary policy stimulus last month. "Certainly financial stability risks, especially those related to household imbalances, remain a concern to us here in Canada. But our economy faces significant headwinds and continued monetary policy stimulus is needed to offset them."

S&P 500 bull market underpinned by record high stock prices.

One hundred and sixteen stocks (or 23%) in the S&P 500 Index hit 52-week highs last month, as the bull run continues. The index is up 22.66% this year, despite the volatility exhibited in September and October. Some of the many factors pushing the S&P 500 Index to new highs include improved sales and corporate earnings, nine straight months of 200,000-plus job gains, a flurry of other positive economic reports and historically low interest rates.

ECB prepared to "do what we must" to raise inflation. With disappointing manufacturing numbers coming out of Europe in November, the European Central Bank (ECB) went on the offensive. ECB president, Mario Draghi, strongly signaled that they were preparing a new round of powerful monetary stimulus to spark the stagnating eurozone economy. European markets reacted positively to the ECB's language, gaining 3.89% in November despite disappointing economic indicators.

Japanese economy says one thing; the market does another. The Japanese economy unexpectedly slipped into a recession in the third quarter, contracting 1.6%. Japanese Prime Minister, Shinzo Abe, called an early election on the news in hopes of delaying a sales tax increase (that was weighing on the economy) and salvaging his extensive stimulus program (coined abenomics). Japanese markets brushed off the news retreating briefly, only to bounce back and end the month in a positive note.

INDEX (C\$) [†]	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.07	0.83	0.91	157
Bonds (FTSE TMX Canada Universe Bond)	1.55	8.18	7.69	955
Canadian equities (S&P/TSX Composite)	1.06	11.04	13.49	14,744
US equities (S&P 500)	4.15	22.66	26.05	2,364
Global Equities (MSCI World)	3.53	15.50	18.52	1,989
Emerging markets (MSCI Emerging Markets)	0.36	10.52	10.30	1,149

CURRENCIES [†]	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/ US\$	-1.31	-6.96	-7.32	0.88
C\$/ Euro	-0.75	2.72	1.28	0.70
C\$/ Pound	0.94	-1.51	-3.17	0.60
C\$/ Yen	4.23	4.84	7.47	103.91

COMMODITIES (US\$) [†]	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	0.26	-2.58	-5.41	1,175.50
Oil WTI (\$/barrel)	-17.74	-28.05	-26.52	66.15
Natural Gas (\$/MMBtu)	3.26	-7.05	-2.62	4.09

[†]As at November 30, 2014. Source: Bloomberg

As 2014 draws to a close, we'd like to take this opportunity to wish everyone a happy, healthy, and prosperous New Year!

The Gift That Keeps on Giving

Malcolm Burrows

Head, Philanthropic Advisory Services
Scotia Private Client Group

For many people, December is the time when thoughts turn to giving. Fortunately, there are a number of tax-smart ways to donate to your favourite registered charities that will allow you to stretch your dollars even further.

As you're making your list, and perhaps checking it twice, consider the following:

First-Time Donor Super Tax Credit

This temporary incentive provides new donors an extra 25% federal tax credit. If you (or your spouse) have never claimed a donation (or your last donation was prior to 2007), you may receive a 40% credit for up to \$200 in cash donations and a 54% credit for donations over \$200. Including provincial credits the total savings are more than 64% for donations over \$200. The extra savings apply to a maximum of \$1,000 in donations.

Donate public securities

Public securities are the most tax-effective way to make a larger charitable donation. Publicly traded stocks, bonds, and mutual fund units with capital gains produce two tax savings:

- 1) the ordinary tax credit of between 40% to 50% (gifts over \$200; depending on the province);
- 2) an exemption from capital gains (up to 25% additional savings).

You may also consider making a single gift of securities to an intermediary charity like CanadaHelps.org. This allows for an



immediate receipt for in-kind securities gift while supporting a number of charities with the cash proceeds.

Start Giving Monthly

When you make a year-end gift to your favourite charities, think about setting up monthly giving for the following year. This way, you can make modest automatic payments on your credit card or directly from your bank account (similar to a Pre-Authorized Contribution for investments). Monthly donations enable you to give more by spreading out the payments. Charities appreciate monthly giving because they get steady revenue and reduce fundraising costs.

Finally, keep your donation receipts safe until tax filing time. Surprisingly, tax data suggests that there is over a \$1 billion in donations not claimed on taxes every year.

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