

## June in Review

Most equity markets retreated in June, but remain in positive territory for the first half of 2015. Despite the short-term decline, economic prospects look to be improving in Canada and the United States. Meanwhile, the Grexit (Greece's exit) from the eurozone dominated headlines during the month, despite most experts believing that contagion is not a serious threat. In China, markets continued their spate of volatility, prompting the People's Bank of China (PBoC) to lower rates.

### Canadian equity market struggles, but economy strengthens.

The Canadian equity market ended lower in June; 9 out of 10 sectors posted negative returns, dragging the overall S&P/TSX Composite Index down. Meanwhile, the job market strengthened, as 59,000 jobs were created in May and the unemployment rate fell to 6.8%. Also positive, the amount of money Canadians owe to creditors compared to the amount of income they earn declined slightly in the first quarter of 2015 to 163.3%, and stood at \$1.84 trillion. The news is welcomed as the Bank of Canada has cautioned that Canadian debt levels are approaching uncomfortable levels.

**U.S. equity market glass half full.** Despite the U.S. equity market's soft results in June, there were many positive indicators. While the Federal Reserve (Fed) held rates steady, economic forecasts predicted a pick-up in the second half of 2015, leaving the potential for a rate hike before year end. The news came on the heels of a revised GDP figure for the first quarter, which showed the economy did not contract as much as initially thought. Meanwhile, business continued to boom on the back of mergers and acquisitions totalling approximately US\$825 billion this year, as corporations deployed a significant amount of their cash reserves to buy back shares and increase dividends – two generally positive outcomes for shareholders.

**Grexit fears spike, but is contagion likely?** Greek Prime Minister Alexis Tsipras surprised markets and political commentators by putting the nation's bailout deal before the Greek people in a referendum vote on July 5. Banks across Greece will remain closed until after the vote, as billions of euros have been withdrawn, causing officials to fear bank runs. Greece also missed a debt repayment to the International Monetary Fund, defaulting on its loan and casting doubt over Greece's future within the European Union. While potentially sparking some short-term volatility, most experts believe that Greece's exit from the euro would not cause a significant impact to capital markets over the long term, given its size relative to the global economy (a mere 0.3% of global GDP).

**China shows signs of weakness, but is buoyed by its central bank.** China continued to show signs of a slowdown in June, as data indicated continuing weakness in the world's second-largest economy. Compounding the weakness, Chinese equities declined nearly 7% after having surged over 40% since the beginning of the year. The People's Bank of China (PBoC) responded to the events, reducing interest rates for a fourth time since November of last year.

INDEX (C\$) <sup>†</sup>	Change (%)			Index Level
	1 Mth	YTD	1 Yr	
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.06	0.37	0.83	158
Bonds (FTSE TMX Canada Universe Bond)	-0.56	2.37	6.25	984
Canadian Equities (S&P/TSX Composite)	-2.78	0.91	-1.16	14,553
U.S. Equities (S&P 500)	-1.79	8.80	25.71	2,575
Global Equities (MSCI World)	-2.13	10.67	19.45	2,167
Emerging Markets (MSCI Emerging Markets)	-2.38	10.75	11.40	1,214

CURRENCIES <sup>†</sup>	Change (%)			Exchange Rate
	1 Mth	YTD	1 Yr	
C\$/US\$	-0.35	-7.00	-14.62	0.80
C\$/Euro	-1.66	1.04	5.00	0.72
C\$/Pound	-2.99	-7.77	-7.01	0.51
C\$/Yen	-1.66	-4.86	3.25	98.04

COMMODITIES (US\$) <sup>†</sup>	Change (%)			Price
	1 Mth	YTD	1 Yr	
Gold Spot (\$/oz)	-1.51	-1.19	-11.56	1,171.80
Oil WTI (\$/barrel)	-1.86	4.57	-38.31	59.47
Natural Gas (\$/MMBtu)	6.27	-6.41	-30.91	2.83

<sup>†</sup>As at June 30, 2015. Source: Bloomberg

### Did you know?

From coast to coast, the month of July is jammed packed with music festivals for just about anyone and any taste. Whether you live in Vancouver or St. John's or happen to be vacationing during the month of July, be sure to put some time aside to check out the following festivals: *Atlantic Jazz Festival* (Halifax), *Wreckhouse Jazz and Blues* (St. John's), *Vancouver Folk Music Festival*, *Beaches Jazz Festival* (Toronto) and *Calgary Folk Music Festival*.

## Preparing For The Future

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If asked, most adult Canadians would probably say that they appreciate the importance of preparing their Will and Powers of Attorney (known as protective mandate in Quebec), yet only about 50%\* of Canadians have prepared a Will and merely 33%\* have prepared Powers of Attorney.

If you “plan to get around to it later”, you might be surprised to learn that the process is fairly straightforward. Here are the five basic steps for putting your plan together:

**1. Determine assets and liabilities.** Your assets may include investments, real estate, personal property and insurance. You’re encouraged to list all digital assets such as intellectual property, licenses or ownership/control of online accounts such as Facebook as well.

**2. Decide on a scheme of distribution.** You may wish to leave your estate to your family, friends and/or charities.

You should also consider what you want to happen if a beneficiary predeceases you and if there are any restrictions on your ability to freely dispose of your assets (such as obligations to leave assets to dependents, a spouse, domestic or business contracts).

**3. Establish how best to transfer your wealth.** Should your assets be transferred outright or held in trust for a

specified period? The best method will depend on your personal circumstances and the choice should be made with the advice of an estate planning professional.

**4. Choose the right “personal representatives.”** You need to appoint an executor (liquidator in Quebec) to administer your estate, and attorneys - for your finances and

for your personal care - to act on your behalf in the event of future incapacity. You may appoint an individual(s) to the role or a corporate fiduciary (such as Scotiabank) to the role of executor and attorney for property. Note that only an individual may act in respect to your personal care.

**5. Document the plan.**

To ensure your plan is comprehensive and your wishes are properly documented, consider working with an estate planning professional in

the preparation of your Will and Powers of Attorney. This can also help minimize the potential risk of disagreements among beneficiaries down the road.

If you’re part of the population that has been putting these decisions off until another day, consider making this the year that you cross this very important task off your list and put your plan into action!



\*Scotiabank Customer Knowledge & Insights, November 2013 (online survey conducted by Nielsen).

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