

October In Review

Emerging markets led the pack higher in October, posting gains of 2.45%, while Canadian and U.S. equities rose 0.62% and 0.33% respectively. European equities bucked the trend, dipping -1.00% while a barrel of a crude oil slipped -4.01% to close at US\$46.86.

Donald Trump elected U.S. President. Defying the polls and overall expectations, Donald Trump was elected the 45th President of the United States. The Republican Party also kept majorities in both chambers of the U.S. Congress – the House and the Senate – establishing a more unified government than under the Obama Presidency. Financial markets were initially turbulent and overnight markets declined sharply as the surprising results unfolded. But losses were quickly trimmed, following a conciliatory speech by the President-elect that focused on his pro-growth plans for the economy, including tax cuts and an increase in infrastructure and defence spending. Initial gains in the price of gold were also pared as the rush to safe haven investments subsided.

Canada signs Comprehensive Economic and Trade Agreement with Europe. Prime Minister Justin Trudeau signed the Comprehensive Economic and Trade Agreement (CETA), a free-trade deal with the European Union that's been in the making since 2009. The agreement, requiring approval by all 28 EU nations, was derailed when the Belgian region of Wallonia voted against the deal. EU diplomats descended on the region to negotiate an arrangement and the Walloons subsequently came on board. The deal, which now needs to be ratified by the European and Canadian Parliaments before coming into full effect, will eliminate virtually all duties between Canada and the EU. It is expected to add an estimated \$12 billion a year to Canada's economy and boost bilateral trade by 20%.

Chinese GDP growth on target, as construction booms. The world's second-largest economy grew at 6.7% in the third quarter, meeting expectations and appearing to be on pace to meet its full year target. Growth was driven by strong government spending, record lending from banks and a sizzling property market. Some analysts voiced worries that debt and strong real estate prices could potentially cause a bubble, but others have noted that strong migration to urban centres should continue to support the housing market.

Did you know?

Canada ranks third worldwide for its financial literacy.

Canada's financial literacy levels are third best in the world, according to a report released last month by the Organisation for Economic Co-operation and Development (OECD) and the International Network on Financial Education. Tied with Norway and following only France and Finland, Canadians display healthy financial habits and solid financial knowledge.

INDEX (C\$)†	1 Mth	YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.05	0.45	0.55	159
Bonds (FTSE TMX Canada Universe Bond)	-0.91	4.33	5.34	1038
Canadian Equities (S&P/TSX Composite)	0.62	16.55	14.91	14,787
U.S. Equities (S&P 500)	0.33	2.63	13.37	2,850
Global Equities (MSCI World)	0.25	0.86	9.97	2,267
Emerging Markets (MSCI Emerging Markets)	2.45	13.01	17.55	1,213

CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-2.10	3.20	-0.72	0.75
C\$/Euro	0.24	2.04	1.06	0.68
C\$/Pound	3.78	24.23	22.67	0.61
C\$/Yen	1.23	-10.01	-13.18	78.17

COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-3.34	19.58	13.67	1,273
Oil WTI (\$/barrel)	-4.01	6.91	-7.63	46.86
Natural Gas (\$/MMBtu)	-3.38	9.40	-0.79	3.03

†Total Return, as at October 31, 2016. Source: Bloomberg

Bringing your retirement picture into focus

Have you ever noticed how some people have specific targets in mind for certain goals – like the pounds they want to lose on a diet or the salary they'd like to earn – but only have a hazy idea of how much they should save for retirement?

The reality is that many Canadians don't have a good understanding of how much they'll need to fund their retirement – which makes effective retirement planning near impossible.

Paint a picture

To get a clearer picture of how much you should set aside, it helps to paint a picture of what your retirement will look like. Think realistically about your needs and wants, and discuss them with family members. Start by asking yourself the following questions:

- When do you want to retire?
- Do you plan to work part time in retirement?
- Do you want to travel?
- Do you plan to downsize to a different home?
- Does your family have a history of good health in old age?
- Will you be carrying debt into your retirement?
- Do you want to save for a grandchild's education?
- Do you want to leave a legacy to your family and/or charity?

There is no magic number as to how much you should save, of course. One rule of thumb is to save 70% of your pre-retirement income to maintain your lifestyle, but this can vary from one person to the next based on their retirement goals, levels of income and even their attitudes about money.

Phase your planning

Planning for a retirement that spans many years can seem daunting. To make the process more manageable, you can break it down into phases – perhaps five-year periods – and consider the ways you might spend your time. For example, you may want to travel often in the earlier phase, so your costs could be higher. In the mid-retirement years, you may spend more time at home, keeping costs down. In the later phases, you may need home care or assisted living, which can have a hefty price tag. By considering your expenses, and changing cash flow needs in each phase, it will be easier to establish more accurate retirement savings goals.

Seek out advice

Once you've painted a clearer picture of how you'd like to spend your retirement years, speak with a Scotiabank advisor who can help you create a financial plan, or revise your existing plan, to help ensure you are on track to reach your unique vision of retirement.

RETIREMENT



How much do Canadians estimate they will need to fund their ideal retirement? ¹

65%



23%



12%



¹ Source: Global Brand and Customer Insights, The Canadian Saving and Investing Mindset – “The Highlights”, May 2016.

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