

July in Review

Canada to lead the G7 in economic growth. The International Monetary Fund (IMF) upgraded Canada's 2017 economic forecast. Following a strong growth spurt in the first part of the year, the IMF now believes Canada will be the fastest-growing economy within the G7. Citing "buoyant" domestic demand as fueling the economic surge, all "indicators suggest resilient second-quarter activity," said the report. The IMF also downgraded the U.S., expecting slightly less growth, but does not believe a slowdown south of the border will greatly impact Canada.

U.S. announces plans for NAFTA renegotiation. The Trump administration has set its sights on renegotiating the North American Free Trade Agreement (NAFTA), including removing certain trade exemptions and agricultural barriers, and adding labour and environmental protections. Promising to take a deeper look at Canada's dairy and poultry industries, the U.S. is also looking to increase the amount of goods it can import to Canada duty-free. Negotiations are set to start on August 16.

Europe pledges more economic support. The European Central Bank (ECB) has chosen to keep its interest rates at record lows and has even mused about increasing its asset purchases, should the outlook for the economy worsen. It was only last month that the ECB hinted that it could begin raising rates in the near term, as the economy has grown for 17 consecutive quarters after the Bank injected nearly €2 trillion into the financial system. ECB President Mario Draghi is grappling with low inflation, which is expected to last for the foreseeable future, limiting how much the ECB will be able to raise rates.

Canada raises interest rates. For the first time in nearly seven years, the Bank of Canada (BoC) raised the key interest rate to 0.75%. "Growth is broadening...and therefore becoming more sustainable," said the BoC in its written statement, while dismissing concerns about persistently weak inflation, calling it "temporary" and held down by low energy prices. The BoC would not confirm a second rate hike this year, but said that any decision would be driven by incoming data.

Volatility hits record low. Following the U.S. Federal Reserve's announcement that it would hold interest rates steady and to start reducing its balance sheet "relatively soon", market volatility (as measured by the CBOE Volatility Index) hit an all-time low. Volatility has been steadily declining and has hovered around its multi-decade lows for many months, with the last major spike occurring immediately following the U.S. Presidential elections.

Did you know?

63% of Canadians aged 55 or older say they would like to live to be age 90 or longer, according to a report on aging released by Angus Reid in June 2016. In the same group of survey respondents, 49% also stated that they worry about not having enough money to support themselves in old age.

Source: <http://angusreid.org/aging/>

INDEX [†]	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.06	0.29	0.53	160
Bonds (FTSE TMX Canada Universe Bond)	-1.90	0.42	-2.70	1016
Canadian Equities (S&P/TSX Composite)	-0.06	0.67	6.81	15,144
U.S. Equities (S&P 500, US\$)	2.06	11.59	16.03	2,470
Global Equities (MSCI World, US\$)	2.43	13.71	16.81	1,961
Emerging Markets (MSCI Emerging Markets, US\$)	6.04	25.74	25.28	1066

CURRENCIES [†]	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	3.89	7.70	4.53	0.80
C\$/Euro	0.25	-4.29	-1.40	0.68
C\$/Pound	2.38	0.58	4.59	0.61
C\$/Yen	1.89	1.54	12.82	88.35

COMMODITIES (US\$) [†]	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	1.90	9.24	-7.46	1,273.40
Oil WTI (\$/barrel)	8.38	-11.97	6.16	50.17
Natural Gas (\$/MMBtu)	-7.82	-21.34	-9.40	2.79

[†]Total Return, as at July 31, 2017. Indices are quoted in their local currency.
Source: Bloomberg

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