

August in Review

Gas prices spike across Canada. Hurricane Harvey has dumped more than a metre of rain on Houston, Texas, which has caused widespread devastation to people and property. It has also shuttered oil refineries, which Canadians have felt at the gas pumps. Winnipeg, for instance, saw gas prices surge from \$0.88 per litre to \$1.01 per litre, with many speculating it could top \$1.10. The rest of Canada, including Calgary, Ottawa, Montreal and the Maritimes are all experiencing higher prices, which are expected to remain elevated throughout September.

Canadian lumber producers get tariff reprieve. The U.S. Department of Commerce has announced that temporary duties on Canadian softwood lumber imports into the United States have expired pending a final decision. Canadian producers paid between 9.89% and 30.88% in duties, with many paying over 26%. Commerce Secretary Wilbur Ross will announce the final determinations no later than November 14. Canada's share of the U.S. softwood lumber market declined from over 30% in 2015 to 23% in July.

Trump threatens to terminate NAFTA. U.S., Canada and Mexico wrapped up the first round of talks to renegotiate the North American Free Trade Agreement (NAFTA) on August 20th, 2017. However, a few days later, U.S. President Donald Trump once again threatened to terminate the agreement. The threat was widely anticipated as a power tactic, and in response, Mexican Foreign Minister Luis Videgaray said "Mexico will remain at the table with calmness, firmness, and in the national interest."

Britain's financial sector seeks aggressive trade agreement with the EU. The UK financial services sector is proposing an "ambitious" trade agreement with the European Union (EU), to avoid being locked out of European markets once Britain exits the trading bloc (also known as 'Brexit'). "The proposals in the report are intended to achieve a level of mutual access for EU and UK firms, which is as close as possible to the current levels of access that exist for such firms within the EU framework," said the International Regulatory Strategy Group (IRSG) in the draft report.

China reaffirms export expectations. As global trade has become a talking point between nations in trade disputes, the world's most visible exporter, China, reaffirmed that it expects exports to continue to grow. Exports rose over 11% in July, and are on pace to end the year higher for the first time since 2014. Stronger growth in Europe and the U.S. is credited with increasing demand for Chinese goods.

Did you know?

CPP could grow to \$15.8 trillion by 2090 – Reforms to the Canada Pension Plan (CPP) – including higher contributions starting in 2019 – means that assets could grow to be 48 times larger than current levels by 2090, which appears to be good news for future pensioners. This figure was included in an internal briefing note for Finance Minister Bill Morneau and obtained by the National Post. It is projected that the amount of the enhanced portion of the CPP is likely to surpass the basic CPP program by 2055. The projected amount without the changes is \$6.7 trillion by 2090.

INDEX [†]	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.06	0.35	0.54	160
Bonds (FTSE TMX Canada Universe Bond)	1.41	1.83	-1.42	1030
Canadian Equities (S&P/TSX Composite)	0.67	1.34	7.23	15,212
U.S. Equities (S&P 500, US\$)	0.31	11.93	16.23	2,472
Global Equities (MSCI World, US\$)	0.20	13.94	16.88	1,960
Emerging Markets (MSCI Emerging Markets, US\$)	2.27	28.59	24.98	1088

CURRENCIES [†]	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-0.04	7.66	4.99	0.80
C\$/Euro	-0.61	-4.86	-1.64	0.67
C\$/Pound	2.16	2.75	6.65	0.62
C\$/Yen	-0.27	1.27	11.65	88.11

COMMODITIES (US\$) [†]	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	3.83	13.43	-0.38	1,322.20
Oil WTI (\$/barrel)	-6.03	-17.18	-4.28	47.23
Natural Gas (\$/MMBtu)	7.27	-14.85	-0.78	3.04

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

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