

## June in Review

Escalating trade war rhetoric weighed on global equity markets last month, hitting emerging markets particularly hard, with the MSCI EM Index (US\$) down 4.13%. Markets remained on edge, responding to tit-for-tat tariff announcements from some of the world's largest economies. U.S. President Trump threatened new tariffs on an additional \$200 billion worth of Chinese goods, and the European Union (EU) implemented import duties on a range of U.S. products in response to steel and aluminum tariffs from the U.S.

The U.S. Federal Reserve (Fed) hiked its benchmark short-term interest rate by 25 basis points, citing a strong U.S. economy and employment growth, and indicated that two more increases are likely in store. The U.S. dollar soared on the news, helping to push the Canadian dollar down 1.33% for the month. Canadian GDP growth surprised on the upside, rising 0.1% from March. The gains marked the seventh time in the last eight months that the economy has expanded, and the news helped push Canadian bonds up 0.57%. Here are some of June's most notable headlines:

**TSX hits all-time high.** Canada's main stock index hit a record high last month, trading as high as 16,444.45 to eclipse the 16,421.42 point high earlier this year. By the end of the month, the S&P/TSX Composite Index gave up some of the gains, but still finished firmly in positive territory. An increase in the price of oil helped push the Energy sector up more than 5% in June. The Health Care sector was also up for the month, buoyed by gains in marijuana companies following news that Canadians will be able to legally purchase and consume recreational marijuana later this year.

**Oil hits multi-year highs on concern over Iran sanctions.** The price of oil increased last month, despite an agreement by the Organization of Petroleum Exporting Countries (OPEC) to increase oil production. The higher price came as U.S. sanctions against Iran threaten to remove a substantial volume of crude from world markets at a time of rising global demand. U.S. West Texas Intermediate rose 10.82% to \$74.15 USD/barrel for the month, trading at its highest levels since November 26, 2014 at one point.

**Mexico imposes tariffs on U.S. goods, Trump mulls bilateral NAFTA talks.** Mexico imposed tariffs on several American products in June, ranging from steel to pork and bourbon, retaliating against import duties on metals imposed by President Trump. The tariffs were implemented the same day that White House economic adviser Larry Kudlow announced that President Trump is considering separate talks with Canada and Mexico in an effort to revamp the North American Free Trade Agreement. The peso tumbled to its weakest level since February 2017 on the news.

### Did you know?

Many Canadians feel unsure of how to best proceed with their investments. In fact, according to a Scotiabank poll, 42% of Canadians feel they don't know enough about saving or investing to make sense of all of their options. Your Scotiabank advisor can be a good place to start: they can create a savings plan that addresses your goals and provide you with a recommendation to help you achieve them.

Source: Scotiabank Global Brand & Customer Insights, 2017 Investment Poll.

INDEX <sup>†</sup>	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.12	0.59	0.98	161
Bonds (FTSE TMX Canada Universe Bond)	0.57	0.61	0.61	1043
Canadian Equities (S&P/TSX Composite)	1.69	1.95	10.17	16,278
U.S. Equities (S&P 500, US\$)	0.62	2.65	14.54	2,718
Global Equities (MSCI World, US\$)	-0.01	0.74	11.53	2,089
Emerging Markets (MSCI Emerging Markets, US\$)	-4.13	-6.60	8.19	1,070

CURRENCIES <sup>†</sup>	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-1.33	-4.29	-0.98	0.76
C\$/Euro	-1.30	-1.69	-3.07	0.65
C\$/Pound	-0.67	-2.07	-2.49	0.58
C\$/Yen	0.41	-5.94	-2.24	84.33

COMMODITIES (US\$) <sup>†</sup>	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-3.85	-5.21	-0.98	1,254.50
Oil WTI (\$/barrel)	10.82	24.79	56.53	74.15
Natural Gas (\$/MMBtu)	-1.38	4.17	1.78	2.92

<sup>†</sup>Total Return, as at June 29, 2018. Indices are quoted in their local currency.  
Source: Bloomberg

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