

Mercator Monthly Market Watch

August 31, 2017

What happened in August?

- August 2017 will be remembered for quite some time; unfortunately for mostly distressing events and disasters.
 - Hurricane Harvey battered U.S. coastal cities in Texas, with Houston suffering loss of life and significant property damage due to flooding.
 - U.S. oil refineries in the area were closed, and gas prices have risen dramatically in the last few days of August and first day of September. The economic theory of “price stickiness” suggests that once refining capacity is back on-line, the price of gas at the pump will be slow to return to pre-Harvey levels.
 - A post-hurricane boom could occur as re-building efforts may produce additional construction and manufacturing employment. The timing of this uptick in U.S. domestic gross domestic product will depend upon the flow of funds from their Federal government and insurance payouts.
 - The Canadian equivalent to Harvey is the wildfire situation in British Columbia, devastating for those directly affected. Thankfully that number is relatively small at this point and the Canadian economy will not be negatively affected like in the aftermath of the Fort McMurray fire, which was officially declared as “out” on August 2, 2017.
 - Internationally, the discourse from President Trump regarding North Korean nuclear aggression continues. A missile fly-over of northern Japan and threats to the U.S. territory, Guam, does not induce a calming influence over the situation.
 - NAFTA renegotiations began in earnest and could have a damaging effect on Canadian exporters; as well as American firms.

The markets themselves and the Canadian dollar were relatively muted for the month, with TSX, S&P 500 and the Dow performing well, and with the NASDAQ and gold jumping up.



Market Commentary continued on back

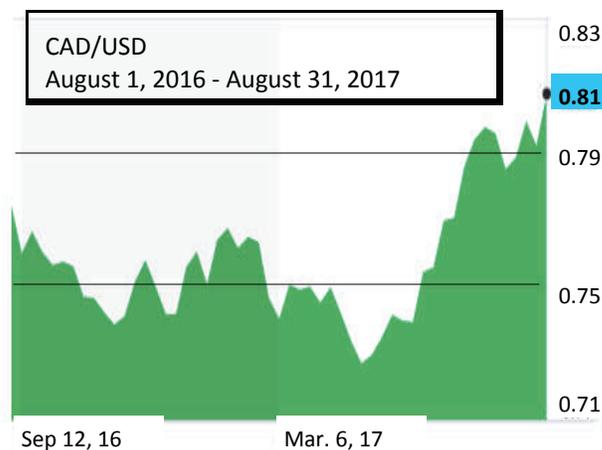
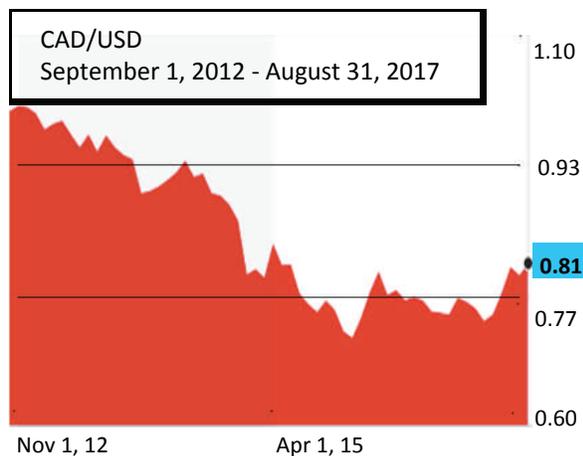
Stock Exchange	Year to Date Dec. 31, 2016 to Aug. 31, 2017
TSX (Toronto)	-0.50%
DOW (U.S.)	11.06%
S&P (U.S.)	10.40%
NASDAQ (U.S.)	19.42%
CAC (France)	4.59%
FTSE 100 (London)	4.03%
DAX (Germany)	5.01%
NIKKEI (Japan)	2.78%
HANG SENG (Hong Kong)	27.13%

Stock exchange source:
<http://www.investing.com/indices>

Rates as of August 31, 2017 *		
Term	GICs	RSPs
1 year	1.95%	1.55%
2 Year	2.05%	2.00%
3 Year	2.15%	2.15%
4 Year	2.25%	2.25%
5 Year	2.60%	2.60%
* Rates subject to change without notice.		
DAILY INTEREST ACCOUNT		
1.00%		
TAX FREE ACCOUNT		
1.00%		
GIC Rates: http://cannex.com/customerportal		

What's ahead for September and beyond?

- Investor concern regarding the strengthening Canadian dollar is increasing. Investors with unhedged U.S. dollar holdings have seen nearly 8% of their gain eliminated by foreign exchange losses.
 - Most Canadians hold the majority of their retirement savings in Canadian dollars, so this news will have a minimal impact for most.
 - If an investor has significant holdings in a foreign currency, purchasing a fund that is hedged against currency changes or hedging themselves are options that their advisor can provide them.
 - Long-term investors have had their U.S. holdings boosted since the Canadian dollar is weaker than it was 5 years ago. The recent run-up in 2017 is only about 4 months old.



(Information source(s): Graph Yahoo Finance & Advisors Research Group & August 2017—Monthly Market Update)

Our Services

Financial Planning - Portfolio & Investment Solutions - Retirement Solutions - Estate Maximization
Risk Management: Life, Disability, Critical Illness - Mortgage Services (upon referral)

Manulife Securities Investment Services Inc. PH: 306-778-6611 FAX: 306-778-7644

MFDA Advisors:

Certified Financial Planners, Mutual Fund Advisors: Larry Jensen, Randy Sommerfeld, Travis Cuthbert

Senior Financial Consultant & Life Insurance Agent: Norman Tonnie

Life Insurance Agents with Mercator Financial Inc.

Manulife Securities Incorporated

PH: 306-778-0730 FAX: 306-778-0371

IIROC Advisors:

Certified Financial Planner, Registered Representative & Life Insurance Agent: Craig Robinson

Life Insurance Agent with Mercator Financial Inc.

Financial Planning services offered by MFDA Advisors through Mercator Financial Inc. who hold the Certified Financial Planners designation. Financial Planning services offered by IIROC Advisors through Manulife Securities Incorporated who hold the Certified Financial Planners designation.

MFDA: Mutual funds are offered through Manulife Securities Investment Services Inc. Insurance products and services are offered through Mercator Financial Inc. Banking products and services are offered through referral.

IIROC: Stocks, bonds and mutual funds are offered through Manulife Securities Incorporated. Insurance products and services are offered through Mercator Financial Inc. Banking products and services are offered through referral.

Manulife Securities and the block design are registered service marks and trade marks of the Manufacturers Life Insurance Company and are used by it and its affiliates including Manulife Securities Incorporated and Manulife Securities Investment Services Inc.

Manulife Securities Incorporated is a Member of the Canadian Investor Protection Fund | Manulife Securities Investment Services Inc. is a Member MFDA IPC

This publication is solely the work of Mercator Financial for the private information of his/her clients. Although the author is a Manulife Securities Advisor, he/she is not a financial analyst at Manulife Securities Incorporated or Manulife Securities Investment Services Inc. ("Manulife Securities"). This is not an official publication of Manulife Securities. The views, opinions and recommendations are those of the author alone and they may not necessarily be those of Manulife Securities. This publication is not an offer to sell or a solicitation of an offer to buy any securities.

This publication is not meant to provide legal, accounting or account advice. As each situation is different, you should seek advice based on your specific circumstances. Please call to arrange for an appointment. The information contained herein was obtained from sources believed to be reliable; however, no representation or warranty, express or implied is made by the writer, Manulife Securities or any other person as to its accuracy, completeness or correctness. Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the prospectus carefully before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Mercator Financial and Manulife Securities Incorporated and Manulife Securities Investment Services Inc. ("Manulife Securities") do not make any representation that the information in any linked site is accurate and will not accept any responsibility or liability for any inaccuracies in the information not maintained by them, such as linked sites. Any opinion or advice expressed in a linked site should not be construed as the opinion or advice of Mercator Financial or Manulife Securities. The information in this communication is subject to change without notice.