

What is happening in North America?

Did you hear oil is down and Trump is still running for president?...Yes the negative news continues. Headlines continue to circulate on the impact commodity prices have on Canada's rich resource economy. Alberta continues to fall victim to the negative news as it sees unemployment rise above the national average of 7.2%, which has not been reported this high since 1988. Crude Oil WTI (US\$/bbl) is down another 11.5% YTD. Unfortunately, news for the oil price does not seem to look promising in the short term due to unfavourable global markets. The Financial Post reported three out of four oil rigs in Canada remained idle for the month of February and the Canadian Association of Oilwell Drilling Contractors (CAODC) forecasts there will be 60 to 70 fewer drilling rigs in the country by the end of 2016. To put this into perspective, a rig indirectly, or directly, supports roughly 135 jobs, which would total roughly 10,000 jobs potentially being impacted in the coming months.

However, not all is a complete loss in Canada's economy for the month of February. The Canadian dollar clawed back up 2.4% YTD at \$0.74 CAD/USD. Canadian economy is seeing consumers stay home rather than travel abroad due to the struggling dollar resulting in "vacation" money being spent in Canada. The S&P/TSX YTD return of -1.6% is actually outperforming the American market this year and many other global countries. The Dow Jones YTD return is -4.6% and the S&P 500 is -4.7% while the NASDAQ sits at -8.3% YTD.

The Canadian Bank rate continues to stay at 0.5%. While there is talk of potential monetary policy changes in Canada on March 9th, many wonder whether rates will change. Due to the current Canadian economic state a rate increase seems highly unlikely as the Canadian economy is in search of some sort of stimulus to help create some momentum.

The current Liberal government has found themselves under scrutiny of their recent inflated budget reports that will be tabled on March 22nd. More details of the Liberal plan will be discussed in the coming weeks as the expected deficit balloons to \$18.4 billion in 2016-17 and \$15.5 billion in 2017-18 before any new spending Bill Morneau will outline in the March budget.

The performance of the US economy continues to shine above the world economy. All eyes will be on Janet Yellen to see if another rate hike is in store for the Federal Reserve on March 16th. Unemployment is down Year Over Year (YoY) from 5.6% to 4.9% reported in December, consumer confidence has increased, as have housing starts while retail sales have settled close to even YoY. As the United States continues to see positive data, many are still focused on the global economies that surround the powerhouse economy.

These are trying times for investors. A properly positioned portfolio that reflects proper risk management and time horizon specific to each individual investor will help one navigate through these volatile times and ultimately reaching their financial goals.

Stock Exchange	Year to Date Feb. 29, 2016
TSX (Toronto)	-1.15%
DOW (U.S.)	-5.21%
S&P (U.S.)	-5.47%
NASDAQ (U.S.)	-8.98%
CAC (France)	-6.11%
FTSE 100 (London)	-2.33%
DAX (Germany)	-11.61%
NIKKEI (Japan)	-15.80%
HANG SENG (Hong Kong)	-12.79%

Rates as of February 29, 2016 *		
Term	GICs	RSPs
1 year	1.80%	1.45%
2 Year	1.95%	1.76%
3 Year	2.02%	1.85%
4 Year	2.12%	1.95%
5 Year	2.23%	2.15%
* Rates subject to change without notice.		
DAILY INTEREST ACCOUNT		
1.00%		
TAX FREE ACCOUNT		
1.00%		

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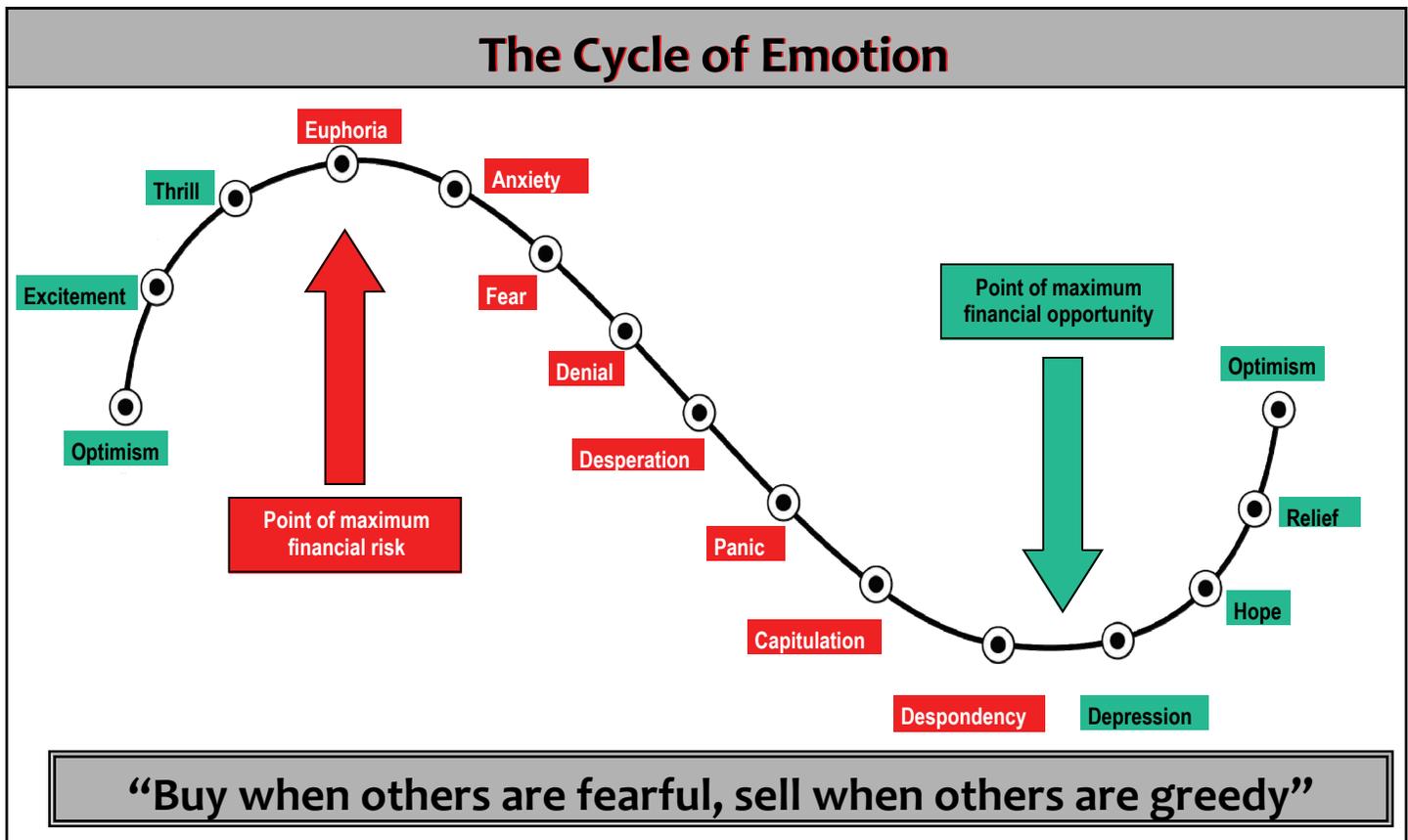


IN CASE YOU MISSED IT

On February 24th we were fortunate to have Jason Gibbs, Vice President & Portfolio Manager with Dynamic Funds, present a market insight for clients. The presentation was titled “Defense Investing for the Long Term” and we feel it was timely given the emotions many investors have been feeling lately.

More important than recent market history is understanding how the markets work and how they will impact you. What is the biggest obstacle an investor will face? The answer is only one word - *Fear*. History has shown us that when an investor sticks to their financial plan in tough situations staying defensive gives them the edge versus trying to offensively time the market. We believe in the words of Warren Buffet “Successful investing takes time, discipline and patience. No matter how great the talent or effort, some things just take time.”

The chart below demonstrates the cycle of emotion investors face; where are your emotions? Understanding the cycle of emotion is very important and that is why you need to work with your Mercator Wealth Advisor to ensure you stick to your financial plan.



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