Market Commentary
January 31, 2017

Trends to Watch in 2017 for Canadian Investors

It appears it is going to be the "Year of the American" in 2017, as Canadian investors face a series of ripple effects from our neighbours to the south. The always-heavy influence of the U.S. will be particularly high as virtually all comments made by President Trump are carefully analyzed and interpreted. Canadians will have a close eye on American policies and their effect on trade, immigration, foreign exchange rates and interest rates, which propel the North American financial markets.

The other major influence for Canada will be the Organization of Petroleum Exporting Countries (OPEC) and its ability to maintain its production-limiting agreement of December, 2016. Many Canadian oil and gas firms rely on a higher price for oil, and OPEC's agreement could provide the support needed to reinvigorate the Canadian fossil fuel industry.

When the unthinkable happened in November - a Trump victory over Hillary Clinton - a wave of new commentary began to overtake much of the negative language on his lack of experience in government. Initially, many believed that Americans had received, or achieved, exactly what they deserved. Then, in the weeks following his victory, Trump began to soften his election-season stances, nominating reasonably-qualified cabinet members and even taking a conciliatory tone. The Dow Jones Industrial Average and S&P 500 soared!

This wasn't supposed to happen. Trump's restrictive trade and immigration rhetoric was supposed to harm U.S. interests by causing retaliatory trade actions, shrinking profits and lowering share prices. Suddenly, his policies were generating near and long-term benefits with an increase in infrastructure investments, and his bias for results was endorsed by former critics and financial markets. What was happening, and what did it all mean?

Certainly, no single politician (Canadian or otherwise) would receive universally positive reviews or support - particularly not a figure as polarizing as Donald Trump. Even Prime Minister Trudeau, with his widespread appeal and majority government, generates mixed reviews at home and abroad. However, the opinions regarding Trump seem to contradict each other. Many executives feel that their own companies are likely to benefit, though most companies won't benefit as trade will be hurt; while one of our biggest exports, oil, looks like it will be positively affected. It's a complicated political and economic web that has yet to be proven true as we await Trump's actions.

In 2017, Canadian investors should pay close attention to the newly-elected Republican congress and president, U.S. monetary policy, and the OPEC's ability to adhere to its agreement to reduce global oil production. Each of these alone, and in concert, could have a significant impact on Canadian financial markets and economic health.

As always, the United States will influence us greatly. A solid investment plan maintained with vigilance will be valuable as we navigate the new world with President Donald Trump.

(*Information source(s): Advisors Research Group - Executive Summary: Trends to watch in 2017, January 2017*

Stock Exchange	Year to Date Jan. 31 2017
TSX (Toronto)	0.64%
DOW (U.S.)	0.51%
S&P (U.S.)	1.79%
NASDAQ (U.S.)	4.30%
CAC (France)	-2.33%
FTSE 100 (London)	-0.61%
DAX (Germany)	0.47%
NIKKEI (Japan)	-3.08%
HANG SENG (Hong Kong)	6.18%

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

Rates as of Jan 31, 2017 *

Term	*GICs*	*RSPs*
1 year	2.06%	1.47%
2 Year	2.07%	1.66%
3 Year	2.11%	1.78%
4 Year	2.15%	1.91%
5 Year	2.25%	2.03%

*** Rates subject to change without notice.**

DAILY INTEREST ACCOUNT
0.90%

TAX FREE ACCOUNT
0.90%

Invest Wisely

Most investors are aware the start of the New Year is when they focus on key deadlines as it pertains to their investing needs. January is often focused on one's TFSA (Tax Free Savings Accounts), while February the shift turns to RRSP (Registered Retirement Savings Plans.)

If you haven't reviewed your TFSA account make sure you include the subject as part of your discussion when you meet with your Financial Advisor. Although the contribution cannot be deducted from your income on your tax return, it is a good place to start your savings goal by using your tax refund. The best part about the TFSA is your investment will grow tax free by using after tax dollars. Find out the room you have available and start building your savings.

March 1st is the RRSP contribution deadline for the 2016 tax year. By now most Canadians are aware they need a retirement plan in place, and if they want a fulfilling retirement they will require more than just their CPP, OAS or even their workplace pension and savings plans. That is where a personal RRSP comes into the picture as you choose how to invest your savings.

Below is a quick comparison of TFSAs and RRSPs. It is important to understand how they differ and a good strategy is to have both investment tools as part of your savings plan to reach your life goals.

	RRSP	TFSA
Need earned income to contribute	Yes	No
Tax-deductible contributions	Yes	No
Tax-free withdrawals	No	Yes
Age limit for making contributions	Yes	No

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