MERCATOR
Financial *Awaken Your Wealth*

Market Watch
July 31, 2018

	TSX	S&P 500	DOW	NASDAQ	CAD/USD	GOLD (USD)	OIL (USD)
Month - End month +/- month +/- %	**16,434.01** + 156.28 + 0.96%	**2,816.29** + 97.92 + 3.60%	**25,415.19** + 1,143.78 + 4.71%	**7,671.79** + 161.49 + 2.15%	**76.85 ¢** + 0.81 ¢ + 1.06%	**$1,233.60** - $ 20.90 - 1.67%	**$ 69.07** - $5.08 - 6.85%
52 wk HIGH 52 wk LOW	16,586 14,786	2,873 2,417	26,617 21,600	7.933 6,177	82.90 ¢ 74.70 ¢	$1,392 $1,221	$ 72.98 $ 47.64
YTD +/- % 1Yr +/- %	+ 1.39% + 8.52%	+ 5.34% + 14.01%	+ 2.82% + 16.10%	+ 11.13% + 20.85%	- 3.77% - 4.45%	- 5.59% - 3.13%	+ 14.94% + 37.67%

Stock exchange source: https://www.bloomberg.com/markets

What happened in July, and on the 1st of August?

July included exciting developments;

- strong economic growth in the U.S.,
- the U.S. Federal Reserve released its latest interest rate non-decision,
- the ebb and flow of restrictive trade positioning between President Trump and most western countries and China,
- the equity markets continue to strengthen,
- continued legal announcements and revelations for Trump that could hamper his ability to implement his trade strategy,
- the price of oil retreated based on supply decisions by OPEC and others.

The July announcement of American economic growth pegged the rate of expansion at an annualized rate of 4.1%. This is a very strong growth rate for a mature economy and would naturally grow concern that the U.S. economy may be growing too quickly. Then inflation would be triggered, and prices would begin to grow too quickly as well.

Typically, the next manoeuvre would be for the central bank, in this case, the Federal Reserve, to increase interest rates, slowing the economy, and in-turn reducing the likelihood of inflation picking up speed.

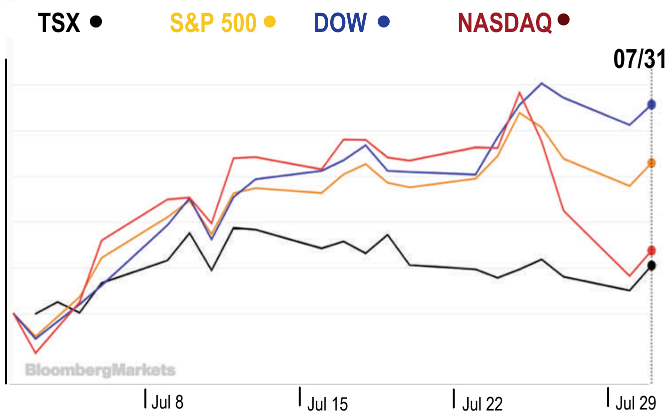
The popular and business press, both domestically and internationally (Globe & Mail, National Post, Wall Street Journal, Thomson-Reuters, Bloomberg), all agreed that the Federal Reserve would not increase rates at this time.

The Federal Reserve did not disappoint on August 1st, when it held the "Federal Funds" rate unchanged at 1¾ to 2%, as expected. Without an increase now, the pressure builds for the next meetings since the Fed has indicated that they plan to increase the rate twice more this year.

The press release can be found at https://www.federalreserve.gov/monetarypolicy/files/monetary20180801a1.pdf

Another contributor to the decision to hold rates steady is the uncertain impacts that could be caused by trade tensions emanating from Washington. Trump seems to have picked-a-fight with every country that the U.S. has any level of significant trade with. As July was ending, President Trump and EU President Juncker eased tensions, and the U.S. and Mexico 'fast tracked' their portion of NAFTA.

With a last-day up-turn North American equity indices continued their winning ways of the first three weeks of July. All of the indices are returning positive year-to-date returns, and even the laggard TSX has a reasonably healthy 1-year return of over 8%. The U.S. indices; the S&P 500, the Dow and NASDAQ have delivered 14%, 16% and 21%, respectively, over the last year.



Stock exchange source: https://www.bloomberg.com/markets/stock

President Trump came under more pressure from Robert Mueller's probe into allegations of Russian influence on the 2016 elections. Former Trump Campaign Chairman, Paul Manafort, had his trial begin. Manafort is charged with tax evasion on about $60 million of undeclared income from his political consulting in Ukraine. This trial, and growing cooperation by Michael Cohen, could erode Trump's credibility and place his political agenda in jeopardy.

Oil reached its high for the month near the start of July, dropped then rose again on the 10th, and has retreated since then. OPEC has taken steps to overcome restrictions placed on Iran, American lawmakers discussed utilizing strategic reserves to contain price increases.

What's ahead for August and beyond?

The U.S. Federal Reserve will continue to monitor major economic indicators (GDP growth, employment and inflation) to determine the next round of interest rate increases.

Based on strong corporate performance and an expanding U.S. economy the climate seems positive for American firms. As our largest trading partner, despite trade restrictions, good news south of the border tends to migrate northward.

(*Information source(s): Advisor Research Group—Market Update 07.31.2018*

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:

Financial Planners: Larry Jensen, CFP®; Randy Sommerfeld, CFP®; Travis Cuthbert, CFP®
Senior Financial Consultant: Norman Tonnies; Associate Advisor: Chad MacLeod
Life Insurance Agents with Mercator Financial Inc.

Manulife Securities Incorporated PH: 306-778-0730 FAX: 306-778-0371

IIROC Advisors:

Financial Planner: Craig Robinson, CFP®
Life Insurance Agent with Mercator Financial Inc.