

What happened in May?

- The results for the North American indices at the end of the month was not much of a surprise.
 - The NASDAQ powered ahead with its tech-heavy listings, reaching new highs.
 - The S&P 500 and Dow following along, not as spectacularly, but all three have delivered year-to-date returns that would satisfy most investors if it were an entire year, not 5 months.
- Canada's TSX lost over 1.5% for the month despite strong corporate results, especially from Canadian banks.
 - The six largest banks delivered \$10 billion in profits in the second quarter, up 22% from Q2 2016.
 - Unfortunately, the price of their shares didn't see much upward change, merely recovery.
 - To open banks' reporting season, the Bank of Montreal delivered profits slightly below expectations, immediately lost about 3% off its share price, and dragged the other major banks downward temporarily, along with the entire TSX on May 24th.
 - Bank stocks had already been spooked late April and early May by the liquidity crisis at Home Capital and Moody's rating downgrade.
 - At the end of the month, most big banks' stock had bounced back, indicating their continued strength, and strategy execution is appreciated by the capital markets.
 - Except for Laurentian and HSBC (two smaller banks, relative to their peers) Canadian financial institutions are well ahead of last years' revenue numbers.

Company	Symbol	Revenue growth (YoY)	Profit margin (TTM)	Debt to capital (MRQ)	Return on equity (TTM)
Bank of Montreal	BMO-T	10.21%	24.15%	0.096x	13.52%
Bank of Nova Scotia	BNS-T	9.47%	29.96%	0.13x	14.69%
Canadian Imperial Bank of Commerce	CM-T	5.30%	30.71%	0.13x	21.09%
Canadian Western Bank	CWB-T	7.09%	27.95%	0.52x	8.95%
HSBC Bank of Canada	HSB.PR.C-T	2.59%	28.01%	1.93x	11.99%
Laurentian Bank of Canada	LB-T	2.25%	16.55%	3.89x	8.88%
National Bank of Canada	NA-T	6.42%	24.13%	0.18x	13.87%
Royal Bank of Canada	RY-T	7.58%	28.63%	0.13x	17.24%
Toronto-Dominion Bank	TD-T	6.97%	26.42%	0.11x	14.14%

(Graph Source: Globe and Mail)

Stock Exchange	Year to Date Dec. 31, 2016 to May 31, 2017
TSX (Toronto)	0.41%
DOW (U.S.)	6.29%
S&P (U.S.)	7.73%
NASDAQ (U.S.)	15.15%
CAC (France)	8.67%
FTSE 100 (London)	5.28%
DAX (Germany)	9.88%
NIKKEI (Japan)	2.81%
HANG SENG (Hong Kong)	16.64%

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

Rates as of May 31, 2017 *		
Term	GICs	RSPs
1 year	2.30%	2.30%
2 Year	2.50%	2.50%
3 Year	2.55%	2.55%
4 Year	2.60%	2.60%
5 Year	2.75%	2.75%
* Rates subject to change without notice.		
DAILY INTEREST ACCOUNT		
0.90%		
TAX FREE ACCOUNT		
0.90%		

GIC Rates: <http://cannex.com/customerportal>

What's ahead for June and beyond?

- The U.S. Federal Reserve continues to indicate their interest rate plan remains in place. Fed Chair, Janet Yellen, has indicated that small and regular increases in the key lending rate will occur.
 - According to Thomas Reuters, in late May, the long-term bond markets have priced in the anticipated June increase as 94% likely.
 - Bank of Canada Governor, Stephen Poloz, will likely not act until the U.S. does, and whether the Canadian economy can absorb small interest rate increases will be his primary concern.
- The continuation of NAFTA re-negotiations will dominate business news in Canada since any changes to our direct relationship with our largest trading partner could have dramatic effects on our economy, employment and our currency.

There is always something trending in the news be it local, nationally or globally which means the message is always a moving target. Last month we shared articles that provided insight about the importance of working with a financial advisor. When the news on coffee row, or around the water cooler, has emotions running high it's important to avoid the herd mentality when it comes to investing, because irrational decisions could impact financial goals. The **Mercator Financial** wealth advisors are here for you in times of uncertainty and we urge you to call if you have any questions or concerns about your portfolio or news of the world.



(Information source(s): Advisors Research Group - May 2017—Monthly Market Update)

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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

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Manulife Securities Incorporated

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

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