Issue 6 Friday, February 9, 2018

Another week of enhanced volatility for equity and fixed income markets has come and gone, not only in North America, but across Europe, Japan and most emerging markets. Institutional and retail investors have once again been abruptly pulled out of any market complacency that dominated equity markets, particularly through most of last year and into January. “Market Risk” and our comfort in dealing with it has again taken center stage in the financial press and in conversations with our clients.

We encourage all our readers to review the mid-week commentary by Canaccord Genuity’s US Portfolio Strategist Tony Dwyer, where he argues that his positive stance towards the equity market is still very much in tact while viewing the recent pullback as a healthy and long overdue correction. Please click here for the full report.

On the equity front, the S&P 500 is down roughly 8% this week, and at the low point today was off a full 11.5% from its all-time high that was reached on January 16th. The S&P/TSX fell approximately 5% for the week, and today, traded within a few points of the full correction-mode mark of a 10% decline located at 14,772. The main culprits dominating the correction centered on concerns surrounding rising interest rates, elevated inflation expectations and worries about expanding Federal deficits and debt ceiling negotiations in the US. Those personal and corporate tax cuts must be financed through larger Treasury auctions and this week both the 10-year and 30-year tranches caused interest rates to back up noticeably.

Pulling back from a very robust job market throughout 2017, the Canadian economy shed 88,000 jobs in January, the steepest one-month drop in nine years. On Friday, Statistics Canada said that the drop was heavily pulled down by a loss of 137,000 jobs in the less desirable part-time positions that is often the norm after the Christmas shopping season. The collapse in the part-time category was the largest decline since the agency started gathering the data in 1976.

The flip side of the jobs survey was that the economy generated 49,000 full-time positions, but with additional individuals re-entering the workforce, the unemployment rate inched higher to 5.9% for January from a revised 5.8% the previous month. Wage growth received a boost this past month as Ontario lifted its minimum wage (with other provinces soon to follow). Compared with a year ago, average hourly wages for permanent employees expanded by 3.3%. The mixed report had little effect on the Canadian Dollar and still leaves the Bank of Canada on target to raise rates at their next meeting in March.

Erik Dekker, BBA, CIM
VP, Sr. Investment Advisor &
Portfolio Manager

Mark Hewett, P. Eng., CIM, FCSI
VP, Sr. Investment Advisor &
Portfolio Manager

Alan Berge, CFA, AIF
Investment Advisor &
Portfolio Manager

Alix Rogers
Investment Advisor Assistant

Massimo Beltramo
Business Development Associate

David MacLachan
Business Development Associate

Canaccord Genuity
Wealth Management
P.O. Box 10337
2200 - 609 Granville Street
Vancouver, BC V7Y 1H2

T: 604.699.0852
F: 604.601.5966
TF: 1.800.663.1899

E: dghinfo@canaccord.com

www.dekkerhewettgroup.com

On Thursday, the Bank of England (BOE) kept its short-term administered rates steady at 0.5%, but said that they may well need to hike rates faster and more frequently than previously expected over their forecast period to keep inflation in check. Their next hike may come as early as May.

This commentary is becoming more widespread amongst the world's central banks after their policy making meetings. Even when facing the uncertainties of Brexit and the country's exit from the European Union, the BOE argued that with their current economic projections, "monetary policy would need to be tightened somewhat earlier and by a somewhat greater extent over the forecast period."

We would like to close out this week's commentary by wishing all of our Canadian athletes the best of luck at the Pyeongchang 2018 Olympic and Paralympic Winter Games which kicked off today. Go Canada Go!

Have a great weekend, and Happy Family Day to our BC readers.

Sincerely,
Dekker Hewett Group

TODAY'S STOCK WATCH

S&P/ TSX Composite	15,034
Dow Jones Indus. Avg.	24,190
S&P 500	2,619
Canadian/US Dollar	$0.7950
US/Canadian Dollar	$1.2574
Euro / Canadian	$1.5407
Gold	$1318.10
Silver	$16.30
Copper	$3.05
Brent Crude Oil	$62.60
WTI Crude Oil	$59.05
Natural Gas	$2.60