

December 2018

Dear Client,

I felt it prudent to prepare my traditional year-end letter earlier than usual due to the ongoing postal disruptions which hopefully can be resolved soon and to the satisfaction of everyone involved.

I will begin my recap of events with the Bank of Canada and their pursuit of higher interest rates which number 5x since July 2017. The intent of rate hikes is to curtail excessive borrowing by Canadians to the growing concerns of the financial sector. The resulting higher rates have stabilized the Loonie somewhat, amid subsiding inflation. Lower energy prices due to oversupply now result in a litre of regular unleaded below \$1.

Earlier this year I anticipated the correction of S&P500 heavy weights Facebook, Apple, Amazon, Netflix and Google/Alphabet (FAANG) whose combined market values have declined by more than \$1.1 trillion, while global markets collectively are off by \$1.3 trillion. They remain strong growth drivers, but it may take some time before valuations stabilize due to the recent volatility.

The crypto-currency markets are a different subject. I could not help noticing the ‘cry’ embedded in the name. The meteoric rise to \$835 billion back in January to a subsequent fall recently to \$139 billion has had minimal impact on major banks as institutional money managers have had little or no exposure to virtual currencies.

On behalf of Kim and myself, we would like to wish you and your family a happy and healthy holiday season along with continued prosperity in the New Year!

Sincerely,

David Beauchamp, CFP®, FMA, CIM, FCSI®
Senior Financial Advisor

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Sources; Globe and Mail, Reuters, CNN