

Monthly Market Update

For the month of December 2017



Last Month in the Markets – December 1st – 31st, 2017

	TSX	S&P 500	DOW	NASDAQ	CAD/USD	GOLD (USD)	OIL (USD)
Month - End	16,209.13	2,647.58	24,719.22	6,903.39	79.86 ¢	\$1,306.70	\$ 60.09
month +/-	+ 141.65	+ 72.33	+ 446.87	+ 29.42	+ 2.32 ¢	+ \$ 30.00	+ \$ 2.69
month +/- %	+ 0.88%	+ 2.81%	+ 1.84%	+ 0.43%	+ 2.99%	+ 2.35%	+ 4.69%
52 wk HIGH	16,232	2,695	24,876	7,004	82.90 ¢	\$1,366	\$ 60.51
52 wk LOW	14,916	2,234	19,678	5,372	72.50 ¢	\$1,147	\$ 43.76
YTD +/- %	+ 6.03%	+ 19.42%	+ 25.08%	+ 28.24%	+ 7.34%	+ 10.85%	+ 6.85%
1Yr +/- %	+ 6.03%	+ 19.42%	+ 25.08%	+ 28.24%	+ 7.34%	+ 8.76%	+ 16.10%

(source: Bloomberg <https://www.bloomberg.com/markets>)

What happened in December?

- December 2017 concluded a year that many won't soon forget . . . for many reasons.
 - From an investment perspective the major North American markets delivered strong returns; some were record-setting.
 - The TSX delivered 6% overall, but made up for some of its shortfall compared to the S&P 500, Dow and NASDAQ with 7% foreign exchange gains. Also, Canadian firms typically pay dividends to shareholders (more often, and usually in larger yields, than American firms), which could add another two to five percent to domestic investments.
 - The S&P 500 delivered 12 consecutive positive monthly returns in a calendar year for the first time in its history.
 - There were several months in 2017 that returned well over 2%. The average return per month for 2017 was about 1.5%. NASDAQ returned an average of approximately 2% each month!
- The U.S. Federal Reserve Bank continued its course of increasing its benchmark lending rate to temper growth and inflation.
 - The Fed's most recent increase occurred less than a month ago in December; it was another quarter-point increase.
 - The general consensus is that 2 more similar increases could occur in 2018, but as always, current economic data will govern these decisions.
 - The Bank of Canada has been less enthusiastic to increase rates, but that attitude may change if the U.S. continues to create a gap.
 - Canadian economic growth has slowed slightly and the Bank of Canada is remaining patient. The U.S is a market-maker, essentially. They can do as they please based on the size and might of their economy. Canada is a market-taker, we cannot make interest rate decisions in isolation.