

Q2 2017 Market Summary



Most capital market indexes around the world registered impressive gains early in the second quarter before moderating in June, reflecting steady global economic growth and supportive business conditions. The S&P 500 Index, a broad measure of U.S. large-cap equity performance, added 3.1% for the quarter, bringing its gain to 9.3% for the year-to-date in U.S. dollar terms. The MSCI World Index, a benchmark that represents large and mid-cap equity performance across 23 developed market countries, was up 4.2% for the

quarter and 11% for the year-to-date, also in U.S. dollars. For Canadian investors, however, gains in global equities were somewhat muted by our dollar's strength against a number of other major currencies, including the U.S. dollar. In Canadian dollar terms, the S&P 500 was up 0.5% for the quarter, and the MSCI World, 1.6%.

The Canadian equity market noticeably lagged many other developed market indexes, despite strong economic output and employment data. The S&P/TSX Composite Index fell by 1.6% during the quarter, based on softening oil prices, weaker financial shares and investor sentiment that was dampened by trade-related issues with the U.S. The benchmark remained 0.7% higher for the year-to-date. Overseas, strong quarterly results were recorded in local currency terms for larger Asian markets including Hong Kong and Japan, but were offset by weaker results in Europe.

Global fixed-income markets, meanwhile, prepared for the gradual end of ultra-low interest rates. As anticipated, the U.S. Federal Reserve Board raised its overnight lending rate by 25 basis points in mid-June, the second such increase in 2017. The Bank of Canada held rates steady through the second quarter but raised rates at its recent meeting in July, taking confidence from the strong labour market. In this environment, the U.S. 10-year Treasury bond yield drifted lower through much of the second quarter, but climbed higher late in the period and into July as prices declined. The FTSE TMX Universe Bond Index, which measures Canadian government and corporate bond returns, reflected gains of 1.1% for the quarter, with government bonds performing in line with corporate issues.

Capital market volatility has been noticeably absent in the early part of the 2017, despite the ongoing political issues around the world. However, the relative calm, which has been supported by ample availability of credit, may be tested in the coming months if interest rates move higher.

Regardless of the short-term moves that the markets may take, it is important to keep in mind your investment strategy, which is based on your individual tolerance for risk and financial goals. If you have any questions about your portfolio or any changes you would like to discuss, please contact our office at any time.



Want more information? Call us at **1.888.824.4351** today to schedule your one-on-one consultation.

1575 Bishop Street, Suite One
Cambridge, ON
N1R 7J4

Telephone: 519.622.3740 servicenow@thesteelgroup.ca
Toll-free: 888.824.4351 www.thesteelgroup.ca
Facsimile: 519.622.0508

Check us out on  [Facebook](#)  [LinkedIn](#)  [Twitter](#)

© 2015 The Steele Group Financial & Workplace Services Inc.
All rights reserved. Reprinted with permission. The views expressed herein are those of the authors and do not represent those of any third party financial institution.

The information in this letter is derived from various sources, including CI Investments, Signature Global Asset Management, Cambridge Global Asset Management, Globe and Mail, National Post, Bloomberg, Yahoo Canada Finance, and Trading Economics. Index information was provided by TD Newcrest and PC Bond, and all quoted equity index returns are on a total return basis (including dividends). This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources; however, no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please contact our office for individual financial advice based on your personal circumstances.