Wishing you all the best in these last few weeks of the year.

As this is the final update of 2019 we felt it a good idea to look forward to 2020.

2019 has been a good year for the equity markets and it appears that 2020 may continue the trend. Even though stocks seem expensive, bonds offer less value at this point. We are seeing positive signs that global growth is recovering. If there is no global recession, then earnings, although weaker, will continue to be decent and this will allow for growth in the stock markets and continued outperformance over bonds.

The U.S. consumer remains in good shape and unemployment remains low. We are seeing some signs of weakening in Canada, however this will likely lead to increased accommodation from the Canadian policy makers and could lead to a more stimulative stance.

Low interest rates are likely to persist in the advanced economies for the for-seeable future. Central Banks continue to maintain an easing bias. We are still seeing muted inflation and The U.S. Federal Reserve has stated that they will remain on hold until conditions warrant action. The main reason that we saw the markets decline sharply last December (2018) was that there was concern that the Powell led Fed was making a mistake and tightening monetary policy. Conditions are not the same going into year end this year end so the "Santa Claus Rally" may occur. Corrections will occur and a recession may happen down the road, however this is not our base case for 2020.

We are seeing signs that stimulus is working in the emerging markets and that China is beginning to stabilize. If China can reflate and global monetary policy remains accommodative world-wide economic activity should pick up in 2020.

The oil market is poised to rebound next year as supply conditions improve and demand likely picks up. The global trend is away from fossil fuels for the longer term, however the transition to the greener technologies of the future will still require oil. The U.S. dollar will likely weaken somewhat as global economies rebound and this bodes well for commodities.

The trade war and policy uncertainty seem to be receding. The likelihood of some sort of deal remains and the markets are reflecting this. We are also seeing signs that the chance of a no-deal Brexit is lessening which bodes well for Europe. If the trade issues are settled or satisfactorily delayed then the global economy should continue to expand. Donald Trump is unpredictable yet this is mitigated by the fact that elections are around the corner and he needs a strong economy and buoyant markets to fuel his chances of winning.

We remain cautiously optimistic for 2020. As always, predictions are not infallible and we are still facing some uncertainty. However as long as interest rates remain low and policy is accommodative, it doesn't pay to "fight the Fed". Dividend paying equities remain our focus as they provide stable cash flow to fund retirement and potential growth through reinvestment.

As always, if you want to touch base or have any questions we are only a phone call or e-mail away. We're here to help!

Have a great holiday season!!

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