

We hope that you are well and getting ready for the fall season.

Despite all of the rhetoric and negative global headlines in August, the economic picture in Canada and the United States, although slowing, remains positive. The signs of recession are still not readily apparent at this point as consumer spending continues to be strong. The challenge facing investors is that the markets remain headline and tweet driven, which causes uncertainty and may slow growth out of fear. This could make corporations put off spending until the global economic picture becomes clearer. There is a possibility of a recession down the road, however the U.S. Federal reserve and the Bank of Canada remain supportive and we will likely see further rate cuts which should extend the expansion.

China appears poised to stimulate their economy as they look to position themselves for resuming trade negotiations. Europe remains tepid, however further stimulus is likely and a no-deal Brexit looks to be less probable.

We have seen a flight to quality over the past few months and the bond markets have performed well. This will likely reverse course if we gain some traction going into year-end. The returns on equities will likely draw investors back into the markets as people search for yield. This makes companies with strong cash flows that reward shareholders appealing.

We remain cautiously optimistic with a close eye on underlying fundamentals. Our focus continues to be on dividend paying equities that will provide predictable income and allow for growth.

Have a great month and as always we are just a phone call or e-mail away if you have questions or just want to touch base.

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