

Market Update

March 2018

THE WEEK IN NUMBERS (March 5th – March 9th)

INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P 500	2,786.57	95.32	3.54%	4.22%	17.83%	22.8
Nasdaq Composite	7,560.81	302.94	4.17%	9.52%	29.49%	22.9
S&P/TSX Composite	15,577.81	193.22	1.26%	-3.89%	0.52%	15.5

It is a lot easier to get income (good dividend yield) in Canada than growth right now. The TSX (Canadian broad market index) is up +0.50% in the last 12 months and down nearly 4% year-to-date. Canada (S&P/TSX Composite) represents a great market for income investors but currently offering poor growth of capital.

Conversely, the American stock market is on a tear with the S&P 500 (U.S. broad market index) up +4.22% year-to-date and +17.83% over the last twelve months. The U.S. dollar softened last year while the CDN dollar rose last fall with the price of oil.

This might be about to change.

I believe rising interest rates in the U.S. will strengthen the U.S. dollar and summer seasonality in energy will draw the CDN dollar down. This of course would be augmented should the NAFTA free trade agreement end. If that occurs, some feel the CDN dollar could trade \$1.60 to the USD.

Balanced portfolios may wish to increase USD weight here. Beyond currency, consider the USD side of your portfolio for growth. Those U.S. tax cuts should continue to enhance the bottom line of income statements until at least.... *November mid-term elections.*

Canada remains a cyclical commodity based economy. Remember that as woeful as investing in Canada may feel at the moment, there are bargains. Pipeline, Enbridge, is trading down at \$40.99 from near \$60 with a current dividend yield of +6.54%! To me that represents great income while you wait and from this level, significant potential growth. Consensus target price \$56.42*



My tulips are coming up. Spring is in the air!

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

National Bank Financial

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Sources: *Bloomberg, Technical Speculator, Stockcharts, Thomson Reuters, NBF Week at a Glance
 Me or my family currently own shares in Enbridge.

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