

Market Update

November 2018

September and October acted like they often do historically, as “bad market months” within the calendar year.

That said and done, we are busy starting to place cash into our buy list for the November – April period of the calendar which historically, is often the strongest six months in the calendar year.

Here are some interesting historical facts...

Since 1946, there have been 18 midterm elections - AFTER every single election:

- Stocks have ALWAYS climbed HIGHER in the next 12 months (18 for 18)
- Under every possible political combination in the past 72 years, stocks climbed higher

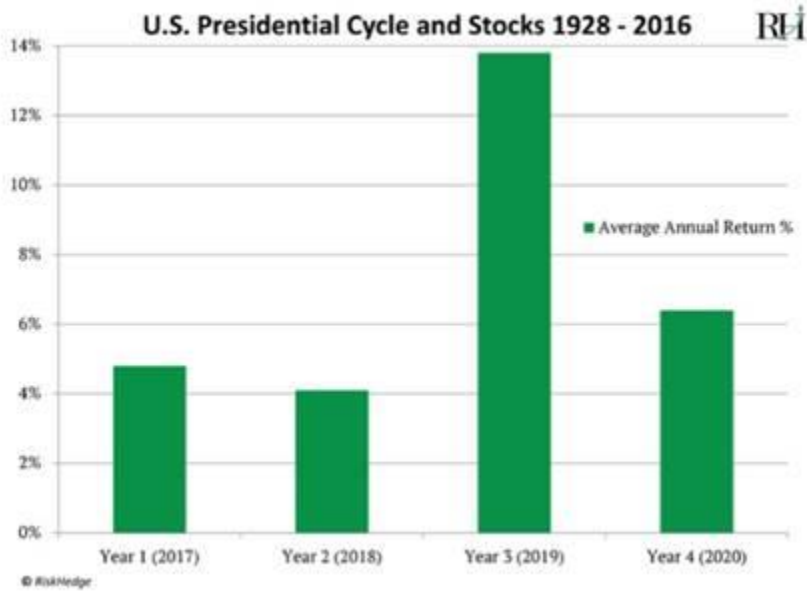
“If you mix politics and investing, you’re making a big mistake.” - Warren Buffett

S&P 500 Outperforms After Midterms		
Period	Market Correction Prior to Midterm	Market Performance 12 mons later
2014	-7.0%	9.0%
2010	-16.0%	31.0%
2006	-8.0%	24.0%
2002	-34.0%	34.0%
1998	-19.0%	38.0%
1994	-9.0%	15.0%
1990	-20.0%	29.0%
1986	-9.0%	40.0%
1982	-17.0%	58.0%
1978	-14.0%	12.0%
1974	-38.0%	38.0%
1970	-26.0%	44.0%
1966	-22.0%	33.0%
1962	-26.0%	33.0%
Average	-18.9%	31.3%
Median	-18.0%	33.0%

Sources: [MarketWatch](#) [MACRO TOURIST](#)

What about the third year of the presidential term?

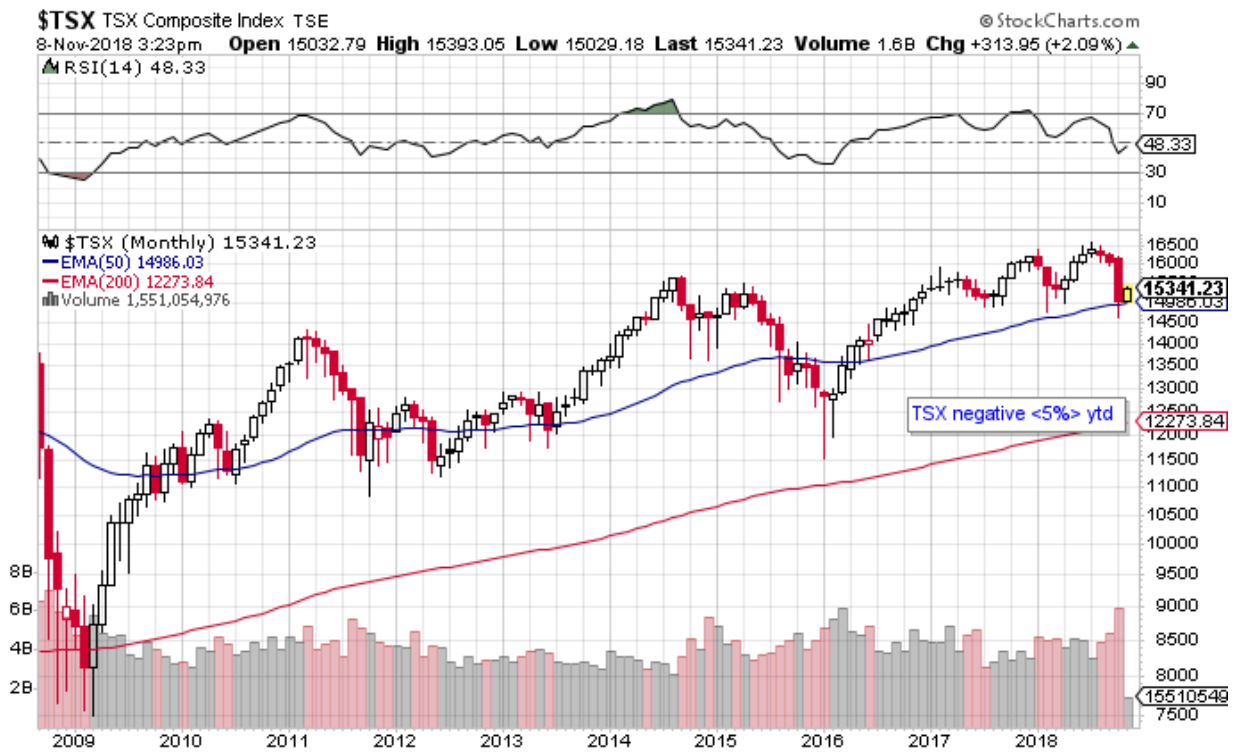
- The third year historically BEATS all other years by a long shot (2019 is a “third year”)



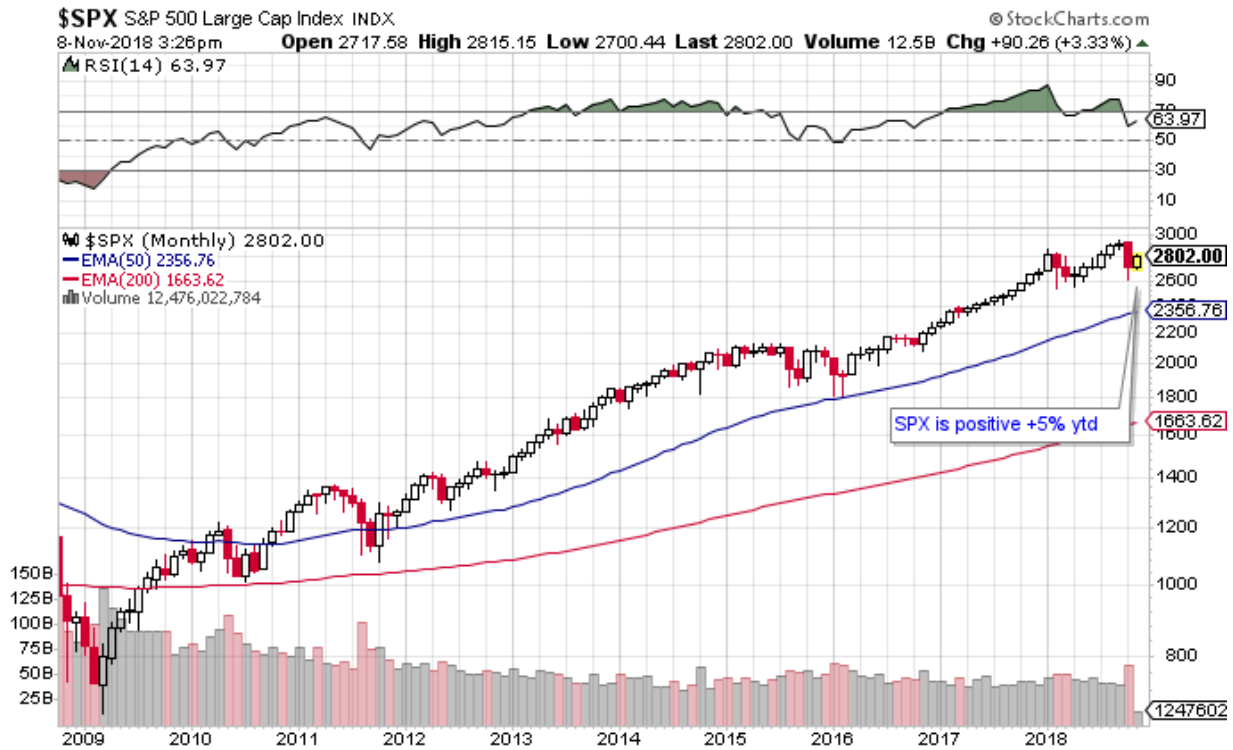
Source: [Forbes](#)

If you are wondering about market performance after the recent volatility, here are two charts representing both the Canadian and American markets (Nov 8/18)...

Canadian Broad Market...



American Broad market...



- Third quarter earnings have been quite positive.
- Energy remains very weak in Canada as does the commodity on supply. I prefer exposure outside of Canada and it appears that several Canadian energy companies are repositioning with a like mind.

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.

Best,

National Bank Financial

Rob Hunter
Vice President
Senior Investment Advisor

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