

Market Update

June 2019

Important Topic: Notice of Assessments (NOA)

To confirm receipt and processing of your income tax filing, the Canada Revenue Agency sends you a Notice of Assessment.

This letter is usually 2-4 pages and contains one page summarizing your tax filing, your payment or refund, a few paragraphs on particulars (such as “carry forward” amount of capital losses and tax credits) and a separate box that details one’s RSP contributions and this year’s limit.



This is an important document.

Upon receipt we advise that you make copies:

1. Send one copy to your accountant
2. Send one copy to us
3. Put one copy with your copy of the tax filing and all supporting documents (keep for 7 years)
4. Put one copy in a separate file labeled “Notice of Assessments” as you may be called upon to produce these documents in a number of different scenarios

Please scan and email a copy to us. There is valuable information we can use to help us manage tax planning strategies.

Market Update – June 2019

June saw a rebound from the fall in May resuming 2019’s positive trajectory. Year-to-date return figures remain attractive.

The possibility that the Federal Reserve in the US may in fact cut interest rates sooner than later dominated the news. It also affected expectations with regard to the Bank of Canada’s future moves. Few expect Canada to increase rates if the US is considering cutting, and many expect Canada to follow the US’s lead.

Just the talk of a rate cut has boosted markets sufficiently that I wonder if the actual cut is needed. The markets are in reasonably good shape and it is not clear that a rate cut is needed. A moderate growth economy and the mere possibility of a rate cut could be enough to stabilize markets for a while longer. Then in the future, based on developments and data, the US Federal Reserve can decide whether to cut, continue talking about cutting but leave rates alone, or express satisfaction with the economy and leave rates alone removing the possibility of a cut in the short term.

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Looking forward, the economy is performing just fine by most measures (with several measures from last month being revised upwards), political uncertainty and volatility remains high (and likely will for the foreseeable future), and inflation remains benign. As a result, we are neutral in the short term, but positive in the medium and long term. We continue to hold our positions and invest cautiously.

For the quarter, the bond market was up 0.9%, the Canadian market was up 2.7%, the US market was up 6.0%, International markets were up 3.8%, the Emerging markets were up 2.0%, the Real Estate market was up 0.7% and the preferred market was up 0.2%. (Reuters, as at June 30th 2019)

Year-to-date, the bond market is up 5.3%, the Canadian market is up 15.3%, the US market is up 17.2%, International markets are up 12.3%, the Emerging markets are up 5.5%, the Real Estate market is up 14.0% and the preferred market is down 1.4%. (Reuters, as at June 30th 2019)

As always, let us know if there is anything we can do for you,

Meir

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