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E-WEDNESDAY

January 17 2018

“

In investing, what is comfortable is rarely profitable.

”

Robert Arnott



Money

"Don't tell me where your priorities are. Show me where you spend your money and I'll tell you what they are." J a m e s W . F r i c k

Banks see initial write-downs, future earnings bump under Trump tax changes

Canadian banks are expecting some short-term pain from U.S. President Donald Trump's tax overhaul, but a significant lift on future earnings.

RBC chief executive Dave McKay told an investment conference Tuesday that he expects a write-down of \$150 million US, plus or minus 10 or 15 per cent, in the bank's first quarter. However, he said Canada's biggest bank by market capitalization is expecting an annual tax-positive benefit of \$150 million US to \$200 million US going forward.

"(It's) a real positive story as far as impact the bottom line from tax in the United States," McKay told the industry conference.

Meanwhile, BMO CEO Darryl White, who took the helm of the bank in November, confirmed Tuesday his bank's prior guidance that it would reduce its net deferred tax asset by \$400 million US. However, he said that the bank also expects a positive economic impact of \$100 million US annually, or 10 per cent of its U.S. earnings.

"That's a pretty attractive story," White told the conference, hosted by RBC. "Nobody put that in their business plan two years ago."

Late last year, as part of a massive overhaul of U.S. tax laws signed by Trump, the corporate income tax rate was cut to 21 per cent, from 35 per cent, effective this year. The move is expected to lift future corporate earnings, but the tax cut also reduced the value of deferred tax assets already held on company balance sheets. In turn, firms are expected to recognize one-time charges related to the change.

The CEO of the Canadian Imperial Bank of Commerce Victor Dodig estimated it would record a one-time charge of \$100 million stemming from Trump's tax changes. While CIBC would also expect an uptick to its earnings in the long run, it would be "negligible at first," given the size of its U.S. business at 12 to 13 per cent of the bank's overall earnings, he added.

"We anticipate that to grow on a relative basis as the business grows," Dodig told the audience. "We have said that the business is going to grow to 17 per cent of our business, over time."



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Toronto-Dominion bank has also said it expects its first-quarter results will be cut by roughly \$400 million US, but the lower corporate rate is expected to have a "positive" effect on its future earnings.

TD chief executive Bharat Masrani told the conference that it did not quantify the exact impact because the tax reform package is quite complicated and has some ambiguities, and further guidance is required from the Internal Revenue Service and the U.S. Department of Treasury. He said Canada's largest bank by assets is working through the changes and expects to provide more details after the first-quarter, which ends Jan. 31.

Oil price rises to highest level since 2014

The benchmark North American oil price hit its highest level since 2014 on Wednesday as two new data points came out showing supplies are drawing down, and an OPEC pledge to turn off the taps seems to be working.

A barrel of West Texas Intermediate rose 61 cents to settle at \$63.57 US in New York, after having traded even higher earlier in the day. That's the highest level for the U.S. oil benchmark since late 2014.

The catalyst seems to have been data from the American Petroleum Institute, which said late Tuesday that U.S. crude inventories fell by 11.2 million barrels, to 416.6 million barrels in the week leading to Jan. 5.

On top of that, a deal signed by oil-producing OPEC nations in November seems to be sticking. At the time, the cartel had pledged to extend its production cuts to get prices back to a more appealing level.

"The extension of the OPEC agreement ... and declining inventories are all helping to drive the price higher," said William O'Loughlin, investment analyst at Australia's Rivkin Securities.

Foreign exchange trader Shane Thomson of Cambridge Global Payments said oil traders "seem to be giving more credence to bullish data as of late."

"But if short-term influencers like the Iranian protests and Venezuela production issues were to be sorted out, a sharp price reversal could very well be in the cards."



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Canada increasingly convinced Donald Trump will soon pull the plug on NAFTA

Canada is increasingly convinced that U.S. President Donald Trump will soon announce that the United States intends to pull out of the North American Free Trade Agreement, two government sources said on Wednesday.

The sources said they expected Trump would make his move at about the same time that negotiators from the United States, Canada and Mexico meet in late January for the sixth and penultimate round of talks to modernize the treaty.

The Canadian and Mexican currencies both weakened against the U.S. dollar after the news.

A White House official, speaking on background, said there hasn't been any change in the president's position on NAFTA.

Trade relations between the two countries have taken a dramatic turn this week, with Canada escalating its trade spat with the U.S. by filing a World Trade Organization complaint over American duties against Canada and other countries. U.S. Trade Representative Robert Lighthizer responded earlier Wednesday, calling that move a "broad and ill-advised attack."

Odds Bank of Canada Governor Stephen Poloz will raise interest rates at the meeting next week also declined to 82 per cent on the news, from 87 per cent Tuesday.

Trump has repeatedly threatened to walk away from NAFTA unless Canada and Mexico agree to major changes Washington says are needed to make the 1994 treaty more fair.

Trump withdrawing from NAFTA "was always a risk, but that risk is clearly more elevated now," said Brian DePratto, senior economist at Toronto-Dominion Bank. "It's hard to gauge how much credibility Poloz will



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assign to the types of reports we're seeing today, but it does make it easier for him to maintain a holding pattern."

Canadian officials say if Trump does announce a U.S. withdrawal, it could be a negotiating tactic designed to win concessions. They also express doubt whether the U.S. Congress would approve such a move.

"The market's been too complacent regarding NAFTA termination risk for too long," said Bipan Rai, a Toronto-based foreign-exchange and macro strategist at Canadian Imperial Bank of Commerce. "Outside of the Bank of Canada meeting next week, there should be upward pressure on USD/CAD as that premium increases into the next round of negotiations in Montreal beginning Jan. 23."

Mexican Economy Minister Ildefonso Guajardo has said that Mexico won't negotiate under duress and will leave the table if the U.S. initiates the withdrawal process. The Canadian officials said Wednesday they were not sure how Mexico would react to any withdrawal notice but that Canada would keep negotiating after one was given.

A withdrawal notice doesn't mean NAFTA would be killed — a country can give notice and then not actually leave.

Canada and Mexico have rejected most of the U.S. proposals for NAFTA reforms, leaving officials with a big job if they are to bridge the large differences at the Jan. 23-28 talks in Montreal. Negotiations are due to wrap up at the end of March.



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Leisure

“Some walks you have to take alone” u n k n o w n

5 Easy Winter Walks Within 40 Minutes of Calgary

BY: Leigh McAdam

<https://www.hikebikettravel.com/5-easy-winter-walks-within-40-minutes-of-calgary/>

As much as I love a winter hike in the mountains I don't always have the time to go. And on days when the driving is gnarly I'd rather opt for something closer. Fortunately in Calgary we're spoiled for choices – both within the city and close by. I've chosen these 5 easy winter walks as examples of where you can go within a 40 minute drive of Calgary. Opt outside and enjoy all our winter sunshine and fresh air.

Ann and Sandy Cross Conservation Area

The 4,800 acres that make up the Ann and Sandy Cross Conservation Area just south of Calgary can be accessed via over 20 kilometres of hiking trails that double as snowshoe trails in winter. (Cross-country skiing is not allowed.)

I love the property with its untouched rolling hills, stands of aspen and fabulous city and Rocky Mountain views. Recently I came out on a crisp Sunday by myself and enjoyed about a 9 kilometre walk that included the Fescue and Paradise Trails. With plenty of hills you felt like you got a workout. There are easier, family friendly options including the 2.2 Mountain Lookout Trail.

The conservation area is located off of Highway 22x on 160th Street West. It's open from 4 AM – 11 PM. Don't bring your dog.

Nosehill Park

Calgary's biggest municipal park is Nose Hill Park, located in the northwest part of the city. With over 11 square kilometres, it can feel quite wild, despite being surrounded by a dozen neighbourhoods.

I love Nose Hill Park for the sense of space it imparts in a big city. From its high points you can watch planes landing at the airport, admire the skyscrapers of downtown Calgary and then look west and see the mountains.

Allow at least an hour, more if you're ambitious and want to explore a variety of the trails that traverse the park. Take your dog so it can romp in the off-leash sections. There isn't a lot of signage so take stock of where you start so you can find your way back to your car.



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After a good dump of snow you can also enjoy the park on snowshoes and cross-country skis. Check out this map for the location of the parking spots.

Fish Creek Provincial Park

Down in the south end of the city sits Fish Creek Provincial Park, Canada's second largest urban park. This park is literally crisscrossed with trails – both paved and granular. Before you go check out this map with all the trails marked to help you get your bearings. Choose to walk along Fish Creek or along the Bow River. Walk for an hour or walk for the whole day. The only downside to a winter visit – Annie's Café is closed.

Glenbow Ranch Provincial Park

Glenbow Ranch Provincial Park protects in excess of 1,300 hectares of rolling fescue grasslands along the banks of the Bow River. From the Visitor Centre (that's staffed on weekends) you can explore over 25 kilometres of multi-use trails, many with superb Rocky Mountain views. While there are lots of loop trails you can also do some long out and back hikes; go east on the Narrows and Bearspaw Trail combination and you'll end up at the city limits of Calgary. Head west on the Bowbend and McPherson Trails and you'll finish on the doorstep of a Cochrane neighbourhood.

The park is free to visit and there's lots of parking. The winds can howl in this area so dress warmly in winter. Dogs are permitted on a leash.

Drive to the park via Glenbow Road off of Highway 1A.

West Bragg Creek

While the majority of people who head for the West Bragg Creek trail system plan to snowshoe or cross-country ski, it is possible to walk the dog-friendly 5.5 kilometre Snowshoe Hare Loop. (If you're into snowshoeing you have a huge number of trails to choose from!) The parking lot is a pretty 8.5 kilometre drive from the shopping area in Bragg Creek. There is a warming hut and washrooms are available.

No matter where you go for a walk near Calgary, always be prepared. It's amazing how quickly a storm can blow in. Keep a pack ready with a flashlight, energy bars and extra clothing in it. On the day of the walk add a thermos with something warm to drink. In our climate I'm inclined to always carry a pair of icers so I can handle any trail. And my favourite are made by a Vancouver company called Hillsound. Buy a pair – the best investment you'll make – and this isn't a sponsored post!

Wit

"The scientific theory I like best is that the rings of Saturn are composed entirely of lost airline luggage." Mark Russell



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Food

"Knowledge is knowing a tomato is a fruit; wisdom is not putting it in a fruit salad." Miles Kingston

Here Are Whole Foods' Food Trend Predictions for 2018

By Ashley Joseph

<https://passport2017.ca/articles/whole-foods-trends-2018>

Health food evangelists Whole Foods have peered into their sustainably-sourced, conflict-free crystal ball and are ready to let the world in on their predictions for 2018's trendiest food items. Where 2017 was all about avocado toast, charcoal-flavoured everything and poke—bye, Felicia—2018 will see the emergence of a whole new crop of edible trends.

According to the chain's "trend-spotters" and global buyers, we're about to see a whole lot more mushrooms (health-boosters like reishi and chaga), supplement powders, fizzy drinks, popped snacks, Mediterranean staples and edible flowers—which we suspect they may



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have included just for the purpose of this pun: “floral inspiration is finally in full bloom.” By that, they mean both actual flowers sprinkled onto plates and botanical infusions, so don’t be surprised if Starbucks has a lavender latte on their menu by year end.

Tech-forward foods like lab-engineered vegetarian burgers that taste, look and smell like meat could make things more interesting for plant-based eaters, and for reducing our carbon footprint. Another trend that bodes well for the environment is “root-to-stem” eating, “which makes use of the entire fruit or vegetable, including the stems or leaves that are less commonly eaten.” Though not a trend we can eat, Whole Foods also predicts a surge in brand transparency in the coming year—something we can all get excited about.

And in case the taco wasn’t trendy enough, that too will peak in popularity, says WF. “This street-food star is no longer limited to a tortilla, or to savory recipes: Tacos are showing up for breakfast, and trendy restaurants across the country have dessert variations. Most of all, tacos are shedding their shell for new kinds of wrappers and fillings too – think seaweed wrappers with poke filling.” (We seem to have spoken too soon about the poke.)

Tax

“Depressing, but true: taxes are on everyone's mind almost 24-7 since they influence our daily lives.” R o b e r t W . W o o d

Minister Leboutheillier works to improve services for Canadians with disabilities, announces Disability Advisory Committee membership

News Release

From Canada Revenue Agency

<https://www.canada.ca/en/revenue-agency/news/2017/12/minister-leboutheillier-workstoimproveservicesforcanadianswithdisa.html>

The Government of Canada recognizes that disabilities can have significant impacts on the daily lives of Canadians and their families. Vulnerable people in our society must be supported, including by ensuring they receive all tax credits and benefits to which they are entitled.

On November 23, 2017, the Honourable Diane Leboutheillier, Minister of National Revenue announced the re-instatement of the Disability Advisory Committee (DAC). The Minister is following-up on this announcement today by releasing the names of the DAC's members and the Terms of Reference that will guide the Committee's work. This DAC will serve as an



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important forum for persons with disabilities to have their voices heard as the Canada Revenue Agency (CRA) works to improve and enhance the way it administers the tax measures designed to support this community.

In addition, the CRA will return to using the pre-May 2017 clarification letter for Disability Tax Credit (DTC) applications related to Life-Sustaining Therapy. This decision will allow the DAC to formulate recommendations on the CRA's administrative practices, including clarification letters, through broader, more comprehensive stakeholder consultations. As indicated previously, no change has been made to the eligibility criteria for the DTC.

The CRA will also review the applications that have been denied since May 2017, for which the CRA relied on the revised clarification letter to determine eligibility to the DTC. Individuals do not need to submit new or additional information unless they are contacted by the CRA.

Quotes

"Throughout my career as a social worker and as Minister of National Revenue I have been completely committed to helping the most vulnerable in our society. I have confidence that the expertise of the Committee members will help the CRA better serve Canadians who need and deserve our assistance. Reviewing life-sustaining therapy applicants will provide an added level of certainty that the law has been applied correctly and will allow the Committee to take a broader perspective on its important work."

The Honourable Diane Lebouthillier, Minister of National Revenue

"Through meaningful dialogue and consultation, the Disability Advisory Committee will provide the Canada Revenue Agency with a better understanding of stakeholder perspectives and priorities. I look forward to working with the other Committee members to help the Agency make informed decisions about its administrative practices to ensure the Agency continues to improve the services it provides to persons with disabilities."

Dr. Karen Cohen, Co-chair of the Disability Advisory Committee, and Chief Executive Officer (CEO) of the Canadian Psychological Association (CPA)

Quick Facts

- The DAC will serve as an important forum to provide the CRA with feedback on the administration of measures for Canadians with disabilities, including the Child Disability Benefit, tax deductions such as attendant care expenses and allowable medical expenses, measures for caregivers and of adult dependents through the Canada Caregiver Credit.
- The Committee is being reinstated to provide the CRA with a formalized means of collaborating with various stakeholders. Enhancing the accessibility of the CRA's services to persons with disabilities is an ongoing effort, which will be greatly assisted by the Committee's work.



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- The Committee will advise the Minister of National Revenue and the Commissioner of the CRA on the needs and expectations of persons with disabilities as they relate to the administration and interpretation of laws and programs administered by the CRA.
- The Committee will include persons with disabilities, qualified health practitioners, disability and Indigenous community advocates, and professionals from a variety of fields.
- The Committee will meet three times per year. The frequency of meetings will be periodically re-examined to ensure best use of Committee Members' time.
- Other federal departmental representatives will be welcome in the role of observers or resource people.
- The CRA will proactively review applications that have been denied since May 2017, for which the CRA relied on the revised clarification letter to determine whether the DTC eligibility criteria as set out in the Income Tax Act have been met. Individuals do not need to submit new or additional information unless they are contacted by the CRA.

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