# Wealth Management Matters

Wealth Management
Dominion Securities

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Chinner Wealth Management Group

RBC Dominion Securities Inc.

**Dennis Chinner, FMA**
Vice President & Investment Advisor
dennis.chinner@rbc.com
403-317-4308

**Sylvia Chinner**
Associate Advisor & Financial Planner
sylvia.chinner@rbc.com
403-317-4322

**Tania Tytula**
Associate
tania.tytula@rbc.com
403-317-4316

410 – 7th Street South
Suite #202
Lethbridge, AB
www.dennischinner.com
1-800-555-6789

*Please contact us if you would like more information about the topics discussed in this newsletter.

Remembrance Day Services will be held in Lethbridge at Exhibition Park in the South Pavilion at 10 am, and in front of City Hall at 12pm.


## How to Wear a Poppy

The Poppy should be worn with respect on the left side, over the heart. The Legion's lapel Poppy is a sacred symbol of Remembrance and should not be affixed with any pin that obstructs the Poppy. Many Legion branches provide poppy keepers, clear plastic ends that can be attached to the back of the pin, so as not to obscure the Poppy, yet still keep it secure. Also available through some Branches is the Legion's reusable black centre Poppy pin to affix your lapel Poppy.

## When to Wear a Poppy

The lapel Poppy should be worn during the Remembrance period, from the last Friday in October until November 11. The Legion encourages the wearing of Poppies at funerals of Veterans, and for any commemorative event such as a memorial service, or the anniversary of the Battle of Vimy Ridge. As well, it is not inappropriate to wear a Poppy during other times to commemorate Fallen Veterans and it is an individual choice to do so.

# Uncovering market movements

At the start of October, financial markets were given a number of reasons to be cheerful. For starters, the tentative deal that produced the United States-Mexico-Canada Agreement (USMCA) reduced a significant protectionist risk. In addition, the announcement of a $40-billion liquefied natural gas project led by Royal Dutch Shell signaled that Canada is indeed open for business. This was welcome news following delays related to the Trans Mountain Pipeline expansion. However, despite these positives, markets have stumbled in the time since.

## What's weighing on markets?

The reality is that there is always a mix of good and bad things happening in the global economy at any given time. Notwithstanding a number of positive developments, investors have also had to digest news that the International Monetary Fund (IMF) was cutting its global GDP growth forecast from 3.9% to 3.7%, driven by their view that there may be a number of economic clouds on the horizon. In particular, growing trade tensions between the U.S. and China threaten the loss of economic activity for the world's two largest economies.

Trade tensions between the U.S. and China are also taking center stage as companies in the U.S. report their quarterly earnings. The U.S. stock market fell by 2% on October 23 after two large manufacturers downgraded their profit outlook on concerns surrounding tariffs and slower growth in China. While these companies later clarified that tariffs would have a limited drag on results, the initial market reaction highlighted the sensitivity to trade tensions that exists in the current climate.

The recent pullback may be weighing more on investors simply because markets have been unusually calm in recent years with the exception of a brief correction in February. For instance, in 2017 the S&P 500 didn't experience a single day when prices fell more than 2%. However, if we look back over 20 years, we can see that daily pullbacks over 2% happen on average 11 times each year. So even after the most recent slide, the ups and downs of the market in 2018 look fairly average in that context.


Source: RBC GAM, Bloomberg. U.S. stock market represented by the S&P 500 (USD). *As of October 24, 2018.

If you are a long-term investor, the higher growth potential offered by equity markets is a key ingredient for most financial plans. However, you pay a premium for this growth potential in the form of short-term fluctuations. So while a large movement in the market is uncharacteristic of recent times, it shouldn't be a reason to panic. The economy is still growing at a decent pace and the outlook for corporate profits remains solid.

Barring any deterioration in the outlook, these fundamental factors should provide support for equity markets. If you have concerns, remember that periods of volatility can be an excellent time to review your financial plan to ensure it remains on track and ensure your portfolio is aligned with your long-term goals and risk tolerance.

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