

A Friday Rally Helped Cap An Impressive Month Of Gains

When one considers the major challenges the world has faced the first 6 months of 2019 – escalating Trade wars and billions of dollars in tariffs, growing evidence of a slowdown in global growth, oil embargos, political strife – would one have been surprised if equity markets had reacted negatively? ***And yet we have another example of the stock market's ability to confound the greatest number of people:***

Every major bourse, other than Japan, has double digit gains year to date – even Brexit beleaguered U.K. For those who like statistics it was the best first half year performance for the S&P 500 for over 20 years.

Despite the fact that the major North American stock indices were actually negative for the last week of June, a Friday rally pared the losses to ensure it was overall a month of impressive gains pretty much everywhere!!

Notable news of the week helping the gains:

- Optimism that at the G20 summit in Japan the Presidents of America and China would play “nice”.
- The US Federal Reserve revealed that the major US banks had all passed their capital reserve “stress tests”.
- The Big U.S. banks including JPMorgan, Citigroup and Bank of America in return rewarded investors with fatter dividends and share repurchases following the news.
- Traders are now “100% convinced” that there will be a July reduction in Federal Funds in July. Again the old saying of “don’t fight the Fed” - lower interest rates encouraged investors to move more into equities as recession fears abated (for this month anyway).

It was also a good month for gold up 8%, oil plus 9.3% and even our Loonie gained 3.2% on the US dollar. This all helped the Canadian materials sector shares rise over 12% **BUT** despite the rise in oil prices, our energy shares fell over 2% - the ongoing woes of this sector (and political discord over future plans) have been well documented and I have commented on my concerns a number of times. This may explain why The TSX June performance (2.1%), while positive was not stellar.