THE US ECONOMY AND STOCKS (Still) LEAD THE WAY

I love reading newspapers – columnists do everything possible to create concern and highlight bad news– even when it's not bad!! The **Wall Street Journal's** weekend headline was " **Wary Businesses slow US growth** ". Yet, factually the 2nd quarter was slower than the gangbuster first QTR (much of that gain caused by companies stockpiling before the tariffs took effect). However, the GDP (Gross Domestic Product) number of 2.1% <u>was higher than economist's estimates</u> <u>for a 1.9% rise</u>. ***AND*** *the underlying data reveals impressive strength in the U.S. consumer, highlighted by 4.3% growth in personal consumption spending, which was the second highest over the past 16 quarters.*

Personally, I would **welcome some of that economic growth in Canada**, all the news here seems to be a continuation of the gutting of our manufacturing economy. Last week saw more disappointing revelations from SNC Lavalin, the weeks before has seen Bombardier, once a major global player in the transport world, shed much of its aircraft manufacturing division and now threatens major downsizing of its rail car plants.

US shares led the way (yet again) last week as the good economic news was accompanied by strong earnings reports. Good results from Google and Twitter sparked the communication services (+3.3%) to the top of the S&P sector leaderboard. For the week, the S&P and Nasdaq - both of which closed at new all-time highs - rose by a respective 1.7% and 2.3%. Our own TSX managed a weekly gain of 0.3%, dragged down by weakness in the energy sector, even though the price of oil was up – as noted many times – we can't get our oil to market !!

Despite ongoing negative news out of Europe and ongoing political tussles, the major indices there moved higher. The notable losses again were in Asia - unrest in Hong Kong and slowing growth concerns in China not helping investors there to be in a buying mood.