We have seen the typical summer slowdown in the markets with volume very low and volatility muted. The TSX was relatively flat and has been muted for the last few months, largely due to the decline in oil prices and limited returns from financials. The Canadian economy continues to perform, however, Canada's trade deficit widened this month which caused our dollar to pull back after a strong summer period that saw it break the 80 cent range. We will likely continue to grow, but it is imperative that the Bank of Canada raises rates gradually now that they have made their initial increase in order to keep the pump primed and keep our dollar from strengthening too much in relation to the US. We are also beginning to get a sense that NAFTA re-negotiations will likely not be as acrimonious as initially predicted.

We are beginning to see a tightening of monetary policy around the globe as it appears that the extremely low levels of monetary accommodation are not essential as the global economy recovers. This is evident in the United States and now Canada. The jobs numbers remain solid, however we are still seeing no real signs of inflation yet on either side of the border so we will likely remain in a very gradual cycle of raising rates. Productivity is also a concern and we are not seeing much wage growth. If these indicators begin to strengthen and unemployment continues to decline we should see rates move up at a more moderate pace. In the meantime the declining US dollar fueled by uncertainty has helped the markets and commodities.

In the United States, the failure to replace and repeal Obamacare has left the Republicans, under Trump, unable to move forward on tax cuts and the rest of their agenda. It is believed that the longer this is delayed the more pressure we could see on the markets. This hasn't been the case thus far and the likely reason is that the global economy is strengthening, earnings have been solid and there is a thought that Republicans will be desperate for a win and fast track tax reform.

We remain cautiously optimistic for the remainder of 2017, however we will likely see some volatility return as we approach the fall. In this climate industrials, commodities and technology related equities should perform well.

With tax reform on the Agenda south of the border this month's quote seems particularly relevant.

"Why does a slight tax increase cost you $200 and a substantial tax cut save you 30 cents." -Peg Bracken

Have a great month!

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