

We are seeing some early signs that we may see some sideways movement and possibly a pullback. That said we remain positive longer term and the economic numbers have been solid in Canada, south of the border and globally.

The job reports today were good, fueling the likelihood of a rate hike in the States at the next Fed meeting in March. This will probably be a small move of 25 basis points and it looks to be priced in the equity markets. We will likely not see rates rise in Canada for the near term, however, inflation is rising largely due to the price of oil. This will likely cool down as we are seeing pressure on the price of oil as U.S. inventory levels rose higher than expected and the price dropped below the \$50 per barrel level.

The good news is that the markets appear to be operating based on future earnings and hope for tax reform, and not reliant on commodities to drive them forward. Financials remain strong and we are seeing life in the industrials as well. This bodes well for economic recovery.

The United States Administration and Congressional Republicans continue to look at an adjusted border tax and this is important to monitor. Canada will likely be able to negotiate favourable terms as our economies are so intertwined. The concern is what could happen to the global growth picture if a "trade war" develops between the U.S. and China or other larger economies.

Overall, even with the uncertainty, the conditions remain favourable for the markets. We continue to see strengthening economic indicators and improving sentiment. Slow and steady wins the race and we remain focused on dividend paying equities that have growth potential in this climate.

Have a great month and as always, if you have any questions or just want to touch base, we're here to help.

"Things in life will not always run smoothly. Sometimes we will be rising toward the heights - then all will seem to reverse itself and start downward. The great fact to remember is that the trend of civilization is forever upward; that a line drawn through the middle of the peaks and valleys of the centuries always has an upward trend".

-Rev. Endicott Peabody

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