The markets continue to grind higher with good economic numbers and solid earnings paving the way. We have seen strength in job growth on both sides of the border which signals that interest rates will likely continue to rise at a measured pace in 2018. This could temper growth expectations, however, as long as the pace remains slow and steady, conditions remain for a continued recovery as inflation remains in check.

Jerome Powell was named the new Federal Reserve Chair in the United States and the market reaction was muted. This was largely expected and will likely offer few surprises as he is seen as fairly cautious and a follower of Janet Yellin's policies. He may be more accommodating in terms of regulatory reform and this could help the markets by eliminating some restrictions that have hampered growth.

The tax reform plan was finally outlined featuring a 20% corporate tax rate as the key feature. Although stimulative to equity markets, the reaction was tepid as investors adopted a wait-and-see approach. This is going to take time and there will be many hurdles. The Republicans need this to be in place before the mid-term elections so that they have a "win" under their belts. Their focus will definitely be on completing the bill.

The price of oil continues to gain momentum. We are beginning to see inventory declines and the OPEC cuts appear to be effective and are projected to continue. This is important for the Saudi government as they start the process of bringing Aramco public. This bodes well for the Canadian economy and the TSX.

Global growth reaffirms the North American story as easier financial conditions remain in place and European earnings continue to improve. China is also also seeing signs of expansion and materials have seen gains in recent months.

Political uncertainty remains the x-factor in the recovery. With the Trump Presidency, it appears that anything can be said. It is important to remember that following through on threats and promises is difficult as Congress holds the real power. NAFTA negotiations continue and will drag on for some time to come with the likely outcome being an amended structure.

We remain positive, but are keeping a close eye on valuations and believe that dividends are important in this climate in order to maintain income in case of any setbacks. Recessionary signs are not apparent, so any pull-backs will likely be seen as buying opportunities.

With NAFTA negotiations ongoing, a voice from the past could be helpful.

"That long frontier from the Atlantic to the Pacific Oceans, guarded by only neighbourly respect and honourable obligations, is an example to every country and a pattern for the future of the world." -Winston Churchill 1939

Have a great month!

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