

STATISTICS on 2020-01-31

CANADA

Unemploy. rate (December)	5,6 %	↓
C.P.I. (December)	2,2 %	
3 months treasury bills	1,63 %	↓
Bonds 5 years	1,28 %	↓
Bonds 10 years	1,27 %	↓
S&P/TSX	17 318	↑

UNITED STATES

Unemploy. rate (December)	3,5 %	
C.P.I. (December)	2,3 %	↓
3 mths treasury bills	1,54 %	↓
Bonds 5 years	1,31 %	↓
Bonds 10 years	1,51 %	↓
Dow Jones - Industrial	28 256	↓
S&P 500	3 226	↓

CURRENCY

\$ É.-U. / \$ CAN	0,76	↑
\$ É.-U. / € Euro	1,11	↑
¥ Yen / \$ É.-U.	108,35	↑

The arrow indicates the trend since the publication of the last monthly data or end of the month.

The year started off well for the markets. The U.S. S&P 500 and Canadian S&P/TSX indices hit new heights during the third week of the month, bolstered by a so-called Phase 1 Trade Agreement between China and the United States. The situation changed drastically, however, as the Coronavirus spread and Chinese authorities unveiled a series of measures likely to slow down their production apparatus. The decline in stock market indices in late January signifies an advance of 1.7% during the month for the S&P/TSX, while the S&P 500 has remained neutral. However, with the loonie weakening in January, Canadian S&P 500 investors could benefit from a 1.9% foreign exchange gain. The movement of the Canadian dollar was primarily due to concerns about the Coronavirus, which caused a drop in the prices of oil and other basic commodities.

The month was also marked by the US Federal Reserve's announcement that it

would leave rates unchanged. However, the tone was much more conciliatory about a possible additional easing over the coming months. The Bank of Canada followed suit; note that the Bank of Canada had not followed its U.S. counterpart in reducing rates in 2019. Economic data still portrays weak global economic conditions, including the United States and Canada. This environment has been favourable for a bond rally, with bond rates decreasing across all maturities. Rates on five-year federal bonds ended the month 40 basis points down at 1.28%, while 30-year federal bond rates finished the month at 1.43%. Overall bond market performance was 2.9%, with the 1-5-year maturity index at 1.0%.

As a result, February will see some anxiety over a global epidemic, as well as the beginning of the U.S. Democratic primary elections.

Market Indices in Canadian Dollars as of January 31, 2020

	Year to Date	3 months	1 year	3 years ¹	5 years ¹
FTSE/TMX - 91 Day Tbill	0,14 %	0,14 %	0,14 %	0,14 %	0,14 %
Bonds					
FTSE Canada Universe Bond Index	2,91 %	2,21 %	8,53 %	4,61 %	2,84 %
FTSE Canada Short Term Overall Bond Index	1,04 %	0,96 %	3,48 %	1,97 %	1,55 %
Eterna Adapted Private Wealth Index ²	1,78 %	1,34 %	4,99 %	2,69 %	1,99 %
FTSE Canada Mid Term Overall Bond Index	2,89 %	1,90 %	7,26 %	3,77 %	2,64 %
FTSE Canada Long Term Overall Bond Index	5,26 %	3,95 %	16,09 %	8,70 %	4,60 %
North American Stock Indices					
Canada - S&P/TSX	1,74 %	5,88 %	14,98 %	7,21 %	6,53 %
USA - Standard & Poor's 500	1,93 %	7,30 %	22,50 %	15,11 %	13,26 %
USA - Dow Jones	1,07 %	5,69 %	16,56 %	15,72 %	14,11 %
International Stock Market Indices					
United Kingdom - FTSE-100	-1,95 %	3,72 %	10,76 %	7,48 %	3,87 %
France - CAC-40	-2,24 %	1,31 %	13,32 %	8,45 %	5,19 %
Germany - DAX	-1,84 %	0,87 %	13,22 %	5,49 %	4,39 %
Japan - Nikkei-225	-0,17 %	1,35 %	12,87 %	8,84 %	8,14 %
Hong Kong - Hang Seng	-4,53 %	-0,76 %	-4,21 %	4,27 %	2,20 %
Australia - S&P/ASX 200	2,07 %	2,95 %	10,93 %	3,88 %	2,41 %
Currencies					
\$ CAN versus \$ U.S.	-1,90 %	-0,56 %	-0,85 %	-0,53 %	-0,78 %

Source : Bloomberg

¹ Annual compounded total return.

² The Eterna Adapted Private Wealth Index is made up of 60% of FTSE Canada Short Term Overall Bond Index and of 40% of FTSE Canada Mid Term Overall Bond Index

RRSP AND TFSA: WHAT'S THE DIFFERENCE?

RRSP

OBJECTIVE

Accumulating savings principally for retirement or for any other suitable time for cashing out (for example, sabbatical leave, period of unemployment, etc.).

They are also helpful when buying or building a first home or financing your education.

The RRSP is part of the family estate.

WHEN SHOULD YOU CONTRIBUTE?

This year's deadline is March 2 if you wish to deduct some or all of your contribution on your 2019 tax return.

No minimum age is required to contribute to an RRSP; all you need to do is earn eligible income.

You may contribute to your RRSP until age 71. After age 71, if your spouse is younger, you may contribute to their RRSP if you have eligible income or unused contribution room.

ALLOWABLE CONTRIBUTIONS

The federal notice of assessment you received last spring shows the maximum allowable RRSP contribution deductible from taxable income. Participating in a pension fund will reduce the amount of the allowable contribution.

In 2019, the maximum RRSP contribution is \$26,500. In 2020, this maximum amount will increase to \$27,230.

The allowable excess contribution is \$2,000; beyond this amount, there is a penalty of 1% per month on the excess amount.

You may contribute to your spouse's RRSP while taking benefiting from the deduction.

WITHDRAWALS

Withdrawals are taxable and may reduce income-tested government benefits and credits.

Amounts that are withdrawn cannot be re-contributed.

TAXATION UPON DEATH

The amounts accumulated in an RRSP are taxable upon death. This taxation can be deferred by transferring the RRSP to the surviving spouse. This is called a rollover. In certain circumstances, it is also possible to rollover all or part of the RRSP to a minor child or a dependent disabled child.

TFSA

OBJECTIVE

Accumulating tax-sheltered savings to meet your financial goals.

It is useful for any of your projects (e.g. renovations, buying a car, starting a business, travel). The TFSA can also be used for retirement planning. For some retirement planning situations, it may be better to use a TFSA instead of an RRSP.

The TFSA is not part of the family estate.

WHEN SHOULD YOU CONTRIBUTE?

The minimum age for contributing to a TFSA is 18.

You may contribute at any time in your life.

ALLOWABLE CONTRIBUTIONS

The TFSA maximum contribution since inception is \$69,500. It is detailed as follows:

from 2009 to 2012: \$5,000,

from 2013 to 2014: \$5,500,

in 2015: \$10,000,

from 2016 to 2018: \$5,500, and

for 2019 and 2020: \$6,000.

Your contribution room represents the unused portion of your contribution limit applicable to your situation that accumulated since 2009.

The TFSA contributions are not deductible from taxable income.

Excess contributions are not allowed; otherwise a penalty of 1% per month is applied.

Contributions cannot be made to your spouse's TFSA. However, nothing prevents you from giving them the fund so that they can contribute at a later date.

WITHDRAWALS

Withdrawals are not taxed and do not have any impact on eligibility for income-tested government benefits and credits.

Withdrawals for one year are applied to the following year's contribution room.

TAXATION UPON DEATH

There is no taxation upon death. The surviving spouse will be allowed to add the accumulated amounts to their own TFSA without impacting their contribution room.