

# Taking Stock with Steele

Your Monthly Newsletter

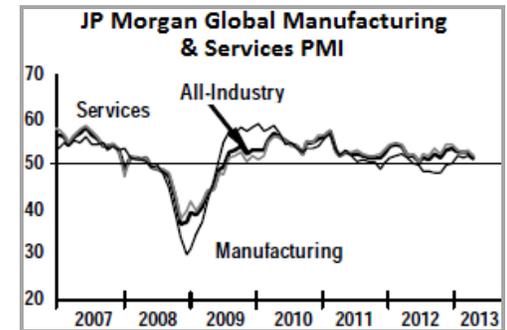
*The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well-informed of changes affecting local business decisions and our investment recommendations.*

*We believe Knowledge Pays and we want our knowledge to help pay for you.*

## ECONOMIC TIDBITS AN INVENTORY OF NOTABLE DATA AND INFO

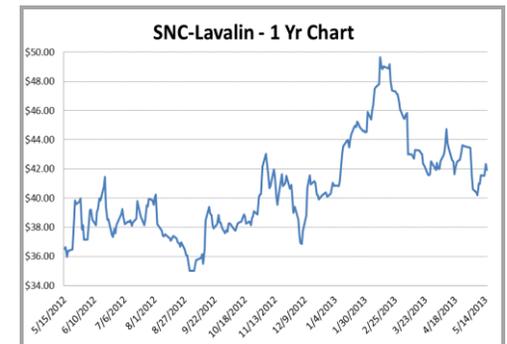
- Since our last newsletter, world markets have resumed their upward trend. A largely poor set of economic data in the US and abroad was offset by stellar U.S. Jobless Claims and U.S. Employment data. U.S. markets have made repeated new highs, Japanese and European markets have made repeated multi-year highs and Canadian, Chinese and Emerging markets have rallied off of multi-month lows.
- Markets continue to view the unprecedented amount of Japanese stimulus as positive. This stimulus, combined with the U.S. Federal Reserve's QE-Infinity, are oft cited as the reason for the wave of liquidity and the price appreciation of global securities. It will be interesting to see how well Japan's export competitors (China, South Korea & other South Asian countries) perform during a 'weak Yen' period and if they will eventually face economic crises as a result.
- Economic activity, ex-U.S. and Germany, improved somewhat in April with the troubled French economy experiencing a much needed rebound. Though a narrowing of the gap between strong and weak economies is positive, the fact remains that all major economies (ex-China) have slowed to a near zero growth rate. This is a classic warning sign of bad things to come (i.e. recession, credit crunch). See Fig. 1 for a chart of JPM Global Manufacturing & Services PMI.

Fig. 1



Data Source: Markit

Fig. 2



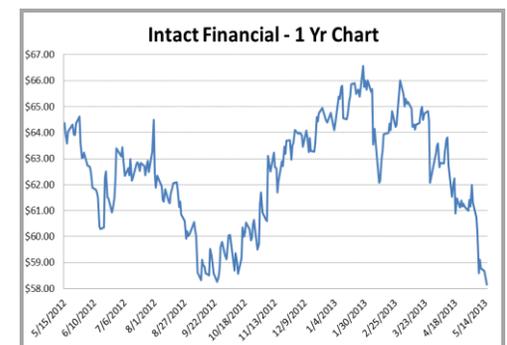
Data Source: Market-Q

## LE JIT A "JUST-IN-TIME" RUNDOWN OF OUR CURRENT INVESTMENT THEME

### Some Mildly Cyclical Value Stocks Appearing Attractive

- Though we remain skeptical of a major rally in cyclical stocks, select stocks within more defensive sectors have diverged from their peers
- Whether due to external factors beyond their control or a slight earnings miss, some stocks in expensive sectors appear attractive
- **Intact Financial (IFC)** and **SNC-Lavalin (SNC)** are two investment ideas related to this theme:
  - Intact Financial is the largest provider of property and casualty (P&C) insurance in Canada. See Fig. 2 for 1-year chart.
  - SNC-Lavalin is a global engineering and construction company and owner of several infrastructure assets. See Fig. 3 for 1-year chart.

Fig. 3



Data Source: Market-Q

RIDING THE CURVE A CATALOGUE OF OUR MONTHLY FIXED INCOME FAVOURITES

**Artis REIT Preferred E (AX.PR.E)**

- Artis owns and operates a diversified set of real estate properties in North America
- The shares reset at 3.30% + the 5-year GofC bond on September 30<sup>th</sup>, 2018
- At \$25.40, the issue has a yield-to-retraction (soft) of 4.38% and is rated Pfd-3L

**Birchcliff Energy Preferred A (BIR.PR.A)**

- Birchcliff produces natural gas, natural gas liquids and light oil in Alberta; Seymour Schulich, one of Canada’s most prominent investors, owns 27% of the shares
- The shares reset at 6.83% + the 5-year GofC bond on September 30<sup>th</sup>, 2017
- At \$26.50, the issue has a yield-to-retraction (soft) of 6.63%; the shares are not rated

EMERGENCY PREPAREDNESS WEEK MAY 5<sup>TH</sup> – MAY 11<sup>TH</sup>

From time to time, we like to discuss important topics that are outside of our area of expertise. Emergency Preparation is one of those tasks that everyone knows about but few practice. As your advisor, we hope to prepare you for all of life’s challenges as well as help you achieve your goals.

**We live in Disaster-Free Ontario, what can go wrong?**

Though Ontario is known to be a relatively calm place with respect to natural disasters, the recent ice storm that knocked out power across the province served as a reminder that we are not entirely impervious such disasters. The Government of Canada identifies earthquakes, floods, chemical releases, pandemic influenza, power outages, tornadoes, wildfires, bomb threats and nuclear emergencies as feasible risks to inhabitants of Ontario. Additionally, don’t forget everyday hazards like the risk of fire.

**How do I prepare? Which items are a must?**

Preparing for a temporary dislocation and/or lack of essential infrastructure is all that is required. There are two essential categories of preparation:

- The Emergency Plan
  - Establish a plan for each emergency scenario (Identify Emergency Exits and Meeting Places)
  - Make copies of important documents and put them in a secure location
  - Establish records of workplace and school/daycare emergency policies, plan for pets and special health needs and make note of emergency numbers and local TV and radio stations
- The Emergency Kit
  - Government of Canada suggests having an Emergency Kit to last a minimum of 72 hours, and for it to include your emergency plan, contact info, identification, water, imperishable food, a can opener, a first aid kit, any medication, a flash light, a radio, cash, car and house keys as well as many other basic items for your personal care and comfort

For help making an emergency plan or kit, please visit [GetPrepared.ca](http://GetPrepared.ca)

JEANNINE’S TIP O’ THE MONTH ENHANCING YOUR SWM EXPERIENCE

**Establishing Your CRA My Account.** CRA My Account allows you to track your refund, view or change your tax return, check your RRSP and TFSA limits, check your benefit and credit payments, set up direct deposit and much more. Go to [www.cra-arc.gc.a/myaccount](http://www.cra-arc.gc.a/myaccount) to register.

**Current Rates & Data**

**Govt of Canada**

90 day	0.98%
1 year	1.03%
2 year	1.03%
5 year	1.39%
10 year	1.83%
30 year	2.47%

**U.S. Treasury**

90 day	0.03%
1 year	0.11%
2 year	0.24%
5 year	0.85%
10 year	1.96%
30 year	3.17%

**Canada Prime Rate**

3.00%

**U.S. Prime Rate**

3.25%

**Canada CPI Y-o-Y (Mar)**

1.00%

**U.S. CPI Y-o-Y (Mar)**

1.50%

**Exchange Rates**

CAD/USD	0.982
USD/EUR	1.286
JPY/USD	102.5

**This newsletter has been brought to you by Steele Wealth Management**

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All rates mentioned within this newsletter are as of May 15<sup>th</sup>, 2013, unless otherwise stated.

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