

August 2024 Financial Planning Email Update

Kristina Hooper Chief Global Market Strategist with Invesco has an excellent insight into the recent stock market volatility. Every investor is impacted although as we have recommended a balanced and diversified portfolio of the top professional money managers available we are not affected as greatly. Please follow this link to read Kristina's perspective:

[US recession fears prompt global market sell-off | Invesco Canada](#)

On July 24, 2024 David MacNaughton, former Canadian Ambassador to the United States discussed in a webinar what the current U.S. presidential election will mean to Canada. The following are the key points made:

- The relationship between the United States and Canada is wide and deep, with a connected history and many families split between the countries.
- We are mostly focused on trade with approximately 75% of the exports from Canada go to the United States with energy being a key part of our trading relationship
- We have a tremendously close military and security relationship.
- Examples of how our economies are connected are the biggest private sector employer in Wisconsin is healthcare software company Epic, whose largest export market is Canada and the LCBO is one of the biggest buyers of Kentucky Bourbon.
- We are much more dependent on them buying from us than the U.S. are in exporting to us. We have to keep in mind that if all we're doing is talking trade, we're not going to win the conversation.
- The U.S. is very concerned about our spending on defense and support of NATO. David is not concerned about the 2% of GDP number, because politicians tend to establish targets, but GDP changes and this number becomes arbitrary as GDP grows. He thinks we would be more productive if we asked what specific things we can do to be helpful to America. By helping the U.S., we benefit Canada because it strengthens the relationship and allows us to ask for more leeway when it comes to things like increased regulations and tariffs.
- David thinks the dynamic is even more complex now, given the Ukraine-Russia situation and concerns about Russia establishing bases in the Arctic.
- One of the key issues is the whole relationship with China and how the U.S. wants us to get tougher on China.
- If Trump is elected and starts putting tariffs on imported goods and bring manufacturing that is a higher cost from lower cost countries, there will continue to be upward pressure on inflation.
- If we are going to maintain the economic growth that has been stimulated by huge government spending during the pandemic, we will have to improve productivity.
- Both countries need to improve productivity, which can be done through faster adoption of technology.

- The technology exists, and we have an opportunity to keep inflation down if we adopt it quick enough.

- The problem with adoption it's complicated because it means business transformation and shifting the way we do things, which people are afraid of. This not new, it happened with the Industrial Revolution and can happen again.

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- Productivity is something that, policy wise, could bring Canada and the U.S. closer together but there are other items that need to be addressed as well.

- Canada has such intense regulations, which prevents the U.S. from working with us to fix the productivity issue.

- We need to work to accelerate projects and reduce regulations, without jeopardizing the environment, to boost the economy.

Canada should be worried about another Trump presidency due to:

- Increased U.S. protectionism may weaken the relationship with Canada.

- The threat to get rid of NAFTA was seen as an existential threat to the Canadian economy.

- As of right now, there is too much party politics involved, and we need to behave the same despite which party is in power.

- When it comes to the United States relationship, we need to be on board and supportive of their decisions, for the sake of our own economy.

What are some of Canada's strengths as a nation?

- Abundant natural resources, a robust agriculture sector, a positive attitude towards immigration, access to 25% of the world's fresh water, etc.

- We need to view our problems as opportunities, and work together to improve as a nation.

- The government investigated moving our trade to other markets back in the 70s and realized that switching away from the U.S. is highly unlikely.

- The U.S. is so much more convenient, since they are so close geographically and culturally, making it so much easier and cheaper to do business with them.

- We should still work to diversify our relationships and partner nations.

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning. I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions

or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling the office at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day and enjoy your summer!

Respectfully Yours,

Gary



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