

February 2014

2013 Economic Review and Future Forecast

2013 in Review

In 2013 we experienced significant gains in global equities. The U.S. had its best year in over 15 years with a gain of 41.5%. European and Asian markets achieved a gain of 31.3%.

Canada did not produce results anywhere near these levels but did have a 13.0% gain. The market was negatively impacted by poor performance in the materials and utilities sectors.

The Bond market was down 1.2% on the year, mainly due to fears that long term interest rates would increase. But despite being weighed down with 40% of the funds invested in the Bond market, the average Balanced Fund achieved more than a 12% rate of return.

Outlook for 2014

The drop in the Canadian dollar (about 5% to 8%) will positively impact manufacturing and minerals and overall, the Canadian market expects sound positive results in 2014.

However, while there are a number of positive indicators in the U.S. and the rest of the world, there are hurdles that may have an impact:

- China's rapid growth has slowed and after negative returns in 2013, analysts are unsure of what to expect in the future
- government debts that were the issue in 2012 have not disappeared and will continue to be an underlying issue as we go forward
- the continuing concern will be long term interest rates because when they begin to increase, Bond funds will again be negatively impacted

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