Reuter Insight

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Economic Review and Outlook

Financial markets exhibited increased volatility in 2011 with frequent significant changes in the Canadian and U.S. stock markets. The main contributors to these changes were:

- the earthquake/tsunami in Japan,
- the downgrading of the U.S. government bond rating, and
- the European debt crisis.

In 2011, the Canadian and International equity markets demonstrated significant one year losses (8.7% Canada, 9.8% International). The U.S. equity market rose 4.2% expressed in Canadian funds.

As we enter 2012, the most pressing issue remains the debt crisis in Europe. Until it is resolved, stock markets will continue to be volatile.

If you have chosen a fund with a stock component, for example a balanced or equity fund, your portfolio may have been negatively affected in 2011 due to market performance.

Investors who have selected a fund with a bond focus may have realized significant positive returns in 2011. However, if there is either no change, or, if there is an increase in long-term bond rates, bond funds could achieve a rate of return of less than 3% going forward.

When reviewing your 2011 statement, we encourage you to maintain a long-term focus and to continue to invest according to your risk profile.

To discuss or review your investments, please contact Reuter Benefits at 1-800-666-0142 or via email at retire@reuterbenefits.com.

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