Weekly Updates Issue # 732

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1. Weekly Markets Changes

[September 20, 2019]

S&P TSX	S&P 500	Dow Jones	NASDAQ	CAD/USD	Gold	WTI Crude
16,899.69 +217.27 +1.30%	2,992.07 -15.32 -0.51%	26,935.07 -284.45 -1.05%	8,117.67 -59.05 -0.72%	$0.7533 -0.10c -0.13%	$1,516.90 +28.37 +1.91%	$58.09 +3.24 +5.91%

2. What to expect as title regulation extends to Ontario

[September 20, 2019] Those who work in Ontario and call themselves a financial planner or financial advisor, will soon have to back up their title with credentials from an approved body—or drop the title.

Ontario's Financial Professionals Title Protection Act received royal assent in May and will be overseen by the Financial Services Regulatory Authority of Ontario (FSRA). The act restricts the titles "financial planner" and "financial advisor" to those who obtain certain credentials from approved bodies, with details to be determined in forthcoming regulations (as of press time).

Until such time, consider that Quebec's regulation of "financial planner," which came into force in 1998, necessitated broad title restrictions. That included the title financial advisor (spelled with either an o or an e), which was deemed too similar to financial planner. No one in Quebec can call themselves a financial advisor; nor can they be financial consultants, financial co-ordinators, personal finance consultants or private wealth managers, among other titles.

Instead, advisors without the province's financial planning license go by titles such as "investment advisor" (for Investment Industry Regulatory Organization of Canada [IIROC]-registered advisors), and the regulated titles "mutual fund dealer representative" (for those selling mutual funds) and "financial security advisor" (for those who advise on insurance for individuals).

Though Ontario will keep "financial advisor," its title regulation will also result in restrictions, as the act says no one can use a title "that could be reasonably confused with" financial planner or financial advisor. For example, terms combined with "planner," like wealth planner or retirement planner, were floated as prohibited titles in a 2018 consultation paper that preceded Ontario's new law.

The question remains of whether financial planning and financial advising can be clearly defined and easily understood by clients. The distinction between the two, along with other title-related impacts in Ontario and Quebec, is important because other parts of the country could follow suit.

"The other provinces and territories may decide to enact similar laws, and there likely will be pressure from all stakeholder groups to do so," says Neil Gross, chair of the Ontario Securities Commission's Investor Advisory Panel.

How title regulation works: Quebec versus Ontario

To use the financial planner title in Quebec, you must have a bachelor's degree, complete a university-level personal financial planning program approved by the Institut québécois de planification financière (IQPF), pass the four-hour in-class IQPF exam, and apply for and receive a licence by the Autorité des marchés financiers (AMF). (An alternative to the IQPF's program exists for candidates with an equivalent combination of university education, professional titles and experience.)

Through legislation overseen by the AMF, financial planners must meet continuing education requirements and comply with codes of conduct and ethics. They're also subject to fines (capped at $50,000 per offence) and disciplinary measures for misconduct. This oversight is delegated to la Chambre de la sécurité financière (CSF), a self-regulatory organization that oversees planners as well as mutual fund, insurance and scholarship plan reps.

As of June 30, the CSF supervised 4,564 financial planners, an increase of 82% over the last two decades and representing about 15% of the CSF's registrants.

Most planners (about 85%) are also registered to sell mutual funds, insurance or scholarship plans, and the CSF's multidisciplinary oversight results in efficiencies. "If an advisor engages in misconduct in insurance or financial planning, this same person will have his or her other certifications revoked simultaneously, therefore preventing this advisor [from] pursuing misconduct elsewhere," the CSF says.

The IQPF is the only organization in Quebec authorized to grant financial planning diplomas. It's a partner to FP Canada, which certifies financial planners with the CFP (Certified Financial Planner) designation.

Ontario's title protection act will give more oversight to credentialing bodies than the IQPF has. While the FSRA will create the terms and conditions with which approved credentialing bodies must comply, those bodies will be responsible for overseeing the professionals they qualify. Those who obtain approved credentials must subsequently keep their credentials in good standing with the corresponding bodies as a way to continue using the "financial planner" or "financial advisor" titles.

The act says that disciplinary processes will be a key criterion for any credentialing body in receiving FSRA approval. Criteria for credentials will include a code of ethics and standards, which the bodies will oversee and enforce.

The FSRA says details about its oversight role, and that of the credentialing bodies, have yet to be fully determined and that it will consult with stakeholders.

"Certainly, the credentialing bodies will not just be educational institutions handing out diplomas or certificates and then walking away," wrote Karen Bernofsky, an associate at Affleck Greene McMurtry in Toronto, in a June blog post. "They will have continued oversight, more like a regulatory college."

Such oversight could go national. While that might help professionalize the industry, it also raises regulatory concerns.

For example, a credentialing body can't issue fines as does a regulator, says Marie-Noëlle Savoie, vice-president, private client group compliance, at Raymond James in Vancouver. If someone opened a financial planning shop in Ontario and was disciplined for misconduct by a credentialing body, a concern is whether they'd simply be stripped of their credential, she says.

In an interview, Bernofsky said the act doesn't seem to provide a way for the FSRA to designate the issuing of fines to credentialing bodies; the FSRA itself will have that power, with ultimate responsibility for compliance orders resting with its appointed chief executive officer.

Overall, Savoie considers Quebec's regulatory approach to titles a robust one, with only one credentialing body (Ontario could have multiple) and multi-disciplinary oversight that ultimately rests with the AMF. A question is whether Ontario's regime goes far enough, she says; however, with most planners having other registrations, any misconduct might be caught by the self-regulatory organizations IIROC and the Mutual Fund Dealers Association of Canada (MFDA).

In Quebec, CSF oversight across registration categories provides harmonization, says Maxime Gauthier, chief compliance officer at Mérici Services Financiers Inc. in Sherbrooke, Que., but regulatory structure is continually debated, and no regulatory model is perfect. (Last year, Quebec scrapped plans to roll the CSF into the AMF.) Multiple regulators can work, assuming communication processes are efficient, he says.

To-may-to, to-mah-to: planners versus advisors

Experts in Quebec question the regulation of “financial advisor.” The public would confuse “financial planner” with “financial advisor,” says Michael Garellek, a partner at Gowling WLG in Montreal. Likewise, Jocelyne Houle-LeSarge, IQPF president and CEO, says having both terms would confuse the public and that “advisor” is a generic term that applies in numerous contexts.

Even industry participants might not accept a delineation of financial planning and financial advising. Gross has warned that advisors with no planning credentials, including insurance advisors, might argue they should be accredited as financial planners because their suitability obligations include financial planning elements (assessing investment objectives, risk tolerance and so on; see “Financial planning and the courts”).

When asked if Ontario could be moving toward minimum credentialing standards, Gross says not if advisors are required to “up their game from the suitability standard to a best interest standard and demonstrate full proficiency in order to gain accreditation as financial planners.” (The IQPF and FP Canada have a code of ethics that requires planners act in clients’ interests.)

Being exempt from demonstrating full proficiency would “degrade the professional standards for financial planning while also perpetuating the suitability standard,” Gross says, “thereby inhibiting the much-needed evolution of financial advisors from salespeople into true financial professionals.”

Clients expect professionals to advise them objectively and with integrity, free of conflicts, Gross says. “When it comes to investments or financial matters, only those who are in a position to be objective and who submit to an obligation to give advice in their clients’ best interests should be permitted to call themselves investment advisors, financial advisors or financial planners,” he says. Those who are remunerated based on product sales should be restricted to calling themselves salespeople, he adds.

As such, even planners themselves might have to make a case to claim the regulated title. In its comment letter to the Ontario Ministry of Finance last year when title regulation was still under consultation, FAIR Canada called out planners who sell products at a firm with a limited product shelf. For example, a planner at a bank who gets paid according to a grid that incents the sale of proprietary products shouldn't be able to use "financial planner," FAIR Canada said. The organization wants the title to be restricted to those who are fee-for-service and don't receive compensation for product sales or referrals. Quebec's rules don't distinguish between commissioned and fee-based financial planners.

The planner/product distinction might also be important more generally. Clients may realize at some point that they have financial products but no plan. In contrast, Gauthier says some clients in Quebec are now so familiar with "financial planner" that they request one even when what they really want is a product. Understanding the difference would help clients make financial decisions, like choosing a professional, and to assess costs for what they receive.

Many advisors, as evident in media commentary and regulatory consultations, advocate for a best interest standard, alongside Gross and FAIR Canada (see "Setting a higher standard: Can advisors self-select as fiduciaries?"). The Canadian Securities Administrators dropped such a standard in favour of proposed client-focused reforms. In Quebec, regulation already has best interest language, in addition to requirements to act with honesty, loyalty, competence and professional integrity.

Provision 19 of the CSF's code of ethics says registrants "must subordinate [their] personal interests" to those of clients or potential clients. In fact, the CSF compares itself to a professional order and is viewed as such by the industry. CSF registrants are "bound by professional obligations, and must look out for their clients' best interests just like other professionals do, like physicians or lawyers," says Marie Elaine Farley, president and CEO at the CSF. "Thus, recommendations and advice on purchasing financial products or services, such as financial planning, must serve the clients' interests above all."

Whether those obligations hold in court remains a question, but their articulation reflects the growing desire for greater professionalization within financial services.

Financial planning and the courts

In addition to providing clarity to clients, defining the practice areas of a regulated sector is important for the complaints process against advisors, for courts, and for errors and omissions (E&O) insurers, says Christopher Richter, a partner at Torys in Montreal. Though he's confident in Quebec's current system, Richter feels that defining the practice areas of financial planning would be a key task if financial planning was ever to become a legal profession, like those of doctors or accountants.

Jocelyne Houle-LeSarge, president of the Institut québécois de planification financière (IQPF), which grants the financial planning diploma required in Quebec to use the title "financial planner," says the institute has been working for years to have financial planners recognized as a legal profession and will continue to do so.

Though the IQPF has established that certain fields of interest pertain to financial planning, the question can arise about what the obligations are for someone who advises a client, particularly if that someone has a dual designation. "At what point must they provide all the services of a financial planner if they are certified as a financial planner?" Richter says. For example, is talking with a client about appropriate life insurance, given their succession plan and life circumstances, part of financial planning or product advice? With such potential overlap, "there's always a grey line," he says. "It's not a clear demarcation."

While Richter isn't aware of a court case to distinguish financial planning, "it's something that clients have to deal with regularly and call us about," he says, referring to title regulation. An example is when firms publish pamphlets about services, which might suggest financial planning services and so require an Autorité des marchés financiers (AMF)-licensed financial planner. That's not typically a problem for integrated advisory teams that include planners, but the match might be murky at the margins, where a firm starts to expand its services, he says.

Michael Garellek, a partner at Gowling WLG in Montreal, says identifying business cards with titles falling afoul of regulation was part of his past job as an AMF examiner for mostly MFDA firms.

To assess nuanced situations for a firm, Richter said he determines whether advice is related to several elements of a client's situation or is product-focused. "The more general it is in terms of the person's financial situation, then the more likely it is that it's financial planning," he says.

Clear definitions would also help where E&O insurance comes into play. For example, when a client complains about a planner and seeks compensation, E&O insurance would cover services that fall under financial planning but not those where a planner, who isn't securities-registered, acted as an investment advisor under the Securities Act.

While "those are fact-specific situations," they illustrate "where that grey line becomes important," Richter says.

Garellek says that, while Quebec's title regulation hasn't been used in enforcement proceedings, at least to his knowledge, "there's always a possibility that failure to comply with the regulation under the Act

[Respecting the Distribution of Financial Products and Services] would entitle the AMF to impose a penalty against the firm."

Setting a higher standard: Can advisors self-select as fiduciaries?

The Certified Financial Planner (CFP) designation is often touted for the principles of its credentialing body—in Canada, that's FP Canada—which include putting clients' interests first, along with disclosing and resolving conflicts in the client's favour. But can CFPs say they have a fiduciary duty to clients?

FP Canada says that doing so would be "technically" incorrect.

"Some statutory professions (i.e., professions that are recognized in law) owe a fiduciary duty at law—for example, lawyers," an emailed statement from the professional body says. "Generally speaking, professional financial planners like CFP professionals do not have a statutory (legal) fiduciary duty to their clients." An exception is portfolio managers, who have discretionary authority over clients' accounts and a corresponding fiduciary duty.

Because they don't owe a legal fiduciary duty, CFPs who want to hold themselves out as fiduciaries would likely find little support—at least from their compliance departments.

"As both a CFP and an IIROC registrant, I attempted to self-select being held to a fiduciary standard […] but I was precluded from doing so by my previous employer," wrote John De Goey, a CFP and chair of the FP Canada Research Foundation's board, in his May 2016 submission commenting on policy recommendations to the Ontario government.

"I spoke with other firms and they would have done the same thing, so the experience I had was by no means unique to my employer," wrote De Goey, who's now a portfolio manager at Wellington-Altus Private Wealth Inc. in Toronto. His submission supported a statutory best interest standard for CFP professionals.

Rather than hold out as fiduciaries, FP Canada recommends that, to more accurately convey their "care and added value," CFPs highlight the duty of loyalty in its Standards of Professional Responsibility, which includes client-first obligations.

Regardless of credentials or designations, advisors can be found to have a common-law, or court imposed, fiduciary relationship with clients. For example, FP Canada cites five interrelated factors that could trigger such a relationship: client vulnerability, trust, reliance, discretion and professional rules or codes of conduct.

The Investment Funds Institute of Canada offers an example of such a fiduciary relationship in its document "Fiduciary Duties and Financial Advisors": "[A]n advisor-advisee relationship that would likely be found to be fiduciary in nature would be one where an elderly, unsophisticated client placed his or her retirement savings in the hands of an investment advisor to invest as the advisor deemed necessary to achieve certain investment objectives for the client (e.g., to provide income through retirement)."

3. Economy may be vulnerable to home equity-fuelled spending: BoC

[September 20, 2019] Research by staff at the Bank of Canada suggests Canadian homeowners who accessed their home equity through a loan or refinancing helped fuel household spending in recent years.

The staff analytical note by several of the central bank's researchers says household spending has moved in a similar direction to home prices over roughly the past decade, with both rising sharply in 2016 to 2017.

That trend comes partly from the collateral effect of homeowners finding it easier to borrow against their homes, either through a home equity line of credit (HELOC) or mortgage refinancing, when property prices rise.

In 2017, the researchers found Canadian homeowners extracted $89 billion in home equity through HELOCs and refinancing.

The researchers say borrowers used that money to pay for big-ticket items, like cars and furniture, or to fund renovations, among other things, and their research suggests this "has likely contributed materially" to this kind of spending in Canada in recent years.

They say that when the collateral effect is strong, it can leave the economy vulnerable to adverse effects, like a large house price decline as the absence of equity extraction can exacerbate spending cuts in bad times.

July retail sales up

Statistics Canada says retail sales rose 0.4% in July to $51.5 billion, the first increase in three months.

Economists had expected an increase of 0.6%, according to financial markets data firm Refinitiv.

Statistics Canada says sales were up in six of the 11 subsectors it tracks representing 71% of retail trade.

Motor vehicle and parts dealers reported sales climbed 1.5% in July, boosted by higher sales at new car dealers.

The miscellaneous store retailer category rose 1.7%, boosted by a 14.3% increase at cannabis stores as sales at cannabis stores topped $100 million for the first time.

Building materials and garden equipment and supplies dealers saw sales fall 3.2%.

4. Tories promise to increase age credit

[September 19, 2019] If elected, the federal Conservative Party says it will increase the age credit by $,1000 a year per senior.

The age credit is income-tested, designed for low- to middle-income Canadian aged 65 and over, and it gradually phases out as income increases. The increase would be introduced in 2020–21 year and indexed to inflation.

To be eligible, a senior must not earn more than $87,750, according to a backgrounder provided by the party. Seniors would receive the full deduction if they earn less than $37,790.

If the new measure is implemented, the backgrounder said seniors earning up to $37,790 would receive up to $150 more per year, and couples would receive up to $300 more.

For the 2018 tax year, seniors were able to claim up to $7,333 if they fell below the minimum threshold, which was $36,976. If they earned more than the minimum threshold but were still under the maximum threshold, the amount was clawed back based on how much their income exceeded the minimum.

A document explaining the Parliamentary Budget Officer's costing of the proposed measure said that it would interact with "another proposal that would decrease progressively the federal income tax rate of the first bracket from 15% to 13.75% starting in 2021."

The Conservatives said this would be the third time they have bumped up the credit — it was also done in 2006 and 2009, by the same amount, according to a press release.

5. Home prices rose for fourth straight month in August

[September 19, 2019] Home prices rose again in August, marking the fourth straight of gains after the slowest period of growth in almost a decade, according to the Teranet-National House Price Index (HPI) report, released on Thursday.

Year over year, the HPI grew to a below-inflation rate of 0.6% nationwide, up from a 0.4% year-over-year increase in July.

The report described growth as "decent" in most of the regions in Eastern and Central Canada.

On a monthly basis, the index rose in 8 of the 11 markets covered: Victoria (+0.2%), Calgary (+0.6%), Hamilton (0.7%), Winnipeg (0.7%), Toronto (+0.8%), Montreal (1.1%), Ottawa-Gatineau (1.7%) and Halifax (1.8%).

The HPI was down month-over-month in Vancouver (-0.8%), Quebec City (-0.4%) and Edmonton (-0.1%).

6. Divided Fed makes second consecutive cut

[September 18, 2019] A sharply divided Federal Reserve cut its benchmark interest rate Wednesday for a second time this year while saying it's prepared to continue doing what it deems necessary to sustain the U.S. economic expansion.

The Fed's move will reduce its benchmark rate — which influences many consumer and business loans — by an additional quarter-point to a range of 1.75% to 2%.

The action was approved 7-3, with two officials preferring to keep rates unchanged and one arguing for a bigger half-point cut. It was the most Fed dissents in three years.

The divisions on the policy committee underscored the challenges confronting Chairman Jerome Powell in guiding the Fed at time of high uncertainty in the U.S. economy.

Stock prices fell after the Fed issued its policy statement, reflecting investor disappointment that the central bank had declined to indicate that more rate cuts were likely this year. The Fed did leave the door open to additional rate cuts — if, as Powell suggested at a news conference, the economy weakens.

For now, the economic expansion appears durable in its 11th year of growth, with a still-solid job market and steady consumer spending. But the Fed is trying to combat threats including uncertainties caused by President Donald Trump's trade war with China, slower global growth and a slump in American manufacturing. The Fed noted in its statement that business investment and exports have weakened.

At his news conference, Powell acknowledged that Fed officials are sharply divided about the wisest course to take on interest rates.

"This is a time of difficult judgments and disparate perspectives," the chairman said. "I really do think that is nothing but healthy."

The Fed's modest rate cut Wednesday irritated Trump, who has attacked the central bank and insisted that it slash rates more aggressively. The president immediately signalled his discontent:

"Jay Powell and the Federal Reserve Fail Again," Trump tweeted. "No 'guts,' no sense, no vision! A terrible communicator!'

Updated economic and interest rate forecasts issued Wednesday by the Fed show that seven of 17 officials foresee one additional rate cut this year, rather than the two or more that many investors have been expecting. The outlook becomes hazier in 2020: at least two Fed officials expect a rate hike next year. None of the policymakers foresee rates falling below 1.5% in 2020 — a sign that the turbulence from a global slowdown and Trump's escalation of the trade war is viewed as manageable.

The median forecasts show the economy is expected to grow a modest 2.2% this year, 2% next year and 1.9% in 2021. Those forecasts are well below the Trump administration's projection that the president's policies will accelerate growth to 3% annually or better. But they also suggest that policymakers do not envision a recession.

Unemployment is projected to be 3.7% and inflation 1.5%, below the Fed's target level of 2%.

A resumption of trade talks between the Trump administration and Beijing and a less antagonistic tone between the two sides have supported the view that additional rate cuts might not be necessary. So has a belief that oil prices will remain elevated, that inflation might finally be reaching the Fed's target level and that there are increasing signs that the U.S. economy remains sturdy. The job market looks solid, wages are rising, consumers are still spending and even such sluggish sectors as manufacturing and construction have shown signs of rebounding.

Yet no one, perhaps not even the Fed, is sure of how interest rate policy will unfold in coming months. Too many uncertainties exist, notably the outcome of Trump's trade war.

Trump has meantime kept up a stream of public attacks on the central bank's policymaking, including referring to Powell as an "enemy" and the Fed's policymakers as "boneheads." Even though the economy looks resilient, the president has insisted that the Fed slash its benchmark rate more deeply — even to below zero, as the European Central Bank has done — part to weaken the U.S. dollar and make American exports more competitive.

Powell has said that the policymakers remain focused on sustaining the expansion and keeping prices stable without regard to any outside pressures.

The Fed is monitoring the global slowdown, especially in Europe, and Britain's effort to leave the European Union. A disruptive Brexit could destabilize not just Europe but the U.S. economy, too

U.S. inflation, which has long been dormant, has begun to show signs that it is reaching the Fed's 2% target and might remain there. If the Fed's policymakers conclude that inflation will sustain a faster pace, it might give them pause about cutting rates much further.

The most serious threat to the expansion is widely seen as Trump's trade war. The increased import taxes he has imposed on goods from China and Europe

— and the counter-tariffs other nations have applied to U.S. exports — have hurt many American companies and paralyzed their plans for investment and expansion.
In recent days, the Trump administration and Beijing have acted to de-escalate tensions before a new round of trade talks planned for October in Washington. Yet most analysts foresee no significant agreement emerging this fall in the conflict, which is fundamentally over Beijing's aggressive drive to supplant America's technological dominance.

7. Federal government posts $14B deficit in 2018-19

[September 17, 2019] The annual financial numbers haven't shown a surplus since 2006-07.
The federal government ran a $14-billion deficit in 2018-19, according to its latest annual financial report, the third year in a row with a shortfall bigger than $10 billion.
The deficit for the fiscal year that ended March 31 was $900 million smaller than the government projected in last spring's federal budget, however.
Revenues in 2018-19 expanded by $21 billion — or 6.7% — compared to the previous year, said the report released Tuesday.
The government's revenue ratio, which is total revenues as a percentage of the size of the economy, increased last year by 15% to reach its highest level since before the financial crisis in 2007-08. The growth in the ratio, which was 14.5% in 2017-18, was mostly due to growth in personal and corporate income tax revenues and other taxes, the report said.
The revenue gain was partially offset by an increase of $14.6 billion — or 4.7% — in program expenses and an increase of $1.4 billion — or 6.3% — in public debt charges.
The 2018-19 deficit follows two straight $19-billion shortfalls, and the annual financial numbers haven't shown a surplus since 2006-07.
Overall, the federal debt increased to $685.5 billion at the end of 2018-19. The debt-to-GDP ratio — a measure of how burdensome the national debt is — fell to 30.9% from 31.3% in 2017-18, the report shows.
The state of federal finances has already been the subject of political debate during the election campaign as parties argue whether the government should make an effort to balance the federal books — and how quickly.
In the three full fiscal years since the Liberals came to power, the federal government has posted $52 billion worth of shortfalls even though the economy has had a solid run of growth.

The Liberals won the 2015 election on a platform that promised annual deficits of no more than $10 billion and to return to balance by 2019.

After taking office, the Liberals abandoned the pledge and argued even larger deficit-driven investments were needed to improve Canada's long-term economic growth. The government shifted its focus instead to reducing the net debt-to-GDP ratio each year.

The Conservatives have long attacked the Liberals for breaking their 2015 deficit pledge and for not providing a timeline to return to balanced budgets. They've accused the Liberals of borrowing today on the backs of future generations.

Ahead of next month's election, the Liberals have laid out projections calling for five more years of deficits of at least $10 billion.

Conservative Leader Andrew Scheer is promising to pull Canada out of the red in about five years.

Jagmeet Singh's NDP, which promised balanced books in each of the last several election campaigns, no longer has a timetable to balance the books. Instead, it's focusing on lowering the debt-to-GDP each year.

Green Leader Elizabeth May has committed to returning Canada to budgetary balance in five years.

Maxime Bernier's new People's Party of Canada is the only political party that's promised a quick path to balanced books — within two years.

8. Canada's population could double in 50 years: StatsCan

[September 17, 2019] Canada's population could almost double over the next 50 years — and will certainly grow older, according to the latest projections from Statistics Canada.

While the Canadian population has grown significantly from 30.7 million people in 2000 to 37.1 million in 2018, the population could nearly double in the next 50 years, reaching 70.2 million by 2068, StatsCan says.

It offers a wide range of possible scenarios, however.

In the low-growth scenario, the population would reach 44.4 million by 2068; in the medium-growth scenario, 55.2 million.

In all three scenarios, Canada's population growth will be powered primarily by immigration, StatsCan says.

It also expects the population to grow older in each scenario, putting "additional pressure on pension and health care systems and decreasing the share of the working-age population."

By 2068, StatsCan says that the proportion of the population aged 65 and older will reach between 21.4% and 29.5%, depending on the scenario — up from 17.2% in 2018.

In the medium-growth scenario, the number of Canadians aged 80 and older would reach 5.5 million, StatsCan reports, compared with 1.6 million in 2018.

Those aged over 100 would be the fastest-growing age group between 2018 and 2068 (although they remain a tiny portion of the population — 0.2% or less in all scenarios).

“Population aging is projected to remain a prominent and inevitable feature of population change in Canada in the coming years,” the agency says. “These demographic changes will alter the composition and distribution of the Canadian population, and are therefore likely to have economic, political and social consequences.”

By province, Ontario is expected to remain the most populous province, and Alberta is seen as having the fastest growth rate (surpassing British Columbia by 2043 in most scenarios).

9. CREA raises home sales forecast as mortgage rates fall

[September 17, 2019] The Canadian Real Estate Association raised its forecast for home sales this year, helped by economic fundamentals and falling mortgage rates.

The improved outlook for the year came as CREA reported home sales in August were up 5% compared with the same month last year.

The organization said Monday that national home sales are now projected to rise to 482,000 units this year, up 5% from 2018.

In June, CREA predicted sales to climb 1.2% to 463,000 this year.

“Economic fundamentals underpinning housing activity remain strong outside of the Prairies and Newfoundland and Labrador,” the association said.

“More importantly for home buyers and housing markets, longer-term mortgage rates have been declining. Among those that have declined is the Bank of Canada’s benchmark five-year rate used by banks to qualify mortgage applicants.”

Home sales weakened last year after Ottawa tightened mortgage qualification rules at the start of 2018 and mortgage rates started to rise.

However, the rates on fixed-rate mortgages started to decline earlier this year and helped fuel a pick-up in home sales.

In August, home sales were up in most of the country’s largest markets, including B.C.’s Lower Mainland, Calgary, Winnipeg, the Greater Toronto Area, Ottawa and Montreal.

Robert Kavcic, senior economist at BMO Capital Markets, said a solid job market and population flows persist across much of the country, amplified by a drop in five-year fixed mortgage rates since late-2018.

“Yet again, the housing bears are going to have to take their medicine,” Kavcic wrote in a report. “This momentum should continue into the fall.”

On a month-over-month basis, home sales in August were up 1.4%, the sixth consecutive move higher.

Sales were up in slightly more than half of all local markets, with gains led by Winnipeg and an improvement in B.C.’s Fraser Valley.

The actual national average price for a home sold in August was about $493,500, up almost 4% from the same month last year.

Excluding the Greater Toronto and Greater Vancouver regions, the national average price was less than $393,000, while the year-over-year gain was 2.7%.

10. Foreign investors continue to divest Canadian securities

[September 16, 2019] July marked the fourth time in five months that foreign investors reduced their holdings of Canadian securities, which dropped by $1.2 billion during the month. Canadian investors simultaneously ramped up their offshore investing, pushing monthly portfolio outflows to their high for the year, Statistics Canada reports.

Foreign investors bought Canadian bonds and stocks during the month, but reduced their holdings of money market instruments.

“A divestment of corporate paper accounted for the bulk of the reduction in the month,” StatsCan notes.

At the same time, Canadian investors added $12.5 billion worth of foreign securities in July. StatsCan says that this represents the largest investment in foreign securities since October 2018.

Canadian investors added $6.6 billion of foreign debt securities in July, and $5.9 billion in equities.

With the reduction in foreign holdings of Canadian securities, and continued foreign investment by Canadian investors, there was a net outflow of $13.6 billion from the Canadian economy in July.

StatsCan notes that this represents the largest net monthly outflow so far in 2019.

11. Conservatives promise tax cut for lowest income bracket

[September 16, 2019] Conservative Leader Andrew Scheer continued making a pitch to voters via their pocketbooks Sunday with the promise of a new tax cut.

Scheer says the cut would apply to the lowest income bracket, slicing the rate from 15% to 13.75%.

The Conservatives say that could save a two-income couple earning an average salary over $850 a year.

That's in line with how much they say people's taxes have increased under a Liberal government.

The party says the tax cut will be phased in starting in 2021 and fully implemented by 2023.

Scheer made the pledge in Surrey, B.C. — part of the volatile voting area that is B.C.'s Lower Mainland.

Have a nice and fruitful week!