

## **ECONOMIC UPDATE: FEBRUARY 21<sup>ST</sup> 2014**

This year, stronger growth is predicted for several economies, including Canada, France, Germany, Italy, the US and the UK.

That said, the Canadian and US economies are projected to have slow growth over the next five years and both countries are expected to leave short-term interest rates at their current levels until late 2015. Beyond 2015, we expect interest rates to be increasing. The Canadian dollar recently hit a 4 year low and is expected to fall to 85 cents against the US dollar later this year, before rebounding to the 90 cent level sometime in 2015.

The Canadian housing market is expected to be relatively stable in 2014 and to decline by 2% in 2015 to 2016. Purchasing a home remains challenging for many first-time buyers due to tighter lending rules, higher prices and recent increases in longer-term mortgage rates.

Canada's unemployment rate is at 7%. For those starting or changing careers, emerging areas include Aerospace, Big data analytics, Biotechnology, Distance-learning, Environmental consulting, Green energy technologies, Healthcare, Internet technologies and Multimedia, particularly for mobile communications. A bright spot in today's job market includes professional, scientific and technical service sectors.

In terms of personal and household finances, it is important to submit taxes on time and to take advantage of programs such as Registered Retirement Savings Plans (also known as RRSPs) and Tax Free Savings Account (also known as TFSAs). If you are considering private investment opportunities, make sure you ask for a prospectus, a document that will provide you with details about the company or investment. Thoroughly investigate the ownership structure of the company or investment, as well as financial

projections, business plans and the individuals responsible for managing the investment. In case you need to withdraw your investment in future, have a plan in place. Have a written agreement to reduce possible misunderstanding or conflict. Lastly, ensure you understand how much risk you can handle based on a number of factors including your age, financial goals, and personal comfort level.

Economists are predicting that interest rates will rise over the next few years. Therefore, make sure your personal and household finances can stand up to a change in circumstances, especially if you have a mortgage or loans. Calculate how much more it will cost if interest rates rise or if your household income drops. Take a long-term view. If you need assistance, seek the help of an expert or trusted advisor.

Whatever your stage of life or income, give serious consideration to working towards a savings rather than a borrowing mindset.