



Earlier this month we sent out individualized quarterly performance emails that went through our secure email system (PROTECT). If you are having any issues accessing the file, please contact Suzanne or Bailey for assistance.

Below is our regular monthly message on the markets (which hits on many of the same themes), along with an article on cross-border banking, which we hope those that either do business or personal travel to the U.S. might find helpful.

[Banking on Both Sides of the Border](#)

Each year, many Canadians spend time in the United States, either for business or personal reasons. At some point, you may find that you require U.S. banking products or services, if, for example, you purchase property down south, relocate for work, or send your child to a school in the U.S. As a BMO Nesbitt Burns client, you have access to BMO Wealth Management's integrated cross-border banking team, who can help ensure a seamless banking experience. This attached article provides an overview of BMO's cross-border banking

products and services, which are available through BMO’s U.S. affiliate, BMO Harris Bank.

Equity Strategy

As markets continue to make news headlines, we often field questions about our outlook. With regards to the equity market, unfortunately there is no “red or green light” as to when or when not to invest. There is seemingly always something on the horizon to worry about when investing in the market and a reason to not invest. Having said that, there are a number of things that are giving cause for concern right now including NAFTA and tariff wars. However, we continue to believe that the fundamental factors that drive the market are still positive. Ultimately, what drives stock prices is corporate profits, though along the way there will be “noise” that influences day-to-day price movements.

Based on work done by our research department at BMO, long and severe bear markets typically coincide with a recession. Economic indicators such as consumer spending, housing, employment and credit conditions, which all play critical roles in the health of the economy, are all showing healthy signs of support. Homebuilder sentiment and consumer confidence have risen, while high-yield spreads and jobless claims are on down trends. These indicate no imminent recession and in fact, point to continued improvement in economic conditions.

Despite an increasing amount of market anxiety, we believe the outlook for US stocks continues to be positive based on several important indicators. For example, corporate guidance, an indicator to gauge management sentiment and a potential market inflection point, remains strong and quite optimistic relative to historical norms. In addition, 2018 and 2019 earnings-per-share growth rates for the S&P 500 have slowly moved higher in recent months despite the abundance of current noise in the market. Furthermore, analysts have also revised equity price targets higher, with the current bottom-up consensus price target for the S&P 500 implying a roughly 13.5% gain over the next 12 months.

Monthly Market Commentary – July 2018

We continue to closely monitor the markets and are aware that there might be shorter-term blips along the way, but feel that equities still offer good value relative to other asset classes. The summer months have typically been a weaker period for stocks on average with a lower probability of gains. However, these losses typically reverse sharply and translate into further gains during the seasonally strong 4Q period. We are of the view that market weakness offers opportunity and are reluctant to try to time the market as these quick reversals can mean missed opportunity by sitting on the sidelines.

Banking on Both Sides of the Border

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Banking in the U.S. vs. Canada

If you are new to banking in the U.S., there are some key differences you should be aware of. First, applying for a mortgage in the U.S. is more complex and takes longer than it does in Canada. This is due to the greater amount of documentation required to apply for a mortgage, and the increased regulatory requirements for getting a mortgage approved. To apply for a U.S. mortgage, you need roughly twice the number of documents required in Canada. This can include: two years of Tax Notice Assessments; two years of T1, T3, T4 and T5 slips; and account statements for each bank account that you hold. And, because of the difference in the regulatory environments, once you have applied for a mortgage, the adjudication process takes between 45 to 60 days, compared to five to 10 days in Canada.

Similarly, you may be asked to provide more information than you are used to – even to set up a bank account with BMO Harris. U.S. banks have different regulatory obligations through their Know Your Customer (“KYC”) requirements than Canadian banks. This may include providing personal financial information via a W-8BEN form, which confirms Canadian citizenship for tax purposes.

Cross-border offerings

BMO's cross-border specialists can help you navigate the differences in banking between Canada and the U.S. They can help you choose the right banking solutions and introduce you to our integrated team of financial wealth professionals who are trained to help clients with cross-border banking. Below is a sampling of what they offer:

- **U.S. dollar bank accounts plus online tools.** Take care of your day-to-day banking needs with a BMO Harris personal chequing account, which will let you withdraw U.S. dollars in the U.S. Once you sign up for BMO Harris Online Banking, you can easily pay U.S. bills, transfer funds from your BMO U.S. dollar account in Canada to your BMO Harris personal chequing account, and view all of your BMO and BMO Harris accounts in one place using the Total Look tool. You can also sign up for BMO Harris Mobile Banking, so that you can bank wherever and whenever you want. With a BMO Harris debit card, you have free and unlimited access to the largest network of ATMs in the U.S., with over 40,000 Allpoint® Network ATMs located throughout the U.S.
- **Credit cards.** Choose from a wide variety of BMO Harris credit cards to pay for goods and services in U.S. dollars. Get the rewards you want including travel, merchandise, or cash back, which can be used as a credit against your credit card statement. For more information about BMO Harris credit cards, please [click here](#).
- **Mortgages with fixed or adjustable rates.** You can apply for a U.S. mortgage using your Canadian credit history, if you don't have a U.S. credit history – something that not all lending institutions permit.
- **Trust and Estate Planning.** BMO's cross-border professionals can work with your legal and tax advisors in Canada and abroad to address your needs. Our experts help clients navigate the complications that can occur in taxation and inheritance planning, such as when property is owned in multiple countries, or when beneficiaries have multiple tax jurisdictions.

Your BMO financial professional is your starting point for setting up cross-border banking services. They act as a key point-of-contact in your cross-border journey, and help ensure you have a seamless banking experience in the U.S.



For more information on cross-border banking, contact your BMO Nesbitt Burns Investment Advisor.



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