



Monthly Investment Monitor

November In Review

Equity markets displayed excellent performance in November, reversing market declines seen over the past three months. Expectations on the direction of interest rates have shifted, with investors now believing interest rates will decline throughout 2024. Canadian stocks ended the month up 7.5%, with all eleven market sectors in positive territory. Information Technology, Financials, and Real Estate led the way higher. Commodities diverged, as metals moved higher with copper up 4.5% and gold up 2.1%. Energy declined, with natural gas down 26.5% and WTI crude oil declining 5.6%. U.S. stocks climbed 9.1% in U.S. dollar terms, with all S&P 500 sectors positive with the exception of Energy. Canadian bonds gained an impressive 4.29%, based on signs of a slowing economy, declining inflation, and dovish commentary from the Bank of Canada. Emerging Markets equities rose by 8.0%.

Here are some of November's most notable events:

Canada's economic growth is slowing. Canada's economy unexpectedly contracted in Q3 with an annualized GDP decline of 1.1%, well below expectations. This slowdown, marked by stagnant household spending, represents a significant shift from earlier robust growth. The economy faced headwinds from decreased exports and slower inventory build-up, despite population growth from immigration. Despite avoiding a technical recession, thanks to a revised upward Q2 GDP, September's monthly growth of 0.1% exceeded expectations. Preliminary data indicates a 0.2% GDP uptick in October, suggesting an economy adapting to restrictive interest rate policies, potentially leading to rate cuts in the coming year.

There are growing signs central banks are approaching the end of their rate hike cycle. Recent economic reports show inflation continuing to decline from recent elevated levels. In the U.S. October CPI rose by 3.2%, Canadian October CPI was up 3.1%, and Eurozone November CPI was up 2.4%, all down significantly from recently levels. Central banks responding accordingly, as the U.S. Federal Reserve and Bank of Canada (BoC) held rates steady at recent meetings. Furthermore, officials from both the Fed and BoC made dovish comments, and markets are now pricing in expectations for rate cuts as soon as January of 2024.

U.S.-China relations progress after Biden-Xi Meeting. Subtle shifts in the relationship between the United States and China emerged following the recent meeting between U.S. President Joe Biden and Chinese President Xi Jinping. While no major breakthroughs occurred on critical issues like trade tariffs and microchip exports, progress was made in fentanyl control and restoring military communication channels. Practical changes, such as the resumption of direct flights and approval of Mastercard's joint venture in China, hint at a potential easing of tensions in the financial sector. However, the long-term trajectory of U.S.-China relations remains intricate, with both nations competing for influence globally.

Did You Know?

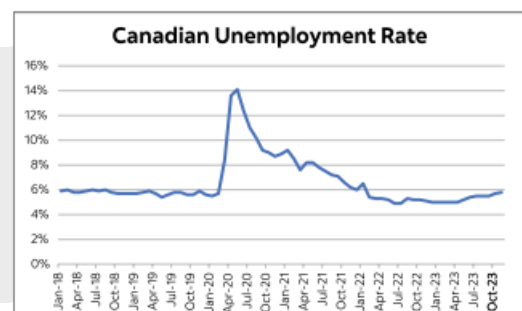
Canada's unemployment rate rose 0.1 percentage points to 5.8% in November, continuing the upward trend we've seen since April. Employment grew marginally, with 25,000 new jobs created, although growth in the population outpaced employment growth. Jobs growth came from manufacturing and construction, while there were declines in wholesale and retail trade, and finance, insurance, real estate, rental and leasing. Geographically, New Brunswick saw the most employment growth, while Prince Edward Island saw the biggest decline.

Index [†]	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.41	4.35	4.67	177
Bonds (FTSE Canada Universe Bond)	4.29	3.15	1.45	1,084
Canadian Equities (S&P/TSX Composite)	7.49	7.61	2.35	20,236
U.S. Equities (S&P 500, US\$)	9.13	20.79	13.82	4,568
Global Equities (MSCI World, US\$)	9.43	18.58	13.59	3,024
Emerging Markets (MSCI Emerging Markets, US\$)	8.01	6.01	4.58	987

Currencies [†]	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	2.32	-0.05	-1.10	0.74
C\$/Euro	-0.63	-1.76	-5.46	0.68
C\$/Pound	-1.52	-4.25	-5.52	0.58
C\$/Yen	-0.04	12.94	6.15	109.28

Commodities (US\$) [†]	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	2.11	7.10	10.89	2,057
Oil WTI (\$/barrel)	-5.64	-1.08	-1.94	75.96
Natural Gas (\$/MMBtu)	-26.51	-45.20	-54.84	2.80

[†] Total Return, as at November 30, 2023. Indices are quoted in their local currency. Source: Bloomberg
Indices are not managed, and it is not possible to invest directly in an index.



Source: Statistics Canada

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