

June in Review

Most equity markets were rocky throughout June, as investors digested downward shifts in global growth expectations and central banks continued monetary policy tightening to combat record-breaking inflation figures in the U.S. and Canada. Canadian stocks ended the month down -8.71%, weighed down by declines in the energy sector as WTI Crude Oil ended the month -5.5% lower and natural gas retreated significantly to end the month down -33.4%. U.S. stocks declined -8.3% in U.S. dollar terms with all sectors in negative territory and energy reversing its earlier trend declining the most at -16.9%. Canadian bonds declined for another month in June, finishing the month down -2.2% and -12.2% year-to-date as investors continued to price in expectations for further interest rate hikes. Emerging Market equities, while still negative, fared better than other global equity markets, as Chinese equities rallied on the heels of easing COVID-19 restrictions in the country and better than expected economic data.

Here are some of June's most notable events:

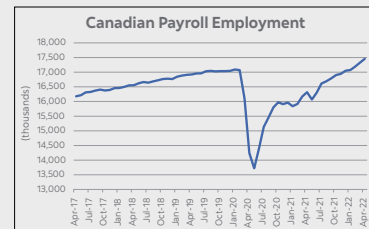
Interest rates continue their upward march. Most central bank policymakers were squarely in action mode during June. The U.S. Federal Reserve, Bank of Canada, and Bank of England delivered steep rate hikes to curb stingingly high inflation rates. At the opposite end of the spectrum, the Bank of Japan did not budge from its ultra low policy rate stance as the country's economy has been struggling with a flagging recovery after the onset of the pandemic.

Data shows moderating economic growth. On June 8, Laurence Boone, the Chief Economist of the OECD, posted a sombre note on global economic growth expectations in 2022. The OECD revised their 2022 global growth expectations downwards, from 4.5% to 3.0% across its 38 member countries. Boone pointed out that sources of inflation varied by region but emphasized that supply limitations are expected to drive inflation higher in Europe and demand excesses could push prices higher in the United States. The OECD also now expects inflation to average 8.8% across all its members this year – up from its 4.5% estimate in December 2021 – before slowly receding in 2023.

China to begin relaxing strict COVID-19 rules. The Chinese government started rolling back its strict "Zero-Covid" lockdown measures that began following a COVID-19 outbreak in the country earlier this year. A half million cases were counted in Shanghai alone between March and late May. Limited mobility of people and goods, and increased surveillance measures stifled Chinese economy and consequently sent investors fleeing earlier this year. Chinese equities roared up 8.67% (in Canadian dollar terms) in June, driven by easing COVID-19 restrictions and better than expected economic data.

Did you know?

The Canadian jobs market continued to show strength in April. The number of employees receiving pay or benefits from their employer increased by 126,000 (see exhibit below), with gains spread across all provinces except Quebec, which was essentially unchanged. Ontario, Alberta, and British Columbia reported the biggest payroll employment gains. Payroll employment for all provinces in Canada has now returned to or surpassed levels in February 2020, prior to the COVID-19 pandemic. Job vacancies continue to increase, with employers now seeking to fill over one million vacant positions at the beginning of April, up 2.4% from the previous month, and up 44.4% from the previous year.



Source: Statistics Canada

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.08	0.27	0.34	167
Bonds (FTSE Canada Universe Bond)	-2.18	-12.23	-11.39	1,045
Canadian Equities (S&P/TSX Composite)	-8.71	-9.85	-3.81	18,861
U.S. Equities (S&P 500, US\$)	-8.26	-19.97	-10.64	3,785
Global Equities (MSCI World, US\$)	-8.63	-20.28	-13.92	2,546
Emerging Markets (MSCI Emerging Markets, US\$)	-6.63	-17.57	-25.08	1,001
CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-1.75	-1.82	-3.69	0.78
C\$/Euro	0.60	6.54	8.92	0.74
C\$/Pound	1.67	9.12	9.38	0.64
C\$/Yen	3.66	15.76	17.66	105.43
COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-2.22	-1.56	1.39	1,807
Oil WTI (\$/barrel)	-5.50	46.54	61.47	105.76
Natural Gas (\$/MMBtu)	-33.35	48.32	81.89	5.42

† Total Return, as at June 30, 2022. Indices are quoted in their local currency.
Source: Bloomberg

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