

April in Review

Stocks continued to show solid performance in April, following the year-to-date trend. Inflation, while still a concern, appears to be moderating, and major central banks are slowing the pace of monetary tightening. While global economic growth is expected to slow, investors are increasingly anticipating a soft landing rather than a hard recession. Canadian stocks ended the month up 2.9% on broad strength. All eleven market sectors finished the month in positive territory, with Communication Services, Health Care, and Energy leading the way. WTI crude oil and gold climbed 1.3% and 0.6% respectively, although copper dipped 5.2%, and natural gas was down 2.2%. U.S. stocks gained 1.6% in U.S. dollar terms, with eight of eleven S&P 500 sectors positive for the month. Canadian bonds moved higher by 0.98% on signs of easing inflation. Emerging Market equities declined 1.1%.

Here are some of April's most notable events:

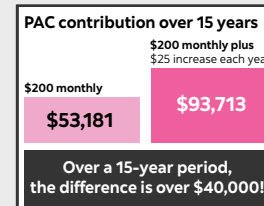
Central banks continue to slow the pace of monetary tightening. The Bank of Canada (BoC) maintained interest rates for a second consecutive meeting in April, as expected. The BoC stated it remains confident that headline CPI will fall to around 3% mid-year but suggested that returning to its 2% target rate may take longer. The March CPI report for Canada showed prices up 4.3% year-over-year, with inflation slowing from 5.2% the previous month as recent rate hikes are making an impact.

International Monetary Fund (IMF) forecasts declining global growth amid inflation challenges. IMF's latest world economic outlook reveals a decline in global growth from 3.4% in 2022 to a projected 2.8% in 2023, and 3.0% in 2024. Advanced economies are expected to see a more significant slowdown, and in a worsened scenario, global growth may fall to 2.5% in 2023. Factors such as tight central bank policies to combat inflation, the Ukraine war, and geoeconomic fragmentation contribute to this outlook. Headline inflation is expected to fall, but core inflation will decline more slowly, with target inflation unlikely before 2025.

Evidence of a slowing global economy is mixed. U.S. GDP grew by 1.1% in Q1, slower than the 2.6% growth recorded in the previous quarter. This marks the third consecutive quarter of growth, albeit at a decelerating rate. GDP growth was hindered by low inventory investment (reflecting decreases in wholesale trade and manufacturing) and housing investment. Robust consumer spending, however, offset these drawbacks and served as the largest contributor. In contrast, Chinese GDP growth was stronger than expected, growing 4.5% in Q1 (year-over-year). Retail sales were the main driver, surging 10.6%. Furthermore, Germany's economy performed better than expected in Q1, with mildly positive GDP growth.

Did you know?

Setting up automatic contributions with a pre-authorized contribution (PAC) can put you on the fast track to achieving your savings goals, but it's easy to forget to adjust your plan as your financial circumstances change. **It's a great idea to revisit your PAC on a regular basis** – especially after major changes, like paying off student debt or landing a promotion. Even small changes to your PAC can really add up over the long run. In the graph below, we look at an investor who contributes \$200 monthly for 15 years versus an investor that increases their monthly contribution by just \$25 each year.



For illustrative purposes only. These examples use a hypothetical rate of return of 5%, assume reinvestment of all income, compounded annually, and do not include transaction costs, fees, or taxes. The examples do not reflect actual results or the returns or future value of an actual investment.

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.33	1.42	3.09	172
Bonds (FTSE Canada Universe Bond)	0.98	4.23	2.52	1,096
Canadian Equities (S&P/TSX Composite)	2.90	7.60	2.75	20,637
U.S. Equities (S&P 500, US\$)	1.56	9.16	2.64	4,169
Global Equities (MSCI World, US\$)	1.80	9.83	3.75	2,836
Emerging Markets (MSCI Emerging Markets, US\$)	-1.12	2.85	-6.15	977

CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-0.26	0.01	-5.09	0.74
C\$/Euro	-1.79	-2.80	-9.14	0.67
C\$/Pound	-2.08	-3.72	-5.01	0.59
C\$/Yen	2.35	3.95	-0.46	100.58

COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	0.65	7.61	1.88	1,999
Oil WTI (\$/barrel)	1.29	-4.26	-10.61	76.78
Natural Gas (\$/MMBtu)	-2.23	-40.45	-45.62	2.41

† Total Return, as at April 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.

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