

April in Review

Equity markets pulled back in April. Continued supply chain issues, tightening monetary policy, and the Russian war in Ukraine were all issues on the minds of investors during the month. While commodity prices were mixed, energy prices continued to climb. Natural gas soared by 27.1%, while WTI crude oil gained 6.3%. Metals prices reversed course, with copper declining 7.3% and gold slipping 2.2%. Canadian stocks moved lower, with the S&P/TSX Composite down by 5.0%. This was driven by weakness in Information Technology, Health Care, and Industrials, which lost 19.9%, 17.7%, and 8.0%, respectively. U.S. markets were also lower, with the S&P 500 down 8.7% and the Dow Jones Industrial Average down 4.8%, in U.S. dollar terms. The MSCI World index moved 8.3% lower, while the MSCI Emerging Markets index lost 5.6%, also in U.S. dollar terms. Bonds declined again in April as investors continued pricing in expectations for more interest rate hikes, with the FTSE Canada Universe Bond Index down 3.49% at month-end.

Here are some of April's most notable events:

The Bank of Canada raised its benchmark interest rate by 50 basis points.

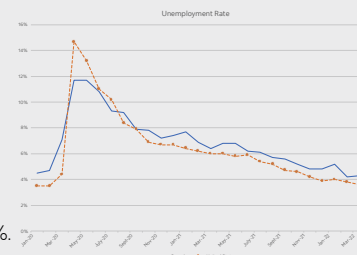
The Bank of Canada (BoC) made its largest single rate hike since 2000, bringing its benchmark interest rate up to 1%. With inflation at its highest level in decades, the BoC is working hard to remove excess stimulus, and has now raised rates twice in under two months. Other central banks made similar moves last week, with rate hikes in South Korea, New Zealand, and Singapore. European Central Bank (ECB) President Christine Lagarde, however, made a statement suggesting the ECB won't raise rates immediately, but may do so later this year after first ending bond purchases.

Chinese economy showed mixed results in Q1. China's economic growth displayed mixed performance in the first quarter, with GDP up 4.8% year-over-year. This was ahead of economist expectations of 4.4%, and better than the 4.0% growth in the fourth quarter. However, growth trailed off in March, with notable weakness in consumption, real estate, and exports that is expected to continue into Q2. Tough new rules were implemented in late March in an attempt to contain China's worst outbreak of COVID-19 since the pandemic began, and these restrictions have negatively impacted the economy. The unemployment rate across 31 major Chinese cities rose to 6% in March, up from 5.4% in February.

Recent rapid growth has cooled to a more moderate pace. The global economy showed resilience following the height of the pandemic, displaying an impressive bounce after a precipitous decline in 2020. The rapid pace of growth has moderated recently, as a series of headwinds have emerged. Supply chain constraints seen over the past two years have continued. More recently, the Russia-Ukraine war that began in February has introduced a series of problems. A series of global sanctions have been imposed on Russia and are expected to have a severe impact on Russian GDP. These events are expected to cause a supply shock to the global economy, particularly for oil, gas, metals, wheat, and corn – all commodities that are large exports for Russia and Ukraine.

Did you know?

Canadian employment continued to grow in March, and the unemployment rate declined by 0.2 percentage points to 5.3%, the lowest rate on record since comparable data became available in 1976. Gains were concentrated in Ontario and Quebec and were experienced in both the goods and services producing sectors. Total employment increased by 73,000 in March. Total hours worked rose 1.3%, and average hourly wages grew by 3.4% on a year-over-year basis. Workers who report that they work exclusively from home continued to decline in March, down 1.8 percentage points to 20.7%.



Source: Statistics Canada

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	-0.01	0.07	0.14	166
Bonds (FTSE Canada Universe Bond)	-3.49	-10.22	-7.90	1,069
Canadian Equities (S&P/TSX Composite)	-4.96	-1.31	11.64	20,762
U.S. Equities (S&P 500, US\$)	-8.72	-12.92	0.20	4,132
Global Equities (MSCI World, US\$)	-8.27	-12.89	-3.08	2,796
Emerging Markets (MSCI Emerging Markets, US\$)	-5.55	-12.13	-18.09	1,076

CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-2.75	-1.73	-4.45	0.78
C\$/Euro	2.09	6.05	8.98	0.74
C\$/Pound	1.66	5.80	5.01	0.62
C\$/Yen	3.80	10.95	13.62	101.05

COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-2.16	4.27	7.48	1,912
Oil WTI (\$/barrel)	6.26	42.69	78.87	104.69
Natural Gas (\$/MMBtu)	27.07	102.40	184.30	7.24

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

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