

**November 1, 2021**

After swooning at the end of September, the first pullback this year, equity markets rallied in October helping the global economy to begin Q4 optimistically and continue its post-pandemic march.

Here's a summary of this past month's notable market-related events.

#### **COVID-19 and market developments**

- Improving worldwide COVID-19 trends and overall healthy U.S. corporate earnings propelled U.S., Canadian and global stocks back to winning ways. The S&P 500 Index, Nasdaq Composite and TSX Composite Index all posted their biggest monthly gains since November 2020.
- In bond markets, prices declined on a wave of selling, resulting in rising U.S. treasury yields and a flattening yield curve, due to expectations the Fed may raise rates soon to combat inflation.
- CI Galaxy Ethereum ETF became the first Ethereum ETF to garner C\$1 billion in assets. The first bitcoin ETF was also launched in the U.S. and had the second largest debut in ETF history.
- Facebook rebranded as Meta and will begin trading on the Nasdaq as MVRG from December 1.
- The Canadian dollar appreciated against other major currencies on positive job numbers and surging oil prices, before falling marginally at month-end on weaker than hoped for Canadian GDP data.
- U.S. inflation climbed 4.4% on the same period last year, the fastest increase in three decades, caused by strong consumer demand, labor shortages, rising energy prices and supply chain disruptions. The Fed stated it expected inflation to remain elevated well into the new year. It had already signaled in September that rates might start going up by late 2022 in response to spiking inflation.
- Aligning with the Fed, the Bank of Canada indicated it could be ready to start hiking rates as early as April 2022. The bank admitted inflation was more persistent than originally expected. It explained supply chain bottlenecks and rising energy prices were constraining economic growth and driving up inflation, which rose to 4.4%, a two decade high. The bank also announced it was ending its bond buying stimulus program which had been in place since the beginning of the COVID-19 pandemic.
- Ontario's provincial government lifted its pandemic capacity limits for restaurants, sporting events, gyms and other "non-essential services" and unveiled plans to ease all restrictions by March 2022.

#### **How does this affect my investments?**

Normal economic activity should resume as we enter the holiday season with its traditionally high consumer spending, providing momentum for 2022. Inflation will likely cool but settle at a higher rate than we had pre-pandemic. After the double-digit returns of 2021, it's inevitable the pace of growth will slow, but the outlook remains positive driven by strong economic fundamentals and corporate earnings.

Regardless of where we are in the market cycle, it's important to take a disciplined approach to investing and stay focused on your long-term financial goals. We recommend you maintain a diversified mix of asset classes in your portfolio to maximize potential returns and minimize risk. Regularly reviewing and rebalancing your portfolio also helps you remain on track. We are here to support you in achieving your financial goals. Please do not hesitate to contact us, 250-785-9603.

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