CI ASSANTE WEALTH MANAGEMENT

CorePlan FINANCIAL INC.

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The promising start to 2023 continued for investors in April as stocks posted more gains, bond yields were stable, and inflation cooled again. Here's a summary of the main events that steered the markets.

Monthly market developments

- Equity markets ended higher for the second month in a row. The three major U.S. indexes were led by tech earnings and the S&P/TSX Composite Index by the energy sector.
- Bonds yields were stable, reflecting investor optimism and cooling inflation, although uncertainty over Fed rate hikes and the resulting probability of a global economic slowdown remains.
- Many big tech names released earnings which in general depicted a better picture than anticipated. Investors were comforted by these results, sparking hope the worst of big tech's post pandemic slump, including its recent large job cuts, might be over. This optimism pushed equity markets higher which is impressive given how much stocks have already gained year-to-date.
- Overall job creation in the U.S. and Canada continued to be resilient. The U.S. added 236,000 new jobs resulting in a 0.1% decrease in its unemployment rate to 3.5% and Canada added 35,000 jobs. While the creation of new jobs is welcome, the trend for the U.S. labor market in particular does appear to be slowing. This will be viewed favorably by the Fed in its ongoing battle with inflation.
- Directed by Saudi Arabia, OPEC announced a cut in oil production, reducing it by 1.1 million barrels a day. This was in response to the drop in oil prices in Q1, falling to the lowest level since late 2021.
- U.S. inflation fell 1% to 5%, its lowest rise in nearly two years. Rental costs, which are a crucial and challenging component of the services section of the CPI calculation, finally showed some minor improvement. Lower energy and food prices also contributed to the decline in headline CPI. The Fed's next interest rate meeting is scheduled for May 3.
- Canadian inflation slowed from 5.2% to 4.3%. According to Statistics Canada this was mainly due to declining energy prices which offset expensive housing costs. As expected, the Bank of Canada held its target interest rate at 4.5%. Governor Macklem reiterated the bank would continue to assess economic developments and is ready to increase rates further if inflation remains elevated.

How does this affect my investments?

The probability of a global economic slowdown has risen due to tightening credit conditions, which should lead to decreased spending and lower prices. The rate increases over the last year have a delayed impact so are still gradually impacting the economy and monetary policy decisions. That said, there is divergence between the negative tone of the news flow and the more constructive behaviour of markets. Ultimately, it is the latter that is important for investors.

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 goals. This strategy helps you keep your emotions out of investing, typically buying high and selling low like many investors do. Ongoing monitoring and reviewing of your portfolio also ensure it remains on track. Diversifying investments reduces risk as well.

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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