



Monthly Market Snapshot

Monthly Overview

March 2024

After kicking off the year with strong gains, stocks continued their upward trend in February. The Canadian equity market ended the month higher, while the S&P 500, the Dow Jones Industrial Average, and Nasdaq 100 all reached new all-time highs. Despite optimism that inflation was free-falling, February's sticky inflation numbers dashed hopes for a linear decline, prompting investors to reassess the outlook as a Fed rate cut in March may now be off the table.

Canada's benchmark S&P/TSX Composite Index was 1.6% higher in February, as six of its underlying sectors were positive during the month. The healthcare sector posted an 8.3% gain for the month, while the industrials and consumer staples sectors rose by 5.6% and 5.2%, respectively. Small-cap stocks, as measured by the S&P/TSX SmallCap Index, were up 0.6% for the month.

The U.S. dollar rose by 1.1% versus the loonie during the month, boosting returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in CAD terms. U.S.-based stocks, as measured by the S&P 500 Index, rose 6.6% in February. All 11 underlying sectors were in the green for the month, with the consumer discretionary and industrials sectors as the leading contributors, gaining 10.1% and 8.5%, respectively. International stocks, as measured by the FTSE Developed ex-US Index, rose 3.2% during the month, while emerging markets rose 5.4%.

The investment grade fixed income indices we follow were down in January. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, fell 0.3% during the month, while the key global investment grade bond benchmark was down 1.3%. Global high-yield issues were up 0.2%.

Turning to commodities, natural gas prices fell 11.4% during the month, while the price of a barrel of crude oil rose 3.2%. Gold prices rose 0.3%, while copper and silver fell 1.8% and 2.2%, respectively.

Inflation in Canada rose to 2.9% year-over-year in January, led by an acceleration in shelter costs. The Canadian economy added 37,300 jobs in January, as the nation's unemployment rate improved to 5.7%. The economy expanded at an annualized rate of 1.0% in the fourth quarter, exceeding expectations. January GDP likely gained 0.4% from December, Statistics Canada said in a flash estimate.

U.S. nonfarm payrolls increased by 353,000 in January, as the unemployment rate held steady at 3.7%. The consumer price index rose to 3.2% year-over-year in January. The U.S. personal consumption expenditures price index increased 0.3% month-over-month in January. U.S. retail sales declined by 0.8% month-over-month in January.

Content sourced from Bloomberg; as at February 29, 2024.



Table of the Month: Riding Record Highs

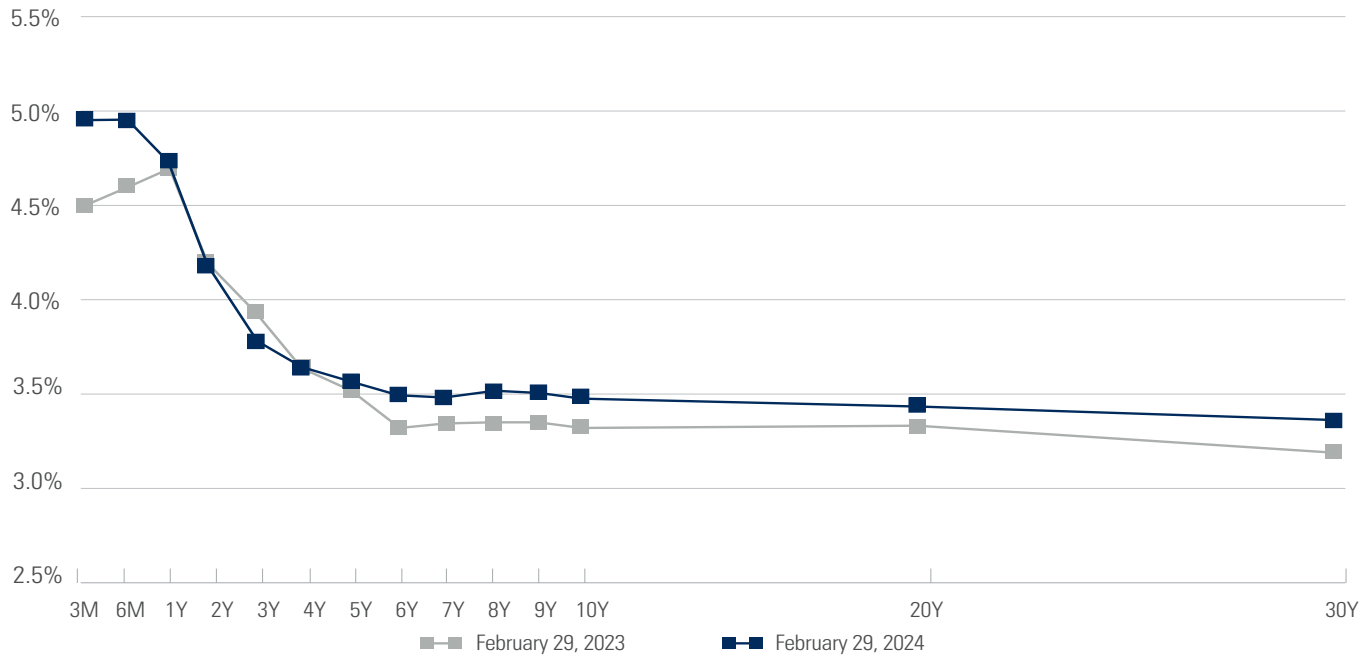
Last month, U.S. equity markets hit record highs, driven by strong performances from big-tech companies and the promising AI boom, as the S&P 500 broke the 5,000-point barrier for the first time. Yet, the excitement extends beyond the U.S. This month's table shows that many other developed global markets, including Canada's, were at or near record levels. For some markets, this milestone is more noteworthy. Japan's Nikkei 225, for example, hit an all-time high during February for the first time in an astounding 35 years. The U.S. market justifiably gets most of the headlines, as it does represent more than 60% of the value of all stocks traded around the world, but the strong recent performance of other markets suggests there is a lot happening beneath the surface for equity investors to be excited about.

| Index | Domicile | % to All Time High (to Feb. 29)* |
|--------------------|-----------|----------------------------------|
| S&P 500 | U.S. | Closed Month At All-Time High |
| S&P/TSX Composite | Canada | 3.4% |
| FTSE 100 | U.K. | 5.0% |
| CAC 40 | France | 0.5% |
| Deutsche Boerse AG | Germany | Closed Month At All-Time High |
| OMX Stockholm 30 | Sweden | 0.1% |
| Nikkei 225 | Japan | 0.2% |
| S&P/ASX 200 | Australia | Closed Month At All-Time High |

*In local currency terms
Source: Bloomberg



Canadian Sovereign Yield Curve



Source: Bloomberg.

Monthly Market Statistics

Data to February 29, 2024, unless otherwise indicated

Table 1: Equity Index Returns (% in CAD)

| Index | 1 Mo | 3 Mo | 6 Mo | YTD | 1 Yr | 3 Yr | 5 Yr | 3 Yr Std Dev |
|-----------------------------|------|------|------|-----|------|------|------|--------------|
| S&P/TSX Composite | 1.6 | 5.6 | 5.3 | 1.9 | 5.6 | 5.8 | 6.0 | 13.6 |
| S&P/TSX 60 | 1.8 | 5.8 | 6.1 | 2.0 | 6.1 | 6.3 | 6.2 | 13.5 |
| S&P/TSX Small Cap | 0.6 | 3.5 | -0.5 | 0.1 | -2.4 | -0.8 | 3.6 | 19.5 |
| S&P 500 | 6.6 | 11.5 | 13.3 | 9.8 | 28.0 | 12.6 | 13.6 | 16.8 |
| FTSE Developed ex US | 3.2 | 7.0 | 8.3 | 4.4 | 10.8 | 3.6 | 4.8 | 15.8 |
| FTSE Developed | 5.5 | 10.1 | 11.9 | 8.0 | 22.3 | 8.9 | 10.3 | 15.8 |
| FTSE Developed Small Cap | 5.6 | 10.7 | 7.9 | 4.2 | 9.5 | 2.0 | 6.5 | 19.3 |
| FTSE Developed Europe | 2.8 | 6.1 | 8.0 | 4.0 | 9.5 | 5.4 | 5.3 | 18.0 |
| FTSE Emerging | 5.4 | 3.7 | 4.3 | 3.0 | 5.3 | -5.3 | 0.7 | 16.0 |
| FTSE All World Asia Pacific | 5.0 | 6.5 | 6.9 | 4.8 | 9.6 | -2.9 | 2.8 | 15.5 |

Source: Bloomberg.

Table 2: Fixed-Income Returns

| Index | 1 Mo | 3 Mo | 6 Mo | YTD | 1 Yr | 3 Yr | 5 Yr | 3 Yr Std Dev |
|---------------------------------------|------|------|------|------|------|------|------|--------------|
| FTSE Canada Universe Bond | -0.3 | 1.7 | 3.6 | -1.7 | 3.8 | -2.2 | 0.7 | 7.1 |
| Barclays Global Agg | -1.3 | 1.4 | 2.2 | -2.6 | 3.1 | -5.5 | -1.0 | 6.8 |
| Barclays High Yield Very Liquid Index | 0.2 | 4.0 | 6.1 | 0.1 | 11.0 | 1.4 | 3.6 | 7.5 |

Source: Bloomberg.



Table 3: Commodity Prices (Prices and Returns in USD)

| Commodity | Price (\$) | MoM Change (%) | YoY Change (%) | 3 Mo (%) |
|-------------------|------------|----------------|----------------|----------|
| WTI Crude Oil/BBL | 78.26 | 3.2 | 1.6 | 3.0 |
| Natural Gas/mmBTU | 1.86 | -11.4 | -32.3 | -33.6 |
| Copper/pound | 3.83 | -1.8 | -6.4 | 0.1 |
| Silver/oz | 22.67 | -2.2 | 8.1 | -10.4 |
| Gold/oz | 2054.70 | 0.3 | 11.9 | 0.8 |

Source: Bloomberg.

Table 5: One-Month Sector Returns (% in CAD)

| Sector | S&P/TSX returns | S&P 500 returns |
|------------------------|-----------------|-----------------|
| Consumer Discretionary | 2.0 | 10.1 |
| Consumer Staples | 5.2 | 3.5 |
| Energy | 3.3 | 4.0 |
| Financials | 2.1 | 5.4 |
| Health Care | 8.3 | 4.5 |
| Industrials | 5.6 | 8.5 |
| Info Tech | -1.6 | 7.7 |
| Materials | -2.3 | 7.7 |
| Real Estate | -1.3 | 3.9 |
| Telecom Services | -4.7 | 7.1 |
| Utilites | -3.0 | 1.9 |

Source: Bloomberg.

Table 4: Economic Data

| Canada | |
|---|-----|
| Real GDP- Q4 (q/q ann. % change) | 1.0 |
| Consumer Prices, 01/2024 (y/y % change) | 2.9 |
| Unemployment Rate, 01/2024 | 5.7 |
| United States | |
| Real GDP- Q4 (q/q ann. % change) | 3.2 |
| Consumer Prices, 01/2024 (y/y % change) | 3.1 |
| Unemployment Rate, 01/2024 | 3.7 |

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

| Cross | 02/29/2024 | 6 Mos Ago | 1 Yr Ago |
|---------|------------|-----------|----------|
| USD/CAD | 1.36 | 1.36 | 1.36 |
| EUR/CAD | 1.47 | 1.46 | 1.44 |
| GBP/CAD | 1.71 | 1.71 | 1.64 |
| CAD/JPY | 110.46 | 107.75 | 99.79 |

Source: Bloomberg.

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