Market Wrap

JOBS • HOUSING • PRICES • MARKETS

WEEK ENDING APRIL 12, 2024

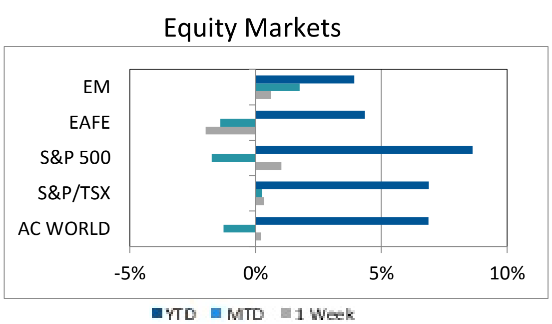
Market Recap

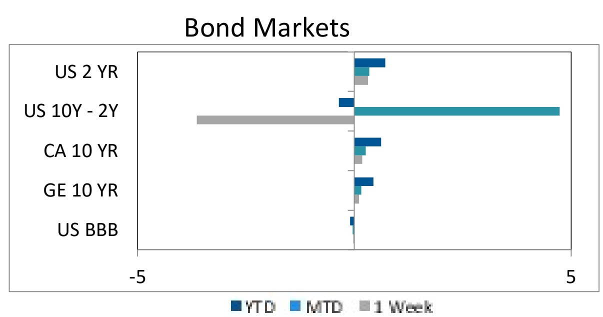
- Global equity markets struggled last week. Data showing that the consumer price index (CPI) in the United States came in hot for a third straight month quashed hopes that January and February's strong readings were just a bump in the road and spooked the markets. That prompted investors to push back their timing on the first rate cut from the Federal Reserve, with some questioning whether the Fed will cut at all in 2024. In response, bond yields pushed higher and weighed on stock market valuations. For the week, the MSCI All Country World fell by -1.4%. Regionally speaking, all benchmarks we track ended the week lower. Both the S&P 500 and S&P/TSX lost -1.6%. Elsewhere, the MSCI EAFE fell by -1.2%, while the MSCI gauge of emerging market stocks shed -0.4%.

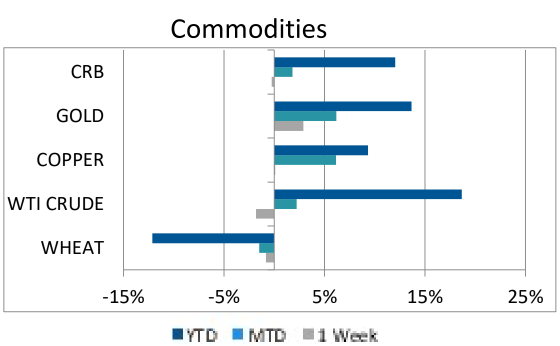
- Fixed income markets also generated negative results last week as a strong labor market and persistent price pressures in the United States triggered another round of rates repricing. Last week, the US consumer price index (CPI) surprised on the upside and prompted a rethink on the Federal Reserve's easing path. Notably, the shorter-term metrics of the core CPI accelerated and suggested that pricing pressures are intensifying. The 6-month core inflation rate is running hotter at 3.9% annualized and the 3-month measure is running even hotter at 4.5% annualized. Meanwhile, the 3-month annualized rate of "supercore" inflation popped above 8%. Federal Reserve easing expectations pushed out further in response, with a full rate cut now only priced in by September - and less than 50 basis points total for 2024. For the week, the Barclays US Aggregate Bond Index fell by -0.7%, while the FTSE Canada Bond Universe shed -0.3%.

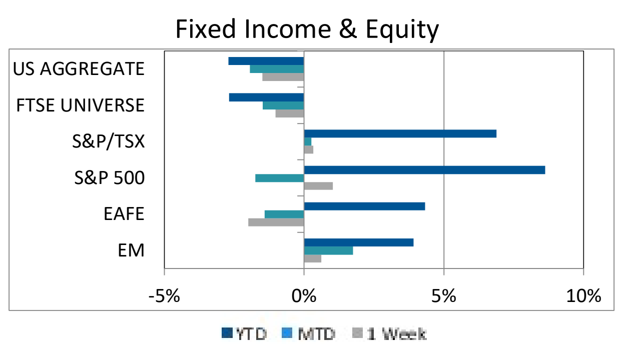
- In commodity markets, oil took a breather last week after an extended run – even as lingering geopolitical tensions in the Middle East added to the risk of a supply shock. Over the weekend, tensions escalated after Iran's unprecedented attack on Israel – but oil largely shrugged that off on speculation that the conflict would remain contained. Meanwhile, gold posted its fourth weekly gain and breached yet another record as the safe haven metal was boosted by simmering tensions in the Middle East. Copper also extended its recent upward charge and hit the highest level since June 2022 as investors bet that curtailed supply from major mines will struggle to keep up with a revival in global manufacturing demand.

- The US dollar (DXY) strengthened to its highest level since November as traders aggressively pared Federal Reserve easing wagers after the hotter-than-expected inflation data in the United States. By contrast, the euro fell to its lowest level this year as the European Central Bank set the stage for a rate cut as early as June. Markets now expect three rate cuts from the ECB in 2024 compared with fewer than two for the Federal Reserve. Despite the recent bounce in commodities, the Canadian dollar edged lower after Bank of Canada Governor Macklem said a June rate cut was "in the realm of possibilities.". The 2- year yield spread between Canada (4.34%) and the US (4.93%) reached its widest level since March 2023.









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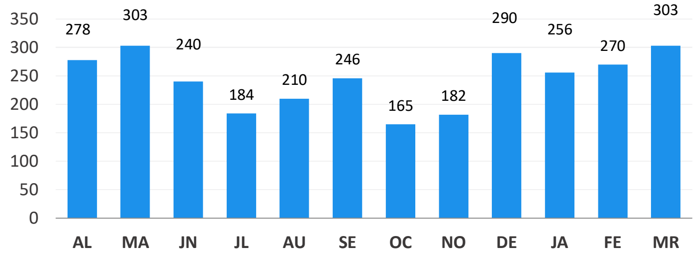
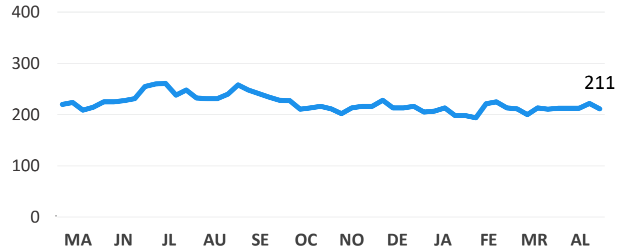
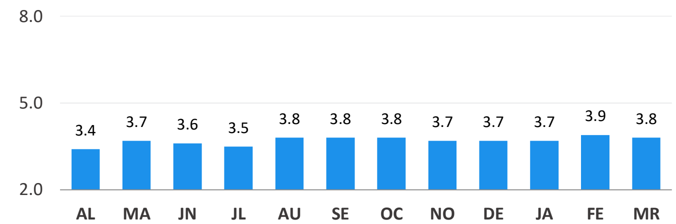
Job Creation (in thousands)*



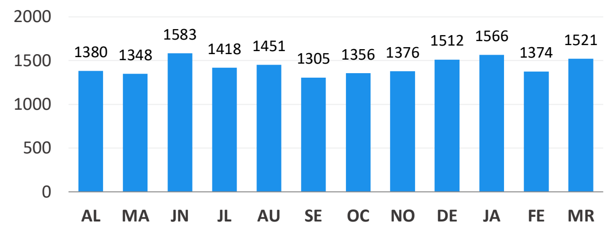
Initial Jobless Claims (in thousands)*



U.S. Unemployment Rate (%)



Housing Starts (in thousands)*



* U.S. Data

10-Year Government Bonds

	January 1, 2024	April 5, 2024	April 12, 2024
Canada	3.18%	3.55%	3.65%
United States	3.93%	4.31%	4.52%
Germany	2.07%	2.36%	2.36%
Japan	0.61%	0.79%	0.86%
United Kingdom	3.64%	4.02%	4.14%
France	2.60%	2.87%	2.87%
Australia	4.00%	4.18%	4.27%
Italy	3.71%	3.75%	3.76%

Commodities, Exchange Rates and Indicators

	January 1, 2024	April 5, 2024	April 12, 2024
Oil	70.38 $	86.91 $	85.66 $
Gold	2 058.96 $	2 329.75 $	2 344.37 $
CAD	0.7507 $	0.7358 $	0.7260 $
EURO	1.0942 $	1.0837 $	1.0643 $
		January	February
Inflation* Canada		2.40%	2.10%
Inflation* USA		3.90%	3.80%

* CORE-CPI YOY

Indices as of March 31, 2024

Index (%)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
S&P/TSX Composite	4.13	6.61	15.26	14.02	9.18	10.00	7.69
S&P/TSX Small Cap	7.49	7.93	14.47	9.30	4.46	8.12	4.06
S&P 500 (USD)	3.22	10.55	23.47	29.86	11.47	15.03	12.94
S&P 500 (CAD)	2.98	13.46	23.60	29.87	14.27	15.35	15.29
Stoxx Europe 600 (CAD)	3.59	8.01	17.29	14.31	8.36	8.31	6.70
MSCI EAFE (CAD)	3.05	8.56	16.92	15.31	7.40	7.60	6.95
MSCI Emerging Markets (CAD)	2.24	5.06	10.52	8.14	(2.68)	2.48	5.07
MSCI World (CAD)	2.98	11.74	21.42	25.10	11.31	12.36	11.65

Sources: Bloomberg, Fiera Capital Corporation